

FIRST DAY

MORNING SESSION

Senate Chamber, Olympia, Wednesday, April 11, 2012

The Senate was called to order at 2:01 a.m. by President Owen. The Secretary called the roll and announced to the President that all members were present with the exception of Senators Ericksen, Hewitt, Morton and Stevens.

MOTION

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

MESSAGE FROM THE GOVERNOR

**PROCLAMATION BY THE GOVERNOR
12-05**

WHEREAS, in accordance with Article II, Section 12 (Amendment 68) of the Washington State Constitution, the Legislature adjourned its 2012 regular session on March 8, 2012, the 60th day of the session and adjourned its 1st special session of 2012 on April 10, 2012, the 30th day of the special session; and WHEREAS, substantial progress has been made by the Legislature in its 1st special session of 2012 to address matters relating to the supplemental biennial operating and capital budgets, bills necessary to implement those budgets, and health care benefits for K-12 school employees; and WHEREAS, the Speaker of the House, House Minority Leader, Senate Majority Leader, and Senate Republican Leader agree that the Legislature can continue and complete its work in a one-day 2nd special session convened immediately following the adjournment of the 1st special session; and WHEREAS, work remains to be done with respect to the supplemental biennial operating and capital budgets, bills necessary to implement those budgets, and health care benefits for K-12 school employees; and WHEREAS, the Speaker of the House, House Minority Leader, Senate Majority Leader, and Senate Republican Leader together with the Governor may agree upon additional matters that are necessary for the Legislature to address; NOW, THEREFORE, I, Christine O. Gregoire, Governor of the state of Washington, by virtue of the authority vested in me by Article II, Section 12 (Amendment 68) and Article III, Section 7 of the Washington State Constitution, do hereby convene the Washington State Legislature in Special Session in the Capitol at Olympia on April 11, 2012 at 12:01 a.m. for one day for the purpose of enacting legislation as described above. Signed and sealed with the official seal of the state of Washington this 11th day of April, A. D. Two-thousand and Twelve at Olympia, Washington

Seal

CHRISTINE O. GREGOIRE,
Governor of Washington

BY THE GOVERNOR
SAM REED
Secretary of State

MOTION

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

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:
The House has adopted:
HOUSE CONCURRENT RESOLUTION NO. 4412.
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

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

INTRODUCTION AND FIRST READING OF HOUSE BILLS

HCR 4412 by Representatives Sullivan and Kretz

Specifying the status of bills.

MOTION

On motion of Senator Eide and without objection, House Concurrent Resolution No. 4412 was placed on the second reading calendar under suspension of the rules.

MOTION TO LIMIT DEBATE

Senator Eide: "Mr. President, I move that the members of the Senate be allowed to speak but once on each question before the Senate, that such speech be limited to three minutes and that members be prohibited from yielding their time, however, the maker of a motion shall be allowed to open and close debate. This motion shall be in effect through April 11, 2012."

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

The motion by Senator Eide carried and debate was limited through April 11, 2012 by voice vote.

MOTION

On motion of Senator Eide and without objection, the rules were suspended and pursuant to Rule 48, the Committee on Rules was relieved of further consideration of Engrossed Senate Joint Resolution No. 8221 and, Substitute Senate Bill No. 5940 and the measures were placed on the day's third reading calendar; the Committee on Rules was relieved of further consideration of Senate Bill No. 6635, Senate Bill No. 5127, and Engrossed Senate Bill No. 6074 and the measures were placed on the day's second reading calendar.

MOTION

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

SECOND READING

HOUSE CONCURRENT RESOLUTION NO. 4412, by Representatives Sullivan and Kretz

Specifying the status of bills.

The measure was read the second time.

MOTION

On motion of Senator Eide, the rules were suspended, House Concurrent Resolution No. 4412 was advanced to third reading, the second reading considered the third and the resolution was placed on final passage.

The President declared the question before the Senate to be the final passage of House Concurrent Resolution No. 4412.

HOUSE CONCURRENT RESOLUTION NO. 4412 was adopted on third reading by voice vote.

MOTION

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

THIRD READING

ENGROSSED SENATE JOINT RESOLUTION NO. 8221, by Senators Parlette, Kilmer, Benton, Murray, Brown, King, Hewitt, Becker and Morton.

Amending the Constitution to include the recommendations of the commission on state debt.

The resolution was read on Third Reading.

Senator Parlette spoke in favor of passage of the resolution.

MOTION

On motion of Senator Holmquist Newbry, Senators Ericksen, Hewitt, Morton and Stevens were excused.

The President declared the question before the Senate to be the final passage of Engrossed Senate Joint Resolution No. 8221.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Joint Resolution No. 8221 and the resolution passed the Senate by the following vote: Yeas, 38; Nays, 7; Absent, 0; Excused, 4.

Voting yea: Senators Baumgartner, Becker, Benton, Brown, Carrell, Delvin, Eide, Fain, Fraser, Frockt, Hargrove, Harper, Hatfield, Haugen, Hill, Hobbs, Holmquist Newbry, Honeyford, Kastama, Kilmer, King, Kline, Litzow, McAuliffe, Murray, Padden, Parlette, Pflug, Prentice, Regala, Roach, Rolfes, Schoesler, Sheldon, Shin, Swecker, Tom and Zarelli

Voting nay: Senators Chase, Conway, Keiser, Kohl-Welles, Nelson, Pridemore and Ranker

Excused: Senators Ericksen, Hewitt, Morton and Stevens

ENGROSSED SENATE JOINT RESOLUTION NO. 8221, having received the constitutional majority, was declared passed.

MOTION

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

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:

The House has passed HOUSE BILL NO. 2830, and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

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

SUPPLEMENTAL INTRODUCTION AND FIRST READING OF HOUSE BILLS

HB 2830 by Representative Hunter

AN ACT Relating to language access providers; amending RCW 41.56.030, 41.56.510, and 74.04.025; creating new sections; and declaring an emergency.

MOTION

On motion of Senator Eide and without objection, House Bill No. 2830 was placed on the day's second reading calendar under suspension of the rules.

MOTION

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

SECOND READING

SENATE BILL NO. 6635, by Senators Murray and Kline

Improving revenue and budget sustainability by repealing, modifying, or revising tax preferences. (REVISED FOR ENGROSSED: Improving revenue and budget sustainability by repealing, modifying, or revising tax preference and license fees.)

The measure was read the second time.

MOTION

Senator Murray moved that the following striking amendment by Senators Murray and Zarelli be adopted:

Strike everything after the enacting clause and insert the following:

"PART I

LIMITING THE FIRST INTEREST MORTGAGE B&O DEDUCTION TO COMMUNITY BANKS

NEW SECTION. **Sec. 101.** A new section is added to chapter 82.04 RCW to read as follows:

(1) Amounts received as interest on loans originated by a person located in more than ten states, or an affiliate of such person, and primarily secured by first mortgages or trust deeds on nontransient residential properties are subject to tax under RCW 82.04.290(2)(a).

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(2) For the purposes of this subsection, a person is located in a state if:

(a) The person or an affiliate of the person maintains a branch, office, or one or more employees or representatives in the state; and

(b) Such in-state presence allows borrowers or potential borrowers to contact the branch, office, employee, or representative concerning the acquiring, negotiating, renegotiating, or restructuring of, or making payments on, mortgages issued or to be issued by the person or an affiliate of the person.

(3) For purposes of this section:

(a) "Affiliate" means a person is affiliated with another person, and "affiliated" has the same meaning as in RCW 82.04.645; and

(b) "Interest" has the same meaning as in RCW 82.04.4292 and also includes servicing fees described in RCW 82.04.4292(4).

Sec. 102. RCW 82.04.4292 and 2010 1st sp.s. c 23 s 301 are each amended to read as follows:

(1) In computing tax there may be deducted from the measure of tax by those engaged in banking, loan, security or other financial businesses, interest received on investments or loans primarily secured by first mortgages or trust deeds on nontransient residential properties.

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

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

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

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

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

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

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

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

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

(ii)(A) The person claiming a deduction under this subsection (4) acquired the loans from the person that originated the loans through a merger or acquisition of substantially all of the assets of the person who originated the loans, or the person claiming a deduction under this subsection (4) is affiliated with the person that originated the loans. For purposes of this subsection, "affiliated" means under common control. "Control" means the possession, directly or indirectly, of more than fifty percent of the power to

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direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise; and

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

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

(5) The deductions provided in this section do not apply to persons subject to tax under section 101 of this act.

(6) By June 30, 2015, the joint legislative audit and review committee must review the deductions provided in this section in accordance with RCW 43.136.055 and make a recommendation as to whether the deductions should be continued without modification, modified, or terminated immediately.

PART II

EXTENDING THE B&O TAX EXEMPTION FOR FRUIT, VEGETABLE, DAIRY, AND SEAFOOD BUSINESSES

Sec. 201. RCW 82.04.4266 and 2011 c 2 s 202 (Initiative Measure No. 1107) are each amended to read as follows:

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

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

(b) Selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state. A person taking an exemption under this subsection (1)(b) must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state.

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

(3) This section expires July 1, (~~2012~~) 2017.

Sec. 202. RCW 82.04.4268 and 2010 c 114 s 112 are each amended to read as follows:

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

(a) Manufacturing dairy products; or

(b) Selling manufactured dairy products to purchasers who transport in the ordinary course of business the goods out of this state. A person taking an exemption under this subsection (1)(b) must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state.

(2) "Dairy products" means dairy products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including byproducts from the manufacturing of the dairy products such as whey and casein.

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

(4) This section expires July 1, (~~2012~~) 2017.

Sec. 203. RCW 82.04.4269 and 2010 c 114 s 113 are each amended to read as follows:

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

(a) Manufacturing seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or

(b) Selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state to purchasers who transport in the ordinary course of business the goods out of this state. A person taking an exemption under this subsection (1)(b) must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state.

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

(3) This section expires July 1, ~~((2012))~~ 2017.

Sec. 204. RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure No. 1107) are each amended to read as follows:

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

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

(b) Beginning July 1, ~~((2012))~~ 2017, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c) Beginning July 1, ~~((2012))~~ 2017, dairy products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products such as whey and casein; or selling the same to purchasers who transport in the ordinary course of business the goods out of state; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(d) Beginning July 1, ~~((2012))~~ 2017, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) 0.2904 percent beginning July 1, 2007.

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

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

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

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

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

(b) Until July 1, 2024, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; or (ii) timber products into other timber products or wood products; as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including

by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

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

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

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

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

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

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

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

(v) "Timber products" means:

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

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

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

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

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

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

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

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

**PART III
AMENDING THE SALES AND USE TAX EXEMPTION
FOR CERTAIN EQUIPMENT USED IN COMPUTER
DATA CENTERS**

NEW SECTION. Sec. 301. (1) It is the legislature's intent to encourage immediate investments in technology facilities that can provide an economic stimulus, sustain long-term jobs that provide living wages, and help build the digital infrastructure that can enable the state to be competitive for additional technology investment and jobs.

(2) There is currently an intense competition for data center construction and operation in many states including: Oregon, Arizona, North and South Carolina, North Dakota, Iowa, Virginia, Texas, and Illinois. Unprecedented incentives are available as a result of the desire of these states to attract investments that will serve as a catalyst for additional clusters of economic activity.

(3) Data center technology has advanced rapidly, with marked increases in energy efficiency. Large, commercial-grade data centers leverage the economies of scale to reduce energy consumption. Combining digitized processes with the economies of scale recognized at these data centers, today's enterprises can materially reduce the energy they consume and greatly improve their efficiency.

(4) The legislature finds that offering an exemption for server and related electrical equipment and installation will act as a stimulus to incent immediate investment. This investment will bring jobs, tax revenues, and economic growth to some of our state's rural areas.

Sec. 302. RCW 82.08.986 and 2010 1st sp.s. c 23 s 1601 are each amended to read as follows:

(1) An exemption from the tax imposed by RCW 82.08.020 is provided for sales to qualifying businesses and to qualifying tenants of eligible server equipment to be installed, without intervening use, in an eligible computer data center, and to charges made for labor and services rendered in respect to installing eligible server equipment. The exemption also applies to sales to qualifying businesses and to qualifying tenants of eligible power infrastructure, including labor and services rendered in respect to constructing, installing, repairing, altering, or improving eligible power infrastructure.

(2)(a) In order to claim the exemption under this section, a qualifying business or a qualifying tenant must submit an application to the department for an exemption certificate. The application must include the information necessary, as required by the department, to determine that a business or tenant qualifies for the exemption under this section. The department must issue exemption certificates to qualifying businesses and qualifying

tenants. The department may assign a unique identification number to each exemption certificate issued under this section.

(b) A qualifying business or a qualifying tenant claiming the exemption under this section must present the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(3)(a) Within six years of the date that the department issued an exemption certificate under this section to a qualifying business or a qualifying tenant with respect to an eligible computer data center, the qualifying business or qualifying tenant must establish that net employment at the eligible computer data center has increased by a minimum of:

(i) Thirty-five family wage employment positions; or

(ii) Three family wage employment positions for each twenty thousand square feet of space or less that is newly dedicated to housing working servers at the eligible computer data center. For qualifying ~~((businesses that lease space at an eligible computer data center))~~ tenants, the number of family wage employment positions that must be increased under this subsection (3)(a)(ii) is based only on the space occupied by the ~~((lessee))~~ qualifying tenant in the eligible computer data center.

(b) In calculating the net increase in family wage employment positions:

(i) The owner of an eligible computer data center, in addition to its own net increase in family wage employment positions, may include:

(A) The net increase in family wage employment positions employed by qualifying ~~((businesses leasing space within the eligible computer data center from the owner))~~ tenants; and

(B) The net increase in family wage employment positions described in (c)(ii)(B) of this subsection (3).

(ii)(A) ~~((Lessees of the owner of an eligible computer data center))~~ Qualifying tenants, in addition to their own net increase in family wage employment positions, may include:

(I) A portion of the net increase in family wage employment positions employed by the owner; and

(II) A portion of the net increase in family wage employment positions described in (c)(ii)(B) of this subsection (3).

(B) The portion of the net increase in family wage employment positions to be counted under this subsection (3)(b)(ii) by each ~~((lessee))~~ qualifying tenant must be in proportion to the amount of space in the eligible computer data center occupied by the ~~((lessee))~~ qualifying tenant compared to the total amount of space in the eligible computer data center occupied by all ~~((lessees that are qualifying businesses))~~ qualifying tenants.

(c)(i) For purposes of this subsection, family wage employment positions are new permanent employment positions requiring forty hours of weekly work, or their equivalent, on a full-time basis at the eligible computer data center and receiving a wage equivalent to or greater than one hundred fifty percent of the per capita personal income of the county in which the qualified project is located. An employment position may not be counted as a family wage employment position unless the employment position is entitled to health insurance coverage provided by the employer of the employment position. For purposes of this subsection (3)(c), "new permanent employment position" means an employment position that did not exist or that had not previously been filled as of the date that the department issued an exemption certificate to the owner or ~~((lessee))~~ qualifying tenant of an eligible computer data center, as the case may be.

(ii)(A) Family wage employment positions include positions filled by employees of the owner of the eligible computer data center and by employees of qualifying ~~((businesses leasing space from the owner of the eligible computer data center))~~ tenants.

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(B) Family wage employment positions also include individuals performing work at an eligible computer data center as an independent contractor hired by the owner of the eligible computer data center or as an employee of an independent contractor hired by the owner of the eligible computer data center, if the work is necessary for the operation of the computer data center, such as security and building maintenance, and provided that all of the requirements in (c)(i) of this subsection (3) are met.

(d) All previously exempted sales and use taxes are immediately due and payable for a qualifying business or qualifying tenant that does not meet the requirements of this subsection.

(4) A qualifying business or a qualifying tenant claiming an exemption under this section or RCW 82.12.986 must complete an annual report with the department as required under RCW 82.32.534.

(5)(a) The exemption provided in this section does not apply to:

(i) Any person who has received the benefit of the deferral program under chapter 82.60 RCW on: (A) The construction, renovation, or expansion of a structure or structures used as a computer data center; or (B) machinery or equipment used in a computer data center; and

(ii) Any person affiliated with a person within the scope of (a)(i) of this subsection (5). ~~((For purposes of this subsection, "affiliated" means that one person has a direct or indirect ownership interest of at least twenty percent in another person.))~~

(b) If a person claims an exemption under this section and subsequently receives the benefit of the deferral program under chapter 82.60 RCW on either the construction, renovation, or expansion of a structure or structures used as a computer data center or machinery or equipment used in a computer data center, the person must repay the amount of taxes exempted under this section. Interest as provided in chapter 82.32 RCW applies to amounts due under this section until paid in full.

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

(a) "Affiliated" means that one person has a direct or indirect ownership interest of at least twenty percent in another person.

~~(b)(i)~~ "Computer data center" means a facility comprised of one or more buildings, which may be comprised of multiple businesses, constructed or refurbished specifically, and used primarily, to house working servers, where the facility has the following characteristics: (A) Uninterruptible power supplies, generator backup power, or both; (B) sophisticated fire suppression and prevention systems; and (C) enhanced physical security, such as: Restricted access to the facility to selected personnel; permanent security guards; video camera surveillance; an electronic system requiring passcodes, keycards, or biometric scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

(ii) For a computer data center comprised of multiple buildings, each separate building constructed or refurbished specifically, and used primarily, to house working servers is considered a computer data center if it has all of the characteristics listed in ~~((b))~~ (b)(i)(A) through (C) of this subsection (6).

(iii) A facility comprised of one building or more than one building must have a combined square footage of at least one hundred thousand square feet.

~~((b))~~ (c) "Electronic data storage and data management services" include, but are not limited to: Providing data storage and backup services, providing computer processing power, hosting enterprise software applications, and hosting web sites. The term also includes providing services such as e-mail, web browsing and searching, media applications, and other online services, regardless of whether a charge is made for such services.

~~((b))~~ (d)(i) "Eligible computer data center" means a computer data center:

(A) Located in a rural county as defined in RCW 82.14.370;

(B) Having at least twenty thousand square feet dedicated to housing working servers, where the server space has not previously been dedicated to housing working servers; and

(C) For which the commencement of construction occurs;

~~(I) After March 31, 2010, and before July 1, 2011; or~~

~~(II) After March 31, 2012, and before July 1, 2015.~~

(ii) For purposes of this section, "commencement of construction" means the date that a building permit is issued under the building code adopted under RCW 19.27.031 for construction of the computer data center. The construction of a computer data center includes the expansion, renovation, or other improvements made to existing facilities, including leased or rented space. "Commencement of construction" does not include soil testing, site clearing and grading, site preparation, or any other related activities that are initiated before the issuance of a building permit for the construction of the foundation of a computer data center.

~~((b))~~ (iii) With respect to facilities in existence on April 1, 2010, that are expanded, renovated, or otherwise improved after March 31, 2010, or facilities in existence on April 1, 2012, that are expanded, renovated, or otherwise improved after March 31, 2012, an eligible computer data center includes only the portion of the computer data center meeting the requirements in ~~((b))~~ (d)(i)(B) of this subsection (6).

~~((b))~~ (e) "Eligible power infrastructure" means all fixtures and equipment owned by a qualifying business or qualifying tenant and necessary for the transformation, distribution, or management of electricity that is required to operate eligible server equipment within an eligible computer data center. The term includes ~~((electrical substations,))~~ generators~~(,);~~ wiring~~((—and));~~ cogeneration equipment; and associated fixtures and equipment, such as electrical switches, batteries, and distribution, testing, and monitoring equipment.

~~((b))~~ (f) "Eligible server equipment" means:

(i) For a qualifying business whose computer data center qualifies as an eligible computer data center under (d)(i)(C)(I) of this subsection (6), the original server equipment installed in an eligible computer data center on or after April 1, 2010, and replacement server equipment. For purposes of this subsection (6)~~((b))~~ (f)(i), "replacement server equipment" means server equipment that:

~~((b))~~ (A) Replaces existing server equipment, if the sale or use of the server equipment to be replaced qualified for an exemption under this section or RCW 82.12.986; and

~~((b))~~ (B) Is installed and put into regular use before April 1, 2018.

(ii) For a qualifying business whose computer data center qualifies as an eligible computer data center under (d)(i)(C)(II) of this subsection (6), "eligible server equipment" means the original server equipment installed in an eligible computer data center on or after April 1, 2012, and replacement server equipment. For purposes of this subsection (6)(f)(ii), "replacement server equipment" means server equipment that:

(A) Replaces existing server equipment, if the sale or use of the server equipment to be replaced qualified for an exemption under this section or RCW 82.12.986; and

(B) Is installed and put into regular use before April 1, 2020.

(iii) For a qualifying tenant who leases space within an eligible computer data center, "eligible server equipment" means the original server equipment installed within the space it leases from an eligible computer data center on or after April 1, 2010, and replacement server equipment. For purposes of this subsection (6)(f)(iii), "replacement server equipment" means server equipment that:

(A) Replaces existing server equipment, if the sale or use of the server equipment to be replaced qualified for an exemption under

this section or RCW 82.12.986; and

(B) Is installed and put into regular use before April 1, 2020.

~~((#)) (g) "Qualifying business" means a business entity that exists for the primary purpose of engaging in commercial activity for profit and that is the owner of an eligible computer data center ((or the lessee of at least twenty thousand square feet within an eligible computer data center dedicated to housing working servers, where the server space has not previously been dedicated to housing working servers)). The term does not include the state or federal government or any of their departments, agencies, and institutions; tribal governments; political subdivisions of this state; or any municipal, quasi-municipal, public, or other corporation created by the state or federal government, tribal government, municipality, or political subdivision of the state.~~

~~((g) "Server" means blade or rack mount server computers used in a computer data center exclusively to provide electronic data storage and data management services for internal use by the owner or lessee of the computer data center, for clients of the owner or lessee of the computer data center, or both. "Server" does not include personal computers.~~

~~(h) "Server equipment" means the server chassis and all computer hardware contained within the server chassis. "Server equipment" also includes computer software necessary to operate the server. "Server equipment" does not include the racks upon which the server chassis is installed, and computer peripherals such as keyboards, monitors, printers, mice, and other devices that work outside of the computer.)~~

(h) "Qualifying tenant" means a business entity that exists for the primary purpose of engaging in commercial activity for profit and that leases space from a qualifying business within an eligible computer data center. The term does not include the state or federal government or any of their departments, agencies, and institutions; tribal governments; political subdivisions of this state; or any municipal, quasi-municipal, public, or other corporation created by the state or federal government, tribal government, municipality, or political subdivision of the state. The term also does not include a lessee of space in an eligible computer data center under (d)(i)(C)(I) of this subsection (6), if the lessee and lessor are affiliated and:

(i) That space will be used by the lessee to house server equipment that replaces server equipment previously installed and operated in that eligible computer data center by the lessor or another person affiliated with the lessee; or

(ii) Prior to the effective date of this section, the primary use of the server equipment installed in that eligible computer data center was to provide electronic data storage and data management services for the business purposes of either the lessor, persons affiliated with the lessor, or both.

(i) "Server equipment" means the computer hardware located in an eligible computer data center and used exclusively to provide electronic data storage and data management services for internal use by the owner or lessee of the computer data center, for clients of the owner or lessee of the computer data center, or both. "Server equipment" also includes computer software necessary to operate the computer hardware. "Server equipment" does not include personal computers, the racks upon which the server equipment is installed, and computer peripherals such as keyboards, monitors, printers, and mice.

(7) This section expires April 1, ((2018)) 2020.

Sec. 303. RCW 82.08.986 and 2010 1st sp.s. c 23 s 1601 are each amended to read as follows:

(1) An exemption from the tax imposed by RCW 82.08.020 is provided for sales to qualifying businesses and to qualifying tenants of eligible server equipment to be installed, without intervening use, in an eligible computer data center, and to charges made for labor and services rendered in respect to installing eligible server equipment. The exemption also applies to sales to qualifying

businesses and to qualifying tenants of eligible power infrastructure, including labor and services rendered in respect to constructing, installing, repairing, altering, or improving eligible power infrastructure.

(2)(a) In order to claim the exemption under this section, a qualifying business or a qualifying tenant must submit an application to the department for an exemption certificate. The application must include the information necessary, as required by the department, to determine that a business or tenant qualifies for the exemption under this section. The department must issue exemption certificates to qualifying businesses and qualifying tenants. The department may assign a unique identification number to each exemption certificate issued under this section.

(b) A qualifying business or a qualifying tenant claiming the exemption under this section must present the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(3)(a) Within six years of the date that the department issued an exemption certificate under this section to a qualifying business or a qualifying tenant with respect to an eligible computer data center, the qualifying business or qualifying tenant must establish that net employment at the eligible computer data center has increased by a minimum of:

(i) Thirty-five family wage employment positions; or

(ii) Three family wage employment positions for each twenty thousand square feet of space or less that is newly dedicated to housing working servers at the eligible computer data center. For qualifying ~~((businesses that lease space at an eligible computer data center))~~ tenants, the number of family wage employment positions that must be increased under this subsection (3)(a)(ii) is based only on the space occupied by the ~~((lessee))~~ qualifying tenant in the eligible computer data center.

(b) In calculating the net increase in family wage employment positions:

(i) The owner of an eligible computer data center, in addition to its own net increase in family wage employment positions, may include:

(A) The net increase in family wage employment positions employed by qualifying ~~((businesses leasing space within the eligible computer data center from the owner))~~ tenants; and

(B) The net increase in family wage employment positions described in (c)(ii)(B) of this subsection (3).

~~((ii)(A) ((Lessees of the owner of an eligible computer data center))~~ Qualifying tenants, in addition to their own net increase in family wage employment positions, may include:

(I) A portion of the net increase in family wage employment positions employed by the owner; and

(II) A portion of the net increase in family wage employment positions described in (c)(ii)(B) of this subsection (3).

(B) The portion of the net increase in family wage employment positions to be counted under this subsection (3)(b)(ii) by each ~~((lessee))~~ qualifying tenant must be in proportion to the amount of space in the eligible computer data center occupied by the ~~((lessee))~~ qualifying tenant compared to the total amount of space in the eligible computer data center occupied by all ~~((lessees that are qualifying businesses))~~ qualifying tenants.

(c)(i) For purposes of this subsection, family wage employment positions are new permanent employment positions requiring forty hours of weekly work, or their equivalent, on a full-time basis at the eligible computer data center and receiving a wage equivalent to or greater than one hundred fifty percent of the per capita personal income of the county in which the qualified project is located. An employment position may not be counted as a family wage employment position unless the employment position is entitled to health insurance coverage provided by the employer of the

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employment position. For purposes of this subsection (3)(c), "new permanent employment position" means an employment position that did not exist or that had not previously been filled as of the date that the department issued an exemption certificate to the owner or ~~((lessee))~~ qualifying tenant of an eligible computer data center, as the case may be.

(ii)(A) Family wage employment positions include positions filled by employees of the owner of the eligible computer data center and by employees of qualifying ~~((businesses leasing space from the owner of the eligible computer data center))~~ tenants.

(B) Family wage employment positions also include individuals performing work at an eligible computer data center as an independent contractor hired by the owner of the eligible computer data center or as an employee of an independent contractor hired by the owner of the eligible computer data center, if the work is necessary for the operation of the computer data center, such as security and building maintenance, and provided that all of the requirements in (c)(i) of this subsection (3) are met.

(d) All previously exempted sales and use taxes are immediately due and payable for a qualifying business or qualifying tenant that does not meet the requirements of this subsection.

(4) A qualifying business or a qualifying tenant claiming an exemption under this section or RCW 82.12.986 must complete an annual ~~((report))~~ survey with the department as required under RCW ~~((82.32.534))~~ 82.32.585.

(5)(a) The exemption provided in this section does not apply to:

(i) Any person who has received the benefit of the deferral program under chapter 82.60 RCW on: (A) The construction, renovation, or expansion of a structure or structures used as a computer data center; or (B) machinery or equipment used in a computer data center; and

(ii) Any person affiliated with a person within the scope of (a)(i) of this subsection (5). ~~((For purposes of this subsection, "affiliated" means that one person has a direct or indirect ownership interest of at least twenty percent in another person.))~~

(b) If a person claims an exemption under this section and subsequently receives the benefit of the deferral program under chapter 82.60 RCW on either the construction, renovation, or expansion of a structure or structures used as a computer data center or machinery or equipment used in a computer data center, the person must repay the amount of taxes exempted under this section. Interest as provided in chapter 82.32 RCW applies to amounts due under this section until paid in full.

