

SECOND DAY

MORNING SESSION

Senate Chamber, Olympia, Monday, June 29, 2015

The Senate was called to order at 10:00 o'clock a.m. by the President Pro Tempore, Senator Roach presiding. The Secretary called the roll and announced to the President Pro Tempore that all senators were present with the exceptions of Senators Conway and Rolfes.

The Sergeant at Arms Color Guard consisting of Mr. Alex Bond and Ms. Clare DeLong, presented the Colors. Senator Fraser offered the prayer.

MOTION

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

MOTION

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

MESSAGE FROM THE HOUSE

June 28, 2015

MR. PRESIDENT:

The House has passed:

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1095,

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1100,

SECOND ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1491,

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2263,

ENGROSSED HOUSE BILL NO. 2267

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 28, 2015

MR. PRESIDENT:

The House has passed:

SUBSTITUTE HOUSE BILL NO. 1037,

SUBSTITUTE HOUSE BILL NO. 1067,

SECOND ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1825,

SUBSTITUTE HOUSE BILL NO. 1897,

HOUSE BILL NO. 2217,

HOUSE BILL NO. 2264

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

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

INTRODUCTION AND FIRST READING

SB 6143

by Senator Hargrove

AN ACT Relating to the sentencing of offenders; amending RCW 9.94A.030, 9.94A.501, 9.94A.505, 9.94A.506, 9.94A.585, 9.94A.702, 9.94A.171, 9.94A.860, 46.61.502, 46.61.504, 46.61.5055, 9.94A.515, and 46.61.5054; reenacting and amending RCW 9.94A.515 and 9.94A.701; adding a new section to chapter 43.88 RCW; adding new sections to chapter 9.94A RCW; adding new sections to chapter 43.131 RCW; creating new sections; prescribing penalties; providing effective dates; and declaring an emergency.

Referred to Committee on Law & Justice.

SB 6144

by Senators Nelson and Kohl-Welles

AN ACT Relating to increasing opportunities for accessible and effective family planning; adding a new section to 2015 3rd sp.s. c ... (ESHB 1106); making appropriations; providing an effective date; and declaring an emergency.

Referred to Committee on Health Care.

SUPPLEMENTAL INTRODUCTION AND FIRST READING OF HOUSE BILLS

SHB 1037 by House Committee on Judiciary (originally sponsored by Representatives Moeller, Ormsby and Kilduff)

AN ACT Relating to implementing changes to child support based on the child support schedule work group report; amending RCW 26.19.011, 26.19.020, 26.19.065, 26.19.075, and 26.19.090; adding a new section to chapter 26.19 RCW; creating a new section; and providing an effective date.

Referred to Committee on Law & Justice.

SHB 1067 by House Committee on Judiciary (originally sponsored by Representatives Jinkins, Holy, Magendanz, Nealey, Goodman, Muri, Gregerson, Cody, Kilduff and Pollet)

AN ACT Relating to the medicaid fraud false claims act; and amending RCW 43.131.419 and 43.131.420.

Referred to Committee on Health Care.

E2SHB 1095 by House Committee on Appropriations (originally sponsored by Representatives Morris and Hudgins)

AN ACT Relating to promoting thermal energy efficiency; amending RCW 39.35.010, 39.35.020, 39.35.040, 19.280.030, 19.280.060, and 80.04.550; reenacting and amending RCW 39.35.030 and 19.280.020; adding new sections to chapter 19.280 RCW; adding a new section to chapter 80.28 RCW; adding new sections to chapter 70.94 RCW; and creating a new section.

Referred to Committee on Ways & Means.

ESHB 1100 by House Committee on Technology & Economic Development (originally sponsored by Representatives Morris, S. Hunt, Hudgins, Ormsby and Fey)

AN ACT Relating to creating new appliance efficiency standards; amending RCW 19.260.030, 19.260.040, and 19.260.050; reenacting and amending RCW 19.260.020; and creating a new section.

Referred to Committee on Energy, Environment & Telecommunications.

2E2SHB 1491 by House Committee on Appropriations (originally sponsored by Representatives Kagi, Walsh, Hunter, Johnson, Ormsby, MacEwen, Senn, Magendanz, Farrell, Hayes, Ortiz-Self, Hudgins, Appleton, Fitzgibbon, S. Hunt, Ryu, Jinkins, Bergquist, Goodman, Tharinger and Riccelli)

AN ACT Relating to improving quality in the early care and education system; amending RCW 43.215.100, 43.215.135, 43.215.1352, 43.215.425, 43.215.415, 43.215.455, 43.215.020, and 43.215.090; reenacting and amending RCW 43.215.010; adding new sections to chapter 43.215 RCW; creating new sections; and repealing 2013 2nd sp.s. c 16 s 2 (uncodified).

Referred to Committee on Ways & Means.

2E2SHB 1825 by House Committee on Appropriations (originally sponsored by Representatives Kilduff, Muri, Gregory, Haler, Riccelli, Walkinshaw, Zeiger and McBride)

AN ACT Relating to modifying the definition of resident student to comply with federal requirements established by the veterans access, choice, and accountability act of 2014; amending RCW 28B.15.012; providing an effective date; and declaring an emergency.

Referred to Committee on Higher Education.

SHB 1897 by House Committee on Technology & Economic Development (originally sponsored by Representatives Smith, Morris, Tarleton, Young, Hayes, Haler, Sells, Buys, Fagan and Short)

AN ACT Relating to the joint center for deployment and research in earth-abundant materials; amending RCW 42.52.150; and adding a new chapter to Title 28B RCW.

Referred to Committee on Appropriations.

HB 2217 by Representatives Hunter, Sullivan and Carlyle

AN ACT Relating to the juvenile offender basic training camp program; and amending RCW 13.40.320.

Referred to Committee on Ways & Means.

ESHB 2263 by House Committee on Finance (originally sponsored by Representatives Springer, Walkinshaw, Robinson, Tharinger, Carlyle, McBride, Fitzgibbon and Reykdal)

AN ACT Relating to providing local governments with options to strengthen their communities by providing services and facilities for people with mental illness, developmental disabilities, and other vulnerable populations, and by increasing access to educational experiences through cultural organizations; amending RCW 84.52.010, 84.52.010, 36.100.040, 67.28.181, and 82.14.410; adding new sections to chapter 82.14 RCW; adding a new section to chapter 84.52 RCW; adding a new chapter to Title 36 RCW; creating new sections; providing an effective date; and providing an expiration date.

HB 2264 by Representatives Smith and Haler

AN ACT Relating to amending the statewide minimum privacy policy for disclosure of customer energy use information; and amending RCW 19.29A.---

Referred to Committee on Technology & Economic Development.

EHB 2267 by Representative Hunter

AN ACT Relating to temporarily suspending the state expenditure limit in order to implement the state's Article IX obligation to amply fund basic education; amending RCW 43.135.010 and 43.135.025; creating a new section; and declaring an emergency.

Referred to Committee on Appropriations.

MOTION

On motion of Senator Fain and without objection, all measures listed on the Introduction and First Reading and Supplemental Introduction and First Reading report were referred to the committees as designated with the exception of Senate Bill No. 6144 which was held at the desk.

MOTION

At 10:07 a.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President Pro Tempore for the purpose of caucuses to be held at 11:00 o'clock a.m.

AFTERNOON SESSION

The Senate was called to order at 12:30 p.m. by the President Pro Tempore.

MOTION

On motion of Senator Fain and without objection, the rules were suspended and Second Engrossed Second Substitute House Bill No. 1491; House Bill No. 2217; and Engrossed House Bill No. 2267 were placed on the day's second reading calendar.

MOTION

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

MESSAGE FROM THE HOUSE

June 29, 2015

MR. PRESIDENT:

The House has passed:

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1541,

SUBSTITUTE HOUSE BILL NO. 1725,

HOUSE BILL NO. 2195,

SECOND ENGROSSED HOUSE BILL NO. 2214

and the same are herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

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

THIRD READING

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SECOND SUBSTITUTE SENATE BILL NO. 5315, by Senate Committee on Ways & Means (originally sponsored by Senators Roach, Liias, McCoy, Pearson and Benton).

necessary to efficiently and effectively deliver services to citizens.

Aligning functions of the consolidated technology services agency, office of the chief information officer, and department of enterprise services. Revised for 2nd Substitute: Aligning functions of the consolidated technology services agency, office of the chief information officer, office of financial management, and department of enterprise services.

To maximize the potential for information technology to contribute to government business process reengineering, the state must establish clear central authority to plan, set enterprise policies and standards, and provide project oversight and management analysis of the various aspects of a business process.

The bill was read on Third Reading.

Establishing ((the office of)) a state chief information officer ((and partnering it with the director of financial management)) as the director of the consolidated technology services agency will provide state government with the cohesive structure necessary to develop improved operating models with agency directors and reengineer business process to enhance service delivery while capturing savings.

MOTION

On motion of Senator Hill, the rules were suspended and Second Substitute Senate Bill No. 5315 was returned to second reading for the purpose of amendment.

To achieve maximum benefit from advances in information technology, the state establishes a centralized provider and procurer of certain information technology services as an agency to support the needs of public agencies. This agency shall be known as the consolidated technology services agency. To ensure maximum benefit to the state, state agencies shall rely on the consolidated technology services agency for those services with a business case of broad use, uniformity, scalability, and price sensitivity to aggregation and volume.

SECOND READING

SECOND SUBSTITUTE SENATE BILL NO. 5315, by Senate Committee on Ways & Means (originally sponsored by Senators Roach, Liias, McCoy, Pearson and Benton)

To successfully meet public agency needs and meet its obligation as the primary service provider for these services, the consolidated technology services agency must offer high quality services at the best value. It must be able to attract an adaptable and competitive workforce, be authorized to procure services where the business case justifies it, and be accountable to its customers for the efficient and effective delivery of critical business services.

Aligning functions of the consolidated technology services agency, office of the chief information officer, and department of enterprise services. Revised for 2nd Substitute: Aligning functions of the consolidated technology services agency, office of the chief information officer, office of financial management, and department of enterprise services.

The consolidated technology services agency is established with clear accountability to the agencies it serves and to the public. This accountability will come through enhanced transparency in the agency's operation and performance. The agency is also established with broad flexibility to adapt its operations and service catalog to address the needs of customer agencies, and to do so in the most cost-effective ways.

The measure was read the second time.

MOTION

Senator Hill moved that the following striking amendment by Senator Roach be adopted:

Strike everything after the enacting clause and insert the following:

"PART I CONSOLIDATED TECHNOLOGY SERVICES AGENCY

Sec. 101. RCW 43.41A.003 and 2011 1st sp.s. c 43 s 701 are each amended to read as follows:

Information technology is a tool used by state agencies to improve their ability to deliver public services efficiently and effectively. Advances in information technology ((-))₁ including advances in hardware, software, and business processes for implementing and managing these resources ((-))₂ offer new opportunities to improve the level of support provided to citizens and state agencies and to reduce the per-transaction cost of these services. These advances are one component in the process of reengineering how government delivers services to citizens.

Sec. 102. RCW 43.105.020 and 2011 1st sp.s. c 43 s 802 are each amended to read as follows:

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

(1) "Agency" means the consolidated technology services agency.

(2) "Board" means the technology services board.

(3) "Customer agencies" means all entities that purchase or use information technology resources, telecommunications, or services from the consolidated technology services agency.

~~((3))~~ (4) "Director" means the state chief information officer, who is the director of the consolidated technology services agency.

~~((4))~~ (5) "Equipment" means the machines, devices, and transmission facilities used in information processing, including but not limited to computers, terminals, telephones, wireless communications system facilities, cables, and any physical facility necessary for the operation of such equipment.

~~((5))~~ (6) "Enterprise architecture" means an ongoing ~~((program))~~ activity for translating business vision and strategy into effective enterprise change. It is a continuous activity. Enterprise architecture creates, communicates, and improves the key principles and models that describe the enterprise's future state and enable its evolution.

To fully realize the service improvements and cost efficiency from the effective application of information technology to its business processes, state government must establish decision-making structures that connect business processes and information technology in an operating model. Many of these business practices transcend individual agency processes and should be worked at the enterprise level. To do this requires an effective partnership of executive management, business processes owners, and providers of support functions

~~((6))~~ (7) "Information" includes, but is not limited to, data, text, voice, and video.

(8) "Information technology" includes, but is not limited to, all electronic technology systems and services, automated information handling, system design and analysis, conversion of data, computer programming, information storage and retrieval, telecommunications, requisite system controls, simulation, electronic commerce, radio technologies, and all related interactions between people and machines.

~~((7))~~ (9) "Information technology portfolio" or "portfolio" means a strategic management process documenting relationships between agency missions and information technology and telecommunications investments.

~~((8))~~ (10) "K-20 network" means the network established in RCW 43.41A.085 (as recodified by this act).

(11) "Local governments" includes all municipal and quasi-municipal corporations and political subdivisions, and all agencies of such corporations and subdivisions authorized to contract separately.

~~((9))~~ (12) "Office" means the office of the state chief information officer within the consolidated technology services agency.