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

(a) "Affiliated" means that one person has a direct or indirect ownership interest of at least twenty percent in another person.

(b)(i) "Computer data center" means a facility comprised of one or more buildings, which may be comprised of multiple businesses, constructed or refurbished specifically, and used primarily, to house working servers, where the facility has the following characteristics: (A) Uninterruptible power supplies, generator backup power, or both; (B) sophisticated fire suppression and prevention systems; and (C) enhanced physical security, such as: Restricted access to the facility to selected personnel; permanent security guards; video camera surveillance; an electronic system requiring passcodes, keycards, or biometric scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

(ii) For a computer data center comprised of multiple buildings, each separate building constructed or refurbished specifically, and used primarily, to house working servers is considered a computer data center if it has all of the characteristics listed in ~~((#))~~ (b)(i)(A) through (C) of this subsection (6).

(iii) A facility comprised of one building or more than one building must have a combined square footage of at least one hundred thousand square feet.

~~((#))~~ (c) "Electronic data storage and data management services" include, but are not limited to: Providing data storage and backup services, providing computer processing power, hosting enterprise software applications, and hosting web sites. The term also includes providing services such as e-mail, web browsing and searching, media applications, and other online services, regardless of whether a charge is made for such services.

~~((#))~~ (d)(i) "Eligible computer data center" means a computer data center:

(A) Located in a rural county as defined in RCW 82.14.370;

(B) Having at least twenty thousand square feet dedicated to housing working servers, where the server space has not previously been dedicated to housing working servers; and

(C) For which the commencement of construction occurs:

(I) After March 31, 2010, and before July 1, 2011; or

(II) After March 31, 2012, and before July 1, 2015.

(ii) For purposes of this section, "commencement of construction" means the date that a building permit is issued under the building code adopted under RCW 19.27.031 for construction of the computer data center. The construction of a computer data center includes the expansion, renovation, or other improvements made to existing facilities, including leased or rented space. "Commencement of construction" does not include soil testing, site clearing and grading, site preparation, or any other related activities that are initiated before the issuance of a building permit for the construction of the foundation of a computer data center.

~~((#))~~ (iii) With respect to facilities in existence on April 1, 2010, that are expanded, renovated, or otherwise improved after March 31, 2010, or facilities in existence on April 1, 2012, that are expanded, renovated, or otherwise improved after March 31, 2012, an eligible computer data center includes only the portion of the computer data center meeting the requirements in ~~((#))~~ (d)(i)(B) of this subsection (6).

~~((#))~~ (e) "Eligible power infrastructure" means all fixtures and equipment owned by a qualifying business, or qualifying tenant and necessary for the transformation, distribution, or management of electricity that is required to operate eligible server equipment within an eligible computer data center. The term includes ~~((electrical substations,))~~ generators, wiring, and; cogeneration equipment; and associated fixtures and equipment, such as electrical switches, batteries, and distribution, testing, and monitoring equipment.

~~((#))~~ (f) "Eligible server equipment" means:

(i) For a qualifying business whose computer data center qualifies as an eligible computer data center under (d)(i)(C)(I) of this subsection (6), the original server equipment installed in an eligible computer data center on or after April 1, 2010, and replacement server equipment. For purposes of this subsection (6)~~((#))~~ (f)(i), "replacement server equipment" means server equipment that:

~~((#))~~ (A) Replaces existing server equipment, if the sale or use of the server equipment to be replaced qualified for an exemption under this section or RCW 82.12.986; and

~~((#))~~ (B) Is installed and put into regular use before April 1, 2018.

(ii) For a qualifying business whose computer data center qualifies as an eligible computer data center under (d)(i)(C)(II) of this subsection (6), "eligible server equipment" means the original server equipment installed in an eligible computer data center on or after April 1, 2012, and replacement server equipment. For purposes of this subsection (6)~~((#))~~ (f)(ii), "replacement server equipment" means server equipment that:

(A) Replaces existing server equipment, if the sale or use of the

server equipment to be replaced qualified for an exemption under this section or RCW 82.12.986; and

(B) Is installed and put into regular use before April 1, 2020.

(iii) For a qualifying tenant who leases space within an eligible computer data center, "eligible server equipment" means the original server equipment installed within the space it leases from an eligible computer data center on or after April 1, 2010, and replacement server equipment. For purposes of this subsection (6)(f)(iii), "replacement server equipment" means server equipment that:

(A) Replaces existing server equipment, if the sale or use of the server equipment to be replaced qualified for an exemption under this section or RCW 82.12.986; and

(B) Is installed and put into regular use before April 1, 2020.

((f)) (g) "Qualifying business" means a business entity that exists for the primary purpose of engaging in commercial activity for profit and that is the owner of an eligible computer data center ((or the lessee of at least twenty thousand square feet within an eligible computer data center dedicated to housing working servers, where the server space has not previously been dedicated to housing working servers)). The term does not include the state or federal government or any of their departments, agencies, and institutions; tribal governments; political subdivisions of this state; or any municipal, quasi-municipal, public, or other corporation created by the state or federal government, tribal government, municipality, or political subdivision of the state.

((g)) "Server" means blade or rack mount server computers used in a computer data center exclusively to provide electronic data storage and data management services for internal use by the owner or lessee of the computer data center, for clients of the owner or lessee of the computer data center, or both. "Server" does not include personal computers.

(h) "Server equipment" means the server chassis and all computer hardware contained within the server chassis. "Server equipment" also includes computer software necessary to operate the server. "Server equipment" does not include the racks upon which the server chassis is installed, and computer peripherals such as keyboards, monitors, printers, mice, and other devices that work outside of the computer.)

(h) "Qualifying tenant" means a business entity that exists for the primary purpose of engaging in commercial activity for profit and that leases space from a qualifying business within an eligible computer data center. The term does not include the state or federal government or any of their departments, agencies, and institutions; tribal governments; political subdivisions of this state; or any municipal, quasi-municipal, public, or other corporation created by the state or federal government, tribal government, municipality, or political subdivision of the state. The term also does not include a lessee of space in an eligible computer data center under (d)(i)(C)(I) of this subsection (6), if the lessee and lessor are affiliated and:

(i) That space will be used by the lessee to house server equipment that replaces server equipment previously installed and operated in that eligible computer data center by the lessor or another person affiliated with the lessee; or

(ii) Prior to the effective date of this section, the primary use of the server equipment installed in that eligible computer data center was to provide electronic data storage and data management services for the business purposes of either the lessor, persons affiliated with the lessor, or both.

(i) "Server equipment" means the computer hardware located in an eligible computer data center and used exclusively to provide electronic data storage and data management services for internal use by the owner or lessee of the computer data center, for clients of the owner or lessee of the computer data center, or both. "Server equipment" also includes computer software necessary to operate the computer hardware. "Server equipment" does not include

personal computers, the racks upon which the server equipment is installed, and computer peripherals such as keyboards, monitors, printers, and mice.

(7) This section expires April 1, ((2018)) 2020.

Sec. 304. RCW 82.12.986 and 2010 1st sp.s. c 23 s 1602 are each amended to read as follows:

(1) An exemption from the tax imposed by RCW 82.12.020 is provided for the use by qualifying businesses or qualifying tenants of eligible server equipment to be installed, without intervening use, in an eligible computer data center, and to the use of labor and services rendered in respect to installing such server equipment. The exemption also applies to the use ~~((of))~~ by a qualifying business or qualifying tenant of eligible power infrastructure, including labor and services rendered in respect to installing, repairing, altering, or improving such infrastructure.

(2) A qualifying business or a qualifying tenant is not eligible for the exemption under this section unless the department issued an exemption certificate to the qualifying business or a qualifying tenant for the exemption provided in RCW 82.08.986.

(3)(a) The exemption provided in this section does not apply to:

(i) Any person who has received the benefit of the deferral program under chapter 82.60 RCW on: (A) The construction, renovation, or expansion of a structure or structures used as a computer data center; or (B) machinery or equipment used in a computer data center; and

(ii) Any person affiliated with a person within the scope of (a)(i) of this subsection (3). ~~((For purposes of this subsection, "affiliated" means that one person has a direct or indirect ownership interest of at least twenty percent in another person.))~~

(b) If a person has received the benefit of the exemption under this section and subsequently receives the benefit of the deferral program under chapter 82.60 RCW on either the construction, renovation, or expansion of a structure or structures used as a computer data center or machinery or equipment used in a computer data center, the person must repay the amount of taxes exempted under this section. Interest as provided in chapter 82.32 RCW applies to amounts due under this subsection (3)(b) until paid in full. A person is not required to repay taxes under this subsection with respect to property and services for which the person is required to repay taxes under RCW 82.08.986(5).

(4) The definitions and requirements in RCW 82.08.986 apply to this section.

(5) This section expires April 1, ((2018)) 2020.

PART IV EXEMPTING CRAFT DISTILLERIES FROM CERTAIN LICENSE ISSUANCE FEES

Sec. 401. RCW 66.24.630 and 2012 c 2 s 103 (Initiative Measure No. 1183) are each amended to read as follows:

(1) There is a spirits retail license to: Sell spirits in original containers to consumers for consumption off the licensed premises and to permit holders; sell spirits in original containers to retailers licensed to sell spirits for consumption on the premises, for resale at their licensed premises according to the terms of their licenses, although no single sale may exceed twenty-four liters, unless the sale is by a licensee that was a contract liquor store manager of a contract liquor store at the location of its spirits retail licensed premises from which it makes such sales; and export spirits.

(2) For the purposes of this title, a spirits retail license is a retail license, and a sale by a spirits retailer is a retail sale only if not for resale. Nothing in this title authorizes sales by on-sale licensees to other retail licensees. The board must establish by rule an obligation of on-sale spirits retailers to:

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(a) Maintain a schedule by stock-keeping unit of all their purchases of spirits from spirits retail licensees, indicating the identity of the seller and the quantities purchased; and

(b) Provide, not more frequently than quarterly, a report for each scheduled item containing the identity of the purchasing on-premise licensee and the quantities of that scheduled item purchased since any preceding report to:

(i) A distributor authorized by the distiller to distribute a scheduled item in the on-sale licensee's geographic area; or

(ii) A distiller acting as distributor of the scheduled item in the area.

(3)(a) Except as otherwise provided in (c) of this subsection ~~((c) of this section)~~, the board may issue spirits retail licenses only for premises comprising at least ten thousand square feet of fully enclosed retail space within a single structure, including storerooms and other interior auxiliary areas but excluding covered or fenced exterior areas, whether or not attached to the structure, and only to applicants that the board determines will maintain systems for inventory management, employee training, employee supervision, and physical security of the product substantially as effective as those of stores currently operated by the board with respect to preventing sales to or pilferage by underage or inebriated persons.

(b) License issuances and renewals are subject to RCW 66.24.010 and the regulations promulgated thereunder, including without limitation rights of cities, towns, county legislative authorities, the public, churches, schools, and public institutions to object to or prevent issuance of local liquor licenses. However, existing grocery premises licensed to sell beer and/or wine are deemed to be premises "now licensed" under RCW 66.24.010(9)(a) for the purpose of processing applications for spirits retail licenses.

(c) The board may not deny a spirits retail license to an otherwise qualified contract liquor store at its contract location or to the holder of former state liquor store operating rights sold at auction under RCW 66.24.620 on the grounds of location, nature, or size of the premises to be licensed. The board ~~((shall))~~ may not deny a spirits retail license to applicants that are not contract liquor stores or operating rights holders on the grounds of the size of the premises to be licensed, if such applicant is otherwise qualified and the board determines that:

(i) There is no retail spirits license holder in the trade area that the applicant proposes to serve;

(ii) The applicant meets, or upon licensure will meet, the operational requirements established by the board by rule; and

(iii) The licensee has not committed more than one public safety violation within the three years preceding application.

(d) A retailer authorized to sell spirits for consumption on or off the licensed premises may accept delivery of spirits at its licensed premises or at one or more warehouse facilities registered with the board, which facilities may also warehouse and distribute nonliquor items, and from which the retailer may deliver to its own licensed premises and, pursuant to sales permitted under subsection (1) of this section:

(i) To other retailer premises licensed to sell spirits for consumption on the licensed premises;

(ii) To other registered facilities; or

(iii) To lawful purchasers outside the state. The facilities may be registered and utilized by associations, cooperatives, or comparable groups of retailers, including at least one retailer licensed to sell spirits.

(4)(a) Except as otherwise provided in (b) of this subsection, each spirits retail licensee must pay to the board, for deposit into the liquor revolving fund, a license issuance fee equivalent to seventeen percent of all spirits sales revenues under the license, exclusive of taxes collected by the licensee and of sales of items on which a license fee payable under this section has otherwise been incurred.

The board must establish rules setting forth the timing of such payments and reporting of sales dollar volume by the licensee, with payments required quarterly in arrears. The first payment is due October 1, 2012.

(b) This subsection (4) does not apply to craft distilleries.

(5) In addition to the payment required under subsection (4) of this section, each licensee must pay an annual license renewal fee of one hundred sixty-six dollars. The board must periodically review and adjust the renewal fee as may be required to maintain it as comparable to annual license renewal fees for licenses to sell beer and wine not for consumption on the licensed premises. If required by law at the time, any increase of the annual renewal fee becomes effective only upon ratification by the legislature.

(6) As a condition to receiving and renewing a retail spirits license the licensee must provide training as prescribed by the board by rule for individuals who sell spirits or who manage others who sell spirits regarding compliance with laws and regulations regarding sale of spirits, including without limitation the prohibitions against sale of spirits to individuals who are underage or visibly intoxicated. The training must be provided before the individual first engages in the sale of spirits and must be renewed at least every five years. The licensee must maintain records documenting the nature and frequency of the training provided. An employee training program is presumptively sufficient if it incorporates a "responsible vendor program" promulgated by the board.

(7) The maximum penalties prescribed by the board in WAC 314-29-020 through 314-29-040 relating to fines and suspensions are doubled for violations relating to the sale of spirits by retail spirits licensees.

(8)(a) The board must promulgate regulations concerning the adoption and administration of a compliance training program for spirits retail licensees, to be known as a "responsible vendor program," to reduce underage drinking, encourage licensees to adopt specific best practices to prevent sales to minors, and provide licensees with an incentive to give their employees ongoing training in responsible alcohol sales and service.

(b) Licensees who join the responsible vendor program under this section and maintain all of the program's requirements are not subject to the doubling of penalties provided in this section for a single violation in any period of twelve calendar months.

(c) The responsible vendor program must be free, voluntary, and self-monitoring.

(d) To participate in the responsible vendor program, licensees must submit an application form to the board. If the application establishes that the licensee meets the qualifications to join the program, the board must send the licensee a membership certificate.

(e) A licensee participating in the responsible vendor program must at a minimum:

(i) Provide ongoing training to employees;

(ii) Accept only certain forms of identification for alcohol sales;

(iii) Adopt policies on alcohol sales and checking identification;

(iv) Post specific signs in the business; and

(v) Keep records verifying compliance with the program's requirements.

PART V

CLARIFYING THE DEFINITION OF LEASEHOLD INTEREST

Sec. 501. RCW 82.29A.020 and 1999 c 220 s 2 are each amended to read as follows:

((As used in this chapter the following terms shall be defined as follows.)) The definitions in this section apply throughout this chapter unless the context ((otherwise)) requires((s)) otherwise.

(1) "Leasehold interest" (~~shall~~) means an interest in publicly owned real or personal property which exists by virtue of any lease, permit, license, or any other agreement, written or verbal, between the public owner of the property and a person who would not be exempt from property taxes if that person owned the property in fee, granting possession and use, to a degree less than fee simple ownership(~~(: PROVIDED, That)~~). However, no interest in personal property (excluding land or buildings) which is owned by the United States, whether or not as trustee, or by any foreign government (~~shall~~) may constitute a leasehold interest hereunder when the right to use such property is granted pursuant to a contract solely for the manufacture or production of articles for sale to the United States or any foreign government. The term "leasehold interest" (~~shall~~) includes the rights of use or occupancy by others of property which is owned in fee or held in trust by a public corporation, commission, or authority created under RCW 35.21.730 or 35.21.660 if the property is listed on or is within a district listed on any federal or state register of historical sites. The term "leasehold interest" (~~shall~~) does not include road or utility easements, rights of access, occupancy, or use granted solely for the purpose of removing materials or products purchased from a public owner or the lessee of a public owner, or rights of access, occupancy, or use granted solely for the purpose of natural energy resource exploration. "Leasehold interest" does not include the preferential use of publicly owned cargo cranes and docks and associated areas used in the loading and discharging of cargo located at a port district marine facility. "Preferential use" means that publicly owned real or personal property is used by a private party under a written agreement with the public owner, but the public owner or any third party maintains a right to use the property when not being used by the private party.

(2)(a) "Taxable rent" (~~shall~~) means contract rent as defined in (~~subsection (a)~~) (c) of this subsection in all cases where the lease or agreement has been established or renegotiated through competitive bidding, or negotiated or renegotiated in accordance with statutory requirements regarding the rent payable, or negotiated or renegotiated under circumstances, established by public record, clearly showing that the contract rent was the maximum attainable by the lessor(~~(: PROVIDED, That)~~). However, after January 1, 1986, with respect to any lease which has been in effect for ten years or more without renegotiation, taxable rent may be established by procedures set forth in (~~subsection (b)~~) (g) of this subsection. All other leasehold interests (~~shall be~~) are subject to the determination of taxable rent under the terms of (~~subsection (b)~~) (g) of this subsection.

(b) For purposes of determining leasehold excise tax on any lands on the Hanford reservation subleased to a private or public entity by the department of ecology, taxable rent (~~shall~~) includes only the annual cash rental payment made by such entity to the department of ecology as specifically referred to as rent in the sublease agreement between the parties and (~~shall~~) does not include any other fees, assessments, or charges imposed on or collected by such entity irrespective of whether the private or public entity pays or collects such other fees, assessments, or charges as specified in the sublease agreement.

(~~(a)~~) (c) "Contract rent" (~~shall~~) means the amount of consideration due as payment for a leasehold interest, including: The total of cash payments made to the lessor or to another party for the benefit of the lessor according to the requirements of the lease or agreement, including any rents paid by a sublessee; expenditures for the protection of the lessor's interest when required by the terms of the lease or agreement; and expenditures for improvements to the property to the extent that such improvements become the property of the lessor. Where the consideration conveyed for the leasehold interest is made in combination with payment for concession or other rights granted by the lessor, only that portion of such payment

which represents consideration for the leasehold interest (~~shall be~~) is part of contract rent.

(d) "Contract rent" (~~shall~~) does not include: (i) Expenditures made by the lessee, which under the terms of the lease or agreement, are to be reimbursed by the lessor to the lessee or expenditures for improvements and protection made pursuant to a lease or an agreement which requires that the use of the improved property be open to the general public and that no profit will inure to the lessee from the lease; (ii) expenditures made by the lessee for the replacement or repair of facilities due to fire or other casualty including payments for insurance to provide reimbursement for losses or payments to a public or private entity for protection of such property from damage or loss or for alterations or additions made necessary by an action of government taken after the date of the execution of the lease or agreement; (iii) improvements added to publicly owned property by a sublessee under an agreement executed prior to January 1, 1976, which have been taxed as personal property of the sublessee prior to January 1, 1976, or improvements made by a sublessee of the same lessee under a similar agreement executed prior to January 1, 1976, and such improvements (~~shall be~~) are taxable to the sublessee as personal property; (iv) improvements added to publicly owned property if such improvements are being taxed as personal property to any person.

(e) Any prepaid contract rent (~~shall be~~) is considered to have been paid in the year due and not in the year actually paid with respect to prepayment for a period of more than one year. Expenditures for improvements with a useful life of more than one year which are included as part of contract rent (~~shall~~) must be treated as prepaid contract rent and prorated over the useful life of the improvement or the remaining term of the lease or agreement if the useful life is in excess of the remaining term of the lease or agreement. Rent prepaid prior to January 1, 1976, (~~shall~~) must be prorated from the date of prepayment.

(f) With respect to a "product lease", the value (~~shall be~~) is that value determined at the time of sale under terms of the lease.

(~~(b)~~) (g) If it (~~shall be~~) is determined by the department of revenue, upon examination of a lessee's accounts or those of a lessor of publicly owned property, that a lessee is occupying or using publicly owned property in such a manner as to create a leasehold interest and that such leasehold interest has not been established through competitive bidding, or negotiated in accordance with statutory requirements regarding the rent payable, or negotiated under circumstances, established by public record, clearly showing that the contract rent was the maximum attainable by the lessor, the department may establish a taxable rent computation for use in determining the tax payable under authority granted in this chapter based upon the following criteria: (i) Consideration (~~shall~~) must be given to rental being paid to other lessors by lessees of similar property for similar purposes over similar periods of time; (ii) consideration (~~shall~~) must be given to what would be considered a fair rate of return on the market value of the property leased less reasonable deductions for any restrictions on use, special operating requirements or provisions for concurrent use by the lessor, another person or the general public.

(3) "Product lease" as used in this chapter (~~shall~~) means a lease of property for use in the production of agricultural or marine products to the extent that such lease provides for the contract rent to be paid by the delivery of a stated percentage of the production of such agricultural or marine products to the credit of the lessor or the payment to the lessor of a stated percentage of the proceeds from the sale of such products.

(4) "Renegotiated" means a change in the lease agreement which changes the agreed time of possession, restrictions on use, the rate of the cash rental or of any other consideration payable by the lessee to or for the benefit of the lessor, other than any such change

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required by the terms of the lease or agreement. In addition "renegotiated" ~~((shall))~~ means a continuation of possession by the lessee beyond the date when, under the terms of the lease agreement, the lessee had the right to vacate the premises without any further liability to the lessor.

(5) "City" means any city or town.

(6) "Products" includes natural resource products such as cut or picked evergreen foliage, Cascara bark, wild edible mushrooms, native ornamental trees and shrubs, ore and minerals, natural gas, geothermal water and steam, and forage removed through the grazing of livestock.

**PART VI
MISCELLANEOUS PROVISIONS**

NEW SECTION. Sec. 601. This act does not affect any existing right acquired or liability or obligation incurred under the sections amended or repealed or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections.

NEW SECTION. Sec. 602. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 603. (1) Parts I, II, V, and VI of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect July 1, 2012.

(2) Section 302 of this act does not take effect if the contingency in subsection (3) of this section occurs.

(3) Section 303 of this act takes effect if Substitute House Bill No. 2530 or any other legislation repealing RCW 82.32.534 is enacted during the 2012 1st special session and signed into law.

(4) Parts III and IV of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately."

MOTION

Senator Murray moved that the following amendment by Senators Murray and Zarelli to the striking amendment be adopted:

- On page 4, line 11, strike "2017" and insert "2015"
- On page 4, line 29, strike "2017" and insert "2015"
- On page 5, line 10, strike "2017" and insert "2015"
- On page 5, line 21, strike "2017" and insert "2015"
- On page 5, line 33, strike "2017" and insert "2015"
- On page 6, line 7, strike "2017" and insert "2015"
- On page 35, after line 12, insert the following:

**"PART VI
NEWSPAPER BUSINESS AND OCCUPATION TAX**

Sec. 601. RCW 82.04.214 and 2008 c 273 s 1 are each amended to read as follows:

~~(1)((a) Until June 30, 2011,))~~ "Newspaper" means:

~~((#))~~ (a) A publication issued regularly at stated intervals at least twice a month and printed on newsprint in tabloid or broadsheet format folded loosely together without stapling, glue, or any other binding of any kind, including any supplement of a printed newspaper; and

~~((#))~~ (b) An electronic version of a printed newspaper that:

~~((A))~~ (i) Shares content with the printed newspaper; and

~~((B))~~ (ii) Is prominently identified by the same name as the printed newspaper or otherwise conspicuously indicates that it is a complement to the printed newspaper.

~~((B))~~ (2) For purposes of this section, "supplement" means a printed publication, including a magazine or advertising section, that is:

~~((#))~~ (a) Labeled and identified as part of the printed newspaper; and

~~((#))~~ (b) Circulated or distributed:

~~((A))~~ (i) As an insert or attachment to the printed newspaper; or

~~((B))~~ (ii) Separate and apart from the printed newspaper so long as the distribution is within the general circulation area of the newspaper.

~~((2) Beginning July 1, 2011, "newspaper" means a publication issued regularly at stated intervals at least twice a month and printed on newsprint in tabloid or broadsheet format folded loosely together without stapling, glue, or any other binding of any kind, including any supplement of a printed newspaper as defined in subsection (1)(b) of this section.))~~

Sec. 602. RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure No. 1107) are each amended to read as follows:

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

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

(b) Beginning July 1, 2012, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c) Beginning July 1, 2012, dairy products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products such as whey and casein; or selling the same to purchasers who transport in the ordinary course of business the goods out of state; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(d) Beginning July 1, 2012, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were

transported by the purchaser in the ordinary course of business out of this state;

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

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

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

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

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

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

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

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

trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

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

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

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

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

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

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

(ii) 0.2904 percent beginning July 1, 2007.

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

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

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

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

(12)(a) Until July 1, 2024, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of

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0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

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

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

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

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

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

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

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

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

(v) "Timber products" means:

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

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

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

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

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

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

(14)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of ~~((0.2904))~~ 0.365 percent through June 30, 2013, and beginning July 1, 2013, multiplied by the rate of 0.35 percent.

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

On page 35, line 24, after "I, II, V" strike ", and VI" and insert "through VII"

On page 35, after line 19, insert the following:

"NEW SECTION. Sec. 603. Part VI expires July 1, 2015."

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

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

The President declared the question before the Senate to be the adoption of the amendment by Senators Murray and Zarelli on page 4, line 11 to the striking amendment to Senate Bill No. 6635.

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

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Murray and Zarelli as amended to Senate Bill No. 6635.

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

MOTION

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

On page 1, line 2 of the title, after "tax" strike the remainder of the title and insert "preference and license fees; amending RCW 82.04.4292, 82.04.4266, 82.04.4268, 82.04.4269, 82.04.260, 82.08.986, 82.08.986, 82.12.986, 66.24.630, and 82.29A.020; adding a new section to chapter 82.04 RCW; creating new sections; providing an effective date; providing a contingent effective date; providing expiration dates; and declaring an emergency."

MOTION

On motion of Senator Murray, the rules were suspended, Engrossed Senate Bill No. 6635 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Murray spoke in favor of passage of the bill.

PARLIAMENTARY INQUIRY

Senator Frockt: "Thank you Mr. President. As I understand it, the legislation before us does five things: it closes a tax exemption for certain banks for interest derived for first mortgages; it extends the tax exemption for certain food processors; it reauthorizes a sales tax exemption for server farms; it exempts, from the liquor license fee, some retail sales by craft distilleries; it exempts from the lease-hold excise tax preferential use of leased marine property. Mr. President, is it generally permissible to include a variety of tax measures in a single piece of legislation as it has been done in this bill?"

REPLY BY THE PRESIDENT

President Owen: "Yes Senator, it is."

PARLIAMENTARY INQUIRY

Senator Frockt: "Mr. President, what are the votes required for final passage on this bill?"

REPLY BY THE PRESIDENT

President Owen: "The President believes that it would take two-thirds vote to pass this bill."

PARLIAMENTARY INQUIRY

Senator Frockt: "Thank you Mr. President. Is the two-thirds vote required for final passage on this bill due exclusively to the closure of the tax exemption for certain banks. That is the tax increase?"

REPLY BY THE PRESIDENT

President Owen: "Based on the President's understanding of this bill, that would be correct."

PARLIAMENTARY INQUIRY

Senator Frockt: "Finally Mr. President, is it possible under our rules to divide the question on final passage with one vote on the closure of the tax exemption and the second vote requiring a simple majority on the other parts of the bill that do not require the two-thirds vote?"

REPLY BY THE PRESIDENT

President Owen: "No. You may not divide the question on a bill."

Senator Zarelli spoke in favor of passage of the bill.

Senators Frockt, Rolfes and Benton spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 6635.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 6635 and the bill passed the Senate by the following vote: Yeas, 35; Nays, 10; Absent, 1; Excused, 3.

Voting yea: Senators Baumgartner, Becker, Brown, Chase, Conway, Delvin, Eide, Fain, Fraser, Hargrove, Harper, Hatfield, Haugen, Hill, Hobbs, Holmquist Newbry, Honeyford, Kastama, Kilmer, King, Kline, Kohl-Welles, Litzow, McAuliffe, Murray, Parlette, Prentice, Pridemore, Regala, Roach, Sheldon, Shin, Swecker, Tom and Zarelli

Voting nay: Senators Benton, Carrell, Ericksen, Frockt, Keiser, Nelson, Padden, Ranker, Rolfes and Schoesler

Absent: Senator Pflug

Excused: Senators Hewitt, Morton and Stevens

ENGROSSED SENATE BILL NO. 6635, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

On motion of Senator Eide, Engrossed Senate Bill No. 6635 was immediately transmitted to the House of Representatives.

SECOND READING

SENATE BILL NO. 5127, by Senators Kilmer, Parlette, Murray and Zarelli

Concerning state general obligation bonds and related accounts.

The measure was read the second time.

MOTION

Senator Kilmer moved that the following striking amendment by Senators Kilmer and Parlette be adopted:

Strike everything after the enacting clause and insert the following:

**"PART I
SHORT TITLE**

NEW SECTION. **Sec. 101.** This act shall be known as the 2012 jobs now act.

**PART II
BOND AUTHORIZATION**

NEW SECTION. **Sec. 201.** For the purpose of providing funds to finance the projects described and authorized by the legislature in the capital and operating appropriations acts for the 2011-2013 fiscal biennium, and all costs incidental thereto, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of five hundred five million four hundred sixty- six thousand dollars, or as much thereof as may be required, to finance these projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

NEW SECTION. **Sec. 202.** (1) The proceeds from the sale of the bonds authorized in section 201 of this act shall be deposited in the state building construction account created by RCW 43.83.020. The proceeds shall be transferred as follows:

(a) Four hundred eighty million forty-five thousand dollars to remain in the state building construction account created by RCW 43.83.020;

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(b) Twenty million four hundred sixteen thousand dollars to the state taxable building construction account. All receipts from taxable bond issues are to be deposited into the account. If the state finance committee deems it necessary or advantageous to issue more than the amount specified in this subsection (b) as taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds or in order to reduce the total financing costs for bonds issued, the proceeds of such additional taxable bonds shall be transferred to the state taxable building construction account in lieu of any transfer otherwise provided by this section. If the state finance committee determines that a portion of the amount specified in this subsection (b) as taxable bonds may be issued as nontaxable bonds in compliance with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, then such bond proceeds shall be transferred to the state building construction account in lieu of the transfer to the state taxable building construction account otherwise provided by this subsection (b). The state treasurer shall submit written notice to the director of financial management if it is determined that any such additional transfer to the state taxable building construction account is necessary or that a transfer from the state taxable building construction account to the state building construction account may be made. Moneys in the account may be spent only after appropriation.

(2) These proceeds shall be used exclusively for the purposes specified in this section and for the payment of expenses incurred in the issuance and sale of the bonds issued for the purposes of this section, and shall be administered by the office of financial management subject to legislative appropriation.

NEW SECTION. Sec. 203. (1) The debt-limit general fund bond retirement account shall be used for the payment of the principal of and interest on the bonds authorized in section 202(1) of this act.

(2) The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements on the bonds authorized in section 202(1) of this act.

(3) On each date on which any interest or principal and interest payment is due on bonds issued for the purposes of section 202(1) of this act, the state treasurer shall withdraw from any general state revenues received in the state treasury and deposit in the debt-limit general fund bond retirement account an amount equal to the amount certified by the state finance committee to be due on the payment date.

NEW SECTION. Sec. 204. (1) Bonds issued under sections 201 through 203 of this act shall state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay the principal and interest as the same shall become due.

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

NEW SECTION. Sec. 205. The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 201 of this act, and sections 202 and 203 of this act shall not be deemed to provide an exclusive method for the payment.

**PART III
APPROPRIATIONS--GENERAL GOVERNMENT**

NEW SECTION. Sec. 301. FOR THE DEPARTMENT OF COMMERCE
Energy Efficiency Grants for Local Governments (91000241)

The appropriation in this section is subject to the following conditions and limitations:

(1) The appropriation in this section is provided solely for grants to local agencies for operational cost savings improvements to local agency facilities and related projects that result in energy and operational cost savings. Related projects are those projects that must be completed in order for the energy efficiency improvements to be effective. Grants may also be used for loan interest payments over the term of a loan.

(2) The community services and housing division within the department of commerce, in consultation with the department of enterprise services, and the Washington State University energy program shall establish a competitive process to solicit and evaluate applications from local agencies. Final grant awards shall be determined by the department of commerce.

(3) For the purposes of this section:

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

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

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

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

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

(f) "Public facilities" means buildings, building components, and major equipment or systems owned by local agencies.

(g) "Local agency" means any city and any town, county, special district, municipal corporation, agency, port district or authority, or political subdivision of any type, or any other entity or authority of local government in corporate form or otherwise.

(4) Grants must be awarded in competitive rounds, based on demand and capacity, with at least ten percent of each competitive grant round awarded to small cities or towns with a population of fewer than five thousand residents.

(5) In order to be eligible for energy efficiency grants under this section, applicants must complete an investment grade audit, or an equivalent, prior to submitting an application for funding.

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

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

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

(i) A description of the energy equipment and improvements; and

(ii) A description of the energy and operational cost savings.

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

(7) Projects that do not use energy savings performance contracting must: (a) Verify energy and operational cost savings for ten years or until the energy and operational costs savings pay for the project, whichever is shorter; (b) follow the department of enterprise services energy savings performance contracting project guidelines; and (c) employ a licensed engineer for the energy audit and construction. The department of commerce may require third-party verification of savings if a project is not implemented by an energy savings performance contractor selected by the department of enterprise services through the request of qualifications process. Third-party verification must be conducted either by an energy savings performance contractor selected by the department of enterprise services through a request for qualifications, a licensed engineer that is a certified energy manager, or a project resource conservation manager.

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

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

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

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

Appropriation:

State Building Construction Account--State	\$18,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$18,000,000

NEW SECTION. Sec. 302. FOR THE DEPARTMENT OF COMMERCE

2012 Local and Community Projects (91000417)

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

(1) Except as directed otherwise prior to the effective date of this section, the department shall not expend the appropriations in this section unless and until the nonstate share of project costs have

been either expended, or firmly committed, or both, in an amount sufficient to complete the project or a distinct phase of the project that is useable to the public for the purpose intended by the legislature.

(2) Prior to receiving funds, project recipients must demonstrate that the project site is under control for a minimum of ten years, either through ownership or a long-term lease. This requirement does not apply to appropriations for preconstruction activities or appropriations whose sole purpose is to purchase real property that does not include a construction or renovation component.

(3) Projects funded in this section may be required to comply with Washington's high performance building standards as required by chapter 39.35D RCW.

(4) Project funds are available on a reimbursement basis only, and shall not be advanced under any circumstances.

(5) Projects funded in this section must be held by the recipient for a minimum of ten years and used for the same purpose or purposes intended by the legislature as required in RCW 43.63A.125(6).

(6) Projects funded in this section, including those that are owned and operated by nonprofit organizations, are generally required to pay state prevailing wages.

(7) The appropriation is provided solely for the following list of projects:

Project	Authorized Amount
Clark County Family YMCA Building Remodel	\$1,500,000
Community Space for Completion of Capitol Hill Housing	\$1,500,000
Covington Aquatics Center Roof Replacement and Related Construction	\$400,000
Drug Abuse Prevention Center	\$61,000
El Centro de la Raza Life Safety Seismic Retrofit	\$408,000
Everett Medical Clinic	\$250,000
Life Support	\$2,000,000
Santos Place	\$525,000
Sprague Emergency Response Center	\$339,000
Star Center - SERA Campus	\$2,640,000
Total	\$9,623,000

Appropriation:

State Building Construction Account--State	\$9,623,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$9,623,000

NEW SECTION. Sec. 303. FOR THE DEPARTMENT OF COMMERCE

Connell Klindworth Water Line Distribution (91000318)

Appropriation:

State Building Construction Account--State	\$540,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$540,000

NEW SECTION. Sec. 304. FOR THE DEPARTMENT OF COMMERCE

CERB Administered Economic Development, Innovation & Export Grants (92000096)

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The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for the following specified economic development projects. The board may allocate up to twenty-five percent of the amounts for specified projects to other specified projects or to additional grants awarded on a competitive basis if, upon further review of the specified projects, the cost of the projects is less than originally assumed or other nonstate funds become available. If specified projects have not met the requirements for executing a contract with the department by April 30, 2013, the board may allocate the amount specified to additional grants awarded on a competitive basis provided that the grant awardee is ready to proceed with the project.

Project	Authorized Amount
Chelatchee Prairie RR Project	\$500,000
Trans Alta Industrial Park Infrastructure	\$998,000
Lakehaven Utility Dist/Federal Way Sewer Project	\$1,000,000
Renton Aerospace Center	\$2,500,000
NE Redevelopment Area - Storm Water Facilities	\$3,500,000
WA Aerospace Training & Research Center Expansion	\$1,500,000
Infrastructure for NW Friberg Development in Camas	\$3,000,000
Port of Quincy Industrial Park No. 6 Infrastructure	\$1,100,000
Federal Way Sewer Line	\$1,500,000
Vancouver Waterfront Park Development	\$1,000,000
Total	\$16,598,000

Appropriation:

State Building Construction Account--State	\$16,598,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$16,598,000

NEW SECTION. Sec. 305. FOR THE DEPARTMENT OF COMMERCE

Main Street Improvement Grants (92000098)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the following main street improvement projects administered by the public works board (board). The board may allocate up to twenty-five percent of the amounts for specified projects in this section to other specified projects or to grants awarded on a competitive basis if, upon further review of the specified projects, the cost of the projects is less than originally assumed or other nonstate funds become available. If specified projects have not met the requirements for executing a contract with the department by April 30, 2013, the board may allocate the amount specified to additional grants awarded on a competitive basis provided that the grant awardee is ready to proceed with the project.

Project	Authorized Amount
Bay Street Pedestrian Path	\$500,000
Downtown Longview Corridor Project	\$500,000

Edmonds Main Street Project	\$500,000
La Conner Boardwalk	\$750,000
Cushman Phase 4	\$1,200,000
Kendall Yards Public Infrastructure	\$2,000,000
Pacific Ave Streetscape Improvements	\$3,000,000
University District Pedestrian/Bike	\$3,200,000
Bridge Design & Acquisition Cross Kirkland Corridor	\$2,000,000
Everett Parks Roofs	\$400,000
Total	\$14,050,000

Appropriation:

State Building Construction Account--State	\$14,050,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$14,050,000

NEW SECTION. Sec. 306. FOR THE DEPARTMENT OF COMMERCE

Port and Export Related Infrastructure (92000102)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the following list of projects. The department may allocate up to twenty-five percent of the amounts for specified projects to other specified projects or to additional grants awarded on a competitive basis if, upon further review of the specified projects, the cost of the projects is less than originally assumed or other nonstate funds become available. If specified projects have not met the requirements for executing a contract with the department by April 30, 2013, the department may allocate the amount specified to additional grants awarded on a competitive basis provided that the grant awardee is ready to proceed with the project.

Project	Authorized Amount
Benton - Railroad Bridge Replacement	\$2,200,000
Camas Washougal - Steigerwald Commerce Center Development	\$1,500,000
Columbia - Blue Mountain Station Site	\$750,000
Pasco - Heritage Industrial Rail Extension	\$1,800,000
Pasco - Rail Hub Development - Phase 5	\$1,400,000
Skamania - Access Road	\$650,000
Skamania - Water and Wastewater System	\$350,000
Tacoma - Puyallup River Bridge Replacement	\$7,000,000
Vancouver - Centennial Industrial Park Infrastructure	\$5,750,000
Walla Walla - Infrastructure for Warehouse Project	\$2,750,000
Tacoma - South Lead Rail	\$5,000,000
Speed Improvements for Short Line Rail for Agricultural Exports	\$4,000,000

Total **\$33,150,000**

Appropriation:

State Building Construction Account--State.....	\$33,150,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$33,150,000

NEW SECTION. Sec. 307. FOR THE DEPARTMENT OF COMMERCE

Energy Efficiency Grants For Higher Education (91000242)

The appropriation in this section is subject to the following conditions and limitations:

(1) The appropriation in this section is provided solely for grants to public higher education institutions for operational cost savings improvements to higher education facilities and related projects that result in energy and operational cost savings. Related projects are those projects that must be completed in order for the energy efficiency improvements to be effective. Grants may also be used for loan interest payments over the term of a loan.

(2) The community services and housing division within the department of commerce, in consultation with the department of enterprise services, and the Washington State University energy program shall establish a competitive process to solicit and evaluate applications from public higher education institutions. Final grant awards shall be determined by the department of commerce.

(3) For the purposes of this section:

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

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

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

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

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

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

(4) Grants must be awarded in competitive rounds, based on demand and capacity.

(5) In order to be eligible for energy efficiency grants under this section, applicants must complete an investment grade audit, or an equivalent, prior to submitting an application for funding.

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

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

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

(i) A description of the energy equipment and improvements; and

(ii) A description of the energy and operational cost savings.

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

(7) Projects that do not use energy savings performance contracting must: (a) Verify energy and operational cost savings for ten years or until the energy and operational costs savings pay for the project, whichever is shorter; (b) follow the department of enterprise services energy savings performance contracting project guidelines; and (c) employ a licensed engineer for the energy audit and construction. The department of commerce may require third-party verification of savings if a project is not implemented by an energy savings performance contractor selected by the department of enterprise services through the request of qualifications process. Third-party verification must be conducted either by an energy savings performance contractor selected by the department of enterprise services through a request for qualifications, a licensed engineer that is a certified energy manager, or a project resource conservation manager.

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

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

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

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

Appropriation:

State Building Construction Account--State.....	\$20,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$20,000,000

Sec. 308. 2011 1st sp.s. c 49 s 1027 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Building Communities Fund Grants (30000102)

The appropriation in this section is subject to the following conditions and limitations:

(1) Except as directed otherwise prior to the effective date of this section, the department shall not expend the appropriation in

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this section unless and until the nonstate share of project costs have been either expended, or firmly committed, or both, in an amount sufficient to complete the projects or a distinct phase of the project that is useable to the public for this purpose intended by the legislature.

(2) Prior to receiving funds, project recipients must demonstrate that the project site is under control for a minimum of ten years, either through ownership or a long-term lease. This requirement does not apply to appropriations for preconstruction activities or appropriations whose sole purpose is to purchase real property that does not include a construction or renovation component.

(3) Projects funded in this section may be required to comply with Washington's high performance building standards as required by chapter 39.35D RCW.

(4) Project funds are available on a reimbursement basis only, and shall not be advanced under any circumstances.

(5) Projects funded in this section must be held by the recipient for a minimum of ten years and used for the same purpose or purposes intended by the legislature as required in RCW 43.63A.125(6).

(6) Projects funded in this section, including those that are owned and operated by nonprofit organizations, are generally required to pay state prevailing wages.

(7) The appropriation is provided solely for the following list of projects:

Project	Authorized Amount
Serenity House of Clallam County	\$52,000
Boys & Girls Clubs of King County	\$316,000
YMCA of Pierce and Kitsap Counties	\$1,250,000
Jewish Family Service	\$2,313,000
Low Income Housing Institute	\$313,000
The Salvation Army	\$56,000
Share	\$581,000
Navos	((\$2,500,000))
	<u>\$2,350,000</u>
Kitsap Community Resources	\$600,000
Transitions	\$109,000
Boys & Girls Clubs of the Columbia Basin	\$648,000
Village Green Foundation	\$1,029,000
Community Action Council of LMT	\$95,000
United Way of Kitsap County	\$605,000
ARC of Spokane	\$862,000
Dynamic Family Services	\$575,000
University District Food Bank	\$573,000
<u>Kent Youth and Family Services</u>	<u>\$298,000</u>
<u>Safe Place</u>	<u>\$778,000</u>

Total ((~~\$12,327,000~~))
\$13,403,000

Appropriation:
 State Building Construction Account--State((~~\$12,327,000~~))
\$13,403,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$56,000,000
 TOTAL.....((~~\$68,327,000~~))
\$69,403,000

NEW SECTION. Sec. 309. FOR THE DEPARTMENT OF COMMERCE

Innovation Partnership Zones - Facilities and Infrastructure (92000089)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the following list of projects. The department may allocate up to twenty-five percent of the amounts for specified projects to other specified projects or to additional grants awarded on a competitive basis if, upon further review of the specified projects, the cost of the projects is less than originally assumed or other nonstate funds become available. If specified projects have not met the requirements for executing a contract with the department by April 30, 2013, the department may allocate the amount specified to additional grants awarded on a competitive basis provided that the grant awardee is ready to proceed with the project.

Project	Authorized Amount
Tri-Cities Research District - Wine Science Center	\$5,000,000
Alternative Energy - Training and Innovation - Walla Walla	\$3,670,000
Reuse of Industrial By-Products and Waste - Grays Harbor	\$750,000
Biomedical Technology Innovation - Bothell	\$500,000
Clean Water Innovations - University of Washington Tacoma & Washington State University - Pierce	\$3,600,000
Total	\$13,520,000

Appropriation:
 State Building Construction Account--State.....\$13,520,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$13,520,000

NEW SECTION. Sec. 310. FOR THE DEPARTMENT OF COMMERCE

Housing for Families with Children (91000409)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided for the ranked list of projects in the category "Housing for Families with Children" in LEAP capital document No. 2012-7A, developed April 3, 2012. The department shall evaluate projects on the LEAP list and allocate the funding based on the requirements of RCW 43.185.050 and 43.185.070. Upon review of a completed application, if the department determines that a project is not eligible or is not ready to proceed, the department may allocate funding to a project in another category on the LEAP list, or to any type of alternate project. The department shall, at its discretion, determine the actual amount of funding to be allocated to each project, provided that the total allocation does not exceed the appropriation provided in this section.

Appropriation:

State Taxable Building Construction	
Account--State.....	\$8,250,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$8,250,000

NEW SECTION. Sec. 311. FOR THE DEPARTMENT OF COMMERCE

Housing for Seniors and People with Physical Disabilities (91000411)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided for the ranked list of projects in the category "Housing for Seniors and People with Physical Disabilities" in LEAP capital document No. 2012-7A, developed April 3, 2012. The department shall evaluate projects on the LEAP list and allocate the funding based on the requirements of RCW 43.185.050 and 43.185.070. Upon review of a completed application, if the department determines that a project is not eligible or is not ready to proceed, the department may allocate funding to a project in another category on the LEAP list, or to any type of alternate project. The department shall, at its discretion, determine the actual amount of funding to be allocated to each project, provided that the total allocation does not exceed the appropriation provided in this section.

Appropriation:

State Taxable Building Construction	
Account--State.....	\$9,666,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$9,666,000

NEW SECTION. Sec. 312. FOR THE DEPARTMENT OF COMMERCE

Housing for People at Risk of Homelessness (91000415)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided for the ranked list of projects in the category "Housing for People at Risk of Homelessness" in LEAP capital document No. 2012-7A, developed April 3, 2012. The department shall evaluate projects on the LEAP list and allocate the funding based on the requirements of RCW 43.185.050 and 43.185.070. Upon review of a completed application, if the department determines that a project is not eligible or is not ready to proceed, the department may allocate funding to a project in another category on the LEAP list, or to any type of alternate project. The department shall, at its discretion, determine the actual amount of funding to be allocated to each project, provided that the total allocation does not exceed the appropriation provided in this section.

Appropriation:

State Taxable Building Construction	
Account--State.....	\$2,500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$2,500,000

NEW SECTION. Sec. 313. FOR THE OFFICE OF FINANCIAL MANAGEMENT

Chehalis River Basin Flood Relief Projects (91000398)

The appropriation in this section is subject to the following conditions and limitations:

(1) Projects funded under this section must be reviewed and approved by both the Chehalis River basin flood authority and the Chehalis tribe prior to the allotment of funds by the office of financial management.

(2) Up to \$1,875,000 of the appropriation is for repairing and modifying levees and dikes, including but not limited to, the airport levee, levees protecting the Adna and Bucoda areas.

(3) Up to \$2,075,000 of the appropriation is for modification of the Sickman Ford bridge, and floodplain culverts, to open up the channel, increase conveyance, and allow for flood relief.

(4) Up to \$50,000 of the appropriation is for installation and calibration of a rain gauge on the Chehalis reservation.

(5) Up to \$500,000 of the appropriation is for construction of evacuation routes and pads to avoid future livestock losses.

(6) Up to \$500,000 of the appropriation is for improvements to areas affected by the Satsop river.

Appropriation:

State Building Construction Account--State.....	\$5,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$5,000,000

NEW SECTION. Sec. 314. FOR THE OFFICE OF FINANCIAL MANAGEMENT

Aerospace and Manufacturing Training Equipment Pool (91000003)

Appropriation:

State Building Construction Account--State.....	\$2,265,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$2,265,000

**PART IV
APPROPRIATIONS--HUMAN SERVICES**

NEW SECTION. Sec. 401. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES

Rainier School: Cottages Remodel and Renovation (91000017)

Appropriation:

State Building Construction Account--State.....	\$3,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$3,000,000

NEW SECTION. Sec. 402. FOR THE DEPARTMENT OF HEALTH

Safe Reliable Drinking Water Grants (92000002)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the following list of projects. The department may allocate up to twenty-five percent of the amounts for specified projects to other specified projects or to additional grants awarded on a competitive basis if, upon further review of the specified projects, the cost of the projects is less than originally assumed or other nonstate funds become available. If specified projects have not met the requirements for executing a contract with the department by April 30, 2013, the department may allocate the amount specified to additional grants awarded on a competitive basis provided that the grant awardee is ready to proceed with the project.

Project	Authorized Amount
Cowlitz County Water System - Arsenic Treatment	\$200,000
Kapowsin Water District Cryptosporidium Treatment	\$50,000
Rhodena Beach Water District Arsenic Treatment	\$72,000
Greater Bar Water District Consolidations System	\$1,000,000
City of Ilwaco Water Treatment	\$940,000
Town of Malden Water Facility Repair	\$975,000

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City of Colville System	\$750,000
Repair/Upgrade	
Skagit PUD Water System	\$200,000
Consolidation	
Pend Oreille PUD System	\$900,000
Repair/Upgrade	
Gig Harbor - Replace Asbesto	\$2,000,000
Water Mains.....	
Everett Water System Extension to Tulalip	\$1,000,000
Tacoma - Fennel Heights	\$300,000
Consolidation	
Kitsap PUD - Consolidate to Resolve Water Quality Concerns	\$2,500,000
Mason County PUD No. 1 Canal	\$650,000
Mutual System Upgrade	
Agency Program Administration	\$101,000
Total	\$11,638,000

Appropriation:

State Building Construction Account--State.....	\$11,638,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$11,638,000

Sec. 403. 2011 1st sp.s. c 49 s 2017 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF VETERANS AFFAIRS

Walla Walla Nursing Facility (20082008)

Appropriation:

State Building Construction Account--State.....	(\$2,400,000)
.....	\$16,800,000
Prior Biennia (Expenditures).....	\$125,000
Future Biennia (Projected Costs)	(\$29,141,000)
.....	\$0
TOTAL.....	(\$31,666,000)
.....	\$16,925,000

PART V

APPROPRIATIONS--NATURAL RESOURCES

NEW SECTION. Sec. 501. FOR THE DEPARTMENT OF ECOLOGY

Skagit Mitigation (91000181)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the department to develop mitigation options and alternative water sources or tools to make water available for stream flows and for rural domestic permit-exempt uses within the Carpenter- Fisher, East Nookachamps, and Upper Nookachamps Subbasins. Up to \$100,000 of the amount specified shall be used to develop a rural domestic demonstration project to determine if on-site best management practices, including, but not limited to, rainwater infiltration, water conservation, and low impact development standards, can meet the mitigation requirements of chapter 173-503 WAC and be reasonably and feasibly integrated into rural domestic developments.

Appropriation:

State Building Construction Account--State.....	\$2,225,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$2,225,000

NEW SECTION. Sec. 502. FOR THE DEPARTMENT OF ECOLOGY

Columbia River Water Management Projects (91000179)
The appropriation in this section is subject to the following conditions and limitations:

(1) \$2,000,000 of the appropriation in this section is provided solely for the Lake Roosevelt Incremental Storage Release - East Low Canal Project.

(2) \$2,500,000 of the appropriation in this section is provided solely for the Keechelus to Kachess Pipeline I-90 Crossing Project in Kittitas County.

Appropriation:

Columbia River Basin Water Supply Development	
Account--State.....	\$4,500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$4,500,000

NEW SECTION. Sec. 503. FOR THE DEPARTMENT OF ECOLOGY

Flood Levee Improvements (92000057)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the Mt. Vernon flood protection project.

Appropriation:

State Building Construction Account--State.....	\$1,500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,500,000

NEW SECTION. Sec. 504. FOR THE DEPARTMENT OF ECOLOGY

Ground Water Management Yakima Basin (92000061)

Appropriation:

Columbia River Basin Water Supply Development	
Account--State.....	\$450,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$450,000

NEW SECTION. Sec. 505. FOR THE STATE PARKS AND RECREATION COMMISSION

Comfort Stations (91000036)

Appropriation:

State Building Construction Account--State.....	\$1,754,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,754,000

NEW SECTION. Sec. 506. FOR THE STATE PARKS AND RECREATION COMMISSION

..... Rocky Reach Trail (91000035)

Appropriation:

State Building Construction Account--State.....	\$400,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$400,000

NEW SECTION. Sec. 507. FOR THE STATE CONSERVATION COMMISSION

Farms and Water Quality (91000004)

Appropriation:

State Building Construction Account--State.....	\$5,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$5,000,000

NEW SECTION. Sec. 508. FOR THE STATE CONSERVATION COMMISSION

Conservation Reserve Enhancement Program (91000007)

Appropriation:

State Building Construction Account--State.....	\$1,277,000
Prior Biennia (Expenditures).....	\$0

Future Biennia (Projected Costs)\$0
 TOTAL.....\$1,277,000

NEW SECTION. Sec. 509. FOR THE DEPARTMENT OF FISH AND WILDLIFE

Dry Forest Restoration (91000039)

The appropriation in this section is subject to the following conditions and limitations:

(1) \$375,000 of the appropriation is provided solely for the Sherman Creek prescribed burning project.

(2) \$421,000 of the appropriation is provided solely for the Sinlahekin dry forest restoration project.