(13) "Oversight" means a process of comprehensive risk analysis and management designed to ensure optimum use of information technology resources and telecommunications.

~~((10))~~ (14) "Proprietary software" means that software offered for sale or license.

~~((11))~~ (15) "Public agency" means any agency of this state or another state; any political subdivision or unit of local government of this state or another state including, but not limited to, municipal corporations, quasi-municipal corporations, special purpose districts, and local service districts; any public benefit nonprofit corporation; any agency of the United States; and any Indian tribe recognized as such by the federal government.

(16) "Public benefit nonprofit corporation" means a public benefit nonprofit corporation as defined in RCW 24.03.005 that is receiving local, state, or federal funds either directly or through a public agency other than an Indian tribe or political subdivision of another state.

(17) "Public record" has the definitions in RCW 42.56.010 and chapter 40.14 RCW and includes legislative records and court records that are available for public inspection.

(18) "State agency" means every state office, department, division, bureau, board, commission, or other state agency, including offices headed by a statewide elected official.

(19) "Telecommunications" includes, but is not limited to, wireless or wired systems for transport of voice, video, and data communications, network systems, requisite facilities, equipment, system controls, simulation, electronic commerce, and all related interactions between people and machines. (~~"Telecommunications" does not include public safety communications.~~)

(20) "Utility-based infrastructure services" includes personal computer and portable device support, servers and server administration, security administration, network administration, telephony, email, and other information technology services commonly used by state agencies.

Sec. 103. RCW 43.105.047 and 2011 1st sp.s. c 43 s 803 are each amended to read as follows:

(1) There is created the consolidated technology services agency, an agency of state government. The agency shall be headed by a director, who is the state chief information officer. The director shall be appointed by the governor with the consent of the senate. The director shall serve at the governor's pleasure and shall receive such salary as determined by the governor. If a vacancy occurs in the position while the senate is not in session, the governor shall make a temporary appointment until the next

meeting of the senate at which time he or she shall present to that body his or her nomination for the position.

(2) The director shall:

~~((1))~~ (a) Appoint a confidential secretary and such deputy and assistant directors as needed to administer the agency; and

~~((2))~~ (b) Appoint such professional, technical, and clerical assistants and employees as may be necessary to perform the duties imposed by this chapter in accordance with chapter 41.06 RCW, except as otherwise provided by law.

(3) The director may create such administrative structures as he or she deems appropriate and may delegate any power or duty vested in him or her by this chapter or other law.

(4) The director shall exercise all the powers and perform all the duties prescribed by law with respect to the administration of this chapter including:

(a) Reporting to the governor any matters relating to abuses and evasions of this chapter;

(b) Accepting and expending gifts and grants that are related to the purposes of this chapter;

(c) Applying for grants from public and private entities, and receiving and administering any grant funding received for the purpose and intent of this chapter; and

(d) Performing other duties as are necessary and consistent with law.

Sec. 104. RCW 43.105.052 and 2011 1st sp.s. c 43 s 804 are each amended to read as follows:

The agency shall:

(1) Make available information services to public agencies and public benefit nonprofit corporations (~~For the purposes of this section "public agency" means any agency of this state or another state; any political subdivision, or unit of local government of this state or another state including, but not limited to, municipal corporations, quasi-municipal corporations, special purpose districts, and local service districts; any agency of the United States; and any Indian tribe recognized as such by the federal government and "public benefit nonprofit corporation" means a public benefit nonprofit corporation as defined in RCW 24.03.005 that is receiving local, state, or federal funds either directly or through a public agency other than an Indian tribe or political subdivision of another state);~~)

(2) Establish rates and fees for services provided by the agency (~~A billing rate plan shall be developed for a two-year period to coincide with the budgeting process. The rate plan shall be subject to review at least annually by the office of financial management. The rate plan shall show the proposed rates by each cost center and will show the components of the rate structure as mutually determined by the agency and the office of financial management. The rate plan and any adjustments to rates shall be approved by the office of financial management);~~)

(3) (~~With the advice of the board and customer agencies, develop a state strategic information technology plan and performance reports as required under RCW 43.41A.030;~~)

(4) Develop a billing rate plan for a two-year period to coincide with the budgeting process. The rate plan must be subject to review at least annually by the office of financial management. The rate plan must show the proposed rates by each cost center and show the components of the rate structure as mutually determined by the agency and the office of financial management. The rate plan and any adjustments to rates must be approved by the office of financial management;

(4) Develop a detailed business plan for any service or activity to be contracted under RCW 41.06.142(7)(b);

(5) Develop plans for the agency's achievement of statewide goals and objectives set forth in the state strategic information technology plan required under RCW 43.41A.030 (as recodified by this act);

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(6) Enable the standardization and consolidation of information technology infrastructure across all state agencies to support enterprise-based system development and improve and maintain service delivery; and

~~((5))~~ (7) Perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

Sec. 105. RCW 43.105.111 and 2011 1st sp.s. c 43 s 806 are each amended to read as follows:

The director shall set performance targets and approve plans for achieving measurable and specific goals for the agency. By January ~~((2012))~~ 2017, the appropriate organizational performance and accountability measures and performance targets shall be submitted to the governor. These measures and targets shall include measures of performance demonstrating specific and measurable improvements related to service delivery and costs, operational efficiencies, and overall customer satisfaction. The agency shall develop a dashboard of key performance measures that will be updated quarterly and made available on the agency public web site.

The director shall report to the governor on agency performance at least quarterly. The reports shall be included on the agency's web site and accessible to the public.

Sec. 106. RCW 43.105.825 and 2012 c 229 s 588 are each amended to read as follows:

(1) In overseeing the technical aspects of the K-20 network, the ~~((information services))~~ board is not intended to duplicate the statutory responsibilities of the student achievement council, the superintendent of public instruction, the ~~((information services))~~ board, the state librarian, or the governing boards of the institutions of higher education.

(2) The board may not interfere in any curriculum or legally offered programming offered over the network.

(3) The responsibility to review and approve standards and common specifications for the network remains the responsibility of the ~~((information services))~~ board ~~((under RCW 43.105.041)).~~

(4) The coordination of telecommunications planning for the common schools remains the responsibility of the superintendent of public instruction. ~~((Except as set forth in RCW 43.105.041(1)(d).))~~ The board may recommend, but not require, revisions to the superintendent's telecommunications plans.

Sec. 107. RCW 41.07.020 and 2011 1st sp.s. c 43 s 441 are each amended to read as follows:

The ~~((department of enterprise services))~~ consolidated technology services agency is authorized to administer, maintain, and operate the central personnel-payroll system and to provide its services for any state agency designated jointly by the ~~((director of the department of enterprise services))~~ consolidated technology services agency and the director of financial management.

~~((The system shall be operated through state data processing centers.))~~ State agencies shall convert personnel and payroll processing to the central personnel-payroll system as soon as administratively and technically feasible as determined by the office of financial management and the ~~((department of enterprise services))~~ consolidated technology services agency. It is the intent of the legislature to provide, through the central personnel-payroll system, for uniform reporting to the office of financial management and to the legislature regarding salaries and related costs, and to reduce present costs of manual procedures in personnel and payroll recordkeeping and reporting.

Sec. 108. RCW 43.41A.025 and 2013 2nd sp.s. c 33 s 1 are each amended to read as follows:

(1) The ~~((chief information officer))~~ director shall establish standards and policies to govern information technology in the state of Washington.

(2) The office shall have the following powers and duties related to information services:

(a) To develop statewide standards and policies governing the:

~~((i))~~ Acquisition ~~((and disposition))~~ of equipment, software, and ~~((personal and purchased))~~ technology-related services~~((;))~~;

~~((ii))~~ Disposition of equipment;

~~((iii))~~ Licensing of the radio spectrum by or on behalf of state agencies~~((;))~~; and

~~((iv))~~ Confidentiality of computerized data;

(b) To develop statewide ~~((or))~~ and interagency technical policies, standards, and procedures;

(c) To review and approve standards and common specifications for new or expanded telecommunications networks proposed by agencies, public postsecondary education institutions, educational service districts, or statewide or regional providers of K-12 information technology services;

~~((d))~~ ~~((To develop a detailed business plan for any service or activity to be contracted under RCW 41.06.142(7)(b) by the consolidated technology services agency;~~

~~((e))~~ To With input from the legislature and the judiciary, provide direction concerning strategic planning goals and objectives for the state~~((The office shall seek input from the legislature and the judiciary));~~

~~((f))~~ ~~((e))~~ To establish policies for the periodic review by the ~~((office))~~ director of state agency performance which may include but are not limited to analysis of:

(i) Planning, management, control, and use of information services;

(ii) Training and education; ~~((and))~~

(iii) Project management; and

~~((iv))~~ Cybersecurity;

~~((g))~~ (f) To coordinate with state agencies with an annual information technology expenditure that exceeds ten million dollars to implement a technology business management program to identify opportunities for savings and efficiencies in information technology expenditures and to monitor ongoing financial performance of technology investments; and

~~((h))~~ (g) In conjunction with the consolidated technology services agency, to develop statewide standards for agency purchases of technology networking equipment and services.

(3) Statewide technical standards to promote and facilitate electronic information sharing and access are an essential component of acceptable and reliable public access service and complement content-related standards designed to meet those goals. The office shall:

(a) Establish technical standards to facilitate electronic access to government information and interoperability of information systems, including wireless communications systems; and

(b) Require agencies to include an evaluation of electronic public access needs when planning new information systems or major upgrades of systems.

In developing these standards, the office is encouraged to include the state library, state archives, and appropriate representatives of state and local government.

~~((4))~~ ~~((The office shall perform other matters and things necessary to carry out the purposes and provisions of this chapter.))~~

Sec. 109. RCW 43.88.160 and 2012 c 230 s 1 are each amended to read as follows:

This section sets forth the major fiscal duties and responsibilities of officers and agencies of the executive branch. The regulations issued by the governor pursuant to this chapter shall provide for a comprehensive, orderly basis for fiscal

management and control, including efficient accounting and reporting therefor, for the executive branch of the state government and may include, in addition, such requirements as will generally promote more efficient public management in the state.

(1) Governor; director of financial management. The governor, through the director of financial management, shall devise and supervise a modern and complete accounting system for each agency to the end that all revenues, expenditures, receipts, disbursements, resources, and obligations of the state shall be properly and systematically accounted for. The accounting system shall include the development of accurate, timely records and reports of all financial affairs of the state. The system shall also provide for central accounts in the office of financial management at the level of detail deemed necessary by the director to perform central financial management. The director of financial management shall adopt and periodically update an accounting procedures manual. Any agency maintaining its own accounting and reporting system shall comply with the updated accounting procedures manual and the rules of the director adopted under this chapter. An agency may receive a waiver from complying with this requirement if the waiver is approved by the director. Waivers expire at the end of the fiscal biennium for which they are granted. The director shall forward notice of waivers granted to the appropriate legislative fiscal committees. The director of financial management may require such financial, statistical, and other reports as the director deems necessary from all agencies covering any period.

(2) Except as provided in chapter 43.88C RCW, the director of financial management is responsible for quarterly reporting of primary operating budget drivers such as applicable workloads, caseload estimates, and appropriate unit cost data. These reports shall be transmitted to the legislative fiscal committees or by electronic means to the legislative evaluation and accountability program committee. Quarterly reports shall include actual monthly data and the variance between actual and estimated data to date. The reports shall also include estimates of these items for the remainder of the budget period.

(3) The director of financial management shall report at least annually to the appropriate legislative committees regarding the status of all appropriated capital projects, including transportation projects, showing significant cost overruns or underruns. If funds are shifted from one project to another, the office of financial management shall also reflect this in the annual variance report. Once a project is complete, the report shall provide a final summary showing estimated start and completion dates of each project phase compared to actual dates, estimated costs of each project phase compared to actual costs, and whether or not there are any outstanding liabilities or unsettled claims at the time of completion.

(4) In addition, the director of financial management, as agent of the governor, shall:

(a) Develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls. The system developed by the director shall include criteria for determining the scope and comprehensiveness of internal controls required by classes of agencies, depending on the level of resources at risk.

Each agency head or authorized designee shall be assigned the responsibility and authority for establishing and maintaining internal audits following the standards of internal auditing of the institute of internal auditors;

(b) Make surveys and analyses of agencies with the object of determining better methods and increased effectiveness in the use of manpower and materials; and the director shall authorize expenditures for employee training to the end that the state may benefit from training facilities made available to state employees;

(c) Establish policies for allowing the contracting of child care services;

(d) Report to the governor with regard to duplication of effort or lack of coordination among agencies;

(e) Review any pay and classification plans, and changes thereunder, developed by any agency for their fiscal impact: PROVIDED, That none of the provisions of this subsection shall affect merit systems of personnel management now existing or hereafter established by statute relating to the fixing of qualifications requirements for recruitment, appointment, or promotion of employees of any agency. The director shall advise and confer with agencies including appropriate standing committees of the legislature as may be designated by the speaker of the house and the president of the senate regarding the fiscal impact of such plans and may amend or alter the plans, except that for the following agencies no amendment or alteration of the plans may be made without the approval of the agency concerned: Agencies headed by elective officials;

(f) Fix the number and classes of positions or authorized employee years of employment for each agency and during the fiscal period amend the determinations previously fixed by the director except that the director shall not be empowered to fix the number or the classes for the following: Agencies headed by elective officials;

(g) Adopt rules to effectuate provisions contained in (a) through (f) of this subsection.