Appropriation:

State Building Construction Account--State.....\$796,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$796,000

NEW SECTION. Sec. 510. FOR THE DEPARTMENT OF FISH AND WILDLIFE

Fishway Improvements/Diversions (91000033)

Appropriation:

State Building Construction Account--State.....\$8,000,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$8,000,000

NEW SECTION. Sec. 511. FOR THE DEPARTMENT OF FISH AND WILDLIFE

Hatchery Improvements (91000036)

Appropriation:

State Building Construction Account--State.....\$34,775,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$34,775,000

NEW SECTION. Sec. 512. FOR THE DEPARTMENT OF FISH AND WILDLIFE

Minor Works - Dam and Dike (91000042)

Appropriation:

State Building Construction Account--State.....\$200,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$200,000

NEW SECTION. Sec. 513. FOR THE DEPARTMENT OF FISH AND WILDLIFE

Minor Works - Access Sites (91000044)

Appropriation:

State Building Construction Account--State.....\$7,406,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$7,406,000

NEW SECTION. Sec. 514. FOR THE DEPARTMENT OF FISH AND WILDLIFE

Minor Works - Fish Passage Barriers (Culverts) (91000045)

Appropriation:

State Building Construction Account--State.....\$1,495,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$1,495,000

NEW SECTION. Sec. 515. FOR THE DEPARTMENT OF FISH AND WILDLIFE

Minor Works - Road Maintenance and Abandonment Plan (91000046)

Appropriation:

State Building Construction Account--State.....\$516,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$516,000

NEW SECTION. Sec. 516. FOR THE DEPARTMENT OF FISH AND WILDLIFE

Wildlife Area Improvements (91000047)

Appropriation:

State Building Construction Account--State.....\$60,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$60,000

NEW SECTION. Sec. 517. FOR THE DEPARTMENT OF FISH AND WILDLIFE

Acquire Dryden Gravel Pit from Washington Department of Transportation (92000028)

Appropriation:

State Building Construction Account--State.....\$251,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$251,000

Sec. 518. 2011 1st sp.s. c 49 s 3082 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF FISH AND WILDLIFE

Voights Creek Hatchery (20081003)

~~((The appropriation in this section is subject to the following conditions and limitations: The appropriations in this section are provided solely for property acquisition, design, and permitting. If the department does not acquire property, the amounts provided in this section shall lapse.))~~

Reappropriation:

State Building Construction Account--State.....\$115,000

Appropriation:

State Building Construction Account--State.....(((\$1,000,000))
\$14,000,000
 Prior Biennia (Expenditures).....\$1,182,000
 Future Biennia (Projected Costs)(((\$13,000,000))
\$0
 TOTAL.....\$15,297,000

NEW SECTION. Sec. 519. FOR THE DEPARTMENT OF NATURAL RESOURCES

Road Maintenance and Abandonment Plan (91000040)

The appropriation is subject to the following conditions and limitations:

(1) \$1,084,000 of the appropriation in this section is provided solely to replace fish passage barriers and bring roads up to salmon recovery and clean water standards within natural area preserves and natural resource conservation areas.

(2) \$5,750,000 of the appropriation in this section is provided solely to replace fish passage barriers and bring roads up to salmon recovery and clean water standards on state grant lands and state forest lands.

Appropriation:

State Building Construction Account--State.....\$6,834,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$6,834,000

NEW SECTION. Sec. 520. FOR THE DEPARTMENT OF NATURAL RESOURCES

Restoration Projects to Improve Natural Resources (91000054)

The appropriation in this section is subject to the following conditions and limitations:

(1) \$435,000 of the appropriation is provided solely for a grant to a nonprofit organization for road repairs and restoration of forestlands along the Clearwater River.

(2) \$1,020,000 of the appropriation is provided solely for a grant for road repairs and forest treatments in the Ellsworth Creek watershed.

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(3) \$1,030,000 of the appropriation is provided solely for a grant for dike removal and construction of a setback dike and flood attenuation structure at Port Susan Bay.

(4) \$75,000 of the appropriation is provided solely to the department of fish and wildlife for forest restoration treatments in the Oak Creek - Tieton landscape.

Appropriation:

State Building Construction Account--State.....	\$2,560,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$2,560,000

NEW SECTION. Sec. 521. FOR THE DEPARTMENT OF NATURAL RESOURCES

Forest Hazard Reduction and Safety (91000066)

The appropriation in this section is subject to the following conditions and limitations:

(1) Up to \$4,320,000 of the appropriation in this section is for forest treatments that benefit state trust lands in eastern Washington by reducing insect, disease and wildfire hazards, of which not more than \$500,000 may be used for implementing treatments on federal lands solely within areas identified by a forest health technical advisory committee to warrant a forest health hazard warning or order authorized under RCW 76.06.180;

(2) Up to \$4,150,000 of the appropriation in this section is for noxious weed abatement and precommercial thinning on state trust lands; and

(3) Forest treatments to reduce insect, disease and wildfire hazards on private or federal lands shall require a contract with the department of natural resources to provide at least a one-to-one nonstate or in-kind fund match, and to provide a ten-year landowner maintenance agreement.

Appropriation:

State Building Construction Account--State.....	\$8,470,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$8,470,000

NEW SECTION. Sec. 522. FOR THE DEPARTMENT OF NATURAL RESOURCES

Puget SoundCorps (91000046)

The appropriation is subject to the following conditions and limitations: The appropriation in this section is provided solely for water quality and habitat protection and restoration projects that benefit Puget Sound recovery and that are primarily on public lands. The department of natural resources must contract with the department of ecology for Puget SoundCorps crews of youth and military veterans to implement these projects pursuant to chapter 20, Laws of 2011.

Appropriation:

State Building Construction Account--State.....	\$10,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$10,000,000

NEW SECTION. Sec. 523. FOR THE DEPARTMENT OF NATURAL RESOURCES

Creosote Piling Removal (92000014)

The appropriation is subject to the following conditions and limitations: The appropriation in this section is provided solely to remove creosote pilings from Puget Sound.

Appropriation:

State Building Construction Account--State.....	\$1,650,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,650,000

NEW SECTION. Sec. 524. FOR THE DEPARTMENT OF NATURAL RESOURCES

Derelict Vessel Removal and Disposal (91000049)

Appropriation:

State Building Construction Account--State.....	\$3,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$3,000,000

NEW SECTION. Sec. 525. FOR THE DEPARTMENT OF NATURAL RESOURCES

Shoreline Restoration (92000011)

The appropriation is subject to the following conditions and limitations: The appropriation in this section is provided solely to fund aquatic restoration projects in Puget Sound through partnerships with other agencies and organizations. Within the amount provided, \$1,966,000 is provided solely for the Admiralty Inlet feeder bank preservation project.

Appropriation:

State Building Construction Account--State.....	\$3,966,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$3,966,000

NEW SECTION. Sec. 526. FOR THE DEPARTMENT OF NATURAL RESOURCES

Urban Forest Restoration (Puget Sound Basin)(91000051)

The appropriation is subject to the following conditions and limitations: The appropriation in this section is provided solely to assist municipalities and jurisdictions across the state to better manage existing urban forests and plan for improvements to the urban forest infrastructure.

Appropriation:

State Building Construction Account--State.....	\$400,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$400,000

NEW SECTION. Sec. 527. FOR THE DEPARTMENT OF NATURAL RESOURCES

Large Debris Removal (91000052)

The appropriation is subject to the following conditions and limitations: The appropriation in this section is provided solely to assist public and private shoreline property owners with the removal of large, artificial marine debris from Puget Sound shorelines.

Appropriation:

State Building Construction Account--State.....	\$200,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$200,000

NEW SECTION. Sec. 528. FOR THE DEPARTMENT OF NATURAL RESOURCES

Secret Harbor Estuary Restoration - Cypress Island (91000053)

The appropriation is subject to the following conditions and limitations: The appropriation in this section is provided solely to restore the Secret Harbor estuary, enhance public access, and expand the capacity of the Cypress Island natural resources conservation area for tourism and low-impact public use.

Appropriation:

State Building Construction Account--State.....	\$535,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$535,000

**PART VI
APPROPRIATIONS—EDUCATION**

NEW SECTION. Sec. 601. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Energy Efficiency Grants for K-12 Schools (91000017)

The appropriation is subject to the following conditions and limitations: The superintendent of public instruction may charge program administrative fees.

Appropriation:

State Building Construction Account--State.....	\$40,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$40,000,000

NEW SECTION. Sec. 602. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Distressed Schools (92000009)

The appropriation in this section is subject to the following conditions and limitations:

(1) \$9,400,000 of the appropriation in this section is provided solely for updating existing classrooms at John Marshall, Boren, and Van Asselt schools in the Seattle school district.

(2) \$1,000,000 of the appropriation in this section is provided solely for emergency repairs at Orcas Island schools.

(3) \$17,000,000 is provided solely for additional state funding for the Grand Coulee Dam school project.

Appropriation:

State Building Construction Account--State.....	\$27,400,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$27,400,000

NEW SECTION. Sec. 603. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Grant County Branch Campus of Wenatchee Valley Skills Center (30000091)

Appropriation:

State Building Construction Account--State.....	\$19,408,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$9,488,000
TOTAL.....	\$28,896,000

Sec. 604. 2011 1st sp.s. c 49 s 5013 (uncodified) is amended

to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

SEA-Tech Branch Campus of Tri-Tech Skills Center (30000078)

Appropriation:

State Building Construction Account--State.....	(\$1,169,000))
\$11,519,000	
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	(\$11,739,000))
.....	\$0
TOTAL.....	(\$12,908,000))
.....	\$11,519,000

Sec. 605. 2011 1st sp.s. c 49 s 5003 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Pierce County Skills Center (20084856)

Reappropriation:

School Construction and Skill Centers Building Account--State.....	\$2,087,000
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Appropriation:

State Building Construction Account--State.....	(\$7,100,000))
.....	\$11,900,000
Prior Biennia (Expenditures).....	\$9,949,000
Future Biennia (Projected Costs)	(\$10,772,000))
.....	\$11,427,000
TOTAL.....	(\$29,908,000))
.....	\$35,363,000

Sec. 606. 2011 1st sp.s. c 49 s 5012 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Clark County Skills Center (30000093)

Appropriation:

State Building Construction Account--State.....	(((\$100,000))
.....	\$1,550,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	(((\$14,750,000))
\$12,300,000	
TOTAL.....	(((\$14,850,000))
.....	\$13,850,000

NEW SECTION. Sec. 607. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Wenatchee Valley Skills Center (92000004)

Appropriation:

State Building Construction Account--State.....	\$9,500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$9,500,000

NEW SECTION. Sec. 608. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Spokane Area Professional-Technical Skills Center (92000005)

Appropriation:

State Building Construction Account--State.....	\$1,800,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,800,000

NEW SECTION. Sec. 609. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

WA-NIC Skills Center - Snoqualmie Valley School District/Bellevue Community College (92000006)

Appropriation:

State Building Construction Account--State.....	\$1,715,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,715,000

NEW SECTION. Sec. 610. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Puget Sound Skills Center (92000007)

Appropriation:

State Building Construction Account--State.....	\$1,500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$21,400,000
TOTAL.....	\$22,900,000

NEW SECTION. Sec. 611. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Yakima Valley Technical Skills Center Sunnyside Satellite (92000013)

Appropriation:

State Building Construction Account--State.....	\$6,225,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$6,225,000

NEW SECTION. Sec. 612. FOR THE STATE SCHOOL FOR THE BLIND

General Campus Preservation (30000018)

Appropriation:

State Building Construction Account--State.....	\$550,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$2,557,000
TOTAL.....	\$3,107,000

NEW SECTION. Sec. 613. FOR THE WASHINGTON STATE CENTER FOR THE CHILDHOOD DEAFNESS AND HEARING LOSS

Minor Public Works (30000013)

Appropriation:

State Building Construction Account--State.....	\$536,000
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Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$3,811,000
 TOTAL.....\$4,347,000

TOTAL.....\$12,300,000
 NEW SECTION. Sec. 620. FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM

NEW SECTION. Sec. 614. FOR THE UNIVERSITY OF WASHINGTON

Olympic College: College Instruction Center (30000122)
 Appropriation:

Burke Museum Renovation (20082850)
 Appropriation:
 State Building Construction Account--State.....\$3,500,000
 Prior Biennia (Expenditures).....\$300,000
 Future Biennia (Projected Costs)\$14,000,000
 TOTAL.....\$17,800,000

State Building Construction Account--State.....\$3,624,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$51,079,000
 TOTAL.....\$54,703,000

NEW SECTION. Sec. 615. FOR THE UNIVERSITY OF WASHINGTON

Sec. 621. 2011 1st sp.s. c 49 s 5075 (uncodified) is amended to read as follows:
 FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM

University of Washington Tacoma Campus Development and Soil Remediation (92000002)

North Seattle Community College: Technology Building Renewal (30000129)

Appropriation:
 State Building Construction Account--State.....\$4,300,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$4,300,000

Reappropriation:
 State Building Construction Account--State.....\$1,478,000

Sec. 616. 2011 1st sp.s. c 49 s 5017 (uncodified) is amended to read as follows:

Appropriation:
 State Building Construction Account--State.....\$23,335,000
 Prior Biennia (Expenditures).....\$606,000
 Future Biennia (Projected Costs)(((\$20,950,000))
\$0
 TOTAL.....(((\$23,034,000))
\$25,419,000

FOR THE UNIVERSITY OF WASHINGTON

Sec. 622. 2011 1st sp.s. c 49 s 5062 (uncodified) is amended to read as follows:

University of Washington Bothell (20082006)

FOR THE WASHINGTON STATE HISTORICAL SOCIETY

Reappropriation:
 State Building Construction Account--State.....\$2,934,000

Washington Heritage Grants (30000117)

Appropriation:
 State Building Construction Account--State.....\$19,887,000
 Prior Biennia (Expenditures).....\$2,216,000
 Future Biennia (Projected Costs)(((\$77,435,000))
\$0
 TOTAL.....(((\$82,585,000))
\$25,037,000

The appropriation in this section is subject to the following conditions and limitations:

NEW SECTION. Sec. 617. FOR THE WASHINGTON STATE UNIVERSITY

(1) The appropriation is subject to the provisions of RCW 27.34.330.

Washington State University Spokane - Riverpoint Biomedical and Health Sciences (20162953)

(2) The appropriation is provided solely for the following list of projects:

Appropriation:
 State Building Construction Account--State.....\$6,000,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$6,000,000

Project	Authorized Amount
Schooner Martha Foundation	\$118,000
Cascade Land Conservancy	\$155,000
Port of Chinook	\$45,000
City of Bellingham	\$100,000
La Conner Quilt and Textile Museum	\$25,000
City of Vancouver	\$610,000
Blue Mountain Heritage Society	\$30,000
Metro Parks Tacoma	\$60,000
Si View Metro Park District	\$25,000
<u>City of Port Townsend</u>	<u>\$375,000</u>
<u>San Juan County Parks Department</u>	<u>\$18,000</u>
<u>Seattle Theatre Group</u>	<u>\$531,000</u>
<u>Jefferson County</u>	<u>\$300,000</u>
<u>Sound Experience</u>	<u>\$288,000</u>
<u>Museum of History and Industry</u>	<u>\$1,000,000</u>

NEW SECTION. Sec. 618. FOR THE WASHINGTON STATE UNIVERSITY

High-Technology Education Equipment (92000007)
 Appropriation:

State Building Construction Account--State.....\$1,821,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$1,821,000

NEW SECTION. Sec. 619. FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM

Equipment Pool (92000011)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is for major equipment in high demand fields from among the list as specified in LEAP capital document No. 2012-34, developed March 7, 2012. The state board for community and technical colleges may allocate amounts among the equipment items specified to cover differences in actual bid prices, but may not allocate amounts to equipment items not on the list.

Appropriation:
 State Building Construction Account--State.....\$12,300,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0

<u>Seattle Department of Transportation</u>	<u>\$700,000</u>
<u>Historic Seattle Preservation and Development Authority</u>	<u>\$470,000</u>
<u>Town of Wilkeson</u>	<u>\$75,000</u>
<u>Maryhill Museum of Fine Art</u>	<u>\$57,000</u>
<u>Clymer Museum of Art</u>	<u>\$9,000</u>
<u>Phinney Neighborhood Association</u>	<u>\$995,000</u>
<u>Foss Waterway Seaport</u>	<u>\$750,000</u>
<u>Polson Museum</u>	<u>\$143,000</u>
<u>Broadway Center for the Performing Arts</u>	<u>\$203,000</u>
Total	(((\$1,168,000)) <u>\$7,082,000</u>)

Appropriation:

State Building Construction Account--State.....	(((\$1,168,000))
.....	\$7,082,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	(((\$1,168,000))
.....	\$7,082,000

**PART VII
MISCELLANEOUS**

NEW SECTION. Sec. 701. (1) Allotments for appropriations in this act shall be provided in accordance with expedited capital project review requirements adopted by the office of financial management.

(2) Each project is defined as proposed in the legislative budget notes or in the governor's budget document.

NEW SECTION. Sec. 702. (1) To ensure minor works appropriations are carried out in accordance with legislative intent, funds appropriated in this act shall not be allotted until project lists are on file at the office of financial management, the house of representatives capital budget committee, and the senate ways and means committee. All projects must meet the criteria included in subsection (2)(a) of this section. Revisions to the lists must be filed with the office of financial management, the house of representatives capital budget committee, and the senate ways and means committee and include an explanation of variances from the prior lists before funds may be expended on the revisions.

(2)(a) Minor works projects are single line appropriations that include multiple projects of a similar nature and that are valued between \$25,000 and \$1,000,000 each, with the exceptions of: (i) Higher education minor works projects that may be valued up to \$2,000,000; and (ii) department of fish and wildlife minor works projects funded in this act that may be valued up to \$3,200,000. These projects can generally be completed within two years of the appropriation with the funding provided. Except for department of fish and wildlife minor works projects funded in this act, agencies are prohibited from including projects on their minor works lists that are a phase of a larger project, and that if combined over a continuous period of time, would exceed \$1,000,000, or \$2,000,000 for higher education minor works projects. Improvements for accessibility in compliance with the Americans with disabilities act may be included in any of the above minor works categories.

(b) Minor works appropriations shall not be used for, among other things: Studies, except for technical or engineering reviews or designs that lead directly to and support a project on the same

minor works list; planning; design outside the scope of work on a minor works list; moveable, temporary, and traditionally funded operating equipment not in compliance with the equipment criteria established by the office of financial management; software not dedicated to control of a specialized system; moving expenses; land or facility acquisition; or to supplement funding for projects with funding shortfalls unless expressly authorized elsewhere in this act. The office of financial management may make an exception to the limitations described in this subsection (2)(b) for exigent circumstances after notifying the legislative fiscal committees and waiting ten days for comments by the legislature regarding the proposed exception.

(c) Minor works preservation projects may include program improvements of no more than twenty-five percent of the individual minor works preservation project cost.

(3) It is generally not the intent of the legislature to make future appropriations for capital expenditures or for maintenance and operating expenses for an acquisition project or a significant expansion project that is initiated through the minor works process and therefore does not receive a policy and fiscal analysis by the legislature. Minor works projects are intended to be one-time expenditures that do not require future state resources to complete.

NEW SECTION. Sec. 703. (1) The office of financial management may authorize a transfer of appropriation authority provided for a capital project that is in excess of the amount required for the completion of such project to another capital project for which the appropriation is insufficient. No such transfer may be used to expand the capacity of any facility beyond that intended in making the appropriation. Such transfers may be effected only between capital appropriations to a specific department, commission, agency, or institution of higher education and only between capital projects that are funded from the same fund or account. No transfers may occur between projects to local government agencies except where the grants are provided within a single omnibus appropriation and where such transfers are specifically authorized by the implementing statutes that govern the grants.

(2) The office of financial management may find that an amount is in excess of the amount required for the completion of a project only if: (a) The project as defined in the notes to the budget document is substantially complete and there are funds remaining; or (b) bids have been let on a project and it appears to a substantial certainty that the project as defined in the notes to the budget document can be completed within the biennium for less than the amount appropriated in this act.

(3) For the purposes of this section, the intent is that each project be defined as proposed to the legislature in the governor's budget document, unless it clearly appears from the legislative history that the legislature intended to define the scope of a project in a different way.

(4) The office of financial management shall report any transfer effected under this section to the house of representatives capital budget committee, the senate ways and means committee, and the legislative evaluation and accountability program committee, at least thirty days before the date the transfer is effected. The office of financial management shall report all emergency or smaller transfers within thirty days from the date of transfer. The governor's capital budget request following any transfer shall reflect that transfer in the affected agency.

NEW SECTION. Sec. 704. (1) It is expected that projects be ready to proceed in a timely manner depending on the type or phase of the project or program that is the subject of the appropriation in this act. Except for major projects that customarily may take more than two biennia to complete from pre-design to the end of construction, or large infrastructure grant or loan programs supporting projects that often take more than two biennia to

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complete, the legislature generally does not intend to reappropriate funds more than once, particularly for smaller grant programs, local/community projects, and minor works.

(2) Agencies shall expedite the expenditure of reappropriations and appropriations in this act in order to: (a) Rehabilitate infrastructure resources; (b) accelerate environmental rehabilitation and restoration projects for the improvement of the state's natural environment; (c) reduce additional costs associated with acquisition and construction inflationary pressures; and (d) provide additional employment opportunities associated with capital expenditures.

(3) To the extent feasible, agencies are directed to accelerate expenditure rates at their current level of permanent employees and shall use contracted design and construction services wherever necessary to meet the goals of this section.

NEW SECTION. Sec. 705. FOR THE ARTS COMMISSION--ART WORK ALLOWANCE POOLING

(1) One-half of one percent of moneys appropriated in this act for original construction of school plant facilities may be expended for the purposes of RCW 28A.335.210. The Washington state arts commission may combine the proceeds from individual projects in order to fund larger works of art or mobile art displays in consultation with the superintendent of public instruction and representatives of school district boards.

(2) One-half of one percent of moneys appropriated in this act for original construction or any major renovation or remodel work exceeding two hundred thousand dollars by colleges or universities may be expended for the purposes of RCW 28B.10.027. The Washington state arts commission may combine the proceeds from individual projects in order to fund larger works of art or mobile art displays in consultation with the board of regents or trustees.

(3) At least eighty-five percent of the moneys spent by the Washington state arts commission during the 2011-2013 biennium for the purposes of RCW 28A.335.210, 28B.10.027, and 43.17.200 must be expended solely for direct acquisition of works of art. The commission may use up to \$100,000 of this amount to conserve or maintain existing pieces in the state art collection pursuant to chapter 36, Laws of 2005.

NEW SECTION. Sec. 706. CODIFICATION. Sections 201 through 205 of this act constitute a new chapter in Title 43 RCW.

NEW SECTION. Sec. 707. SEVERABILITY. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 708. EFFECTIVE DATE. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

(End of Bill)

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

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Kilmer and Parlette to Engrossed Senate Bill No. 5127.

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

MOTION

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

On page 1, line 2 of the title, after "accounts;" strike the remainder of the title and insert "amending 2011 1st sp.s. c 49 ss 1027, 2017, 3082, 5013, 5003, 5012, 5017, 5075, 5062 (uncodified); adding a new chapter to Title 43 RCW; creating new sections; making appropriations; and declaring an emergency."

MOTION

At 2:50 a.m., on motion of Senator Eide, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 4:04 a.m. by President Owen.

MOTION

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

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:

The House has passed:

THIRD ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2565,

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2823.

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

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

SECOND SUPPLEMENTAL AND FIRST READING OF HOUSE BILLS

3E2SHB 2565 by House Committee on Ways & Means (originally sponsored by Representatives Kirby, Harris, Dammeier, Walsh, Orwall, Kelley, Moscoso and Zeiger)

AN ACT Relating to persons who operate a roll-your-own cigarette machine at retail establishments; amending RCW 82.24.010, 82.24.030, 82.24.035, 82.24.050, 82.24.060, 82.24.110, 82.24.120, 82.24.180, 82.24.295, 82.24.500, and

82.24.530; reenacting and amending RCW 82.24.130; prescribing penalties; providing an effective date; and declaring an emergency.

ESHB 2823 by House Committee on Ways & Means (originally sponsored by Representative Hunter)

AN ACT Relating to redirecting existing state revenues into the state general fund; amending RCW 43.135.045, 82.18.040, 82.08.160, 82.08.170, 43.110.030, 66.08.190, 66.08.196, 66.08.200, 66.08.210, and 43.63A.190; creating a new section; repealing RCW 43.110.050 and 43.110.060; providing an effective date; and declaring an emergency.

MOTION

On motion of Senator Eide, and without objections, the rules were suspended and the measures listed on the Second Supplement Introduction and First Reading report were placed on the day's second reading calendar under suspension of the rules.

MOTION

On motion of Senator Eide, further consideration of Engrossed Senate Bill No. 5127 was deferred and the bill held its place on the second reading calendar.

MOTION

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

THIRD READING

SUBSTITUTE SENATE BILL NO. 5940, by Senate Committee on Ways & Means (originally sponsored by Senators Hobbs, Ericksen, Keiser, Tom, Kastama and Zarelli).

Regarding reforms to school employee benefits purchasing. Revised for 1st Substitute: Concerning public school employees' insurance benefits.

The bill was read on Third Reading.

MOTION

On motion of Senator Hobbs, the rules were suspended and Engrossed Substitute Senate Bill No. 5940 was returned to second reading for the purpose of amendment.

SECOND READING

SUBSTITUTE SENATE BILL NO. 5940, by Senate Committee on Ways & Means (originally sponsored by Senators Hobbs, Ericksen, Keiser, Tom, Kastama and Zarelli)

Regarding reforms to school employee benefits purchasing. Revised for 1st Substitute: Concerning public school employees' insurance benefits.

The measure was read the second time.

MOTION

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

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. (1) The legislature finds that:

(a) Each year, nearly one billion dollars in public funds are spent on the purchase of employee insurance benefits for more than two hundred thousand public school employees and their dependents;

(b) The legislature and school districts and their employees need better information to improve current practices and inform future decisions with regard to health insurance benefits;

(c) Recent work by the state auditor's office and the state health care authority have advanced discussions throughout the state on opportunities to improve the current system; and

(d) Two major themes have emerged: (i) The state, school districts, and employees need better information and data to make better health insurance purchasing decisions within the K-12 system; (ii) affordability is a significant concern for all employees, especially for employees seeking full family insurance coverage and for the lowest-paid and part-time employees.

(2) The legislature establishes the following goals:

(a) Improve the transparency of health benefit plan claims and financial data to assure prudent and efficient use of taxpayers' funds at the state and local levels;

(b) Create greater affordability for full family coverage and greater equity between premium costs for full family coverage and for employee only coverage for the same health benefit plan;

(c) Promote health care innovations and cost savings, and significantly reduce administrative costs; and

(d) Provide greater parity in state allocations for state employee and K-12 employee health benefits.

(3) The legislature intends to retain current collective bargaining for benefits, and retain state, school district, and employee contributions to benefits.

Sec. 2. RCW 28A.400.280 and 2011 c 269 s 1 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, school districts may provide employer fringe benefit contributions after October 1, 1990, only for basic benefits. However, school districts may continue payments under contracts with employees or benefit providers in effect on April 13, 1990, until the contract expires.

(2) School districts may provide employer contributions after October 1, 1990, for optional benefit plans, in addition to basic benefits, only for employees included in pooling arrangements under this subsection. Optional benefits may include direct agreements as defined in chapter 48.150 RCW, but may not include employee beneficiary accounts that can be liquidated by the employee on termination of employment. Optional benefit plans may be offered only if:

(a) The school district pools benefit allocations among employees using a pooling arrangement that includes at least one employee bargaining unit and/or all nonbargaining group employees;

(b) Each full-time employee included in the pooling arrangement is offered basic benefits, including coverage for dependents (~~(, without a payroll deduction for premium charges)~~);

(c) Each employee included in the pooling arrangement who elects medical benefit coverage pays a minimum premium charge subject to collective bargaining under chapter 41.59 or 41.56 RCW;

(d) The employee premiums are structured to ensure employees selecting richer benefit plans pay the higher premium;

(e) Each full-time employee included in the pooling arrangement, regardless of the number of dependents receiving basic coverage, receives the same additional employer contribution for other coverage or optional benefits; and

~~((d))~~ (f) For part-time employees included in the pooling arrangement, participation in optional benefit plans shall be

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governed by the same eligibility criteria and/or proration of employer contributions used for allocations for basic benefits.

(3) Savings accruing to school districts due to limitations on benefit options under this section shall be pooled and made available by the districts to reduce out-of-pocket premium expenses for employees needing basic coverage for dependents. School districts are not intended to divert state benefit allocations for other purposes.

Sec. 3. RCW 28A.400.350 and 2011 c 269 s 2 are each amended to read as follows:

(1) The board of directors of any of the state's school districts or educational service districts may make available liability, life, health, health care, accident, disability, and salary protection or insurance, direct agreements as defined in chapter 48.150 RCW, or any one of, or a combination of the types of employee benefits enumerated in this subsection, or any other type of insurance or protection, for the members of the boards of directors, the students, and employees of the school district or educational service district, and their dependents. Such coverage may be provided by contracts or agreements with private carriers, with the state health care authority after July 1, 1990, pursuant to the approval of the authority administrator, or through self-insurance or self-funding pursuant to chapter 48.62 RCW, or in any other manner authorized by law. Any direct agreement must comply with RCW 48.150.050.