(5) The treasurer shall:

(a) Receive, keep, and disburse all public funds of the state not expressly required by law to be received, kept, and disbursed by some other persons: PROVIDED, That this subsection shall not apply to those public funds of the institutions of higher learning which are not subject to appropriation;

(b) Receive, disburse, or transfer public funds under the treasurer's supervision or custody;

(c) Keep a correct and current account of all moneys received and disbursed by the treasurer, classified by fund or account;

(d) Coordinate agencies' acceptance and use of credit cards and other payment methods, if the agencies have received authorization under RCW 43.41.180;

(e) Perform such other duties as may be required by law or by regulations issued pursuant to this law.

It shall be unlawful for the treasurer to disburse public funds in the treasury except upon forms or by alternative means duly prescribed by the director of financial management. These forms or alternative means shall provide for authentication and certification by the agency head or the agency head's designee that the services have been rendered or the materials have been furnished; or, in the case of loans or grants, that the loans or grants are authorized by law; or, in the case of payments for periodic maintenance services to be performed on state owned equipment, that a written contract for such periodic maintenance services is currently in effect; and the treasurer shall not be liable under the treasurer's surety bond for erroneous or improper payments so made. When services are lawfully paid for in advance of full performance by any private individual or business entity other than equipment maintenance providers or as provided for by RCW 42.24.035, such individual or entity other than central stores rendering such services shall make a cash deposit or furnish surety bond coverage to the state as shall be fixed in an amount by law, or if not fixed by law, then in such amounts as

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shall be fixed by the director of the department of enterprise services but in no case shall such required cash deposit or surety bond be less than an amount which will fully indemnify the state against any and all losses on account of breach of promise to fully perform such services. No payments shall be made in advance for any equipment maintenance services to be performed more than twelve months after such payment except that institutions of higher education as defined in RCW 28B.10.016 and the consolidated technology services agency created in RCW 43.105.006 may make payments in advance for equipment maintenance services to be performed up to sixty months after such payment. Any such bond so furnished shall be conditioned that the person, firm or corporation receiving the advance payment will apply it toward performance of the contract. The responsibility for recovery of erroneous or improper payments made under this section shall lie with the agency head or the agency head's designee in accordance with rules issued pursuant to this chapter. Nothing in this section shall be construed to permit a public body to advance funds to a private service provider pursuant to a grant or loan before services have been rendered or material furnished.

(6) The state auditor shall:

(a) Report to the legislature the results of current post audits that have been made of the financial transactions of each agency; to this end the auditor may, in the auditor's discretion, examine the books and accounts of any agency, official, or employee charged with the receipt, custody, or safekeeping of public funds. Where feasible in conducting examinations, the auditor shall utilize data and findings from the internal control system prescribed by the office of financial management. The current post audit of each agency may include a section on recommendations to the legislature as provided in (c) of this subsection.

(b) Give information to the legislature, whenever required, upon any subject relating to the financial affairs of the state.

(c) Make the auditor's official report on or before the thirty-first of December which precedes the meeting of the legislature. The report shall be for the last complete fiscal period and shall include determinations as to whether agencies, in making expenditures, complied with the laws of this state. The state auditor is authorized to perform or participate in performance verifications and performance audits as expressly authorized by the legislature in the omnibus biennial appropriations acts or in the performance audit work plan approved by the joint legislative audit and review committee. The state auditor, upon completing an audit for legal and financial compliance under chapter 43.09 RCW or a performance verification, may report to the joint legislative audit and review committee or other appropriate committees of the legislature, in a manner prescribed by the joint legislative audit and review committee, on facts relating to the management or performance of governmental programs where such facts are discovered incidental to the legal and financial audit or performance verification. The auditor may make such a report to a legislative committee only if the auditor has determined that the agency has been given an opportunity and has failed to resolve the management or performance issues raised by the auditor. If the auditor makes a report to a legislative committee, the agency may submit to the committee a response to the report. This subsection (6) shall not be construed to authorize the auditor to allocate other than de minimis resources to performance audits except as expressly authorized in the appropriations acts or in the performance audit work plan. The results of a performance audit conducted by the state auditor that has been requested by the joint

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legislative audit and review committee must only be transmitted to the joint legislative audit and review committee.

(d) Be empowered to take exception to specific expenditures that have been incurred by any agency or to take exception to other practices related in any way to the agency's financial transactions and to cause such exceptions to be made a matter of public record, including disclosure to the agency concerned and to the director of financial management. It shall be the duty of the director of financial management to cause corrective action to be taken within six months, such action to include, as appropriate, the withholding of funds as provided in RCW 43.88.110. The director of financial management shall annually report by December 31st the status of audit resolution to the appropriate committees of the legislature, the state auditor, and the attorney general. The director of financial management shall include in the audit resolution report actions taken as a result of an audit including, but not limited to, types of personnel actions, costs and types of litigation, and value of recouped goods or services.

(e) Promptly report any irregularities to the attorney general.

(f) Investigate improper governmental activity under chapter 42.40 RCW.

In addition to the authority given to the state auditor in this subsection (6), the state auditor is authorized to conduct performance audits identified in RCW 43.09.470. Nothing in this subsection (6) shall limit, impede, or restrict the state auditor from conducting performance audits identified in RCW 43.09.470.

(7) The joint legislative audit and review committee may:

(a) Make post audits of the financial transactions of any agency and management surveys and program reviews as provided for in chapter 44.28 RCW as well as performance audits and program evaluations. To this end the joint committee may in its discretion examine the books, accounts, and other records of any agency, official, or employee.

(b) Give information to the legislature or any legislative committee whenever required upon any subject relating to the performance and management of state agencies.

(c) Make a report to the legislature which shall include at least the following:

(i) Determinations as to the extent to which agencies in making expenditures have complied with the will of the legislature and in this connection, may take exception to specific expenditures or financial practices of any agencies; and

(ii) Such plans as it deems expedient for the support of the state's credit, for lessening expenditures, for promoting frugality and economy in agency affairs, and generally for an improved level of fiscal management.

PART II OFFICE OF THE STATE CHIEF INFORMATION OFFICER

Sec. 201. RCW 43.41A.010 and 2013 2nd sp.s. c 33 s 3 are each amended to read as follows:

(1) The office of the state chief information officer is created within the ~~((office of financial management))~~ consolidated technology services agency.

~~(2) ((Powers, duties, and functions assigned to the department of information services as specified in this chapter shall be transferred to the office of chief information officer as provided in this chapter.~~

~~(3))~~ The primary duties of the office are:

(a) To prepare and lead the implementation of a strategic direction and enterprise architecture for information technology for state government;

~~(b) ((To enable the standardization and consolidation of information technology infrastructure across all state agencies to support enterprise-based system development and improve and maintain service delivery;~~

~~((e))~~ To establish standards and policies for the consistent and efficient operation of information technology services throughout state government;

~~((c))~~ (c) To establish statewide enterprise architecture that will serve as the organizing standard for information technology for state agencies;

~~((d))~~ (d) To educate and inform state managers and policymakers on technological developments, industry trends and best practices, industry benchmarks that strengthen decision making and professional development, and industry understanding for public managers and decision makers; and

(e) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

~~((3))~~ (3) In the case of institutions of higher education, the powers of the office and the provisions of this chapter apply to business and administrative applications but do not apply to (a) academic and research applications; and (b) medical, clinical, and health care applications, including the business and administrative applications for such operations. However, institutions of higher education must disclose to the office any proposed academic applications that are enterprise-wide in nature relative to the needs and interests of other institutions of higher education. Institutions of higher education shall provide to the ~~((chief information officer))~~ director sufficient data and information on proposed expenditures on business and administrative applications to permit the ~~((chief information officer))~~ director to evaluate the proposed expenditures pursuant to RCW 43.88.092(3).

~~((4))~~ (4) The legislature and the judiciary, which are constitutionally recognized as separate branches of government, are strongly encouraged to coordinate with the office and participate in shared services initiatives and the development of enterprise-based strategies, where appropriate. Legislative and judicial agencies of the state shall submit to the ~~((chief information officer))~~ director information on proposed information technology expenditures to allow the ~~((chief information officer))~~ director to evaluate the proposed expenditures on an advisory basis.

Sec. 202. RCW 43.41A.027 and 2013 2nd sp.s. c 33 s 8 are each amended to read as follows:

(1) The office shall establish security standards and policies to ensure the confidentiality, availability, and integrity of the information transacted, stored, or processed in the state's information technology systems and infrastructure. The director shall appoint a state chief information security officer. Each state agency, institution of higher education, the legislature, and the judiciary must develop an information technology security ~~((plan and))~~ program.

~~((2))~~ (2) Each state agency information technology security ~~((plan and))~~ program must adhere to the office's security standards and policies. Each state agency must review and update its ~~((plan and))~~ program annually and certify to the office that its ~~((plan and))~~ program is in compliance with the office's security standards and policies. The office ~~((may))~~ shall require ~~((an))~~ a state agency to obtain an independent compliance audit of its information technology security ~~((plan and))~~ program and controls at least once every three years to determine whether the state agency's information technology security program is in compliance with the standards and policies established by the agency and that security controls identified by the state agency in its security program are operating efficiently.

~~((2))~~ (3) In the case of institutions of higher education, the judiciary, and the legislature, each information technology security ~~((plan and))~~ program must be comparable to the intended outcomes of the office's security standards and policies. ~~((Each institution, the legislature, and the judiciary shall submit their information technology security plan and program to the office annually for review and comment.))~~

Sec. 203. RCW 43.41A.030 and 2011 1st sp.s. c 43 s 707 are each amended to read as follows:

(1) The office shall prepare a state strategic information technology plan which shall establish a statewide mission, goals, and objectives for the use of information technology, including goals for electronic access to government records, information, and services. The plan shall be developed in accordance with the standards and policies established by the office. The office shall seek the advice of the board in the development of this plan.

The plan shall be updated as necessary and submitted to the governor and the legislature.

(2) The office shall prepare a biennial state performance report on information technology based on state agency performance reports required under RCW 43.41A.045 (as recodified by this act) and other information deemed appropriate by the office. The report shall include, but not be limited to:

(a) An analysis, based upon agency portfolios, of the state's information technology infrastructure, including its value, condition, and capacity;

(b) An evaluation of performance relating to information technology;

(c) An assessment of progress made toward implementing the state strategic information technology plan, including progress toward electronic access to public information and enabling citizens to have two-way access to public records, information, and services; and

(d) An analysis of the success or failure, feasibility, progress, costs, and timeliness of implementation of major information technology projects under RCW 43.41A.055 (as recodified by this act). At a minimum, the portion of the report regarding major technology projects must include:

(i) The total cost data for the entire life-cycle of the project, including capital and operational costs, broken down by staffing costs, contracted service, hardware purchase or lease, software purchase or lease, travel, and training. The original budget must also be shown for comparison;

(ii) The original proposed project schedule and the final actual project schedule;

(iii) Data regarding progress towards meeting the original goals and performance measures of the project;

(iv) Discussion of lessons learned on the project, performance of any contractors used, and reasons for project delays or cost increases; and

(v) Identification of benefits generated by major information technology projects developed under RCW 43.41A.055 (as recodified by this act).

Copies of the report shall be distributed biennially to the governor and the legislature. The major technology section of the report must examine major information technology projects completed in the previous biennium.

Sec. 204. RCW 43.41A.035 and 2011 1st sp.s. c 43 s 708 are each amended to read as follows:

Management of information technology across state government requires managing resources and business processes across multiple agencies. It is no longer sufficient to pursue efficiencies within agency or individual business process boundaries. The state must manage the business process changes and information technology in support of business processes as a statewide portfolio. The ~~((chief information officer))~~ director will

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use agency information technology portfolio planning as input to develop a statewide portfolio to guide resource allocation and prioritization decisions.

Sec. 205. RCW 43.41A.040 and 2011 1st sp.s. c 43 s 709 are each amended to read as follows:

~~((An))~~ A state agency information technology portfolio shall serve as the basis for making information technology decisions and plans which may include, but are not limited to:

- (1) System refurbishment, acquisitions, and development efforts;
- (2) Setting goals and objectives for using information technology;
- (3) Assessments of information processing performance, resources, and capabilities;
- (4) Ensuring the appropriate transfer of technological expertise for the operation of new systems developed using external resources;
- (5) Guiding new investment demand, prioritization, selection, performance, and asset value of technology and telecommunications; and
- (6) Progress toward providing electronic access to public information.

Sec. 206. RCW 43.41A.045 and 2011 1st sp.s. c 43 s 710 are each amended to read as follows:

(1) Each state agency shall develop an information technology portfolio consistent with RCW 43.41A.110 ~~(as recodified by this act)~~. The superintendent of public instruction shall develop its portfolio in conjunction with educational service districts and statewide or regional providers of K-12 education information technology services.