(2) Whenever funds are available for these purposes the board of directors of the school district or educational service district may contribute all or a part of the cost of such protection or insurance for the employees of their respective school districts or educational service districts and their dependents. The premiums on such liability insurance shall be borne by the school district or educational service district.

After October 1, 1990, school districts may not contribute to any employee protection or insurance other than liability insurance unless the district's employee benefit plan conforms to RCW 28A.400.275 and 28A.400.280.

(3) For school board members, educational service district board members, and students, the premiums due on such protection or insurance shall be borne by the assenting school board member, educational service district board member, or student. The school district or educational service district may contribute all or part of the costs, including the premiums, of life, health, health care, accident or disability insurance which shall be offered to all students participating in interschool activities on the behalf of or as representative of their school, school district, or educational service district. The school district board of directors and the educational service district board may require any student participating in extracurricular interschool activities to, as a condition of participation, document evidence of insurance or purchase insurance that will provide adequate coverage, as determined by the school district board of directors or the educational service district board, for medical expenses incurred as a result of injury sustained while participating in the extracurricular activity. In establishing such a requirement, the district shall adopt regulations for waiving or reducing the premiums of such coverage as may be offered through the school district or educational service district to students participating in extracurricular activities, for those students whose families, by reason of their low income, would have difficulty paying the entire amount of such insurance premiums. The district board shall adopt regulations for waiving or reducing the insurance coverage requirements for low-income students in order to assure such students are not prohibited from participating in extracurricular interschool activities.

(4) All contracts or agreements for insurance or protection written to take advantage of the provisions of this section shall provide that the beneficiaries of such contracts may utilize on an

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equal participation basis the services of those practitioners licensed pursuant to chapters 18.22, 18.25, 18.53, 18.57, and 18.71 RCW.

(5) School districts offering medical, vision, and dental benefits shall:

(a) Offer a high deductible health plan option with a health savings account that conforms to section 223, part VII of subchapter 1 of the internal revenue code of 1986. School districts shall comply with all applicable federal standards related to the establishment of health savings accounts;

(b) Make progress toward employee premiums that are established to ensure that full family coverage premiums are not more than three times the premiums for employees purchasing single coverage for the same coverage plan, unless a subsequent premium differential target is defined as a result of the review and subsequent actions described in section 6 of this act;

(c) Offer employees at least one health benefit plan that is not a high deductible health plan offered in conjunction with a health savings account in which the employee share of the premium cost for a full-time employee, regardless of whether the employee chooses employee-only coverage or coverage that includes dependents, does not exceed the share of premium cost paid by state employees during the state employee benefits year that started immediately prior to the school year.

(6) All contracts or agreements for employee benefits must be held to responsible contracting standards, meaning a fair, prudent, and accountable competitive procedure for procuring services that includes an open competitive process, except where an open process would compromise cost-effective purchasing, with documentation justifying the approach.

(7) School districts offering medical, vision, and dental benefits shall also make progress on promoting health care innovations and cost savings and significantly reduce administrative costs.

(8) All contracts or agreements for insurance or protection described in this section shall be in compliance with this act.

(9) Upon notification from the office of the insurance commissioner of a school district's substantial noncompliance with the data reporting requirements of RCW 28A.400.275, and the failure is due to the action or inaction of the school district, and if the noncompliance has occurred for two reporting periods, the superintendent is authorized and required to limit the school district's authority provided in subsection (1) of this section regarding employee health benefits to the provision of health benefit coverage provided by the state health care authority.

Sec. 4. RCW 28A.400.275 and 1990 1st ex.s. c 11 s 5 are each amended to read as follows:

(1) Any contract or agreement for employee benefits executed after April 13, 1990, between a school district and a benefit provider or employee bargaining unit is null and void unless it contains an agreement to abide by state laws relating to school district employee benefits. The term of the contract or agreement may not exceed one year.

(2) School districts and their benefit providers shall annually submit, by a date determined by the office of the insurance commissioner, the following information and data for the prior calendar year to the ~~(Washington state health care authority a summary descriptions of all benefits offered under the district's employee benefit plan. The districts shall also submit data to the health care authority specifying the total number of employees and, for each employee, types of coverage or benefits received including numbers of covered dependents, the number of eligible dependents, the amount of the district's contribution, additional premium costs paid by the employee through payroll deductions, and the age and sex of the employee and each dependent.))~~ office of the insurance commissioner:

(a) Progress by the district and its benefit providers toward

greater affordability for full family coverage, health care cost savings, and significantly reduced administrative costs;

(b) Compliance with the requirement to provide a high deductible health plan option with a health savings account;

(c) An overall plan summary including the following:

(i) The financial plan structure and overall performance of each health plan including:

(A) Total premium expenses;

(B) Total claims expenses;

(C) Claims reserves; and

(D) Plan administration expenses, including compensation paid to brokers;

(ii) A description of the plan's use of innovative health plan features designed to reduce health benefit premium growth and reduce utilization of unnecessary health services including but not limited to the use of enrollee health assessments or health coach services, care management for high cost or high-risk enrollees, medical or health home payment mechanisms, and plan features designed to create incentives for improved personal health behaviors;

(iii) Data to provide an understanding of employee health benefit plan coverage and costs, including: The total number of employees and, for each employee, the employee's full-time equivalent status, types of coverage or benefits received including numbers of covered dependents, the number of eligible dependents, the amount of the district's contribution to premium, additional premium costs paid by the employee through payroll deductions, and the age and sex of the employee and each dependent;

(iv) Data necessary for school districts to more effectively and competitively manage and procure health insurance plans for employees. The data must include, but not be limited to, the following:

(A) A summary of the benefit packages offered to each group of district employees, including covered benefits, employee deductibles, coinsurance and copayments, and the number of employees and their dependents in each benefit package;

(B) Aggregated employee and dependent demographic information, including age band and gender, by insurance tier and by benefit package;

(C) Total claim payments by benefit package, including premiums paid, inpatient facility claims paid, outpatient facility claims paid, physician claims paid, pharmacy claims paid, capitation amounts paid, and other claims paid;

(D) Total premiums paid by benefit package;

(E) A listing of large claims defined as annual amounts paid in excess of one hundred thousand dollars including the amount paid, the member enrollment status, and the primary diagnosis.

(3) Annually, school districts and their benefit providers shall jointly report to the office of the insurance commissioner on their health insurance-related efforts and achievements to:

(a) Significantly reduce administrative costs for school districts;

(b) Improve customer service;

(c) Reduce differential plan premium rates between employee only and family health benefit premiums;

(d) Protect access to coverage for part-time K-12 employees;

(4) The ~~(plan descriptions and the)~~ information and data shall be submitted in a format and according to a schedule established by the ~~(health care authority)~~ office of the insurance commissioner under section 5 of this act to enable the commissioner to meet the reporting obligations under that section.

~~((3))~~ (5) Any benefit provider offering a benefit plan by contract or agreement with a school district under subsection (1) of this section shall ~~(agree to)~~ make available to the school district the benefit plan descriptions and, where available, the demographic information on plan subscribers that the district ~~(is)~~ and benefit

provider are required to report to the ~~(Washington state health care authority)~~ office of the insurance commissioner under this section.

~~((4))~~ (6) This section shall not apply to benefit plans offered in the 1989-90 school year.

NEW SECTION. Sec. 5. A new section is added to chapter 48.02 RCW to read as follows:

(1) For purposes of this section, "benefit provider" has the same meaning as provided in RCW 28A.400.270.

(2)(a) By December 1, 2013, and December 1st of each year thereafter, the commissioner shall submit a report to the governor, the health care authority, and the legislature on school district health insurance benefits. The report shall be available to the public on the commissioner's web site. The confidentiality of personally identifiable district employee data shall be safeguarded consistent with the provisions of RCW 42.56.400(21).

(b) The report shall include a summary of each school district's health insurance benefit plans and each district's aggregated financial data and other information as required in RCW 28A.400.275.

(3) The commissioner shall collect data from school districts or their benefit providers to fulfill the requirements of this section. The commissioner may adopt rules necessary to implement the data submission requirements under this section and RCW 28A.400.275, including, but not limited to, the format, timing of data reporting, data elements, data standards, instructions, definitions, and data sources.

(4) In fulfilling the duties under this act, the commissioner shall consult with school district representatives to ensure that the data and reports from benefit providers will give individual school districts sufficient information to enhance districts' ability to understand, manage, and seek competitive alternatives for health insurance coverage for their employees.

(5) If the commissioner determines that a school district has not substantially complied with the reporting requirements of RCW 28A.400.275, and the failure is due to the action or inaction of the school district, the commissioner will inform the superintendent of public instruction of the noncompliance.

(6) Data, information, and documents, other than those described in subsection (2) of this section, that are provided by a school district or an entity providing coverage pursuant to this section are exempt from public inspection and copying under this act and chapters 42.17A and 42.56 RCW.

(7) If a school district or benefit provider does not comply with the data reporting requirements of this section or RCW 28A.400.275, and the failure is due to the actions of an entity providing coverage authorized under Title 48 RCW, the commissioner may take enforcement actions under this chapter.

(8) The commissioner may enter into one or more personal services contracts with third-party contractors to provide services necessary to accomplish the commissioner's responsibilities under this act.

NEW SECTION. Sec. 6. A new section is added to chapter 41.05 RCW to read as follows:

By June 1, 2015, the health care authority must report to the governor, legislature, and joint legislative audit and review committee the following duties and analyses, based on two years of reports on school district health benefits submitted to it by the office of the insurance commissioner:

(1) The director shall establish a specific target to realize the goal of greater equity between premium costs for full family coverage and employee only coverage for the same health benefit plan. In developing this target, the director shall consider the appropriateness of the three-to-one ratio of employee premium costs between full family coverage and employee only coverage, and consider alternatives based on the data and information received from the office of the insurance commissioner.

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(2) The director shall also study and report the advantages and disadvantages to the state, local school districts, and district employees:

(a) Whether better progress on the legislative goals could be achieved through consolidation of school district health insurance purchasing through a single consolidated school employee health benefits purchasing plan;

(b) Whether better progress on the legislative goals could be achieved by consolidating K-12 health insurance purchasing through the public employees' benefits board program, and whether consolidation into the public employees' benefits board program would be preferable to the creation of a consolidated school employee health benefits purchasing plan;

(c) Whether certificated or classified employees, as separate groups, would be better served by purchasing health insurance through a single consolidated school employee health benefits purchasing plan or through participation in the public employees' benefits board program; and

(d) Analyses shall include implications of taking any of the actions described in (a) through (c) of this subsection to include, at a minimum, the following: The costs for the state and school employees, impacts for existing purchasing programs, a proposed timeline for the implementation of any recommended actions.

NEW SECTION. Sec. 7. A new section is added to chapter 44.28 RCW to read as follows:

(1) By December 31, 2015, the joint committee must review the reports on school district health benefits submitted to it by the office of the insurance commissioner and the health care authority and report to the legislature on the progress by school districts and their benefit providers in meeting the following legislative goals to:

(a) Improve the transparency of health benefit plan claims and financial data to assure prudent and efficient use of taxpayers' funds at the state and local levels;

(b) Create greater affordability for full family coverage and greater equity between premium costs for full family coverage and employee only coverage for the same health benefit plan;

(c) Promote health care innovations and cost savings and significantly reduce administrative costs.

(2) The joint committee shall also make a recommendation regarding a specific target to realize the goal in subsection (1)(b) of this section.

(3) The joint committee shall report on the status of individual school districts' progress in achieving the goals in subsection (1) of this section.

(4)(a) In the 2015-2016 school year, the joint committee shall determine which school districts have met the requirements of RCW 28A.400.350 (5) and (6), and shall rank order these districts from highest to lowest in term of their performance in meeting the requirements.

(b) The joint committee shall then allocate performance grants to the highest performing districts from a performance fund of five million dollars appropriated by the legislature for this purpose. Performance grants shall be used by school districts only to reduce employee health insurance co-payments and deductibles. In determining the number of school districts to receive awards, the joint committee must consider the impact of the award on district employee co-payments and deductibles in such a manner that the award amounts have a meaningful impact.

(5) If the joint committee determines that districts and their benefit providers have not made adequate progress, in the judgment of the joint committee, in achieving one or more of the legislative goals in subsection (1) of this section, the joint committee report to the legislature must contain advantages, disadvantages, and recommendations on the following:

(a) Why adequate progress has not been made, to the extent the joint committee is able to determine the reason or reasons for the insufficient progress;

(b) What legislative or agency actions would help remove barriers to improvement;

(c) Whether school district health insurance purchasing should be accomplished through a single consolidated school employee health benefits purchasing plan;

(d) Whether school district health insurance purchasing should be accomplished through the public employees' benefits board program, and whether consolidation into the public employees' benefits board program would be preferable to the creation of a consolidated school employee health benefits purchasing plan; and

(e) Whether certificated or classified employees, as separate groups, would be better served by purchasing health insurance through a single consolidated school employee health benefits purchasing plan or through participation in the public employees' benefits board program.

(6) The report shall contain any legislation necessary to implement the recommendations of the joint committee.

(7) The legislature shall take all steps necessary to implement the recommendations of the joint committee unless the legislature adopts alternative strategies to meet its goals during the 2016 session.

Sec. 8. RCW 42.56.400 and 2012 c 222 s 2 are each amended to read as follows:

The following information relating to insurance and financial institutions is exempt from disclosure under this chapter:

(1) Records maintained by the board of industrial insurance appeals that are related to appeals of crime victims' compensation claims filed with the board under RCW 7.68.110;

(2) Information obtained and exempted or withheld from public inspection by the health care authority under RCW 41.05.026, whether retained by the authority, transferred to another state purchased health care program by the authority, or transferred by the authority to a technical review committee created to facilitate the development, acquisition, or implementation of state purchased health care under chapter 41.05 RCW;

(3) The names and individual identification data of either all owners or all insureds, or both, received by the insurance commissioner under chapter 48.102 RCW;

(4) Information provided under RCW 48.30A.045 through 48.30A.060;

(5) Information provided under RCW 48.05.510 through 48.05.535, 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and 48.46.600 through 48.46.625;

(6) Examination reports and information obtained by the department of financial institutions from banks under RCW 30.04.075, from savings banks under RCW 32.04.220, from savings and loan associations under RCW 33.04.110, from credit unions under RCW 31.12.565, from check cashers and sellers under RCW 31.45.030(3), and from securities brokers and investment advisers under RCW 21.20.100, all of which is confidential and privileged information;

(7) Information provided to the insurance commissioner under RCW 48.110.040(3);

(8) Documents, materials, or information obtained by the insurance commissioner under RCW 48.02.065, all of which are confidential and privileged;

(9) Confidential proprietary and trade secret information provided to the commissioner under RCW 48.31C.020 through 48.31C.050 and 48.31C.070;

(10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and 7.70.140 that, alone or in combination with any other data, may reveal the identity of a claimant, health care

provider, health care facility, insuring entity, or self-insurer involved in a particular claim or a collection of claims. For the purposes of this subsection:

- (a) "Claimant" has the same meaning as in RCW 48.140.010(2).
- (b) "Health care facility" has the same meaning as in RCW 48.140.010(6).
- (c) "Health care provider" has the same meaning as in RCW 48.140.010(7).
- (d) "Insuring entity" has the same meaning as in RCW 48.140.010(8).
- (e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);
- (11) Documents, materials, or information obtained by the insurance commissioner under RCW 48.135.060;
- (12) Documents, materials, or information obtained by the insurance commissioner under RCW 48.37.060;
- (13) Confidential and privileged documents obtained or produced by the insurance commissioner and identified in RCW 48.37.080;
- (14) Documents, materials, or information obtained by the insurance commissioner under RCW 48.37.140;
- (15) Documents, materials, or information obtained by the insurance commissioner under RCW 48.17.595;
- (16) Documents, materials, or information obtained by the insurance commissioner under RCW 48.102.051(1) and 48.102.140(3) and (7)(a)(ii);
- (17) Documents, materials, or information obtained by the insurance commissioner in the commissioner's capacity as receiver under RCW 48.31.025 and 48.99.017, which are records under the jurisdiction and control of the receivership court. The commissioner is not required to search for, log, produce, or otherwise comply with the public records act for any records that the commissioner obtains under chapters 48.31 and 48.99 RCW in the commissioner's capacity as a receiver, except as directed by the receivership court;
- (18) Documents, materials, or information obtained by the insurance commissioner under RCW 48.13.151;
- (19) Data, information, and documents provided by a carrier pursuant to section 1, chapter 172, Laws of 2010; ~~(and)~~
- (20) Information in a filing of usage-based insurance about the usage-based component of the rate pursuant to RCW 48.19.040(5)(b); and
- (21) Data, information, and documents, other than those described in section 5(2) of this act, that are submitted to the office of the insurance commissioner by an entity providing health care coverage pursuant to RCW 28A.400.275 and section 5 of this act.

NEW SECTION. Sec. 9. A new section is added to chapter 48.62 RCW to read as follows:

If an individual or joint local government self-insured health and welfare benefits program formed by a school district or educational service district does not comply with the data reporting requirements of RCW 28A.400.275 and section 5 of this act, the self-insured health and welfare benefits program is no longer authorized to operate in the state. The state risk manager shall notify the state auditor and the attorney general of the violation and the attorney general, on behalf of the state risk manager, must take all necessary action to terminate the operation of the self-insured health and welfare benefits program."

The President declared the question before the Senate to be the adoption of the striking amendment by Senator Hobbs and others to Substitute Senate Bill No. 5940.

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

MOTION

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

On page 1, line 1 of the title, after "benefits;" strike the remainder of the title and insert "amending RCW 28A.400.280, 28A.400.350, 28A.400.275, and 42.56.400; adding a new section to chapter 48.02 RCW; adding a new section to chapter 41.05 RCW; adding a new section to chapter 44.28 RCW; adding a new section to chapter 48.62 RCW; and creating a new section."

MOTION

On motion of Senator Hobbs, the rules were suspended, Engrossed Substitute Senate Bill No. 5940 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hobbs and Hatfield spoke in favor of passage of the bill.

Senator McAuliffe spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5940.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5940 and the bill passed the Senate by the following vote: Yeas, 25; Nays, 20; Absent, 1; Excused, 3.

Voting yea: Senators Baumgartner, Becker, Benton, Carrell, Delvin, Fain, Hargrove, Hatfield, Hill, Hobbs, Holmquist, Newbry, Honeyford, Kastama, Keiser, King, Kline, Litzow, Padden, Parlette, Roach, Schoesler, Sheldon, Swecker, Tom and Zarelli

Voting nay: Senators Brown, Chase, Conway, Eide, Ericksen, Fraser, Frockt, Harper, Haugen, Kilmer, Kohl-Welles, McAuliffe, Murray, Nelson, Prentice, Pridemore, Ranker, Regala, Rolfes and Shin

Absent: Senator Pflug

Excused: Senators Hewitt, Morton and Stevens

ENGROSSED SUBSTITUTE SENATE BILL NO. 5940, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

On motion of Senator Eide, Engrossed Substitute Senate Bill No. 5940 was immediately transmitted to the House of Representatives.

SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2823, by House Committee on Ways & Means (originally sponsored by Representative Hunter)

Redirecting existing state revenues into the state general fund.

The measure was read the second time.

MOTION

On motion of Senator Murray, the rules were suspended, Engrossed Substitute House Bill No. 2823 was advanced to third

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reading, the second reading considered the third and the bill was placed on final passage.

Senator Murray spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 2823.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 2823 and the bill passed the Senate by the following vote: Yeas, 25; Nays, 21; Absent, 0; Excused, 3.

Voting yea: Senators Becker, Brown, Chase, Delvin, Fain, Fraser, Frockt, Hargrove, Harper, Hatfield, Hobbs, Honeyford, Kastama, King, Kline, Litzow, Murray, Parlette, Prentice, Regala, Schoesler, Sheldon, Swecker, Tom and Zarelli

Voting nay: Senators Baumgartner, Benton, Carrell, Conway, Eide, Ericksen, Haugen, Hill, Holmquist Newbry, Keiser, Kilmer, Kohl-Welles, McAuliffe, Nelson, Padden, Pflug, Pridemore, Ranker, Roach, Rolfes and Shin

Excused: Senators Hewitt, Morton and Stevens

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2823, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

THIRD ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2565, by House Committee on Business & Financial Services (originally sponsored by Representatives Kirby, Harris, Dammeier, Walsh, Orwall, Kelley, Moscoso and Zeiger)

Providing for the operation of roll your own cigarette machines at retail establishments. Revised for 2nd Substitute: Concerning persons who operate a roll-your-own cigarette machine at retail establishments.

The measure was read the second time.

MOTION

On motion of Senator Murray, the rules were suspended, Third Engrossed Second Substitute House Bill No. 2565 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Murray spoke in favor of passage of the bill.

POINT OF ORDER

Senator Padden: "Mr. President, approximately five hours ago in the first special session of 2012 I rose to a point of parliamentary inquiry on Senate Bill No. 6623. I would renew that for Third Engrossed Second Substitute House Bill No. 2565 as I believe the issues are the same. I'd ask for your ruling as to its applicability to Initiative 1053."

RULING BY THE PRESIDENT

President Owen: "In ruling on the Point of Order raised by Senator Padden as to whether Third Engrossed Second Substitute House No. 2565 raises taxes in a manner that requires a 2/3 supermajority vote, the President finds and rules as follows:

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Second Engrossed Second Substitute House No. 2565 concerns the taxation of "roll your own" cigarettes. Such cigarettes are made by a consumer who purchases loose tobacco and paper tubes for holding the tobacco. A machine available in many Washington stores allows the consumer to have the loose tobacco inserted into the paper tubes. This form of cigarette manufacturing is not subject to the cigarette tax under current Washington law.

This situation is most similar to the Legislature's action in 2009, when it acted to clarify another pre-existing tax by confirming that it applied to digital goods. Here, the Legislature has already enacted the tax, but is simply applying that tax to a cigarette process that did not exist until recently. As the President previously ruled, the Legislature retains the power to clarify existing law and apply it to new technologies, and such an action does not trigger the supermajority provisions of I-1053.

The bill also imposes a licensing fee on businesses that operate a roll your own machine. Licensing fees generally do not constitute tax increases, and there is no showing that the licensing fee in this instance is a tax.

For these reasons, the President finds that the bill does not "raise taxes" as defined in Initiative 1053, and will require a constitutional majority for final passage. Senator Padden's point is not well-taken."

Senator Pflug spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Third Engrossed Second Substitute House Bill No. 2565.

ROLL CALL

The Secretary called the roll on the final passage of Third Engrossed Second Substitute House Bill No. 2565 and the bill passed the Senate by the following vote: Yeas, 27; Nays, 19; Absent, 0; Excused, 3.

Voting yea: Senators Brown, Chase, Conway, Eide, Fraser, Frockt, Hobbs, Kastama, Keiser, Kilmer, King, Kline, Kohl-Welles, Litzow, Murray, Nelson, Prentice, Pridemore, Ranker, Regala, Rolfes, Schoesler, Sheldon, Shin, Swecker, Tom and Zarelli

Voting nay: Senators Baumgartner, Becker, Benton, Carrell, Delvin, Ericksen, Fain, Hargrove, Harper, Hatfield, Haugen, Hill, Holmquist Newbry, Honeyford, McAuliffe, Padden, Parlette, Pflug and Roach

Excused: Senators Hewitt, Morton and Stevens

THIRD ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2565, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

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

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:

The House has passed:

ENGROSSED SUBSTITUTE SENATE BILL NO. 5940.
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:

The House has passed:

THIRD ENGROSSED SUBSTITUTE HOUSE BILL NO. 2127.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

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

THIRD SUPPLEMENTAL AND FIRST READING OF HOUSE BILLS

3ESHB 2127 by House Committee on Ways & Means (originally sponsored by Representative Hunter)

AN ACT Relating to fiscal matters; amending RCW 28B.15.067, 38.52.540, 41.06.560, 43.07.129, 43.30.720, 43.88.110, 74.48.090, 76.04.610, 77.12.201, 77.12.203, 79.22.010, 79.22.040, 79.64.100, 79.105.150, 79.105.240, 79A.25.200, 86.26.007, and 90.48.390; amending 2012 c 86 (ESHB 2190) (uncodified); amending 2011 2nd sp.s. c 9 ss 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 125, 128, 129, 130, 131, 126, 127, 132, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 401, 402, 501, 502, 503, 504, 505, 507, 508, 509, 510, 511, 513, 514, 515, 601, 602, 603, 604, 605, 606, 607, 608, 609, 612, 613, 614, 615, 616, 617, 701, 702, and 801 (uncodified); amending 2011 1st sp.s. c 50 ss 103, 104, 106, 105, 108, 112, 115, 117, 120, 124, 128, 132, 133, 137, 136, 142, 147, 151, 149, 214, 516, 616, 715, 801, 802, 803, 910, 920, 921, and 922 (uncodified); amending 2010 c 23 s 205 (uncodified); reenacting and amending RCW 2.68.020, 70.105D.070, and 79.64.040; adding new sections to 2011 1st sp.s. c 50 (uncodified); repealing 2011 2nd sp.s. c 9 ss 610, 611, 705, 706, 707, and 708 (uncodified); repealing 2011 1st sp.s. c 50 ss 709 and 710 (uncodified); making appropriations; and declaring an emergency.

MOTION

On motion of Senator Eide and without objections, the rules were suspended and the measure listed on the third supplemental Introduction and First Reading report was placed on the day's second reading calendar.

MOTION

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

SECOND READING

SENATE BILL NO. 6074, by Senators Kilmer, Parlette and Shin

Concerning the capital budget. (REVISED FOR ENGROSSED: Funding capital projects.)

The measure was read the second time.

MOTION

Senator Kilmer moved that the following striking amendment by Senators Kilmer and Parlette be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. A supplemental capital budget is hereby adopted and, subject to the provisions set forth in this act, the several dollar amounts hereinafter specified, or so much thereof as shall be sufficient to accomplish the purposes designated, are hereby appropriated and authorized to be incurred for capital projects during the period beginning with the effective date of this act and ending June 30, 2013, out of the several funds specified in this act.

PART 1

GENERAL GOVERNMENT

Sec. 1001. 2011 1st sp.s. c 49 s 1011 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Local and Community Projects (20084001)

The reappropriation in this section is subject to the following conditions and limitations:

(1) The projects must comply with RCW 43.63A.125 and other requirements for community projects administered by the department.

(2) The reappropriation is subject to the provisions of section 1008, chapter 328, Laws of 2008 and section 1003, chapter 36, Laws of 2010 1st sp. sess.

Reappropriation:

State Building Construction Account--State.....	(\$18,387,000))
.....	\$18,477,000
Prior Biennia (Expenditures).....	(\$106,757,000))
.....	\$106,667,000
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$125,144,000

Sec. 1002. 2011 1st sp.s. c 49 s 1028 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Local and Community Projects (30000166)

The appropriation in this section is subject to the following conditions and limitations:

(1) Except as directed otherwise prior to the effective date of this section, the department shall not expend the appropriations in this section unless and until the nonstate share of project costs have been either expended, or firmly committed, or both, in an amount sufficient to complete the project or a distinct phase of the project that is useable to the public for the purpose intended by the legislature.

(2) Prior to receiving funds, project recipients must demonstrate that the project site is under control for a minimum of ten years, either through ownership or a long-term lease. This requirement does not apply to appropriations for preconstruction activities or appropriations whose sole purpose is to purchase real property that does not include a construction or renovation component.

(3) Projects funded in this section may be required to comply with Washington's high performance building standards as required by chapter 39.35D RCW.

(4) Project funds are available on a reimbursement basis only, and shall not be advanced under any circumstances.

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(5) Projects funded in this section must be held by the recipient for a minimum of ten years and used for the same purpose or purposes intended by the legislature as required in RCW 43.63A.125(6).

(6) Projects funded in this section, including those that are owned and operated by nonprofit organizations, are generally required to pay state prevailing wages.

(7) The appropriation in this section for the Roslyn Renaissance project is subject to the following conditions and limitations: It is the intent of this appropriation to undertake a feasibility study of structural and program integrity of historic buildings including (a) the northwest improvement company store, (b) the Sylvia's house, and (c) vacant commercial lots within the city of Roslyn. The study will analyze the adaptability of relocating the city offices to the renovated city hall building. The Roslyn downtown association shall submit the completed study to the department by July 1, 2012, including a detailed cost estimate for the property acquisition and redevelopment, and a capital fundraising plan to support the acquisitions through multiple funding sources.

(8) The appropriation is provided solely for the following list of projects:

Project	Authorized Amount
Adna Athletic and Fitness Facility	\$80,000
American Lake Veterans' Golf Course	\$250,000
Anacortes Depot	\$380,000
Bothell North Creek Forest Land Acquisition	\$200,000
Boys and Girls Federal Way	\$50,000
Bucoda Odd Fellows Community Center	\$150,000
Central WA State Fair Association	\$35,000
City of Kirkland Athletic Fields	\$150,000
Colville Tribal Museum	\$250,000
Daybreak Youth Services	\$100,000
Pre-Construction Activities Dekalb Pier Project	\$700,000
Gig Harbor Maritime Pier	\$390,000
Grays Harbor Historical Seaport	\$169,000
Lady Washington Rehabilitation	\$110,000
Legion Park Visitors Center and Trailhead Project	\$300,000
Match FEMA funds for Sprague Response Center	\$1,360,000
North Mason Senior Center	\$1,100,000
Port of Bremerton	\$1,500,000
Puyallup Transit Oriented Development	\$850,000
Redmond Central Connector	\$300,000
Roslyn Renaissance	\$1,000,000
Seattle Children's Hospital Emergency Department	

Skagit Valley Hospital	\$750,000
South Tacoma Community Center Playground	\$380,000
Spokane Food Bank Distribution Center Capacity and Renovation	\$1,250,000
Spokane Valley Partners Boiler Replacement	\$100,000
Sultan Boys and Girls Club	\$500,000
Tacoma Hilltop Health Center	\$1,500,000
The Arc of Tri-Cities Facility	\$350,000
Traumatic Brain Injury Center	\$900,000
Vancouver Waterfront Park Pre-Construction Activities	\$500,000
Veteran's Memorial	\$210,000
West Hill Skyway Redevelopment	\$750,000
YWCA Yakima	\$203,000
Total	\$16,817,000

(9) Up to \$80,000 of the Roslyn Renaissance project authorized amount may be used to acquire Sylvia House.

Appropriation:

State Building Construction Account--State	\$16,817,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$16,817,000

NEW SECTION. Sec. 1003. A new section is added to 2011

1st sp.s. c 49 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Local and Community Projects 2012 (91000437)

The appropriation in this section is subject to the following conditions and limitations:

(1) Except as directed otherwise prior to the effective date of this section, the department shall not expend the appropriations in this section unless and until the nonstate share of project costs have been either expended, or firmly committed, or both, in an amount sufficient to complete the project or a distinct phase of the project that is useable to the public for the purpose intended by the legislature.

(2) Prior to receiving funds, project recipients must demonstrate that the project site is under control for a minimum of ten years, either through ownership or a long-term lease. This requirement does not apply to appropriations for preconstruction activities or appropriations whose sole purpose is to purchase real property that does not include a construction or renovation component.

(3) Projects funded in this section may be required to comply with Washington's high performance building standards as required by chapter 39.35D RCW.

(4) Project funds are available on a reimbursement basis only, and shall not be advanced under any circumstances.

(5) Projects funded in this section must be held by the recipient for a minimum of ten years and used for the same purpose or purposes intended by the legislature as required in RCW 43.63A.125(6).

(6) Projects funded in this section, including those that are owned and operated by nonprofit organizations, are generally required to pay state prevailing wages.

(7) The appropriation is provided solely for the following list of projects:

Project	Authorized Amount
Low Income Housing Institute -Housing for Homeless Young Adults	\$1,800,000
Roslyn Northwest Improvement Building	\$1,035,000
Total	\$2,835,000

Appropriation:

State Taxable Building Construction Account--State	\$1,800,000
State Building Construction Account--State	\$1,035,000
Subtotal Appropriation	\$2,835,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$2,835,000

Sec. 1004. 2011 1st sp.s. c 49 s 1024 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Temporary Public Works Grant Program (92000021)

The reappropriation in this section is subject to the provisions of section 1050, chapter 497, Laws of 2009.

Reappropriation:

State Building Construction Account--State	\$17,106,000
State Taxable Building Construction Account--State	(((\$1,298,000))
	\$328,000
Subtotal Reappropriation	(((\$18,404,000))
	\$17,434,000
Prior Biennia (Expenditures)	\$23,936,000
Future Biennia (Projected Costs)	\$0
TOTAL	(((\$42,340,000))
	\$41,370,000

NEW SECTION. Sec. 1005. A new section is added to 2011

1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

CERB Administered Economic Development, Innovation & Export Grants (92000096)

The appropriations in this section are subject to the following conditions and limitations: The appropriation is provided solely for a competitive economic development and community revitalization grant program administered by the community economic revitalization board (board) in consultation with the public works board and for the economic development projects specified in subsection (2) of this section.

(1) The intent of the competitive program is to provide grants to local governments, including ports, and innovation partnership zones for public infrastructure, facilities, and related improvements that enable and encourage private sector business creation or expansion, the redevelopment of brownfields, and to enhance the vitality and livability of the community. The board shall establish all grant application requirements. The board may choose to establish two separate grant competitions for the economic development projects and the community revitalization projects.

(2) The boards shall prioritize economic development grants by considering at a minimum the following criteria:

(a) The number of jobs created by the expected business creation or expansion and the average wage of those expected jobs. In evaluating proposals for their job creation potential, the board may adjust the job estimates in applications based on the board's judgment of the credibility of the job estimates;

(b) The board shall also consider the need for job creation based on the unemployment rate of the county or counties in which the project is located. In evaluating the average wages of the jobs

created, the board shall compare those wages to median wages of private sector jobs in the county or counties surrounding the project location;

(c) When evaluating the jobs created by the project, the board may consider the area labor supply and readily available skill sets of the labor pool in the county or counties surrounding the project location;

(d) How the expected business creation or expansion fits within the region's preferred economic growth strategy as indicated by the efforts of nearby innovation partnership zones, industry clusters as defined by the Washington Economic Development Commission, future export prospects, or local government equivalent if available;

(e) The speed with which the project can begin construction;

(f) The extent that the final list of grant awards provides broad geographic distribution, leverages nonstate funds, and achieves overall the greatest benefit in job creation at good wages for the amount of money provided;

(g) In no event shall the board award a grant that supplants previously committed project resources.

(3) The board shall prioritize community revitalization grants by considering at a minimum the following criteria:

(a) The value of the project to the community. In evaluating the value of the project, the board shall, at a minimum, consider the difficulty the applicant has in financing main street improvement projects with their own local resources and the extent the project will increase economic activity for existing businesses, improve safety and enjoyment of pedestrians and bicyclists, enhance in-city recreational opportunities, and revitalize downtown business districts.

(b) The extent to which businesses and local governments in the affected area support the project;

(c) Whether or not the project is in the local government's adopted capital facility plan, comprehensive plan, or equivalent. Additional consideration is given to projects located within one of the aforementioned plans;

(d) The extent to which the project promotes infill and redevelopment of the downtown area;

(e) The speed with which the project can begin construction;

(f) The extent that the final list of grant awards provides broad geographic distribution, leverages nonstate funds, and achieves overall the greatest benefit for the amount of money provided;

(g) The extent to which the applicant demonstrates the ability to maintain the project funded through the grant program;

(h) In no event shall the board award a grant that supplants previously committed project resources.

(4) \$4,000,000 of the appropriation is provided solely for the Satsop wastewater improvement project.

Appropriation:

Public Works Assistance Account--State	\$16,000,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$16,000,000

NEW SECTION. Sec. 1006. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Brownfield Redevelopment Grants (92000100)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for redevelopment of the Bellingham waterfront.

Appropriation:

Local Toxics Control Account--State	\$1,500,000
Prior Biennia (Expenditures)	\$0
Future Biennia (Projected Costs)	\$0
TOTAL	\$1,500,000

NEW SECTION. Sec. 1007. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

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FOR THE DEPARTMENT OF COMMERCE

Main Street Improvement Grants (92000098)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the Scriber Creek pedestrian bridge project.

Appropriation:

Public Works Assistance Account--State.....	\$800,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$800,000

Sec. 1008. 2011 1st sp.s. c 48 s 1018 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Drinking Water State Revolving Fund Loan Program (30000095)

The appropriations in this section are subject to the following conditions and limitations: For projects involving repair, replacement, or improvement of a clean water infrastructure facility or other public works facility for which an investment grade audit is obtainable, the public works board must require as a contract condition that the project sponsor undertake an investment grade audit. The project sponsor may finance the costs of the audit as part of its drinking water state revolving fund program loan.

Appropriation:

Drinking Water Assistance Account--State	\$16,000,000
Drinking Water Assistance Repayment Account-- State.....	(\$32,000,000)
.....	\$92,000,000
Subtotal Appropriation.....	(\$48,000,000)
.....	\$108,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$192,000,000
TOTAL.....	(\$240,000,000)
.....	\$300,000,000

NEW SECTION. **Sec. 1009.** A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Housing for People with Developmental Disabilities (91000410)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided for the ranked list of projects in the category "Housing for People with Developmental Disabilities" in LEAP capital document No. 2012-7A, developed April 3, 2012. The department shall evaluate projects on the LEAP list and allocate the funding based on the requirements of RCW 43.185.050 and 43.185.070. Upon review of a completed application, if the department determines that a project is not eligible or is not ready to proceed, the department may allocate funding to a project in another category on the LEAP list, or to any type of alternate project. The department shall, at its discretion, determine the actual amount of funding to be allocated to each project, provided that the total allocation does not exceed the appropriation provided in this section.

Appropriation:

State Taxable Building Construction Account--State.....	\$2,900,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$2,900,000

NEW SECTION. **Sec. 1010.** A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Housing for People with Chronic Mental Illness (91000412)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is

provided for the ranked list of projects in the category "Housing for People with Chronic Mental Illness" in LEAP capital document No. 2012-7A, developed April 3, 2012. The department shall evaluate projects on the LEAP list and allocate the funding based on the requirements of RCW 43.185.050 and 43.185.070. Upon review of a completed application, if the department determines that a project is not eligible or is not ready to proceed, the department may allocate funding to a project in another category on the LEAP list, or to any type of alternate project. The department shall, at its discretion, determine the actual amount of funding to be allocated to each project, provided that the total allocation does not exceed the appropriation provided in this section.

Appropriation:

State Taxable Building Construction Account--State.....	\$1,125,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,125,000

NEW SECTION. **Sec. 1011.** A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Housing for the Homeless (91000413)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided for the ranked list of projects in the category "Housing for the Homeless" in LEAP capital document No. 2012-7A, developed April 3, 2012. The department shall evaluate projects on the LEAP list and allocate the funding based on the requirements of RCW 43.185.050 and 43.185.070. Upon review of a completed application, if the department determines that a project is not eligible or is not ready to proceed, the department may allocate funding to a project in another category on the LEAP list, or to any type of alternate project. The department shall, at its discretion, determine the actual amount of funding to be allocated to each project, provided that the total allocation does not exceed the appropriation provided in this section.

Appropriation:

State Taxable Building Construction Account--State.....	\$28,944,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$28,944,000

NEW SECTION. **Sec. 1012.** A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Housing for Farmworkers (91000414)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided for the ranked list of projects in the category "Housing for Farmworkers" in LEAP capital document No. 2012-7A, developed April 3, 2012. The department shall evaluate projects on the LEAP list and allocate the funding based on the requirements of RCW 43.185.050 and 43.185.070. Upon review of a completed application, if the department determines that a project is not eligible or is not ready to proceed, the department may allocate funding to a project in another category on the LEAP list, or to any type of alternate project. The department shall, at its discretion, determine the actual amount of funding to be allocated to each project, provided that the total allocation does not exceed the appropriation provided in this section.

Appropriation:

State Taxable Building Construction Account--State.....	\$6,215,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0

TOTAL.....\$6,215,000

NEW SECTION. **Sec. 1013.** A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Housing for Low-Income Households (91000416)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided for the ranked list of projects in the category "Housing for Low Income Households" in LEAP capital document No. 2012-7A, developed April 3, 2012. The department shall evaluate projects on the LEAP list and allocate the funding based on the requirements of RCW 43.185.050 and 43.185.070. Upon review of a completed application, if the department determines that a project is not eligible or is not ready to proceed, the department may allocate funding to a project in another category on the LEAP list, or to any type of alternate project. The department shall, at its discretion, determine the actual amount of funding to be allocated to each project, provided that the total allocation does not exceed the appropriation provided in this section.

Appropriation:

State Taxable Building Construction Account--State\$2,982,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$2,982,000

NEW SECTION. **Sec. 1014.** A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Housing Competitive Pool (91000432)

The appropriation in this section is subject to the following conditions and limitations: \$1,500,000 of the appropriation is provided solely for a demonstration project that supports homeless individuals with low cost living quarters and shared facilities such as kitchens, showers, and community meeting space. The project must meet all local zoning requirements and have the support of the local jurisdiction in which it is located. The department must require the project to report cost and outcome measures after the first five years of operation, and must report this information to the appropriate committees of the legislature.

Appropriation:

State Taxable Building Construction Account--State\$4,530,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$4,530,000

NEW SECTION. **Sec. 1015.** A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Weatherization (91000247)

The appropriation in this section is subject to the following conditions and limitations:

(1) \$10,000,000 of the appropriation in this section is provided solely for low-income weatherization through the energy matchmakers program.

(2) \$15,000,000 of the appropriation in this section is provided solely for continuation of the community energy efficiency program administered by WSU energy extension.

Appropriation:

State Taxable Building Construction Account--
 State.....\$25,000,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$25,000,000

NEW SECTION. **Sec. 1016.** A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Public Works Assistance Account Program 2013 Loan List (30000184)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for the list of projects in LEAP capital document No. 2012-1B, developed February 18, 2012.

Appropriation:

Public Works Assistance Account--State.....\$152,781,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$152,781,000

NEW SECTION. **Sec. 1017.** A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Public Works Pre-Construction Loan Program (91000319)

Appropriation:

Public Works Assistance Account--State.....\$3,000,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$3,000,000

NEW SECTION. **Sec. 1018.** A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Financing Energy/Water Efficiency (30000180)

Appropriation:

Public Works Assistance Account--State.....\$5,000,000
 Prior Biennia (Expenditures).....\$0
 Future Biennia (Projected Costs)\$0
 TOTAL.....\$5,000,000

Sec. 1019. 2011 1st sp.s. c 49 s 1017 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF COMMERCE

Youth Recreational Facilities Grants (30000007)

The reappropriation in this section is subject to the following conditions and limitations: Funding for the Allen Place project is reduced by \$673,000.

Reappropriation:

State Building Construction Account--State.....(((\$2,774,000))
\$2,101,000
 Prior Biennia (Expenditures).....\$3,776,000
 Future Biennia (Projected Costs)\$0
 TOTAL.....(((\$6,550,000))
\$5,877,000

NEW SECTION. **Sec. 1020.** A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT

Loan Program Consolidation Board (91000005)

The appropriation in this section is subject to the following conditions and limitations:

(1) The legislature intends to consolidate under a single financing authority all existing state lending programs currently dispersed under the management of separate agencies, including, but not limited to, infrastructure and student loan programs. The purposes of this consolidation are to: Increase the effective and accountable use of state resources; increase efficiency and decrease costs through economies of scale; and streamline access for customers to financial and technical assistance.

(2)(a) To assist the legislature in planning for this consolidation, a loan program consolidation board is established, with members as provided in this subsection:

(i) The speaker of the house of representatives shall appoint one member from each of the two largest caucuses of the house of representatives, as voting members.

(ii) The president of the senate shall appoint one member from each of the two largest caucuses of the senate, as voting members.

(iii) The speaker of the house and the president of the senate jointly shall appoint five citizen members with backgrounds in the financing of infrastructure and student loans, as voting members.

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(b) The board shall choose its chair or cochairs from among its membership. The director of the office of financial management shall convene the initial meeting of the board.

(c) Staff support for the board shall be provided by the office of financial management, the house of representatives office of program research and the senate committee services. The relevant state agencies must provide technical assistance as the board may reasonably request.

(d) Legislative members of the loan program consolidation board must be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(3) The following agencies shall each designate a representative to provide information to the board and participate in its discussions: The office of financial management; the state treasurer; the department of health; the department of ecology; the department of transportation; the public works board; the higher education coordinating board, or successor agency; and the state housing finance commission.

(4)(a) By December 15, 2012, the loan program consolidation board shall develop and submit to the governor and appropriate legislative committees a recommended consolidation plan that includes, but is not limited to, infrastructure and educational lending programs administered by the departments of commerce, health, and ecology; the housing finance commission; the office of the state treasurer; and the higher education coordinating board, or successor agency.

(b) The plan must include recommendations on: The organizational structure for the umbrella authority; the process and timeline for transferring existing programs and adding new programs to the umbrella authority; and any statutory and budgetary changes necessary to implement the plan in the 2013-2015 biennium, and thereafter.

(c) The plan must also include recommendations on sources of capital that could be used to make low-interest educational loans to students under the higher education loan program (HELP) authorized in RCW 28B.97.010.

(5) The appropriation in this section is provided solely for:

(a) Contracting with additional persons who have specific technical expertise to carry out the requirements of this section; and

(b) Paying travel expenses of nonlegislative members of the loan program consolidation board.

Appropriation:

Public Works Assistance Account--State.....	\$150,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$150,000

Sec. 1021. 2011 1st sp.s. c 49 s 1036 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT

Bid Savings Contingency Pool (92000002)

Appropriation:

State Building Construction Account--State.....	(\$6,500,000)
.....	\$0
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	(\$6,500,000)
.....	\$0

Sec. 1022. 2011 1st sp.s. c 49 s 1046 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ((GENERAL ADMINISTRATION)) ENTERPRISE SERVICES

Engineering and Architectural Services: Staffing (91000005)

The appropriation in this section is subject to the following conditions and limitations:

Up to \$75,000 is for the department of enterprise services to conduct a review of the state's current public works procurement processes and provide a report by December 15, 2012, to the appropriate committees of the legislature and the governor with procurement reform recommendations. For recommendations that require a statutory change, the report should include draft legislation needed to accomplish the report's recommendations. The director may contract with a private entity for assistance to conduct the study. The capital projects advisory review board will provide advice and assistance as required by the director. The report will include historical data on (1) the use of change orders; (2) the use of job order contracting; (3) how are competitive public works contracts advertised; and (4) contract closeout procedures. State agencies that will participate include one research university, one natural resource agency, and one general government agency.

Appropriation:

State Building Construction Account--State.....	(\$5,282,000)
.....	\$7,751,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$34,250,000
TOTAL.....	(\$39,532,000)
.....	\$42,001,000

NEW SECTION. Sec. 1023. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE DEPARTMENT OF ENTERPRISE SERVICES

Legislative Building Critical Repairs (92000004)

Appropriation:

State Building Construction Account--State.....	\$1,400,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,400,000

Sec. 1024. 2011 1st sp.s. c 49 s 1047 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ((GENERAL ADMINISTRATION)) ENTERPRISE SERVICES

Natural Resource Building Roof Replacement and Exterior Foam Insulation System Repairs (30000546)

Appropriation:

State Building Construction Account--State.....	(\$4,482,000)
.....	\$982,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	(\$4,482,000)
.....	\$982,000

NEW SECTION. Sec. 1025. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF ENTERPRISE SERVICES

Natural Resource Building Roof Replacement and Exterior Foam Insulation System Repairs (30000546)

Appropriation:

Capitol Building Construction Account--State.....	\$3,500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$3,500,000

NEW SECTION. Sec. 1026. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE MILITARY DEPARTMENT

Thurston County Readiness Center (91000005)

Appropriation:

General Fund--Federal	\$75,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$75,000

Sec. 1027. 2011 1st sp.s. c 49 s 1054 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ARCHAEOLOGY AND HISTORIC PRESERVATION

Courthouse Preservation (30000006)

The appropriation in this section is subject to the following conditions and limitations: \$150,000 of the appropriation in this section is provided solely for the Mason County Courthouse Renovation Project.

Appropriation:

State Building Construction Account--State.....	\$750,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$750,000

(End of part)

PART 2 HUMAN SERVICES

Sec. 2001. 2011 1st sp.s. c 48 s 2005 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF HEALTH

Drinking Water Assistance Program (30000013)

The appropriations in this section are subject to the following conditions and limitations: The appropriation from the drinking water assistance account--federal stimulus is provided solely for the city of Tacoma McMillan Reservoir project and the city of Seattle Maple Leaf Reservoir project.

Reappropriation:

Drinking Water Assistance Account--Federal	\$38,348,000
Drinking Water Assistance Account--Federal Stimulus.....	\$9,373,000
Subtotal Reappropriation.....	\$47,721,000

Appropriation:

Drinking Water Assistance Account--Federal	\$49,868,000
Drinking Water Assistance Account--Federal Stimulus	\$832,000
Subtotal Appropriation.....	\$50,700,000
Prior Biennia (Expenditures).....	\$29,089,000
Future Biennia (Projected Costs)	\$199,472,000
TOTAL.....	(\$326,150,000)
.....	\$326,982,000

Sec. 2002. 2011 1st sp.s. c 48 s 2006 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF VETERANS AFFAIRS

Minor Works Preservation: Facilities Preservation (90000001)

Appropriation:

Charitable, Educational, Penal and Reformatory Institutions Account--State.....	(\$2,722,000)
.....	\$0
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	(\$7,728,000)
.....	\$0
TOTAL.....	(\$10,450,000)
.....	\$0

NEW SECTION. Sec. 2003. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE DEPARTMENT OF VETERANS AFFAIRS

Minor Works Preservation: Facilities Preservation (90000001)

Appropriation:

State Building Construction Account--State.....	\$2,722,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$6,008,000
TOTAL.....	\$8,730,000

NEW SECTION. Sec. 2004. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF VETERANS AFFAIRS

Walla Walla Nursing Facility (20082008)

Appropriation:

General Fund--Federal.....	\$31,200,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$31,200,000

Sec. 2005. 2011 1st sp.s. c 49 s 2027 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF CORRECTIONS

Washington State Penitentiary: Housing Units, Kitchen and Site Work (30000482)

Reappropriation:

State Building Construction Account--State	\$5,810,000
Public Safety Reimbursable Bond Account--State	\$546,000
Subtotal Reappropriation.....	\$6,356,000

Appropriation:

State Building Construction Account--State.....	(\$42,453,000)
.....	\$40,753,000
Prior Biennia (Expenditures).....	\$463,000
Future Biennia (Projected Costs)	\$0
TOTAL.....	(\$49,272,000)
.....	\$47,572,000

Sec. 2006. 2011 1st sp.s. c 49 s 2034 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF CORRECTIONS

Appropriation:

State Building Construction Account--State	(\$6,200,000)
.....	\$0
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	(\$246,181,000)
.....	\$252,226,000
TOTAL.....	(\$252,381,000)
.....	\$252,226,000

(End of part)

PART 3 NATURAL RESOURCES

Sec. 3001. 2011 1st sp.s. c 49 s 3027 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Habitat Mitigation (91000007)

Reappropriation:

State Building Construction Account--State	(\$2,900,000)
.....	\$3,648,000
Prior Biennia (Expenditures).....	(\$1,500,000)
.....	\$752,000
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$4,400,000

NEW SECTION. Sec. 3002. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Clean Up Toxic Sites - Puget Sound (91000032)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the following ranked list of projects. If a specified project has not met the requirements for executing a contract with the department by April 30, 2013, the department may allocate the amount specified to additional projects awarded on a competitive basis provided that the awardee is ready to proceed with the project.

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Project	Authorized Amount	Spokane County Regional Decant Facility	\$684,000
Port Gamble Bay - Open up 90 acres of geoduck tracks	\$2,000,000	Milton 5th Avenue Storm Water Treatment Facility	\$112,000
Port Gamble Bay - Source control, habitat preservation, and cleanup sustainability Administration	\$7,000,000	Pierce County Clarks/Rody Creek Storm Water Retrofits	\$829,000
	\$270,000	Mount Vernon Downtown Plaza	\$351,000
Total	\$9,270,000	Vancouver Water Quality Retrofits for Existing Drywells	\$562,000

Appropriation:

State Toxics Control Account--State.....	\$9,270,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$9,270,000

NEW SECTION. Sec. 3003. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Eastern Washington Clean Sites Initiative (91000033)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the following ranked list of projects. If a specified project has not met the requirements for executing a contract with the department by April 30, 2013, the department may allocate the amount specified to additional projects awarded on a competitive basis provided that the awardee is ready to proceed with the project.

Project	Authorized Amount
Cashmere Mill Site	\$1,500,000
Administration	\$45,000
Total	\$1,545,000

Appropriation:

State Toxics Control Account--State.....	\$1,545,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,545,000

NEW SECTION. Sec. 3004. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

FY 2012 Statewide Storm Water Grant Program (91000053)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the following ranked list of projects. If a specified project has not met the requirements for executing a contract with the department by April 30, 2013, the department may allocate the amount specified to additional grants awarded on a competitive basis provided that the grant awardee is ready to proceed with the project.

Project	Authorized Amount
Lakewood 2012 Drywell Replacement Project	\$330,000
Ferndale Southwest Storm Water Management Facility	\$871,000
Tacoma Cheney Stadium Storm Water LID Retrofit	\$1,000,000
Bellingham Central Business District Raingarden Retrofits	\$450,000
Walla Walla 13th Avenue Storm Water LID Project	\$290,000

Spokane County Regional Decant Facility	\$684,000
Milton 5th Avenue Storm Water Treatment Facility	\$112,000
Pierce County Clarks/Rody Creek Storm Water Retrofits	\$829,000
Mount Vernon Downtown Plaza	\$351,000
Vancouver Water Quality Retrofits for Existing Drywells	\$562,000
Camas Vactor Waste Facility Retrofit	\$150,000
Tumwater Valley Regional Storm Water Facility	\$469,000
West Richland Bombing Range Outfall Elimination Project	\$479,000
Kitsap County Parks: Replace and Installation of Pervious Parking Lots	\$735,000
Woodinville Lake Leota Storm Water Quality Retrofit Project	\$866,000
Richland Leslie Groves Park Regional Infiltration Facility	\$199,000
Spokane County Country Homes Boulevard Restoration Project	\$1,000,000
Redmond NE 84th Street Storm Water Retrofit	\$1,000,000
Pierce County Groundwater Pollutant Reduction Project	\$578,000
Kitsap County Illahee Storm Water - LID Retrofit Project	\$625,000
Bellingham Storm Water Retrofit - Bloedel Donovan Park	\$384,000
Puyallup Porus Alley Initiative Program	\$665,000
Lacey Vactor Waste Decant Facility	\$342,000
Fife 70th Avenue East Phase 2	\$786,000
Kent James Street Storm Water Outfall Retrofit	\$75,000
Renton Sunset Terrace Regional Storm Water Facility	\$983,000
Sumner Site A.2 Outfall Treatment Retrofit	\$1,000,000
Asotin Second Street Storm Water Project	\$172,000
University Place Bridgeport Way Low Impact Development Project	\$758,000
Sumner Site J Outfall Treatment Retrofit	\$538,000
Richland Canyon Terrace Storm Water Treatment Project	\$211,000
Olympia SPSCC Storm Water Retrofit for Water Quality	\$312,000
Renton Harrington Avenue NE Green Connection	\$913,000
Longview Municipal Pervious Concrete	\$86,000
Kirkland Northeast King County Co-op Recycling Decant Center	\$2,250,000
Burlington Gages Slough Storm Water LID Improvements	\$204,000
Clark County Columbia River High School Storm Water	\$267,000

Retrofit	
Bainbridge Island Lynwood Center Outfall Improvement Project	\$188,000
Puyallup Clarks Creek Targeted Outfall Retrofit Project	\$551,000
Pierce County Tacoma Narrows Airport Pavement Removal	\$326,000
Pierce County Spanaway Lake Park Storm Water Retrofit	\$690,000
Administrative Costs	\$792,000
Total	\$24,073,000

Snohomish LID Improvements Project	\$104,000
Douglas County 23rd Street (Baker to SR 28)	\$165,000
Renton NE 10th St and Anacortes Ave NE Detention Pond Retrofit	\$206,000
Redmond Public Works Kelsey Creek Erosion Reduction Facility	\$1,000,000
Whatcom County Upper Silver Beach Creek Restoration	\$988,000
Port of Vancouver Terminal 4 Storm Water Pond Retrofit	\$1,000,000
Administrative Costs	\$476,000
Total	\$14,463,000

Appropriation:

Local Toxics Control Account--State	\$24,073,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$24,073,000

Appropriation:

Local Toxics Control Account--State	\$14,463,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$14,463,000

NEW SECTION. Sec. 3005. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Storm Water Retrofit and LID Competitive Grants (91000054)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the following ranked list of projects. If a specified project has not met the requirements for executing a contract with the department by April 30, 2013, the department may allocate the amount specified to additional grants awarded on a competitive basis provided that the grant awardee is ready to proceed with the project.