~~(2) ((Agency portfolios shall include, but not be limited to, the following:~~

~~(a) A baseline assessment of the agency's information technology resources and capabilities that will serve as the benchmark for subsequent planning and performance measures;~~

~~(b) A statement of the agency's mission, goals, and objectives for information technology, including goals and objectives for achieving electronic access to agency records, information, and services;~~

~~(c) An explanation of how the agency's mission, goals, and objectives for information technology support and conform to the state strategic information technology plan developed under RCW 43.41A.030;~~

~~(d) An implementation strategy to provide electronic access to public records and information. This implementation strategy must be assembled to include:~~

~~(i) Compliance with Title 40 RCW;~~

~~(ii) Adequate public notice and opportunity for comment;~~

~~(iii) Consideration of a variety of electronic technologies, including those that help transcend geographic locations, standard business hours, economic conditions of users, and disabilities;~~

~~(iv) Methods to educate both state employees and the public in the effective use of access technologies;~~

~~(e) Projects and resources required to meet the objectives of the portfolio; and~~

~~(f) Where feasible, estimated schedules and funding required to implement identified projects.~~

~~(3) Portfolios developed under subsection (1) of this section shall be submitted to the office for review and approval. The chief information officer may reject, require modification to, or approve portfolios as deemed appropriate. Portfolios submitted under this subsection shall be updated and submitted for review and approval as necessary.~~

~~(4) Each agency shall prepare and submit to the office a biennial performance report that evaluates progress toward the objectives articulated in its information technology portfolio and the strategic priorities of the state. The superintendent of public instruction shall develop its portfolio in conjunction with educational service districts and statewide or regional providers of K-12 education information technology services. The report shall include:~~

~~(a) An evaluation of the agency's performance relating to information technology;~~

~~(b) An assessment of progress made toward implementing the agency information technology portfolio;~~

~~(c) Progress toward electronic access to public information and enabling citizens to have two-way interaction for obtaining information and services from agencies; and~~

~~(d) An inventory of agency information services, equipment, and proprietary software.~~

~~(5) The office shall establish standards, elements, form, and format for plans and reports developed under this section.~~

~~(6) Agency activities to increase electronic access to public records and information, as required by this section, must be implemented within available resources and existing agency planning processes.~~

~~(7))~~ The ~~((office))~~ director may exempt any state agency from any or all of the requirements of this section.

Sec. 207. RCW 43.41A.050 and 2011 1st sp.s. c 43 s 711 are each amended to read as follows:

(1) Pursuant to RCW 43.88.092(3), at the request of the director of financial management, the office shall evaluate both state agency information technology current spending and technology budget requests, including those proposed by the superintendent of public instruction, in conjunction with educational service districts, or statewide or regional providers of K-12 education information technology services. The office shall submit recommendations for funding all or part of such requests to the director of financial management. The office shall also submit recommendations regarding consolidation and coordination of similar proposals or other efficiencies it finds in reviewing proposals.

(2) The office shall establish criteria, consistent with portfolio-based information technology management, for the evaluation of agency budget requests under this section. Technology budget requests shall be evaluated in the context of the state's information technology portfolio; technology initiatives underlying budget requests are subject to review by the office. Criteria shall include, but not be limited to: Feasibility of the proposed projects, consistency with the state strategic information technology plan and the state enterprise architecture, consistency with information technology portfolios, appropriate provision for public electronic access to information, evidence of business process streamlining and gathering of business and technical requirements, services, duration of investment, costs, and benefits.

Sec. 208. RCW 43.41A.055 and 2011 1st sp.s. c 43 s 712 are each amended to read as follows:

(1) The office shall establish standards and policies governing the planning, implementation, and evaluation of major information technology projects, including those proposed by the superintendent of public instruction, in conjunction with educational service districts, or statewide or regional providers of K-12 education information technology services. The standards and policies shall:

(a) Establish criteria to identify projects which are subject to this section. Such criteria shall include, but not be limited to,

significant anticipated cost, complexity, or statewide significance of the project; and

(b) Establish a model process and procedures which state agencies shall follow in developing and implementing projects within their information technology portfolios. This process may include project oversight experts or panels, as appropriate. State agencies may propose, for approval by the office, a process and procedures unique to the agency. The office may accept or require modification of such agency proposals or the office may reject ~~((such agency))~~ those proposals and require use of the model process and procedures established under this subsection. Any process and procedures developed under this subsection shall require (i) distinct and identifiable phases upon which funding may be based, (ii) user validation of products through system demonstrations and testing of prototypes and deliverables, and (iii) other elements identified by the office.

The ~~((chief information officer))~~ director may suspend or terminate a major project, and direct that the project funds be placed into unallotted reserve status, if the ~~((chief information officer))~~ director determines that the project is not meeting or is not expected to meet anticipated performance standards.

(2) The office of financial management shall establish policies and standards consistent with portfolio-based information technology management to govern the funding of projects developed under this section. The policies and standards shall provide for:

(a) Funding of a project under terms and conditions mutually agreed to by the ~~((chief information officer))~~ director, the director of financial management, and the head of the agency proposing the project. However, the office of financial management may require incremental funding of a project on a phase-by-phase basis whereby funds for a given phase of a project may be released only when the office of financial management determines, with the advice of the ~~((office))~~ director, that the previous phase is satisfactorily completed; and

(b) Other elements deemed necessary by the office of financial management.

Sec. 209. RCW 43.41A.060 and 2011 1st sp.s. c 43 s 713 are each amended to read as follows:

(1) Prior to making a commitment to purchase, acquire, or develop a major information technology project or service, state agencies must provide a proposal to the office outlining the business case of the proposed product or service, including the up-front and ongoing cost of the proposal.

(2) Within ~~((sixty))~~ thirty days of receipt of a proposal, the office shall approve the proposal, reject it, or propose modifications.

(3) In reviewing a proposal, the office must determine whether the product or service is consistent with:

(a) The standards and policies developed by the ~~((office))~~ director pursuant to RCW 43.41A.025 (as recodified by this act); and

(b) The state's enterprise-based strategy.

(4) If a substantially similar product or service is offered by the ~~((consolidated technology services))~~ agency ~~((established in RCW 43.105.047))~~, the ~~((office))~~ director may require the state agency to procure the product or service through the ~~((consolidated technology services))~~ agency, if doing so would benefit the state as an enterprise.

(5) The office shall provide guidance to state agencies as to what threshold of information technology spending constitutes a major information technology product or service under this section.

Sec. 210. RCW 43.41A.065 and 2011 1st sp.s. c 43 s 714 are each amended to read as follows:

(1) The office shall develop an enterprise-based strategy for information technology in state government informed by portfolio management planning and information technology expenditure information collected from state agencies pursuant to RCW 43.88.092.

(2)(a) The office shall develop an ongoing enterprise architecture program for translating business vision and strategy into effective enterprise change. This program will create, communicate, and improve the key principles and models that describe the enterprise's future state and enable its evolution, in keeping with the priorities of government and the information technology strategic plan.

(b) The enterprise architecture program will facilitate business process collaboration among agencies statewide; improving the reliability, interoperability, and sustainability of the business processes that state agencies use.

In developing an enterprise-based strategy for the state, the office is encouraged to consider the following strategies as possible opportunities for achieving greater efficiency:

(i) Developing evaluation criteria for deciding which common enterprise-wide business processes should become managed as enterprise services;

(ii) Developing a roadmap of priorities for creating enterprise services;

(iii) Developing decision criteria for determining implementation criteria for centralized or decentralized enterprise services;

(iv) Developing evaluation criteria for deciding which technology investments to continue, hold, or drop; and

(v) Performing such other duties as may be ~~((assigned by the office))~~ needed to promote effective enterprise change.

(c) The ~~((program))~~ office will establish performance measurement criteria for each of its initiatives; will measure the success of those initiatives; and will assess its quarterly results with the ~~((chief information officer))~~ director to determine whether to continue, revise, or disband the initiative.

Sec. 211. RCW 43.41A.070 and 2011 1st sp.s. c 43 s 715 are each amended to read as follows:

(1) The technology services board is created within the ~~((office of the chief information officer))~~ agency.

~~((4))~~ (2) The board shall be composed of thirteen members. Six members shall be appointed by the governor, three of whom shall be representatives of state agencies or institutions, and three of whom shall be representatives of the private sector. Of the state agency representatives, at least one of the representatives must have direct experience using the software projects overseen by the board or reasonably expect to use the new software developed under the oversight of the board. Two members shall represent the house of representatives and shall be selected by the speaker of the house of representatives with one representative chosen from each major caucus of the house of representatives; two members shall represent the senate and shall be appointed by the president of the senate with one representative chosen from each major caucus of the senate. One member shall be the ~~((chief information officer))~~ director who shall be a voting member of the board and serve as chair. Two nonvoting members with information technology expertise must be appointed by the governor as follows:

(a) One member representing state agency bargaining units shall be selected from a list of three names submitted by each of the general government exclusive bargaining representatives; and

(b) One member representing local governments shall be selected from a list of three names submitted by commonly recognized local government organizations.

The governor may reject all recommendations and request new recommendations.

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~~((2))~~ (3) Of the initial members, three must be appointed for a one-year term, three must be appointed for a two-year term, and four must be appointed for a three-year term. Thereafter, members must be appointed for three-year terms.

~~((3))~~ (4) Vacancies shall be filled in the same manner that the original appointments were made for the remainder of the member's term.

~~((4))~~ (5) Members of the board shall be reimbursed for travel expenses as provided in RCW 43.03.050 and 43.03.060.

~~((5))~~ (6) The office shall provide staff support to the board.

Sec. 212. RCW 43.41A.075 and 2011 1st sp.s. c 43 s 716 are each amended to read as follows:

The board shall have the following powers and duties related to information services:

(1) To review and approve standards and ~~((procedures))~~ policies, developed by the office ~~((of the chief information officer))~~, governing the acquisition and disposition of equipment, proprietary software, and purchased services, licensing of the radio spectrum by or on behalf of state agencies, and confidentiality of computerized data;

(2) To review and approve statewide or interagency technical policies ~~((and standards))~~ and standards ~~((and procedures))~~ developed by the office ~~((of the chief information officer))~~;

(3) To review, approve, and provide oversight of major information technology projects to ensure that no major information technology project proposed by a state agency is approved or authorized funding by the board without consideration of the technical and financial business case for the project, including a review of:

(a) The total cost of ownership across the life of the project;

(b) All major technical options and alternatives analyzed, and reviewed, if necessary, by independent technical sources; and

(c) Whether the project is technically and financially justifiable when compared against the state's enterprise-based strategy, long-term technology trends, and existing or potential partnerships with private providers or vendors;

(4) To review and approve standards and common specifications for new or expanded telecommunications networks proposed by state agencies, public postsecondary education institutions, educational service districts, or statewide or regional providers of K-12 information technology services, and to assure the cost-effective development and incremental implementation of a statewide video telecommunications system to serve: Public schools; educational service districts; vocational-technical institutes; community colleges; colleges and universities; state and local government; and the general public through public affairs programming;

(5) To develop a policy to determine whether a proposed project, product, or service should undergo an independent technical and financial analysis prior to submitting a request to the office of financial management for the inclusion in any proposed operating, capital, or transportation budget;

(6) To approve contracting for services and activities under RCW 41.06.142(7) for the ~~((consolidated technology service))~~ agency. To approve any service or activity to be contracted under RCW 41.06.142(7)(b), the board must also review the proposed business plan and recommendation submitted by the office;

(7) To consider, on an ongoing basis, ways to promote strategic investments in enterprise-level information technology projects that will result in service improvements and cost efficiency;

(8) To provide a forum to solicit external expertise and perspective on developments in information technology, enterprise architecture, standards, and policy development; and

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(9) To provide a forum where ideas and issues related to information technology plans, policies, and standards can be reviewed.

Sec. 213. RCW 43.41A.080 and 2011 1st sp.s. c 43 s 717 are each amended to read as follows:

(1) The ~~((chief information officer))~~ director shall appoint a state interoperability executive committee, the membership of which must include, but not be limited to, representatives of the military department, the Washington state patrol, the department of transportation, the office of the state chief information officer, the department of natural resources, city and county governments, state and local fire chiefs, police chiefs, and sheriffs, and state and local emergency management directors. The chair and legislative members of the board will serve as nonvoting ex officio members of the committee. Voting membership may not exceed fifteen members.

(2) The ~~((chief information officer))~~ director shall appoint the chair of the committee from among the voting members of the committee.

(3) The state interoperability executive committee has the following responsibilities:

(a) Develop policies and make recommendations to the office for technical standards for state wireless radio communications systems, including emergency communications systems. The standards must address, among other things, the interoperability of systems, taking into account both existing and future systems and technologies;

(b) Coordinate and manage on behalf of the office the licensing and use of state-designated and state-licensed radio frequencies, including the spectrum used for public safety and emergency communications, and serve as the point of contact with the federal communications commission and the first responders network authority on matters relating to allocation, use, and licensing of radio spectrum;

(c) Coordinate the purchasing of all state wireless radio communications system equipment to ensure that:

(i) After the transition from a radio over internet protocol network, any new trunked system shall be, at a minimum, project-25;

(ii) Any new system that requires advanced digital features shall be, at a minimum, project-25; and

(iii) Any new system or equipment purchases shall be, at a minimum, upgradable to project-25;

(d) Seek support, including possible federal or other funding, for state-sponsored wireless communications systems;

(e) Develop recommendations for legislation that may be required to promote interoperability of state wireless communications systems;

(f) Foster cooperation and coordination among public safety and emergency response organizations;

(g) Work with wireless communications groups and associations to ensure interoperability among all public safety and emergency response wireless communications systems; and

(h) Perform such other duties as may be assigned by the ~~((office))~~ director to promote interoperability of wireless communications systems.

(4) The office shall provide administrative support to the committee.

Sec. 214. RCW 43.41A.085 and 2011 1st sp.s. c 43 s 718 are each amended to read as follows:

(1) The office has the duty to govern and oversee the technical design, implementation, and operation of the K-20 network including, but not limited to, the following duties: Establishment and implementation of K-20 network technical policy, including technical standards and conditions of use;

review and approval of network design; and resolving user/provider disputes.

(2) The office has the following powers and duties:

(a) In cooperation with the educational sectors and other interested parties, to establish goals and measurable objectives for the network;

(b) To ensure that the goals and measurable objectives of the network are the basis for any decisions or recommendations regarding the technical development and operation of the network;

(c) To adopt, modify, and implement policies to facilitate network development, operation, and expansion. Such policies may include but need not be limited to the following issues: Quality of educational services; access to the network by recognized organizations and accredited institutions that deliver educational programming, including public libraries; prioritization of programming within limited resources; prioritization of access to the system and the sharing of technological advances; network security; identification and evaluation of emerging technologies for delivery of educational programs; future expansion or redirection of the system; network fee structures; and costs for the development and operation of the network;

(d) To prepare and submit to the governor and the legislature a coordinated budget for network development, operation, and expansion. The budget shall include the ~~((chief information officer's))~~ director of the consolidated technology services agency's recommendations on (i) any state funding requested for network transport and equipment, distance education facilities and hardware or software specific to the use of the network, and proposed new network end sites, (ii) annual copayments to be charged to public educational sector institutions and other public entities connected to the network, and (iii) charges to nongovernmental entities connected to the network;

(e) To adopt and monitor the implementation of a methodology to evaluate the effectiveness of the network in achieving the educational goals and measurable objectives;

(f) To establish by rule acceptable use policies governing user eligibility for participation in the K-20 network, acceptable uses of network resources, and procedures for enforcement of such policies. The office shall set forth appropriate procedures for enforcement of acceptable use policies, that may include suspension of network connections and removal of shared equipment for violations of network conditions or policies. The office shall have sole responsibility for the implementation of enforcement procedures relating to technical conditions of use.

Sec. 215. RCW 43.41A.095 and 2011 1st sp.s. c 43 s 720 are each amended to read as follows:

The ~~((chief information officer))~~ office, in conjunction with the K-20 network users, shall maintain a technical plan of the K-20 telecommunications system and ongoing system enhancements. The office shall ensure that the technical plan adheres to the goals and objectives established under RCW 43.41A.025 (as recodified by this act). The technical plan shall provide for:

(1) A telecommunications backbone connecting educational service districts, the main campuses of public baccalaureate institutions, the branch campuses of public research institutions, and the main campuses of community colleges and technical colleges.

(2)(a) Connection to the K-20 network by entities that include, but need not be limited to: School districts, public higher education off-campus and extension centers, and branch campuses of community colleges and technical colleges, as prioritized by the chief information officer; (b) distance education facilities and components for entities listed in this subsection and

subsection (1) of this section; and (c) connection for independent nonprofit institutions of higher education, provided that:

(i) The ~~((chief information officer))~~ office and each independent nonprofit institution of higher education to be connected agree in writing to terms and conditions of connectivity. The terms and conditions shall ensure, among other things, that the provision of K-20 services does not violate Article VIII, section 5 of the state Constitution and that the institution shall adhere to K-20 network policies; and

(ii) The ~~((chief information officer))~~ office determines that inclusion of the independent nonprofit institutions of higher education will not significantly affect the network's eligibility for federal universal service fund discounts or subsidies.

(3) Subsequent phases may include, but need not be limited to, connections to public libraries, state and local governments, community resource centers, and the private sector.

Sec. 216. RCW 43.41A.105 and 2011 1st sp.s. c 43 s 722 are each amended to read as follows:

(1) The education technology revolving fund is created in the custody of the state treasurer. All receipts from billings under subsection (2) of this section must be deposited in the revolving fund. Only the ~~((chief information officer))~~ director or the ~~((chief information officer's))~~ director's designee may authorize expenditures from the fund. The revolving fund shall be used to pay for K-20 network operations, transport, equipment, software, supplies, and services, maintenance and depreciation of on-site data, and shared infrastructure, and other costs incidental to the development, operation, and administration of shared educational information technology services, telecommunications, and systems. The revolving fund shall not be used for the acquisition, maintenance, or operations of local telecommunications infrastructure or the maintenance or depreciation of on-premises video equipment specific to a particular institution or group of institutions.

(2) The revolving fund and all disbursements from the revolving fund are subject to the allotment procedure under chapter 43.88 RCW, but an appropriation is not required for expenditures. The office shall, subject to the review and approval of the office of financial management, establish and implement a billing structure for network services identified in subsection (1) of this section.

(3) The office shall charge those public entities connected to the K-20 telecommunications system under RCW 43.41A.095 (as recodified by this act) an annual copayment per unit of transport connection as determined by the legislature after consideration of the board's recommendations. This copayment shall be deposited into the revolving fund to be used for the purposes in subsection (1) of this section. It is the intent of the legislature to appropriate to the revolving fund such moneys as necessary to cover the costs for transport, maintenance, and depreciation of data equipment located at the individual public institutions, maintenance and depreciation of the K-20 network backbone, and services provided to the network under RCW 43.41A.085 (as recodified by this act).

Sec. 217. RCW 43.41A.130 and 1996 c 171 s 12 are each amended to read as follows:

Funding to meet the costs of providing access, including the building of the necessary information systems, the digitizing of information, developing the ability to mask nondisclosable information, and maintenance and upgrade of information access systems should come primarily from state and local appropriations, federal dollars, grants, private funds, cooperative ventures among governments, nonexclusive licensing, and public/private partnerships. ~~((Agencies should not offer customized electronic access services as the primary way of responding to requests or as a primary source of revenue. Fees for~~

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~~staff time to respond to requests, and other direct costs may be included in costs of providing customized access.)~~

State agencies and local governments are encouraged to pool resources and to form cooperative ventures to provide electronic access to government records and information. State agencies are encouraged to seek federal and private grants for projects that provide increased efficiency and improve government delivery of information and services.

Sec. 218. RCW 43.41A.140 and 2011 c 60 s 39 are each amended to read as follows:

State agencies and local governments that collect and enter information concerning individuals into electronic records and information systems that will be widely accessible by the public under RCW 42.56.010 shall ensure the accuracy of this information to the extent possible. To the extent possible, information must be collected directly from, and with the consent of, the individual who is the subject of the data. State agencies shall establish procedures for correcting inaccurate information, including establishing mechanisms for individuals to review information about themselves and recommend changes in information they believe to be inaccurate. The inclusion of personal information in electronic public records that is widely available to the public should include information on the date when the database was created or most recently updated. If personally identifiable information is included in electronic public records that are made widely available to the public, state agencies must follow retention and archival schedules in accordance with chapter 40.14 RCW, retaining personally identifiable information only as long as needed to carry out the purpose for which it was collected. At least once every five years, each agency that collects information must review the information collected and justify why it is being collected and for what purpose.

Sec. 219. RCW 43.41A.150 and 2011 1st sp.s. c 43 s 735 are each amended to read as follows:

(1) Except as provided by subsection (2) of this section, state agencies shall locate all existing and new servers in the state data center.

(2) State agencies with a service requirement that requires servers to be located outside the state data center must receive a waiver from the office. Waivers must be based upon written justification from the requesting state agency citing specific service or performance requirements for locating servers outside the state's common platform.

(3) The office, in consultation with the office of financial management, shall continue to develop the business plan and migration schedule for moving all state agencies into the state data center.

(4) The legislature and the judiciary, which are constitutionally recognized as separate branches of government, may enter into an interagency agreement with the office to migrate its servers into the state data center.

(5) This section does not apply to institutions of higher education.

Sec. 220. RCW 43.41A.152 and 2011 1st sp.s. c 43 s 736 are each amended to read as follows:

(1) The office shall conduct a needs assessment and develop a migration strategy to ensure that, over time, all state agencies are moving towards using the ~~((consolidated technology services))~~ agency ~~((established in RCW 43.105.047))~~ as their central service provider for all utility-based infrastructure services, including centralized PC and infrastructure support. State agency-specific application services shall remain managed within individual agencies.

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(2) The office shall develop short-term and long-term objectives as part of the migration strategy.

(3) ~~((For the purposes of this section, "utility based infrastructure services" includes personal computer and portable device support, servers and server administration, security administration, network administration, telephony, e-mail, and other information technology services commonly utilized by state agencies.~~

~~(4))~~ This section does not apply to institutions of higher education.

NEW SECTION. **Sec. 221.** RCW 43.41A.003, 43.41A.010, 43.41A.025, 43.41A.027, 43.41A.030, 43.41A.035, 43.41A.040, 43.41A.045, 43.41A.050, 43.41A.055, 43.41A.060, 43.41A.065, 43.41A.070, 43.41A.075, 43.41A.080, 43.41A.110, 43.41A.115, 43.41A.130, 43.41A.135, 43.41A.140, 43.41A.150, 43.41A.152, 43.41A.900, and 43.105.047 are each recodified as sections in chapter 43.105 RCW.

NEW SECTION. **Sec. 222.** RCW 43.41A.085, 43.41A.090, 43.41A.095, 43.41A.100, and 43.41A.105 are each recodified as sections in chapter 43.41 RCW.

NEW SECTION. **Sec. 223.** RCW 43.41A.125 is decodified.

NEW SECTION. **Sec. 224.** The following acts or parts of acts are each repealed:

(1) RCW 43.41A.006 (Definitions) and 2011 1st sp.s. c 43 s 705;

(2) RCW 43.41A.015 (Chief information officer—Executive head and appointing authority) and 2011 1st sp.s. c 43 s 703;

(3) RCW 43.41A.020 (Chief information officer—Duties) and 2011 1st sp.s. c 43 s 704;

(4) RCW 43.41A.120 (Electronic access to public records—Definitions) and 2011 c 60 s 38 & 1996 c 171 s 2; and

(5) RCW 43.105.340 (Consumer protection web site) and 2011 1st sp.s. c 21 s 12 & 2008 c 151 s 2.

PART III OFFICE OF FINANCIAL MANAGEMENT REALIGNMENT

Sec. 301. RCW 43.82.055 and 2015 c 225 s 76 are each amended to read as follows:

The office of financial management shall:

(1) Work with the department of enterprise services and all other state agencies to determine the long-term facility needs of state government; ~~((and))~~

(2) Develop and submit a six-year facility plan to the legislature by January 1st of every odd-numbered year ~~((beginning January 1, 2009.))~~ that includes state agency space requirements and other pertinent data necessary for cost-effective facility planning. The department of enterprise services shall assist with this effort as required by the office of financial management; and

(3) Establish and enforce policies and workplace strategies that promote the efficient use of state facilities.

Sec. 302. RCW 43.82.150 and 2007 c 506 s 7 are each amended to read as follows:

(1) The office of financial management shall develop and maintain an inventory system to account for all facilities owned or leased ~~((facilities utilized))~~ by state government. At a minimum, the inventory system must include the facility owner, location, type, condition, use data, and size of each facility. In addition, for owned facilities, the inventory system must include the date and cost of original construction and the cost of any major remodeling or renovation. The inventory must be updated by all agencies, departments, boards, commissions, and

institutions by June 30th of each year. The office of financial management shall publish a report summarizing information contained in the inventory system for each agency by October 1st of each year, beginning in 2010 and shall submit this report to the appropriate fiscal committees of the legislature.

(2) ~~((All agencies, departments, boards, commissions, and institutions of the state of Washington shall provide to the office of financial management a complete inventory of owned and leased facilities by September 1, 2010. The inventory must be updated and submitted to the office of financial management by September 1st of each subsequent year.))~~ The ~~((inventories))~~ inventory required under this subsection must be submitted in a standard format prescribed by the office of financial management.

(3) ~~((The office of financial management shall report to the legislature by September 1, 2008, on recommended improvements to the inventory system, redevelopment costs, and an implementation schedule for the redevelopment of the inventory system. The report shall also make recommendations on other improvements that will improve accountability and assist in the evaluation of budget requests and facility management by the governor and the legislature.))~~

(4)) For the purposes of this section, "facilities" means buildings and other structures with walls and a roof. "Facilities" does not mean roads, bridges, parking areas, utility systems, and other similar improvements to real property.