Project	Authorized Amount
Burien Miller Creek Storm Water Management Facility	\$1,000,000
Tacoma Asotin Court LID Retrofit	\$710,000
Seattle Public Utilities Midvale Storm Water Facility	\$1,000,000
Mukilteo Smuggler's Gulch Drainage Basin LID and Storm Water Retrofit	\$1,000,000
Kirkland Park Lane Pedestrian Corridor	\$739,000
Port Angeles 4th Street Storm Water Project	\$1,000,000
Snohomish County Department of Parks & Recreation Kayak Park Storm Water Treatment	\$1,000,000
Renton Rainier Avenue Storm Water Retrofit	\$644,000
Vancouver Peterson Channel Industrial LID Improvements	\$287,000
Wenatchee Snowmelt Facility	\$975,000
Port Orchard Cedar Heights Junior High Sidewalks	\$135,000
Centralia Downtown Rain Garden Revitalization Project	\$487,000
Snohomish County Paine Field Drainage Subbasin SC-5	\$967,000
Seattle Public Utilities West Seattle Decant Facility	\$289,000
Skagit County LID Demonstration Project	\$291,000

Sec. 3006. 2011 1st sp.s. c 49 s 3008 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Columbia River Basin Water Supply Development Program (20062950)

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

(1) \$1,000,000 of the appropriation is provided solely to the Columbia basin groundwater management area for the following projects:

(a) \$600,000 of the appropriation is provided solely to construct localized hydrologic models for municipal supply sources and aquifer storage and recovery potential; and

(b) \$400,000 of the appropriation is provided solely to develop and implement methods to identify sustainable wells near the East Low Canal.

(2) \$6,000,000 of the appropriation is provided solely for the Sunnyside Valley Irrigation District Water Conservation program.

(3) The department must reexamine its method of accounting for in- stream and out-of-stream benefits and develop a means of accounting for the indirect but substantial and tangible out-of-stream benefits that accrue from conservation, pump exchanges, and other projects. The department must report the results of this reexamination to the legislature by September 15, 2011.

Reappropriation:

Columbia River Basin Water Supply Development Account--State.....	\$23,987,000
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Appropriation:

Columbia River Basin Water Supply Development Account--State.....	(\$47,000,000)
.....	\$36,596,000
Columbia River Basin Taxable Bond Water Supply Development Account--State.....	\$10,404,000
Subtotal Appropriation.....	\$47,000,000
Prior Biennia (Expenditures).....	\$20,513,000
Future Biennia (Projected Costs)	\$128,700,000
TOTAL.....	\$220,200,000

Sec. 3007. 2011 1st sp.s. c 48 s 3024 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Centennial Clean Water Program (30000208)

The appropriation in this section is subject to the following conditions and limitations:

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(1) \$3,500,000 of the appropriation is provided solely to the city of Snohomish to implement the near-term wastewater treatment plant improvement project required under agreed order No. 7973 between the department of ecology and the city.

(2) \$3,500,000 of the appropriation is provided solely for a grant for the Freeland sewer project.

(3) (\$540,000 of the appropriation is provided solely for the city of Connell's Klindworth Campbell waterline distribution project.

(4)) \$600,000 of the appropriation is provided solely for a grant for the town of Mabton's wastewater treatment project.

((5))) (4) For projects involving repair, replacement, or improvement of a wastewater treatment plant or other public works facility for which an investment grade audit is obtainable, the department of ecology must require as a contract condition that the project sponsor undertake an investment grade audit. The project sponsor may finance the costs of the audit as part of its centennial clean water program grant.

Appropriation:

State Toxics Control Account--State.....	\$34,100,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$34,100,000

Sec. 3008. 2011 1st sp.s. c 49 s 3028 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Protect Communities from Flood and Drought (92000002)

Reappropriation:

State Building Construction Account--State.....	(((\$6,475,000))
.....	\$8,172,000
Prior Biennia (Expenditures).....	(((\$8,500,000))
.....	\$6,609,000
Future Biennia (Projected Costs)	\$0
TOTAL.....	(((\$14,975,000))
.....	\$14,781,000

NEW SECTION. Sec. 3009. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Flood Levee Improvements (92000057)

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for the King county flood district for the Briscoe-Desimone levee improvement project.

Appropriation:

Local Toxics Control Account--State	\$7,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$7,000,000

Sec. 3010. 2011 1st sp.s. c 48 s 3025 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Water Pollution Control Revolving Fund Program (30000209)

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

(1) For projects involving repair, replacement, or improvement of a wastewater treatment plant or other public works facility for which an investment grade audit is obtainable, the department of ecology must require as a contract condition that the project sponsor undertake an investment grade audit. The project sponsor may finance the costs of the audit as part of its water pollution control revolving fund program loan.

(2) \$7,939,000 of the appropriation is provided solely for the LOTT clean water alliance primary sedimentation basins project.

Appropriation:

Water Pollution Control Revolving

Account--State.....	(((\$102,000,000))
.....	\$109,939,000
Water Pollution Control Revolving Account--Federal	\$82,205,000
.....	\$82,205,000
Subtotal Appropriation.....	(((\$184,205,000))
.....	\$192,144,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$736,820,000
TOTAL.....	(((\$921,025,000))
.....	\$928,964,000

Sec. 3011. 2011 1st sp.s. c 48 s 3036 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Clean Up Toxics Sites - Puget Sound (30000265)

Appropriation:

((Local Toxics Control Account--State)) State	
Toxics Control Account--State	\$16,400,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$11,248,000
TOTAL.....	\$27,648,000

NEW SECTION. Sec. 3012. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

Solid Waste Reduction - Compost (91000197)

Appropriation:

State Toxics Control Account--State.....	\$1,694,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,694,000

NEW SECTION. Sec. 3013. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE PARKS AND RECREATION COMMISSION

Deferred Maintenance (91000030)

The appropriation in this section is subject to the following conditions and limitations: \$250,000 of the appropriation is provided solely for improvements at Mt. Spokane state park.

Appropriation:

State Building Construction Account--State.....	\$1,070,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,070,000

NEW SECTION. Sec. 3014. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE STATE PARKS AND RECREATION COMMISSION

Picnic Shelters (91000018)

Appropriation:

State Building Construction Account--State.....	\$500,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$500,000

NEW SECTION. Sec. 3015. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE STATE PARKS AND RECREATION COMMISSION

Wallace Falls Footbridge (91000047)

Appropriation:

State Building Construction Account--State.....	\$486,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$486,000

NEW SECTION. Sec. 3016. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE STATE PARKS AND RECREATION COMMISSION

Energy Conservation (91000040)

Appropriation:

State Building Construction Account--State.....	\$215,000
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Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$215,000

NEW SECTION. Sec. 3017. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE STATE PARKS AND RECREATION COMMISSION

Lake Sammamish Concession and Event Facility (91000034)

Appropriation:

State Building Construction Account--State.....	\$1,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,000,000

NEW SECTION. Sec. 3018. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE STATE PARKS AND RECREATION COMMISSION

Culverts (91000046)

Appropriation:

State Building Construction Account--State.....	\$1,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,000,000

NEW SECTION. Sec. 3019. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE RECREATION AND CONSERVATION FUNDING BOARD

Family Forest Fish Passage Program (91000097)

Appropriation:

State Toxics Control Account--State.....	\$10,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$10,000,000

Sec. 3020. 2011 1st sp.s. c 49 s 3070 (uncodified) is amended to read as follows:

FOR THE RECREATION AND CONSERVATION FUNDING BOARD

Puget Sound Estuary and Salmon Restoration Program (30000148)

The appropriation in this section is subject to the following conditions and limitations:

(1) \$750,000 of the appropriation is provided solely for acquisition of land in Dabob Bay by the nature conservancy for transfer to the department of natural resources.

(2) The balance of the appropriation shall not be expended on the acquisition of lands by state agencies.

Appropriation:

State Building Construction Account--State.....	\$5,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$20,000,000
TOTAL.....	\$25,000,000

NEW SECTION. Sec. 3021. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE STATE CONSERVATION COMMISSION

Livestock Nutrient Program (30000001)

Appropriation:

General Fund--Federal	\$1,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,000,000

NEW SECTION. Sec. 3022. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF NATURAL RESOURCES

Point Ruston Sediment Capping and Shoreline Restoration Stabilization (91000065)

The appropriation in this section is subject to the following conditions and limitations:

(1) The appropriation in this section is provided solely to the department of natural resources to complete sediment capping and shoreline stabilization on aquatic lands located adjacent to the Asarco clean-up site in Commencement Bay. However, funds shall only be expended if the department has entered into agreements with the environmental protection agency or the adjacent land owner known as Point Ruston, LLC which fully relieves the state from any further liability or contributions relating to the cleanup of such aquatic lands.

(2) This appropriation from the cleanup settlement account is a loan payable over an eight-year period half from the aquatic lands enhancement account and half from the state toxics control account. The state treasurer must maintain a record of expenditures against this appropriation and must calculate repayment obligations to the cleanup settlement account at an interest rate that is five-tenths of a one percent higher than the interest rate that the account would have earned without the expenditures against this appropriation. The state treasurer must submit a report of this repayment obligation to the office of financial management by September 1st of each year. The governor's budget request under RCW 43.88.060 must include sufficient funds to meet the biennial repayment obligation.

Appropriation:

Cleanup Settlement Account--State.....	\$7,200,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$7,200,000

Sec. 3023. 2011 1st sp.s. c 48 s 3083 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF NATURAL RESOURCES

(Elk River Estuarine)) National Coastal Wetland Conservation Program Lands Acquisition (91000007)

Reappropriation:

General Fund--Federal	\$1,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,000,000

Sec. 3024. 2011 1st sp.s. c 49 s 3108 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF NATURAL RESOURCES

Fire Hazard Reductions (30000201)

The appropriation in this section is subject to the following conditions and limitations: The appropriations in this section are provided solely for forest ((improvement)) treatments ((on)) that benefit state trust lands in eastern Washington.

Appropriation:

State Building Construction Account--State.....	\$2,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$2,000,000

NEW SECTION. Sec. 3025. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE DEPARTMENT OF NATURAL RESOURCES

Puget SoundCorps (91000046)

The appropriation is subject to the following conditions and limitations: The appropriation in this section is provided solely for water quality and habitat protection and restoration projects that benefit Puget Sound recovery and that are primarily on public lands. The department of natural resources must contract with the department of ecology for Puget SoundCorps crews of youth and military veterans to implement these projects pursuant to chapter 20, Laws of 2011.

Appropriation:

Aquatic Lands Enhancement Account--State	\$3,000,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$3,000,000

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(End of part)

**PART 4
TRANSPORTATION**

NEW SECTION. **Sec. 4001.** A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE WASHINGTON STATE PATROL

Fire Training Academy Self Contained Breathing Apparatus Building (30000067)

Appropriation:

Fire Service Training Account--State	\$244,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$244,000

NEW SECTION. **Sec. 4002.** A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE WASHINGTON STATE PATROL

Fire Training Academy Master Plan/Environmental Impact Study (30000066)

Appropriation:

Fire Service Training Account--State	\$400,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$400,000

(End of part)

**PART 5
EDUCATION**

Sec. 5001. 2011 1st sp.s. c 49 s 5002 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Vocational Skills Centers (20084300)

Reappropriation:

State Building Construction Account--State.....(((\$3,187,000))	
.....	\$2,226,000
School Construction and Skills Centers Building	
Account--State.....	\$119,000
Subtotal Reappropriation.....(((\$3,306,000))	
.....	\$2,345,000
Prior Biennia (Expenditures).....	\$67,401,000
Future Biennia (Projected Costs)	\$0
TOTAL.....(((\$70,707,000))	
.....	\$69,746,000

Sec. 5002. 2011 1st sp.s. c 49 s 5008 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Skills Centers Minor Works - Facility Preservation (30000111)

Appropriation:

State Building Construction Account--State.....(((\$3,000,000))	
.....	\$2,942,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	(((\$12,000,000))
.....	\$20,000,000
TOTAL.....(((\$15,000,000))	
.....	\$22,942,000

Sec. 5003. 2011 1st sp.s. c 49 s 5009 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Yakima Valley Technical Skills Center (30000076)

Appropriation:

State Building Construction Account--State.....(((\$28,461,000))	
.....	\$25,443,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....(((\$28,461,000))	
.....	\$25,443,000

Sec. 5004. 2011 1st sp.s. c 49 s 5004 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

2009-11 School Construction Assistance Grant Program (30000031)

The reappropriations in this section are subject to the following conditions and limitations: Up to \$14,000,000 of the state building construction account--state reappropriation in this section is for the Grand Coulee Dam school district school project, contingent on the availability of sufficient contributions from federal, local, ((or)) private, or other sources to make up the remainder of the total cost of the project. The Grand Coulee Dam school district is faced with a unique set of local funding barriers and federal or other funds may substitute as the usual requirement for school district participation. In the event sufficient matching contributions are not secured by the Grand Coulee Dam school district, these funds shall lapse.

Reappropriation:

State Building Construction Account--State.....	\$129,681,000
School Construction and Skill Centers Building	
Account--Bond--State	\$40,885,000
Subtotal Reappropriation.....	\$170,566,000
Prior Biennia (Expenditures).....	\$144,862,000
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$315,428,000

Sec. 5005. 2011 1st sp.s. c 48 s 5003 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

2011-13 School Construction Assistance Program (30000071)

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

(1) \$1,337,000 of the common school construction account--state appropriation is provided solely for study and survey grants and for completing inventory and building condition assessments for all public school districts once every six years.

(2) In calculating square foot eligibility for state assistance grants, kindergarten student headcount shall not be reduced by fifty percent.

(3) \$952,000 of the common school construction account--state appropriation is provided solely for mapping the design of new facilities and remapping the design of facilities to be remodeled, for school construction projects funded through the school construction assistance program.

Appropriation:

Common School Construction Account--State(((\$314,960,000))	
.....	\$307,558,000
Common School Construction Account--Federal...(((\$600,000))	
.....	\$1,600,000
Subtotal Appropriation.....(((\$315,560,000))	
.....	\$309,158,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	(((\$1,351,581,000))
.....	\$1,351,139,000
TOTAL.....(((\$1,667,141,000))	
.....	\$1,660,297,000

Sec. 5006. 2011 1st sp.s. c 49 s 5006 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

2011-13 School Construction Assistance Program (30000071)

The appropriation in this section is subject to the following conditions and limitations:

(1) In calculating square foot eligibility for state assistance grants, kindergarten student headcount shall not be reduced by fifty percent.

(2) The office of the superintendent of public instruction shall review the impact of students enrolled in alternative learning experiences on the calculation of student enrollment projections for determining school district eligibility for school construction assistance, and shall work with interested stakeholders to analyze whether the calculation should be changed. The results of the analysis, including possible recommendations for an adjustment factor, shall be submitted to the senate ways and means committee and the house capital budget committee no later than December 31, 2011.

Appropriation:

State Building Construction Account--State.....	(\$345,754,000))
.....	\$247,404,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	(\$1,581,765,000))
.....	\$1,586,015,000
TOTAL.....	(\$1,927,519,000))
.....	\$1,833,419,000

NEW SECTION. Sec. 5007. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Transition to New ALE-Adjusted Construction Asst. Formula (92000002)

The appropriation is subject to the following conditions and limitations: The appropriation is provided solely for reimbursement of demonstrated direct and actual preconstruction costs incurred by the Meridian, Eastmont, and Yakima school districts through January 31, 2012, related to project square footage affected under Substitute Senate Bill No. 6002. These funds may also be used to provide assistance to the aforementioned districts for revising plans, redesigning projects, or otherwise managing the transition to the amended formula with preference given to those districts with alternative learning experience student full-time equivalent enrollments making up less than five percent of total student full-time equivalent enrollments.

Appropriation:

Common School Construction Account--State.....	\$350,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$350,000

NEW SECTION. Sec. 5008. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

FOR THE CENTER FOR CHILDHOOD DEAFNESS AND HEARING LOSS

Lloyd Auditorium Emergency Repairs (30000012)

Reappropriation:

State Building Construction Account--State.....	\$1,858,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$1,858,000

Sec. 5009. 2011 1st sp.s. c 48 s 5007 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE CENTER FOR CHILDHOOD DEAFNESS AND HEARING LOSS

Minor Public Works (30000013)

Appropriation:

Charitable, Educational, Penal and Reformatory Institutions Account--State.....	(\$536,000))
.....	\$0
Prior Biennia (Expenditures).....	\$0

Future Biennia (Projected Costs)	(\$3,811,000))
.....	\$0
TOTAL.....	(\$4,347,000))
.....	\$0

Sec. 5010. 2011 1st sp.s. c 48 s 5006 (uncodified) is amended to read as follows:

FOR THE STATE SCHOOL FOR THE BLIND
General Campus Preservation (30000018)

Appropriation:

Charitable, Educational, Penal and Reformatory Institutions Account--State.....	(\$550,000))
.....	\$0
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	(\$2,557,000))
.....	\$0
TOTAL.....	(\$3,107,000))
.....	\$0

NEW SECTION. Sec. 5011. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE UNIVERSITY OF WASHINGTON

University of Washington Tacoma Campus Development and Soil Remediation (92000002)

Appropriation:

State Toxics Control Account--State.....	\$700,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$700,000

Sec. 5012. 2011 1st sp.s. c 49 s 5022 (uncodified) is amended to read as follows:

FOR THE UNIVERSITY OF WASHINGTON

Anderson Hall Renovation (20091002)

Appropriation:

State Building Construction Account--State.....	(\$1,553,000))
.....	\$0
Prior Biennia (Expenditures).....	\$200,000
Future Biennia (Projected Costs)	(\$19,997,000))
.....	\$0
TOTAL.....	(\$21,750,000))
.....	\$200,000

NEW SECTION. Sec. 5013. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE UNIVERSITY OF WASHINGTON

University of Washington Bothell (20082006)

In conjunction with the appropriation in this section, the University of Washington is authorized to issue a bond or bonds in an amount not to exceed \$30,000,000 in value for construction of the Bothell Phase 3 project identified in this section. The bond shall be financed from building fee and trust land revenues deposited into the university's bond retirement account, in accordance with RCW 28B.20.700 through 28B.20.740.

Appropriation:

University of Washington Building Account--State.....	\$12,963,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$12,963,000

Sec. 5014. 2011 1st sp.s. c 48 s 5014 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE UNIVERSITY

Washington State University Spokane - Riverpoint Biomedical and Health Sciences (20162953)

In conjunction with the appropriations in this section, the Washington State University is authorized to issue a bond or bonds in an amount not to exceed \$29,775,000 in value for construction of the Riverpoint biomedical and health sciences project identified in this section. The bond shall be financed from building fee and trust

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land revenues deposited into the university's bond retirement account, in accordance with RCW 28B.30.700 through 28B.30.780.

Appropriation:

Washington State University Building Account--	
State.....	\$3,770,000
State Toxics Control Account--State	\$1,300,000
Subtotal Appropriation.....	\$5,070,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	(\$3,770,000)
.....	\$5,070,000

Sec. 5015. 2011 1st sp.s. c 48 s 5027 (uncodified) is amended to read as follows:

FOR THE CENTRAL WASHINGTON UNIVERSITY

Minor Works Preservation: Preservation (30000444)

Appropriation:

Central Washington University Capital	
Projects Account--State.....	(\$7,000,000)
.....	\$7,430,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	(\$10,000,000)
.....	\$9,570,000
TOTAL.....	\$17,000,000

NEW SECTION. Sec. 5016. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE CENTRAL WASHINGTON UNIVERSITY

Combined Utilities (30000448)

Appropriation:

Central Washington University Capital Projects	
Account--State.....	\$273,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$273,000

Sec. 5017. 2011 1st sp.s. c 49 s 5030 (uncodified) is amended to read as follows:

FOR THE EASTERN WASHINGTON UNIVERSITY

Minor Works: Health, Safety, and Code Requirements (20081002)

Reappropriation:

State Building Construction Account--State.....	(\$286,000)
.....	\$129,000
Prior Biennia (Expenditures).....	\$3,871,000
Future Biennia (Projected Costs)	\$0
TOTAL.....	(\$4,157,000)
.....	\$4,000,000

Sec. 5018. 2011 1st sp.s. c 48 s 5022 (uncodified) is amended to read as follows:

FOR THE EASTERN WASHINGTON UNIVERSITY

Minor Works: Preservation (30000427)

Appropriation:

Eastern Washington University Capital Projects	
Account--State.....	(\$9,205,000)
.....	\$11,745,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	(\$9,205,000)
.....	\$11,745,000

Sec. 5019. 2011 1st sp.s. c 48 s 5040 (uncodified) is amended to read as follows:

FOR THE WESTERN WASHINGTON UNIVERSITY

Minor Works: Preservation (30000431)

Appropriation:

Western Washington University Capital Projects	
Account--State.....	(\$8,264,000)
.....	\$9,794,000

Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	(\$16,600,000)
.....	\$15,070,000
TOTAL.....	\$24,864,000

Sec. 5020. 2011 1st sp.s. c 49 s 5070 (uncodified) is amended to read as follows:

FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM

Clover Park Technical College - Allied Health Care Facility (20062699)

Reappropriation:

State Building Construction Account--State.....	\$317,000
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Appropriation:

State Building Construction Account--State.....	(\$20,706,000)
.....	\$20,585,000
Prior Biennia (Expenditures).....	\$1,748,000
Future Biennia (Projected Costs)	\$0
TOTAL.....	(\$22,771,000)
.....	\$22,650,000

Sec. 5021. 2011 1st sp.s. c 49 s 5082 (uncodified) is amended to read as follows:

FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM

Everett Community College: Index Hall Replacement (20081221)

Reappropriation:

State Building Construction Account--State.....	\$1,468,000
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Appropriation:

State Building Construction Account--State.....	(\$31,988,000)
.....	\$31,357,000
Prior Biennia (Expenditures).....	\$3,489,000
Future Biennia (Projected Costs)	\$0
TOTAL.....	(\$36,945,000)
.....	\$36,314,000

Sec. 5022. 2011 1st sp.s. c 49 s 5088 (uncodified) is amended to read as follows:

FOR THE COMMUNITY AND TECHNICAL COLLEGE SYSTEM

Tacoma Community College: Health Careers Center (20082701)

Reappropriation:

State Building Construction Account--State.....	\$906,000
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Appropriation:

State Building Construction Account--State.....	\$39,107,000
Prior Biennia (Expenditures).....	\$1,160,000
Future Biennia (Projected Costs)	(\$38,819,000)
.....	\$0
TOTAL.....	(\$40,885,000)
.....	\$41,173,000

NEW SECTION. Sec. 5023. A new section is added to 2011 1st sp.s. c 48 (uncodified) to read as follows:

FOR THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

Equipment Pool (92000011)

The appropriation in this section is subject to the following conditions and limitations: The appropriation is for major equipment in high demand fields from among the list as specified in LEAP capital document No. 2012-34, developed March 7, 2012. The state board for community and technical colleges may allocate amounts among the equipment items specified to cover differences in actual bid prices, but may not allocate amounts to equipment items not on the list.

Appropriation:

Community/Technical College Capital Projects

Account--State.....	\$2,700,000
Prior Biennia (Expenditures).....	\$0
Future Biennia (Projected Costs)	\$0
TOTAL.....	\$2,700,000

(End of part)

**PART 6
MISCELLANEOUS**

Sec. 6001. 2011 1st sp.s. c 48 s 7011 (uncodified) is amended to read as follows:

ACQUISITION OF PROPERTIES AND FACILITIES THROUGH FINANCIAL CONTRACTS

The following agencies may enter into financial contracts, paid from any funds of an agency, appropriated or nonappropriated, for the purposes indicated and in not more than the principal amounts indicated, plus financing expenses and required reserves pursuant to chapter 39.94 RCW. When securing properties under this section, agencies shall use the most economical financial contract option available, including long-term leases, lease-purchase agreements, lease-development with option to purchase agreements or financial contracts using certificates of participation. Expenditures made by an agency for one of the indicated purposes before the issue date of the authorized financial contract and any certificates of participation therein are intended to be reimbursed from proceeds of the financial contract and any certificates of participation therein to the extent provided in the agency's financing plan approved by the state finance committee.

State agencies may enter into agreements with the department of general administration and the state treasurer's office to develop requests to the legislature for acquisition of properties and facilities through financial contracts. The agreements may include charges for services rendered.

Those noninstructional facilities of higher education institutions authorized in this section to enter into financial contracts are not eligible for state funded maintenance and operations. Instructional space that is available for regularly scheduled classes for academic transfer, basic skills, and workforce training programs may be eligible for state funded maintenance and operations.

(1) Community and technical colleges:

(a) Enter into a financing contract on behalf of Columbia basin college for up to \$2,500,000 plus financing and required reserves pursuant to chapter 39.94 RCW to add space to the delta high school for the science technology engineering math program.

(b) Enter into a financing contract on behalf of Peninsula college for up to \$2,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to renovate the Forks Satellite building.

(c) Enter into a financing contract on behalf of Peninsula college for up to \$800,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to build a wellness center on the Port Angeles campus.

(d) Enter into a financing contract on behalf of Walla Walla Community College for up to \$1,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to purchase up to 40 acres of land.

(e) Enter into a financing contract on behalf of Walla Walla Community College for up to \$1,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW for the water and environment center.

(f) Enter into a financing contract on behalf of Wenatchee Valley Community College for up to \$2,700,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to construct a music and art center.

(g) Enter into a financing contract on behalf of Whatcom community college for up to \$3,916,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to build an auxiliary services building.

(h) Enter into a financing contract on behalf of Skagit Valley Community College for up to \$30,574,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to build an academic and student services building.

(i) Enter into a financing contract on behalf of Lower Columbia Community College for up to \$38,615,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to build a health and science building.

(j) Enter into a financing contract on behalf of Everett Community College for up to \$4,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to renovate a corporate and continuing education building.

(k) Enter into a financing contract on behalf of Spokane Community College for up to \$3,100,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to replace the institute for extended learning building.

(l) Enter into a financing contract on behalf of the state board for community and technical colleges for up to \$50,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW for the administrative system replacement project pursuant to RCW 28B.50.515(4).

(m) Enter into a long-term lease on behalf of Spokane Community College at Geiger Field suitable for the Aerospace Training Center Program, subject to the approval of the Office of Financial Management as required by chapter 43.82 RCW.

(2) Central Washington University: Enter into a financing contract for up to \$2,500,000 plus financing and required reserves pursuant to chapter 39.94 RCW to purchase the Albertsons's building.

(3) Department of general administration:

(a) Enter into a financing contract for up to \$6,000,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW for the rehabilitation of the John L. O'Brien building.

(b) Enter into a financing contract for up to \$250,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW for the "Perry Street child care site" land purchase.

(4) Department of social and health services: Enter into a financing contract for up to \$15,850,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW to construct or renovate specialized housing and treatment facilities for youth committed to the juvenile rehabilitation administration. The debt service is to be paid with the savings associated with closure of the Maple Lane school.