Sec. 303. RCW 43.88.160 and 2012 c 230 s 1 are each amended to read as follows:

This section sets forth the major fiscal duties and responsibilities of officers and agencies of the executive branch. The regulations issued by the governor pursuant to this chapter shall provide for a comprehensive, orderly basis for fiscal management and control, including efficient accounting and reporting therefor, for the executive branch of the state government and may include, in addition, such requirements as will generally promote more efficient public management in the state.

(1) Governor; director of financial management. The governor, through the director of financial management, shall devise and supervise a modern and complete accounting system for each agency to the end that all revenues, expenditures, receipts, disbursements, resources, and obligations of the state shall be properly and systematically accounted for. The accounting system shall include the development of accurate, timely records and reports of all financial affairs of the state. The system shall also provide for central accounts in the office of financial management at the level of detail deemed necessary by the director to perform central financial management. The director of financial management shall adopt and periodically update an accounting procedures manual. Any agency maintaining its own accounting and reporting system shall comply with the updated accounting procedures manual and the rules of the director adopted under this chapter. An agency may receive a waiver from complying with this requirement if the waiver is approved by the director. Waivers expire at the end of the fiscal biennium for which they are granted. The director shall forward notice of waivers granted to the appropriate legislative fiscal committees. The director of financial management may require such financial, statistical, and other reports as the director deems necessary from all agencies covering any period.

(2) Except as provided in chapter 43.88C RCW, the director of financial management is responsible for quarterly reporting of primary operating budget drivers such as applicable workloads, caseload estimates, and appropriate unit cost data. These reports shall be transmitted to the legislative fiscal committees or by electronic means to the legislative evaluation and accountability

program committee. Quarterly reports shall include actual monthly data and the variance between actual and estimated data to date. The reports shall also include estimates of these items for the remainder of the budget period.

(3) The director of financial management shall report at least annually to the appropriate legislative committees regarding the status of all appropriated capital projects, including transportation projects, showing significant cost overruns or underruns. If funds are shifted from one project to another, the office of financial management shall also reflect this in the annual variance report. Once a project is complete, the report shall provide a final summary showing estimated start and completion dates of each project phase compared to actual dates, estimated costs of each project phase compared to actual costs, and whether or not there are any outstanding liabilities or unsettled claims at the time of completion.

(4) In addition, the director of financial management, as agent of the governor, shall:

(a) Develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls. The system developed by the director shall include criteria for determining the scope and comprehensiveness of internal controls required by classes of agencies, depending on the level of resources at risk.

~~((Each))~~ (i) For those agencies that the director determines internal audit is required, the agency head or authorized designee shall be assigned the responsibility and authority for establishing and maintaining internal audits following ~~((the))~~ professional audit standards ~~((of internal auditing of))~~ including generally accepted government auditing standards or standards adopted by the institute of internal auditors, or both.

(ii) For those agencies that the director determines internal audit is not required, the agency head or authorized designee may establish and maintain internal audits following professional audit standards including generally accepted government auditing standards or standards adopted by the institute of internal auditors, or both, but at a minimum must comply with policies as established by the director to assess the effectiveness of the agency's systems of internal controls and risk management processes;

(b) Make surveys and analyses of agencies with the object of determining better methods and increased effectiveness in the use of manpower and materials; and the director shall authorize expenditures for employee training to the end that the state may benefit from training facilities made available to state employees;

(c) Establish policies for allowing the contracting of child care services;

(d) Report to the governor with regard to duplication of effort or lack of coordination among agencies;

(e) Review any pay and classification plans, and changes thereunder, developed by any agency for their fiscal impact: PROVIDED, That none of the provisions of this subsection shall affect merit systems of personnel management now existing or hereafter established by statute relating to the fixing of qualifications requirements for recruitment, appointment, or promotion of employees of any agency. The director shall advise and confer with agencies including appropriate standing committees of the legislature as may be designated by the speaker of the house and the president of the senate regarding the fiscal impact of such plans and may amend or alter the plans, except that for the following agencies no amendment or alteration of the plans may be made without the approval of the agency concerned: Agencies headed by elective officials;

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(f) Fix the number and classes of positions or authorized employee years of employment for each agency and during the fiscal period amend the determinations previously fixed by the director except that the director shall not be empowered to fix the number or the classes for the following: Agencies headed by elective officials;

(g) Adopt rules to effectuate provisions contained in (a) through (f) of this subsection.

(5) The treasurer shall:

(a) Receive, keep, and disburse all public funds of the state not expressly required by law to be received, kept, and disbursed by some other persons: PROVIDED, That this subsection shall not apply to those public funds of the institutions of higher learning which are not subject to appropriation;

(b) Receive, disburse, or transfer public funds under the treasurer's supervision or custody;

(c) Keep a correct and current account of all moneys received and disbursed by the treasurer, classified by fund or account;

(d) Coordinate agencies' acceptance and use of credit cards and other payment methods, if the agencies have received authorization under RCW 43.41.180;

(e) Perform such other duties as may be required by law or by regulations issued pursuant to this law.

It shall be unlawful for the treasurer to disburse public funds in the treasury except upon forms or by alternative means duly prescribed by the director of financial management. These forms or alternative means shall provide for authentication and certification by the agency head or the agency head's designee that the services have been rendered or the materials have been furnished; or, in the case of loans or grants, that the loans or grants are authorized by law; or, in the case of payments for periodic maintenance services to be performed on state owned equipment, that a written contract for such periodic maintenance services is currently in effect; and the treasurer shall not be liable under the treasurer's surety bond for erroneous or improper payments so made. When services are lawfully paid for in advance of full performance by any private individual or business entity other than equipment maintenance providers or as provided for by RCW 42.24.035, such individual or entity other than central stores rendering such services shall make a cash deposit or furnish surety bond coverage to the state as shall be fixed in an amount by law, or if not fixed by law, then in such amounts as shall be fixed by the director of the department of enterprise services but in no case shall such required cash deposit or surety bond be less than an amount which will fully indemnify the state against any and all losses on account of breach of promise to fully perform such services. No payments shall be made in advance for any equipment maintenance services to be performed more than twelve months after such payment except that institutions of higher education as defined in RCW 28B.10.016 may make payments in advance for equipment maintenance services to be performed up to sixty months after such payment. Any such bond so furnished shall be conditioned that the person, firm or corporation receiving the advance payment will apply it toward performance of the contract. The responsibility for recovery of erroneous or improper payments made under this section shall lie with the agency head or the agency head's designee in accordance with rules issued pursuant to this chapter. Nothing in this section shall be construed to permit a public body to advance funds to a private service provider pursuant to a grant or loan before services have been rendered or material furnished.

(6) The state auditor shall:

(a) Report to the legislature the results of current post audits that have been made of the financial transactions of each agency;

to this end the auditor may, in the auditor's discretion, examine the books and accounts of any agency, official, or employee charged with the receipt, custody, or safekeeping of public funds. Where feasible in conducting examinations, the auditor shall utilize data and findings from the internal control system prescribed by the office of financial management. The current post audit of each agency may include a section on recommendations to the legislature as provided in (c) of this subsection.

(b) Give information to the legislature, whenever required, upon any subject relating to the financial affairs of the state.

(c) Make the auditor's official report on or before the thirty-first of December which precedes the meeting of the legislature. The report shall be for the last complete fiscal period and shall include determinations as to whether agencies, in making expenditures, complied with the laws of this state. The state auditor is authorized to perform or participate in performance verifications and performance audits as expressly authorized by the legislature in the omnibus biennial appropriations acts or in the performance audit work plan approved by the joint legislative audit and review committee. The state auditor, upon completing an audit for legal and financial compliance under chapter 43.09 RCW or a performance verification, may report to the joint legislative audit and review committee or other appropriate committees of the legislature, in a manner prescribed by the joint legislative audit and review committee, on facts relating to the management or performance of governmental programs where such facts are discovered incidental to the legal and financial audit or performance verification. The auditor may make such a report to a legislative committee only if the auditor has determined that the agency has been given an opportunity and has failed to resolve the management or performance issues raised by the auditor. If the auditor makes a report to a legislative committee, the agency may submit to the committee a response to the report. This subsection (6) shall not be construed to authorize the auditor to allocate other than de minimis resources to performance audits except as expressly authorized in the appropriations acts or in the performance audit work plan. The results of a performance audit conducted by the state auditor that has been requested by the joint legislative audit and review committee must only be transmitted to the joint legislative audit and review committee.

(d) Be empowered to take exception to specific expenditures that have been incurred by any agency or to take exception to other practices related in any way to the agency's financial transactions and to cause such exceptions to be made a matter of public record, including disclosure to the agency concerned and to the director of financial management. It shall be the duty of the director of financial management to cause corrective action to be taken within six months, such action to include, as appropriate, the withholding of funds as provided in RCW 43.88.110. The director of financial management shall annually report by December 31st the status of audit resolution to the appropriate committees of the legislature, the state auditor, and the attorney general. The director of financial management shall include in the audit resolution report actions taken as a result of an audit including, but not limited to, types of personnel actions, costs and types of litigation, and value of recouped goods or services.

(e) Promptly report any irregularities to the attorney general.

(f) Investigate improper governmental activity under chapter 42.40 RCW.

In addition to the authority given to the state auditor in this subsection (6), the state auditor is authorized to conduct performance audits identified in RCW 43.09.470. Nothing in this subsection (6) shall limit, impede, or restrict the state auditor

from conducting performance audits identified in RCW 43.09.470.

(7) The joint legislative audit and review committee may:

(a) Make post audits of the financial transactions of any agency and management surveys and program reviews as provided for in chapter 44.28 RCW as well as performance audits and program evaluations. To this end the joint committee may in its discretion examine the books, accounts, and other records of any agency, official, or employee.

(b) Give information to the legislature or any legislative committee whenever required upon any subject relating to the performance and management of state agencies.

(c) Make a report to the legislature which shall include at least the following:

(i) Determinations as to the extent to which agencies in making expenditures have complied with the will of the legislature and in this connection, may take exception to specific expenditures or financial practices of any agencies; and

(ii) Such plans as it deems expedient for the support of the state's credit, for lessening expenditures, for promoting frugality and economy in agency affairs, and generally for an improved level of fiscal management.

Sec. 304. RCW 47.04.280 and 2013 c 199 s 1 are each amended to read as follows:

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

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

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

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

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

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

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

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

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

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

transportation shall submit objectives and performance measures to the legislature for its review and shall provide copies of the same to the commission during each regular session of the legislature during an even-numbered year thereafter.

(5) A local or regional agency engaging in transportation planning may voluntarily establish objectives and performance measures to demonstrate progress toward the attainment of the policy goals set forth in subsection (1) of this section or any other transportation policy goals established by the local or regional agency. A local or regional agency engaging in transportation planning is encouraged to provide local and regional objectives and performance measures to be included with the objectives and performance measures submitted to the legislature pursuant to subsection (4) of this section.

(6) This section does not create a private right of action.

Sec. 305. RCW 47.64.170 and 2015 1st sp.s. c 10 s 707 are each amended to read as follows:

(1) Any ferry employee organization certified as the bargaining representative shall be the exclusive representative of all ferry employees in the bargaining unit and shall represent all such employees fairly.

(2) A ferry employee organization or organizations and the governor may each designate any individual as its representative to engage in collective bargaining negotiations.

(3) Negotiating sessions, including strategy meetings of the employer or employee organizations, mediation, and the deliberative process of arbitrators are exempt from the provisions of chapter 42.30 RCW. Hearings conducted by arbitrators may be open to the public by mutual consent of the parties.

(4) Terms of any collective bargaining agreement may be enforced by civil action in Thurston county superior court upon the initiative of either party.

(5) Ferry system employees or any employee organization shall not negotiate or attempt to negotiate directly with anyone other than the person who has been appointed or authorized a bargaining representative for the purpose of bargaining with the ferry employees or their representative.

(6)(a) Within ten working days after the first Monday in September of every odd-numbered year, the parties shall attempt to agree on an interest arbitrator to be used if the parties are not successful in negotiating a comprehensive collective bargaining agreement. If the parties cannot agree on an arbitrator within the ten-day period, either party may request a list of seven arbitrators from the federal mediation and conciliation service. The parties shall select an interest arbitrator using the coin toss/alternate strike method within thirty calendar days of receipt of the list. Immediately upon selecting an interest arbitrator, the parties shall cooperate to reserve dates with the arbitrator for potential arbitration between August 1st and September 15th of the following even-numbered year. The parties shall also prepare a schedule of at least five negotiation dates for the following year, absent an agreement to the contrary. The parties shall execute a written agreement before November 1st of each odd-numbered year setting forth the name of the arbitrator and the dates reserved for bargaining and arbitration. This subsection (6)(a) imposes minimum obligations only and is not intended to define or limit a party's full, good faith bargaining obligation under other sections of this chapter.

(b) The negotiation of a proposed collective bargaining agreement by representatives of the employer and a ferry employee organization shall commence on or about February 1st of every even-numbered year.