(5) Washington State Parks:

(a) Enter into a financing contract for up to \$1,620,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW for revenue generating facilities including cabins and yurts.

(b) Enter into a financing contract for up to \$2,135,000 plus financing expenses and required reserves pursuant to chapter 39.94 RCW for the Lake Sammamish concession and event facility.

NEW SECTION. Sec. 6002. FOR THE DEPARTMENT OF COMMERCE

The department of commerce shall work with stakeholders to develop recommendations for a competitive grant program to assist the following nonprofit arts and cultural organizations in acquiring, constructing, or rehabilitating their facilities: Zoos, aquariums, and technology and science centers. To be eligible, a zoo or aquarium must be an organization accredited by the association of zoos and aquariums and a technology and science center must be an organization that meets the membership requirements of the association of science - technology centers. The department and stakeholders shall consider the inclusion of the conditions used in

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RCW 43.63A.750 to establish eligibility and prioritization of funding. The department shall submit final recommendations in the form of draft legislation to the office of financial management and the legislature by October 1, 2012.

NEW SECTION. Sec. 6003. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

It is the intent of the legislature that the state dispose of its interest in the Wellington Hills property. Net proceeds from the sale of the Wellington Hills property shall be deposited into the University of Washington building account. The University of Washington must report to the office of financial management and the appropriate fiscal committees of the legislature upon the sale of the property the total sale value and net proceeds deposited into the University of Washington building account.

Sec. 6004. RCW 43.155.050 and 2011 1st sp.s. c 50 s 951 are each amended to read as follows:

The public works assistance account is hereby established in the state treasury. Money may be placed in the public works assistance account from the proceeds of bonds when authorized by the legislature or from any other lawful source. Money in the public works assistance account shall be used to make loans and to give financial guarantees to local governments for public works projects. Moneys in the account may also be appropriated to provide for state match requirements under federal law for projects and activities conducted and financed by the board under the drinking water assistance account. Not more than fifteen percent of the biennial capital budget appropriation to the public works board from this account may be expended or obligated for preconstruction loans, emergency loans, or loans for capital facility planning under this chapter; of this amount, not more than ten percent of the biennial capital budget appropriation may be expended for emergency loans and not more than one percent of the biennial capital budget appropriation may be expended for capital facility planning loans. ~~((For the 2007-2009 biennium, moneys in the account may be used for grants for projects identified in section 138, chapter 488, Laws of 2005 and section 1033, chapter 520, Laws of 2007. During the 2009-2011 fiscal biennium, sums in the public works assistance account may be used for the water pollution control revolving fund program match in section 3013, chapter 36, Laws of 2010 1st sp. sess. During the 2009-2011 fiscal biennium, the legislature may transfer from the job development fund to the general fund such amounts as reflect the excess fund balance of the fund.))~~ During the 2011-2013 fiscal biennium, the legislature may transfer from the public works assistance account to the general fund, the water pollution control revolving account, and the drinking water assistance account such amounts as reflect the excess fund balance of the account. During the 2011-2013 fiscal biennium, the legislature may appropriate moneys from the account for economic development, innovation, and export grants, including brownfields; main street improvement grants; and the loan program consolidation board.

Sec. 6005. RCW 70.105D.070 and 2011 1st sp.s. c 50 s 964 are each reenacted and amended to read as follows:

(1) The state toxics control account and the local toxics control account are hereby created in the state treasury.

(2) The following moneys shall be deposited into the state toxics control account: (a) Those revenues which are raised by the tax imposed under RCW 82.21.030 and which are attributable to that portion of the rate equal to thirty-three one-hundredths of one percent; (b) the costs of remedial actions recovered under this chapter or chapter 70.105A RCW; (c) penalties collected or recovered under this chapter; and (d) any other money appropriated or transferred to the account by the legislature. Moneys in the account may be used only to carry out the purposes of this chapter, including but not limited to the following activities:

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

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

(iii) The hazardous waste cleanup program required under this chapter;

(iv) State matching funds required under the federal cleanup law;

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

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

(vii) Hazardous materials emergency response training;

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

(ix) Programs authorized under chapter 70.146 RCW;

(x) A public participation program, including regional citizen advisory committees;

(xi) Public funding to assist potentially liable persons to pay for the costs of remedial action in compliance with cleanup standards under RCW 70.105D.030(2)(e) but only when the amount and terms of such funding are established under a settlement agreement under RCW 70.105D.040(4) and when the director has found that the funding will achieve both (A) a substantially more expeditious or enhanced cleanup than would otherwise occur, and (B) the prevention or mitigation of unfair economic hardship;

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

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

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

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

(3) The following moneys shall be deposited into the local toxics control account: Those revenues which are raised by the tax imposed under RCW 82.21.030 and which are attributable to that portion of the rate equal to thirty-seven one-hundredths of one percent.

(a) Moneys deposited in the local toxics control account shall be used by the department for grants or loans to local governments for the following purposes in descending order of priority:

(i) Remedial actions;

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

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

(iv) Funds for a program to assist in the assessment and cleanup of sites of methamphetamine production, but not to be used for the initial containment of such sites, consistent with the responsibilities and intent of RCW 69.50.511; and

(v) Cleanup and disposal of hazardous substances from abandoned or derelict vessels, defined for the purposes of this section as vessels that have little or no value and either have no identified owner or have an identified owner lacking financial resources to clean up and dispose of the vessel, that pose a threat to human health or the environment.

(b) Funds for plans and programs shall be allocated consistent with the priorities and matching requirements established in

chapters 70.105, 70.95C, 70.95I, and 70.95 RCW, except that any applicant that is a Puget Sound partner, as defined in RCW 90.71.010, along with any project that is referenced in the action agenda developed by the Puget Sound partnership under RCW 90.71.310, shall, except as conditioned by RCW 70.105D.120, receive priority for any available funding for any grant or funding programs or sources that use a competitive bidding process. During the 2007-2009 fiscal biennium, moneys in the account may also be used for grants to local governments to retrofit public sector diesel equipment and for storm water planning and implementation activities.

(c) To expedite cleanups throughout the state, the department shall partner with local communities and liable parties for cleanups. The department is authorized to use the following additional strategies in order to ensure a healthful environment for future generations:

(i) The director may alter grant-matching requirements to create incentives for local governments to expedite cleanups when one of the following conditions exists:

(A) Funding would prevent or mitigate unfair economic hardship imposed by the clean-up liability;

(B) Funding would create new substantial economic development, public recreational, or habitat restoration opportunities that would not otherwise occur; or

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

(ii) The use of outside contracts to conduct necessary studies;

(iii) The purchase of remedial action cost-cap insurance, when necessary to expedite multiparty clean-up efforts.

(d) To facilitate and expedite cleanups using funds from the local toxics control account, during the 2009-2011 fiscal biennium the director may establish grant-funded accounts to hold and disperse local toxics control account funds and funds from local governments to be used for remedial actions.

(4) Except for unanticipated receipts under RCW 43.79.260 through 43.79.282, moneys in the state and local toxics control accounts may be spent only after appropriation by statute.

(5) Except during the 2009-2011 fiscal biennium, one percent of the moneys deposited into the state and local toxics control accounts shall be allocated only for public participation grants to persons who may be adversely affected by a release or threatened release of a hazardous substance and to not-for-profit public interest organizations. The primary purpose of these grants is to facilitate the participation by persons and organizations in the investigation and remedying of releases or threatened releases of hazardous substances and to implement the state's solid and hazardous waste management priorities. No grant may exceed sixty thousand dollars. Grants may be renewed annually. Moneys appropriated for public participation from either account which are not expended at the close of any biennium shall revert to the state toxics control account.

(6) No moneys deposited into either the state or local toxics control account may be used for solid waste incinerator feasibility studies, construction, maintenance, or operation, or, after January 1, 2010, for projects designed to address the restoration of Puget Sound, funded in a competitive grant process, that are in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310.

(7) The department shall adopt rules for grant or loan issuance and performance.

(8) During the 2007-2009 and 2009-2011 fiscal biennia, the legislature may transfer from the local toxics control account to either the state general fund or the oil spill prevention account, or both such amounts as reflect excess fund balance in the account.

(9) During the 2009-2011 fiscal biennium, the local toxics control account may also be used for a standby rescue tug at Neah Bay, local government shoreline update grants, private and public sector diesel equipment retrofit, and oil spill prevention, preparedness, and response activities.

(10) During the 2009-2011 fiscal biennium, the legislature may transfer from the state toxics control account to the state general fund such amounts as reflect the excess fund balance in the account.

(11) During the 2011-2013 fiscal biennium, the local toxics control account may also be used for local government shoreline update grants and actions for reducing public exposure to toxic air pollution; funding to local governments for flood levee improvements; and grants to local governments for brownfield redevelopment.

Sec. 6006. RCW 79.17.010 and 2009 c 497 s 6024 are each amended to read as follows:

(1) The department, with the approval of the board, may exchange any state land and any timber thereon for any land of equal value in order to:

(a) Facilitate the marketing of forest products of state lands;

(b) Consolidate and block-up state lands;

(c) Acquire lands having commercial recreational leasing potential;

(d) Acquire county-owned lands;

(e) Acquire urban property which has greater income potential or which could be more efficiently managed by the department in exchange for state urban lands as defined in RCW 79.19.100; or

(f) Acquire any other lands when such exchange is determined by the board to be in the best interest of the trust for which the state land is held.

(2) Land exchanged under this section shall not be used to reduce the publicly owned forest land base.

(3) The board shall determine that each land exchange is in the best interest of the trust for which the land is held prior to authorizing the land exchange.

(4) During the biennium ending June 30, ~~((2011))~~ 2013, for the purposes of maintaining working farm and forest landscapes or acquiring natural resource lands at risk of development, the department, with approval of the board of natural resources, may exchange any state land and any timber thereon for any land and proceeds of equal value, when it can be demonstrated that the trust fiduciary obligations can be better fulfilled after an exchange is completed. Proceeds may be in the form of cash or services in order to achieve the purposes established in this section. Any cash received as part of an exchange transaction shall be deposited in the resource management cost account to pay for administrative expenses incurred in carrying out an exchange transaction. These administrative expenses include road maintenance and abandonment expenses. The amount of proceeds received from the exchange partner may not exceed five percent of the total value of the exchange. The receipt of proceeds shall not change the character of the transaction from an exchange to a sale.

(5) Prior to executing an exchange under this section, and in addition to the public notice requirements set forth in RCW 79.17.050, the department shall consult with legislative members, other state and federal agencies, local governments, tribes, local stakeholders, conservation groups, and any other interested parties to identify and address cultural resource issues and the potential of the state lands proposed for exchange to be used for open space, park, school, or critical habitat purposes.

Sec. 6007. RCW 79.17.020 and 2009 c 497 s 6025 are each amended to read as follows:

(1) The board of county commissioners of any county and/or the mayor and city council or city commission of any city or town and/or the board shall have authority to exchange, each with the other, or with the federal forest service, the federal government or

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any proper agency thereof and/or with any private landowner, county land of any character, land owned by municipalities of any character, and state forest land owned by the state under the jurisdiction of the department, for real property of equal value for the purpose of consolidating and blocking up the respective land holdings of any county, municipality, the federal government, or the state of Washington or for the purpose of obtaining lands having commercial recreational leasing potential.

(2) During the biennium ending June 30, ~~((2011))~~ 2013, for the purposes of maintaining working farm and forest landscapes or acquiring natural resource lands at risk of development, the department, with approval of the board of natural resources, may exchange any state land and any timber thereon for any land and proceeds of equal value, when it can be demonstrated that the trust fiduciary obligations can be better fulfilled after an exchange is completed. Proceeds may be in the form of cash or services in order to achieve the purposes established in this section. Any cash received as part of an exchange transaction shall be deposited in the forest development account to pay for administrative expenses incurred in carrying out an exchange transaction. These administrative expenses include road maintenance and abandonment expenses. The amount of proceeds received from the exchange partner may not exceed five percent of the total value of the exchange. The receipt of proceeds shall not change the character of the transaction from an exchange to a sale.

(3) Prior to executing an exchange under this section, and in addition to the public notice requirements set forth in RCW 79.17.050, the department shall consult with legislative members, other state and federal agencies, local governments, tribes, local stakeholders, conservation groups, and any other interested parties to identify and address cultural resource issues, and the potential of the state lands proposed for exchange to be used for open space, park, school, or critical habitat purposes.

Sec. 6008. RCW 79.105.150 and 2011 2nd sp.s. c 9 s 6009 are each amended to read as follows:

(1) After deduction for management costs as provided in RCW 79.64.040 and payments to towns under RCW 79.115.150(2), all moneys received by the state from the sale or lease of state-owned aquatic lands and from the sale of valuable material from state-owned aquatic lands shall be deposited in the aquatic lands enhancement account which is hereby created in the state treasury. After appropriation, these funds shall be used solely for aquatic lands enhancement projects; for the purchase, improvement, or protection of aquatic lands for public purposes; for providing and improving access to the lands; and for volunteer cooperative fish and game projects. During the 2009-2011 and 2011-2013 fiscal biennia, the aquatic lands enhancement account may also be used for scientific research as part of the adaptive management process and for developing a planning report for McNeil Island. During the 2009-2011 and 2011-2013 fiscal biennia, the legislature may transfer from the aquatic lands enhancement account to the state general fund such amounts as reflect excess fund balance of the account. During the 2011-2013 fiscal biennium, the aquatic lands enhancement account may be used to support the shellfish program, the ballast water program, and the Puget Sound toxic sampling program at the department of fish and wildlife, ~~((and))~~ the knotweed program at the department of agriculture, and the Puget Sound Corps program.

(2) In providing grants for aquatic lands enhancement projects, the recreation and conservation funding board shall:

(a) Require grant recipients to incorporate the environmental benefits of the project into their grant applications;

(b) Utilize the statement of environmental benefits, consideration, except as provided in RCW 79.105.610, of whether the applicant is a Puget Sound partner, as defined in RCW

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90.71.010, whether a project is referenced in the action agenda developed by the Puget Sound partnership under RCW 90.71.310, and except as otherwise provided in RCW 79.105.630, and effective one calendar year following the development and statewide availability of model evergreen community management plans and ordinances under RCW 35.105.050, whether the applicant is an entity that has been recognized, and what gradation of recognition was received, in the evergreen community recognition program created in RCW 35.105.030 in its prioritization and selection process; and

(c) Develop appropriate outcome-focused performance measures to be used both for management and performance assessment of the grants.

(3) To the extent possible, the department should coordinate its performance measure system with other natural resource-related agencies as defined in RCW 43.41.270.

(4) The department shall consult with affected interest groups in implementing this section.

(5) After January 1, 2010, any project designed to address the restoration of Puget Sound may be funded under this chapter only if the project is not in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310.

NEW SECTION. Sec. 6009. FOR THE STATE TREASURER--TRANSFERS

State Taxable Building Construction Account: For transfer to the Columbia River Basin Taxable Bond Water Supply Development Account, an amount not to exceed \$10,404,000.

NEW SECTION. Sec. 6010. A new section is added to 2011 1st sp.s. c 49 (uncodified) to read as follows:

NONTAXABLE AND TAXABLE BOND PROCEEDS

Portions of the appropriation authority granted by this act from the state building construction account, or any other account receiving bond proceeds, may be transferred to the state taxable building construction account as deemed necessary by the state finance committee to comply with the federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds. Portions of the general obligation bond proceeds authorized by chapter 49, Laws of 2011 1st sp. sess. for deposit into the state taxable building construction account that are in excess of amounts required to comply with the federal internal revenue service rules and regulations shall be deposited into the state building construction account. The state treasurer shall submit written notification to the director of financial management if it is determined that a shift of appropriation authority between the state building construction account, or any other account receiving bond proceeds, and the state taxable building construction account is necessary, or that a shift of appropriation authority from the state taxable building construction account to the state building construction account may be made.

NEW SECTION. Sec. 6011. The office of financial management, in consultation with the legislative fiscal committees, shall choose a consultant to identify and evaluate options for the efficient and cost-effective incarceration by the department of corrections of adult prison offenders forecasted over the next ten years. Options to be evaluated must include, but are not limited to: (1) Construction of one or more new prisons; (2) construction of new prison units at existing facilities; (3) replacement, remodeling, or repurposing of existing, aged, inefficient capacity; and (4) management and use of emergency beds. The study must include, for each option, the estimated capital, operating, and debt service costs for the next ten years. The study must also discuss the risks, advantages, and disadvantages of each option. In addition, the department must identify all emergency beds, their current status, and the cost to bring on-line and operate any currently empty emergency beds and projected needs. The report must be

submitted to the governor and the fiscal committees of the legislature no later than October 1, 2012.

NEW SECTION. Sec. 6012. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 6013. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

(End of Bill)

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Senators Kilmer and Parlette spoke in favor of adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of the striking amendment by Senators Kilmer and Parlette to Senate Bill No. 6074.

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

MOTION

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

On page 1, line 1 of the title, after "projects;" strike the remainder of the title and insert "amending RCW 43.155.050, 79.17.010, 79.17.020, and 79.105.150; amending 2011 1st sp.s. c 49 ss 1011, 1028, 1024, 1017, 1036, 1046, 1047, 1054, 2027, 2034, 3027, 3008, 3028, 3070, 3108, 5002, 5008, 5009, 5004, 5006, 5022, 5030, 5070, 5082, and 5088 (uncodified); amending 2011 1st sp.s. c 48 ss 1018, 2005, 2006, 3024, 3025, 3036, 3083, 5003, 5007, 5006, 5014, 5027, 5022, 5040, and 7011 (uncodified); reenacting and amending RCW 70.105D.070; adding new sections to 2011 1st sp.s.

c 49 (uncodified); adding new sections to 2011 1st sp.s. c 48 (uncodified); creating new sections; making appropriations; and declaring an emergency."

MOTION

On motion of Senator Kilmer, the rules were suspended, Engrossed Senate Bill No. 6074 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Kilmer spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 6074.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 6074 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 1; Absent, 1; Excused, 3.

Voting yea: Senators Baumgartner, Becker, Benton, Brown, Carrell, Chase, Conway, Delvin, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hatfield, Haugen, Hill, Hobbs, Holmquist Newbry, Honeyford, Kastama, Keiser, Kilmer, King, Kline, Kohl-Welles, Litzow, McAuliffe, Murray, Nelson, Padden, Parlette, Prentice, Pridemore, Ranker, Regala, Roach, Rolfes, Schoesler, Sheldon, Shin, Swecker and Zarelli

Voting nay: Senator Pflug

Absent: Senator Tom

Excused: Senators Hewitt, Morton and Stevens

ENGROSSED SENATE BILL NO. 6074, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

THIRD ENGROSSED SUBSTITUTE HOUSE BILL NO. 2127, by House Committee on Ways & Means (originally sponsored by Representative Hunter)

Making 2011-2013 fiscal biennium supplemental operating appropriations.

The measure was read the second time.

MOTION

On motion of Senator Murray, the rules were suspended, Third Engrossed Substitute House Bill No. 2127 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Murray and Hargrove spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Third Engrossed Substitute House Bill No. 2127.

ROLL CALL

The Secretary called the roll on the final passage of Third Engrossed Substitute House Bill No. 2127 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 2; Absent, 0; Excused, 3.

FIRST DAY, APRIL 11, 2012

2012 2ND SPECIAL SESSION

Voting yea: Senators Baumgartner, Becker, Benton, Brown, Carrell, Chase, Conway, Delvin, Eide, Ericksen, Fain, Fraser, Frockt, Hargrove, Harper, Hatfield, Haugen, Hill, Hobbs, Holmquist Newbry, Honeyford, Kastama, Keiser, Kilmer, King, Kline, Kohl-Welles, Litzow, McAuliffe, Murray, Nelson, Parlette, Prentice, Pridemore, Ranker, Regala, Roach, Rolfes, Schoesler, Sheldon, Shin, Swecker, Tom and Zarelli

twenty in the Senate; Senator Debbie Regala who has served eighteen years in the Legislature, six in the House and twelve in the Senate; Senator Jim Kastama who has served sixteen years in the Legislature, four in the House and twelve in the Senate and Senator Craig Pridemore who have served eight years here in the Senate. So, I think we owe them a debt of gratitude and you know we probably owe them a lot of speeches but I don't think we're up to it right now so I would ask everybody to express your appreciation on an interpersonal basis. Thank you to our Senators."

Voting nay: Senators Padden and Pflug

Excused: Senators Hewitt, Morton and Stevens

THIRD ENGROSSED SUBSTITUTE HOUSE BILL NO. 2127, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

The Senate resumed consideration of Engrossed Senate Bill No. 5127 which had been deferred earlier in the day.

PERSONAL PRIVILEGE

PERSONAL PRIVILEGE

Senator Murray: "Thank you Mr. President. Well, we have had a challenging and difficult session. I think our staff has had a more challenging and difficult session and we have no better staff in Olympia than the Ways & Means staff for the Senate. They, I don't know if they're here or if they will come out. They probably won't but their hard work, working with us, both sides of the aisle, in the product that we see is just absolutely outstanding. I personally can't thank them enough and I want to mention them all; Tim Yowell, Erik Sund, Richard Ramsey, Devon Nichols, Sherry McNamara, Steve Jones, Maria Hovde, Jenny Greenlee, Elise Greef, Diane Criswell, Megan Christophersen, Dean Carlson, Michael Bezanson, Megan Atkinson, Brian Sims and for me as Chair, most importantly, Bryon Moore and David Schumacher. Thank you to all of them for their excellent work."

Senator Parlette: "Thank you and I will be short. We have a member, Senator Val Stevens, who also is retiring this year and she chose to sneak out on us so we wouldn't do this to her. We are going to miss her jokes so much and her wisdom and good financial investment advice that she gave to us in our caucus at all times which I will not share on the floor of the Senate. But, talk about a classy lady who always knew the right thing to say in tense moments that would bring normally laughter to all of us. We will miss her, she also too has served a long time just like we will miss all of you, including the city boy back there. Thank you."

MOTION

MOTION

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

On motion of Senator Kilmer, the rules were suspended, Engrossed Senate Bill No. 5127 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

MESSAGE FROM THE HOUSE

April 11, 2012

Senators Kilmer and Parlette spoke in favor of passage of the bill.

MR. PRESIDENT:

The House has passed:

ENGROSSED SENATE BILL NO. 6635.
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5127.

MOTION

ROLL CALL

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

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5127 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 2; Absent, 0; Excused, 3.

Voting yea: Senators Baumgartner, Becker, Benton, Brown, Carrell, Chase, Conway, Delvin, Eide, Fain, Fraser, Frockt, Hargrove, Harper, Hatfield, Haugen, Hill, Hobbs, Holmquist Newbry, Honeyford, Kastama, Keiser, Kilmer, King, Kline, Kohl-Welles, Litzow, McAuliffe, Murray, Nelson, Padden, Parlette, Prentice, Pridemore, Ranker, Regala, Roach, Rolfes, Schoesler, Sheldon, Shin, Swecker, Tom and Zarelli

Voting nay: Senators Ericksen and Pflug

Excused: Senators Hewitt, Morton and Stevens

ENGROSSED SENATE BILL NO. 5127, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

PERSONAL PRIVILEGE

Senator Fraser: "Well thank you Mr. President. Well, this is an historic end of session in many respects including that we're here still at 6:30 in the morning but it is particularly historic for four of our members of the Senate Democratic Caucus for whom this is their last day of service in an official, full, active legislative session assuming we are going to adjourn within an hour or so. So, we have four Senate Democrats who are have chosen to not run for re-election and they are people with considerable number of years of experience and have demonstrated considerable leadership here in the Senate. I'd just like to take a moment and acknowledge their service. Senator Margarita Prentice who has served in the Legislature twenty-five years, five in the House and

MOTION

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

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:

The House has passed:

ENGROSSED SENATE JOINT RESOLUTION NO. 8221.
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:

The House has adopted:

HOUSE CONCURRENT RESOLUTION NO. 4413,
HOUSE CONCURRENT RESOLUTION NO. 4414.
and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

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

FOURTH SUPPLEMENTAL AND FIRST READING
OF HOUSE BILLSHCR 4413 by Representatives Sullivan and Kretz

Returning bills to their house of origin.

HCR 4414 by Representatives Sullivan and Kretz

Adjourning SINE DIE.

MOTION

On motion of Senator Eide and without objections House
Concurrent Resolution No. 4413 and House Concurrent
Resolution No. 4414 were placed on the second reading calendar
under suspension of the rules.

MOTION

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

SECOND READING

HOUSE CONCURRENT RESOLUTION NO. 4413, by
Representatives Sullivan and Kretz

Returning bills to their house of origin.

The measure was read the second time.

MOTION

On motion of Senator Eide, the rules were suspended, House
Concurrent Resolution No. 4413 was advanced to third reading,
the second reading considered the third and the bill was placed on
final passage.

The President declared the question before the Senate to be
the final passage of House Concurrent Resolution No. 4413.

HOUSE CONCURRENT RESOLUTION NO. 4413 was
adopted on third reading by voice vote.

SECOND READING

HOUSE CONCURRENT RESOLUTION NO. 4414, by
Representatives Sullivan and Kretz

Adjourning SINE DIE.

The measure was read the second time.

MOTION

On motion of Senator Eide, the rules were suspended, House
Concurrent Resolution No. 4414 was advanced to third reading,
the second reading considered the third and the bill was placed on
final passage.

The President declared the question before the Senate to be
the final passage of House Concurrent Resolution No. 4414.

HOUSE CONCURRENT RESOLUTION NO. 4414 was
adopted on third reading by voice vote.

MOTION

On motion of Senator Eide and without objections, the
measures on the second and third reading calendars were returned
to the Committee on Rules.

MOTION

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

SIGNED BY THE PRESIDENT

The President signed:

ENGROSSED SUBSTITUTE SENATE BILL NO. 5940,
ENGROSSED SENATE BILL NO. 6635,
ENGROSSED SENATE JOINT RESOLUTION NO. 8221.

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:

The House has passed:

ENGROSSED SENATE BILL NO. 5127,
ENGROSSED SENATE BILL NO. 6074.
and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

SIGNED BY THE PRESIDENT

The President signed:

ENGROSSED SENATE BILL NO. 5127,
ENGROSSED SENATE BILL NO. 6074.

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:

The Speaker has signed:

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2012 2ND SPECIAL SESSION

THIRD ENGROSSED SUBSTITUTE HOUSE BILL NO. 2127,
HOUSE CONCURRENT RESOLUTION NO. 4413,
HOUSE CONCURRENT RESOLUTION NO. 4414.
and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:

The Speaker has signed:

THIRD ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2565,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 2823,
HOUSE CONCURRENT RESOLUTION NO. 4412.
and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

SIGNED BY THE PRESIDENT

The President signed:

THIRD ENGROSSED SUBSTITUTE HOUSE BILL NO. 2127,
THIRD ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2565,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 2823,
HOUSE CONCURRENT RESOLUTION NO. 4412,
HOUSE CONCURRENT RESOLUTION NO. 4413,
HOUSE CONCURRENT RESOLUTION NO. 4414.

MESSAGE FROM THE HOUSE

April 11, 2012

MR. PRESIDENT:

The Speaker has signed:

ENGROSSED SENATE BILL NO. 5127,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5940,
ENGROSSED SENATE BILL NO. 6074,
ENGROSSED SENATE BILL NO. 6635,
ENGROSSED SENATE JOINT RESOLUTION NO. 8221
and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

On motion of Senator Eide, the reading of the Journal of the 1st Day of the 2012 Second Special Session of the 62nd Legislature was dispensed with and it was approved.

MOTION

At 7:30 a.m., on motion of Senator Eide, the 2012 Second Special Session of the Sixty-Second Legislature adjourned SINE DIE.

BRAD OWEN, President of the Senate

THOMAS HOEMANN, Secretary of the Senate

FIRST DAY, APRIL 11, 2012

2012 2ND SPECIAL SESSION

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4413	Adopted	56	Second Reading	2, 13
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	President Signed	57	Messages	56
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4414	Adopted	56	Speaker Signed	57
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