(c) For negotiations covering the 2009-2011 biennium and subsequent biennia, the time periods specified in this section, and in RCW 47.64.210 and 47.64.300 through 47.64.320, must ensure conclusion of all agreements on or before October 1st of

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the even-numbered year next preceding the biennial budget period during which the agreement should take effect. These time periods may only be altered by mutual agreement of the parties in writing. Any such agreement and any impasse procedures agreed to by the parties under RCW 47.64.200 must include an agreement regarding the new time periods that will allow final resolution by negotiations or arbitration by October 1st of each even-numbered year.

(7) It is the intent of this section that the collective bargaining agreement or arbitrator's award shall commence on July 1st of each odd-numbered year and shall terminate on June 30th of the next odd-numbered year to coincide with the ensuing biennial budget year, as defined by RCW 43.88.020(7), to the extent practical. It is further the intent of this section that all collective bargaining agreements be concluded by October 1st of the even-numbered year before the commencement of the biennial budget year during which the agreements are to be in effect. After the expiration date of a collective bargaining agreement negotiated under this chapter, except to the extent provided in subsection (11) of this section and RCW 47.64.270(4), all of the terms and conditions specified in the collective bargaining agreement remain in effect until the effective date of a subsequently negotiated agreement, not to exceed one year from the expiration date stated in the agreement. Thereafter, the employer may unilaterally implement according to law.

(8) The office of financial management shall conduct a salary survey, for use in collective bargaining and arbitration(~~which must be conducted through a contract with a firm nationally recognized in the field of human resources management consulting except during the 2015-2017 fiscal biennium~~)).

(9) Except as provided in subsection (11) of this section:

(a) The governor shall submit a request either for funds necessary to implement the collective bargaining agreements including, but not limited to, the compensation and fringe benefit provisions or for legislation necessary to implement the agreement, or both. Requests for funds necessary to implement the collective bargaining agreements shall not be submitted to the legislature by the governor unless such requests:

(i) Have been submitted to the director of the office of financial management by October 1st before the legislative session at which the requests are to be considered; and

(ii) Have been certified by the director of the office of financial management as being feasible financially for the state.

(b) The governor shall submit a request either for funds necessary to implement the arbitration awards or for legislation necessary to implement the arbitration awards, or both. Requests for funds necessary to implement the arbitration awards shall not be submitted to the legislature by the governor unless such requests:

(i) Have been submitted to the director of the office of financial management by October 1st before the legislative session at which the requests are to be considered; and

(ii) Have been certified by the director of the office of financial management as being feasible financially for the state.

(c) The legislature shall approve or reject the submission of the request for funds necessary to implement the collective bargaining agreements or arbitration awards as a whole for each agreement or award. The legislature shall not consider a request for funds to implement a collective bargaining agreement or arbitration award unless the request is transmitted to the legislature as part of the governor's budget document submitted under RCW 43.88.030 and 43.88.060. If the legislature rejects or fails to act on the submission, either party may reopen all or part

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of the agreement and award or the exclusive bargaining representative may seek to implement the procedures provided for in RCW 47.64.210 and 47.64.300.

(10) If, after the compensation and fringe benefit provisions of an agreement are approved by the legislature, a significant revenue shortfall occurs resulting in reduced appropriations, as declared by proclamation of the governor or by resolution of the legislature, both parties shall immediately enter into collective bargaining for a mutually agreed upon modification of the agreement.

(11)(a) For the collective bargaining agreements negotiated for the 2011-2013 fiscal biennium, the legislature may consider a request for funds to implement a collective bargaining agreement even if the request for funds was not received by the office of financial management by October 1st and was not transmitted to the legislature as part of the governor's budget document submitted under RCW 43.88.030 and 43.88.060.

(b) For the 2013-2015 fiscal biennium, a collective bargaining agreement related to employee health care benefits negotiated between the employer and coalition pursuant to RCW 41.80.020(3) regarding the dollar amount expended on behalf of each employee must be a separate agreement for which the governor may request funds necessary to implement the agreement. The legislature may act upon a 2013-2015 collective bargaining agreement related to employee health care benefits if an agreement is reached and submitted to the office of financial management and legislative budget committees before final legislative action on the biennial or supplemental operating budget by the sitting legislature.

(c) For the collective bargaining agreements negotiated for the 2013-2015 fiscal biennium, the legislature may consider a request for funds to implement a collective bargaining agreement reached after October 1st after a determination of financial infeasibility by the director of the office of financial management if the request for funds is transmitted to the legislature as part of the governor's budget document submitted under RCW 43.88.030 and 43.88.060.

Sec. 306. RCW 47.64.360 and 2011 1st sp.s. c 16 s 12 are each amended to read as follows:

(1) The (~~office of financial management~~) department of transportation shall complete a government management and accountability performance report that provides a baseline assessment of current performance on the performance measures identified in RCW 47.64.355 (~~and section 11 of this act~~) using final 2009-2011 data. This report must be presented to the legislature by November 1, 2011, through the attainment report required in RCW 47.01.071(5) and 47.04.280.

(2) By December 31, 2012, and each year thereafter, the (~~office of financial management~~) department of transportation shall complete a performance report for the prior fiscal year. This report must be reviewed by the joint transportation committee.

(3) Management shall lead implementation of the performance measures in RCW 47.64.355 (~~and section 11 of this act~~)).

Sec. 307. RCW 79.44.060 and 2003 c 334 s 508 are each amended to read as follows:

When the chief administrative officer of an agency of state government is satisfied that an assessing district has complied with all the conditions precedent to the levy of assessments for district purposes, pursuant to this chapter against lands occupied, used, or under the jurisdiction of the officer's agency, he or she shall pay them, together with any interest thereon from any funds specifically appropriated to the agency therefor or from any funds of the agency which under existing law have been or are required to be expended to pay assessments on a current basis. (~~In all~~

~~other cases, the chief administrative officer shall certify to the director of financial management that the assessment is one properly chargeable to the state. The director of financial management shall pay such assessments from funds available or appropriated for this purpose.)~~

Except as provided in RCW 79.44.190 no lands of the state shall be subject to a lien for unpaid assessments, nor shall the interest of the state in any land be sold for unpaid assessments where assessment liens attached to the lands prior to state ownership.

Sec. 308. RCW 28A.345.060 and 2011 1st sp.s. c 43 s 467 are each amended to read as follows:

The association shall contract with ~~((the human resources director in))~~ the office of financial management to audit in odd-numbered years the association's staff classifications and employees' salaries. The association shall give copies of the audit reports to the office of financial management and the committees of each house of the legislature dealing with common schools.

Sec. 309. RCW 34.05.030 and 2011 1st sp.s. c 43 s 431 are each amended to read as follows:

(1) This chapter shall not apply to:

- (a) The state militia, or
- (b) The board of clemency and pardons, or
- (c) The department of corrections or the indeterminate sentencing review board with respect to persons who are in their custody or are subject to the jurisdiction of those agencies.

(2) The provisions of RCW 34.05.410 through 34.05.598 shall not apply:

(a) To adjudicative proceedings of the board of industrial insurance appeals except as provided in RCW 7.68.110 and 51.48.131;

(b) Except for actions pursuant to chapter 46.29 RCW, to the denial, suspension, or revocation of a driver's license by the department of licensing;

(c) To the department of labor and industries where another statute expressly provides for review of adjudicative proceedings of a department action, order, decision, or award before the board of industrial insurance appeals;

(d) To actions of the Washington personnel resources board, the ~~((human resources))~~ director~~((, or the office))~~ of financial management, and the department of enterprise services when carrying out their duties under chapter 41.06 RCW;

(e) To adjustments by the department of revenue of the amount of the surcharge imposed under RCW 82.04.261; or

(f) To the extent they are inconsistent with any provisions of chapter 43.43 RCW.

(3) Unless a party makes an election for a formal hearing pursuant to RCW 82.03.140 or 82.03.190, RCW 34.05.410 through 34.05.598 do not apply to a review hearing conducted by the board of tax appeals.

(4) The rule-making provisions of this chapter do not apply to:

(a) Reimbursement unit values, fee schedules, arithmetic conversion factors, and similar arithmetic factors used to determine payment rates that apply to goods and services purchased under contract for clients eligible under chapter 74.09 RCW; and

(b) Adjustments by the department of revenue of the amount of the surcharge imposed under RCW 82.04.261.

(5) All other agencies, whether or not formerly specifically excluded from the provisions of all or any part of the administrative procedure act, shall be subject to the entire act.

Sec. 310. RCW 34.12.100 and 2011 1st sp.s. c 43 s 469 are each amended to read as follows:

The chief administrative law judge shall be paid a salary fixed by the governor after recommendation of the ~~((human~~

~~resources))~~ director ~~((in the office))~~ of financial management. The salaries of administrative law judges appointed under the terms of this chapter shall be determined by the chief administrative law judge after recommendation of the ~~((department of personnel))~~ director of financial management.

Sec. 311. RCW 41.04.340 and 2011 1st sp.s. c 43 s 432 and 2011 1st sp.s. c 39 s 12 are each reenacted and amended to read as follows:

(1) An attendance incentive program is established for all eligible employees. As used in this section the term "eligible employee" means any employee of the state, other than eligible employees of the community and technical colleges and the state board for community and technical colleges identified in RCW 28B.50.553, and teaching and research faculty at the state and regional universities and The Evergreen State College, entitled to accumulate sick leave and for whom accurate sick leave records have been maintained. No employee may receive compensation under this section for any portion of sick leave accumulated at a rate in excess of one day per month. The state and regional universities and The Evergreen State College shall maintain complete and accurate sick leave records for all teaching and research faculty.

(2) In January of the year following any year in which a minimum of sixty days of sick leave is accrued, and each January thereafter, any eligible employee may receive remuneration for unused sick leave accumulated in the previous year at a rate equal to one day's monetary compensation of the employee for each four full days of accrued sick leave in excess of sixty days. Sick leave for which compensation has been received shall be deducted from accrued sick leave at the rate of four days for every one day's monetary compensation.

From July 1, 2011, through June 29, 2013, the rate of monetary compensation for the purposes of this subsection shall not be reduced by any temporary salary reduction.

(3) At the time of separation from state service due to retirement or death, an eligible employee or the employee's estate may elect to receive remuneration at a rate equal to one day's current monetary compensation of the employee for each four full days of accrued sick leave. From July 1, 2011, through June 29, 2013, the rate of monetary compensation for the purposes of this subsection shall not be reduced by any temporary salary reduction.

(4) Remuneration or benefits received under this section shall not be included for the purpose of computing a retirement allowance under any public retirement system in this state.

(5) Except as provided in subsections (7) through (9) of this section for employees not covered by chapter 41.06 RCW, this section shall be administered, and rules shall be adopted to carry out its purposes, by the ~~((human resources))~~ director of financial management for persons subject to chapter 41.06 RCW ~~(= PROVIDED, That determination of classes of eligible employees shall be subject to approval by the office of financial management))~~.

(6) Should the legislature revoke any remuneration or benefits granted under this section, no affected employee shall be entitled thereafter to receive such benefits as a matter of contractual right.

(7) In lieu of remuneration for unused sick leave at retirement as provided in subsection (3) of this section, an agency head or designee may with equivalent funds, provide eligible employees with a benefit plan that provides for reimbursement for medical expenses. This plan shall be implemented only after consultation with affected groups of employees. For eligible employees covered by chapter 41.06 RCW, procedures for the implementation of these plans shall be adopted by the ~~((human resources))~~ director of the state health care authority. For eligible

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employees exempt from chapter 41.06 RCW, (~~and classified employees who have opted out of coverage of chapter 41.06 RCW as provided in RCW 41.56.201,;~~) implementation procedures shall be adopted by an agency head having jurisdiction over the employees.

(8) Implementing procedures adopted by the (~~human resources~~) director of the state health care authority or agency heads shall require that each medical expense plan authorized by subsection (7) of this section apply to all eligible employees in any one of the following groups: (a) Employees in an agency; (b) employees in a major organizational subdivision of an agency; (c) employees at a major operating location of an agency; (d) exempt employees under the jurisdiction of an elected or appointed Washington state executive; (e) employees of the Washington state senate; (f) employees of the Washington state house of representatives; (g) ~~classified employees in a bargaining unit established by the ((director of personnel))~~ public employment relations commission; or (h) other group of employees defined by an agency head that is not designed to provide an individual-employee choice regarding participation in a medical expense plan. However, medical expense plans for eligible employees in any of the groups under (a) through (h) of this subsection who are covered by a collective bargaining agreement shall be implemented only by written agreement with the bargaining unit's exclusive representative and a separate medical expense plan may be provided for unrepresented employees.

(9) Medical expense plans authorized by subsection (7) of this section must require as a condition of participation in the plan that employees in the group affected by the plan sign an agreement with the employer. The agreement must include a provision to hold the employer harmless should the United States government find that the employer or the employee is in debt to the United States as a result of the employee not paying income taxes due on the equivalent funds placed into the plan, or as a result of the employer not withholding or deducting a tax, assessment, or other payment on the funds as required by federal law. The agreement must also include a provision that requires an eligible employee to forfeit remuneration under subsection (3) of this section if the employee belongs to a group that has been designated to participate in the medical expense plan permitted under this section and the employee refuses to execute the required agreement.

Sec. 312. RCW 41.04.665 and 2011 1st sp.s. c 43 s 435 are each amended to read as follows:

(1) An agency head may permit an employee to receive leave under this section if:

(a)(i) The employee suffers from, or has a relative or household member suffering from, an illness, injury, impairment, or physical or mental condition which is of an extraordinary or severe nature;

(ii) The employee has been called to service in the uniformed services;

(iii) A state of emergency has been declared anywhere within the United States by the federal or any state government and the employee has needed skills to assist in responding to the emergency or its aftermath and volunteers his or her services to either a governmental agency or to a nonprofit organization engaged in humanitarian relief in the devastated area, and the governmental agency or nonprofit organization accepts the employee's offer of volunteer services; or

(iv) The employee is a victim of domestic violence, sexual assault, or stalking; (~~or~~)

(v) ~~During the 2009-2011 fiscal biennium only, the employee is eligible to use leave in lieu of temporary layoff under section 3(5), chapter 32, Laws of 2010 1st sp. sess.;~~)

(b) The illness, injury, impairment, condition, call to service, emergency volunteer service, or consequence of domestic violence, sexual assault, temporary layoff under section 3(5), chapter 32, Laws of 2010 1st sp. sess., or stalking has caused, or is likely to cause, the employee to:

(i) Go on leave without pay status; or

(ii) Terminate state employment;

(c) The employee's absence and the use of shared leave are justified;

(d) The employee has depleted or will shortly deplete his or her:

(i) Annual leave and sick leave reserves if he or she qualifies under (a)(i) of this subsection;

(ii) Annual leave and paid military leave allowed under RCW 38.40.060 if he or she qualifies under (a)(ii) of this subsection; or

(iii) Annual leave if he or she qualifies under (a)(iii)(~~;~~) or (iv)(~~;~~ (v)) of this subsection;

(e) The employee has abided by agency rules regarding:

(i) Sick leave use if he or she qualifies under (a)(i) or (iv) of this subsection; or

(ii) Military leave if he or she qualifies under (a)(ii) of this subsection; and

(f) The employee has diligently pursued and been found to be ineligible for benefits under chapter 51.32 RCW if he or she qualifies under (a)(i) of this subsection.

(2) The agency head shall determine the amount of leave, if any, which an employee may receive under this section. However, an employee shall not receive a total of more than five hundred twenty-two days of leave, except that, a supervisor may authorize leave in excess of five hundred twenty-two days in extraordinary circumstances for an employee qualifying for the shared leave program because he or she is suffering from an illness, injury, impairment, or physical or mental condition which is of an extraordinary or severe nature. Shared leave received under the uniformed service shared leave pool in RCW 41.04.685 is not included in this total.

(3) An employee may transfer annual leave, sick leave, and his or her personal holiday, as follows:

(a) An employee who has an accrued annual leave balance of more than ten days may request that the head of the agency for which the employee works transfer a specified amount of annual leave to another employee authorized to receive leave under subsection (1) of this section. In no event may the employee request a transfer of an amount of leave that would result in his or her annual leave account going below ten days. For purposes of this subsection (3)(a), annual leave does not accrue if the employee receives compensation in lieu of accumulating a balance of annual leave.

(b) An employee may transfer a specified amount of sick leave to an employee requesting shared leave only when the donating employee retains a minimum of one hundred seventy-six hours of sick leave after the transfer.

(c) An employee may transfer, under the provisions of this section relating to the transfer of leave, all or part of his or her personal holiday, as that term is defined under RCW 1.16.050, or as such holidays are provided to employees by agreement with a school district's board of directors if the leave transferred under this subsection does not exceed the amount of time provided for personal holidays under RCW 1.16.050.

(4) An employee of an institution of higher education under RCW 28B.10.016, school district, or educational service district who does not accrue annual leave but does accrue sick leave and who has an accrued sick leave balance of more than twenty-two days may request that the head of the agency for which the

employee works transfer a specified amount of sick leave to another employee authorized to receive leave under subsection (1) of this section. In no event may such an employee request a transfer that would result in his or her sick leave account going below twenty-two days. Transfers of sick leave under this subsection are limited to transfers from employees who do not accrue annual leave. Under this subsection, "sick leave" also includes leave accrued pursuant to RCW 28A.400.300((2))~~(1)(b)~~ or 28A.310.240(1) with compensation for illness, injury, and emergencies.

(5) Transfers of leave made by an agency head under subsections (3) and (4) of this section shall not exceed the requested amount.

(6) Leave transferred under this section may be transferred from employees of one agency to an employee of the same agency or, with the approval of the heads of both agencies, to an employee of another state agency.

(7) While an employee is on leave transferred under this section, he or she shall continue to be classified as a state employee and shall receive the same treatment in respect to salary, wages, and employee benefits as the employee would normally receive if using accrued annual leave or sick leave.

(a) All salary and wage payments made to employees while on leave transferred under this section shall be made by the agency employing the person receiving the leave. The value of leave transferred shall be based upon the leave value of the person receiving the leave.

(b) In the case of leave transferred by an employee of one agency to an employee of another agency, the agencies involved shall arrange for the transfer of funds and credit for the appropriate value of leave.

(i) Pursuant to rules adopted by the office of financial management, funds shall not be transferred under this section if the transfer would violate any constitutional or statutory restrictions on the funds being transferred.

(ii) The office of financial management may adjust the appropriation authority of an agency receiving funds under this section only if and to the extent that the agency's existing appropriation authority would prevent it from expending the funds received.

(iii) Where any questions arise in the transfer of funds or the adjustment of appropriation authority, the director of financial management shall determine the appropriate transfer or adjustment.

(8) Leave transferred under this section shall not be used in any calculation to determine an agency's allocation of full time equivalent staff positions.

(9) The value of any leave transferred under this section which remains unused shall be returned at its original value to the employee or employees who transferred the leave when the agency head finds that the leave is no longer needed or will not be needed at a future time in connection with the illness or injury for which the leave was transferred or for any other qualifying condition. Before the agency head makes a determination to return unused leave in connection with an illness or injury, or any other qualifying condition, he or she must receive from the affected employee a statement from the employee's doctor verifying that the illness or injury is resolved. To the extent administratively feasible, the value of unused leave which was transferred by more than one employee shall be returned on a pro rata basis.

(10) An employee who uses leave that is transferred to him or her under this section may not be required to repay the value of the leave that he or she used.

(11) The (~~human resources~~) director of financial management may adopt rules as necessary to implement subsection (2) of this section.

Sec. 313. RCW 41.04.680 and 2011 1st sp.s. c 43 s 437 are each amended to read as follows:

The office of financial management and other personnel authorities shall adopt rules or policies governing the accumulation and use of sick leave for state agency and department employees, expressly for the establishment of a plan allowing participating employees to pool sick leave and allowing any sick leave thus pooled to be used by any participating employee who has used all of the sick leave, annual leave, and compensatory leave that has been personally accrued by him or her. Each department or agency of the state may allow employees to participate in a sick leave pool established by the office of financial management and other personnel authorities.

(1) For purposes of calculating maximum sick leave that may be donated or received by any one employee, pooled sick leave:

(a) Is counted and converted in the same manner as sick leave under the Washington state leave sharing program as provided in this chapter; and

(b) Does not create a right to sick leave in addition to the amount that may be donated or received under the Washington state leave sharing program as provided in this chapter.

(2) The office of financial management and other personnel authorities, except the personnel authorities for higher education institutions, shall adopt rules which provide:

(a) That employees are eligible to participate in the sick leave pool after one year of employment with the state or agency of the state if the employee has accrued a minimum amount of unused sick leave, to be established by rule;

(b) That participation in the sick leave pool shall, at all times, be voluntary on the part of the employees;

(c) That any sick leave pooled shall be removed from the personally accumulated sick leave balance of the employee contributing the leave;

(d) That any sick leave in the pool that is used by a participating employee may be used only for the employee's personal illness, accident, or injury;

(e) That a participating employee is not eligible to use sick leave accumulated in the pool until all of his or her personally accrued sick, annual, and compensatory leave has been used;

(f) A maximum number of days of sick leave in the pool that any one employee may use;

(g) That a participating employee who uses sick leave from the pool is not required to recontribute such sick leave to the pool, except as otherwise provided in this section;

(h) That an employee who cancels his or her membership in the sick leave pool is not eligible to withdraw the days of sick leave contributed by that employee to the pool;

(i) That an employee who transfers from one position in state government to another position in state government may transfer from one pool to another if the eligibility criteria of the pools are comparable and the administrators of the pools have agreed on a formula for transfer of credits;

(j) That alleged abuse of the use of the sick leave pool shall be investigated, and, on a finding of wrongdoing, the employee shall repay all of the sick leave credits drawn from the sick leave pool and shall be subject to such other disciplinary action as is determined by the agency head;

(k) That sick leave credits may be drawn from the sick leave pool by a part-time employee on a pro rata basis; and

(l) That each department or agency shall maintain accurate and reliable records showing the amount of sick leave which has been accumulated and is unused by employees, in accordance

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with guidelines established by the ~~((department of personnel))~~ office of financial management.

(3) Personnel authorities for higher education institutions shall adopt policies consistent with the needs of the employees under their respective jurisdictions.

Sec. 314. RCW 41.06.020 and 2011 1st sp.s. c 43 s 401 are each reenacted and amended to read as follows:

Unless the context clearly indicates otherwise, the words used in this chapter have the meaning given in this section.

(1) "Affirmative action" means a procedure by which racial minorities, women, persons in the protected age category, persons with disabilities, Vietnam-era veterans, and disabled veterans are provided with increased employment opportunities. It shall not mean any sort of quota system.

(2) "Agency" means an office, department, board, commission, or other separate unit or division, however designated, of the state government and all personnel thereof; it includes any unit of state government established by law, the executive officer or members of which are either elected or appointed, upon which the statutes confer powers and impose duties in connection with operations of either a governmental or proprietary nature.

(3) "Board" means the Washington personnel resources board established under the provisions of RCW 41.06.110, except that this definition does not apply to the words "board" or "boards" when used in RCW 41.06.070.

(4) "Career development" means the progressive development of employee capabilities to facilitate productivity, job satisfaction, and upward mobility through work assignments as well as education and training that are both state-sponsored and are achieved by individual employee efforts, all of which shall be consistent with the needs and obligations of the state and its agencies.

(5) "Classified service" means all positions in the state service subject to the provisions of this chapter.

(6) "Comparable worth" means the provision of similar salaries for positions that require or impose similar responsibilities, judgments, knowledge, skills, and working conditions.

(7) "Competitive service" means all positions in the classified service for which a competitive examination is required as a condition precedent to appointment.

(8) "Department" means an agency of government that has as its governing officer a person, or combination of persons such as a commission, board, or council, by law empowered to operate the agency responsible either to (a) no other public officer or (b) the governor.

(9) "Director" means the ~~((human resources))~~ director ~~((within the office))~~ of financial management ~~((and appointed under RCW 43.41.113))~~ or the director's designee.

(10) "Institutions of higher education" means the University of Washington, Washington State University, Central Washington University, Eastern Washington University, Western Washington University, The Evergreen State College, and the various state community colleges.

(11) "Noncompetitive service" means all positions in the classified service for which a competitive examination is not required.

(12) "Related boards" means the state board for community and technical colleges; and such other boards, councils, and commissions related to higher education as may be established.

(13) "Training" means activities designed to develop job-related knowledge and skills of employees.

Sec. 315. RCW 41.06.157 and 2011 1st sp.s. c 43 s 411 are each amended to read as follows:

(1) To promote the most effective use of the state's workforce and improve the effectiveness and efficiency of the delivery of services to the citizens of the state, the director shall adopt and maintain a comprehensive classification plan for all positions in the classified service. The classification plan must:

(a) Be simple and streamlined;

(b) Support state agencies in responding to changing technologies, economic and social conditions, and the needs of its citizens;

(c) Value workplace diversity;

(d) Facilitate the reorganization and decentralization of governmental services;

(e) Enhance mobility and career advancement opportunities; and

(f) Consider rates in other public employment and private employment in the state.

(2) An appointing authority and an employee organization representing classified employees of the appointing authority for collective bargaining purposes may jointly request the ~~((human resources))~~ director of financial management to initiate a classification study.

(3) For institutions of higher education and related boards, the director may adopt special salary ranges to be competitive with positions of a similar nature in the state or the locality in which the institution of higher education or related board is located.

(4) The director may undertake salary surveys of positions in other public and private employment to establish market rates. Any salary survey information collected from private employers which identifies a specific employer with salary rates which the employer pays to its employees shall not be subject to public disclosure under chapter 42.56 RCW.

Sec. 316. RCW 41.06.167 and 2011 1st sp.s. c 43 s 413 are each amended to read as follows:

The ~~((human resources))~~ director of financial management shall undertake comprehensive compensation surveys for officers and entry-level officer candidates of the Washington state patrol, with such surveys to be conducted in the year prior to the convening of every other one hundred five day regular session of the state legislature. Salary and fringe benefit survey information collected from private employers which identifies a specific employer with the salary and fringe benefit rates which that employer pays to its employees shall not be subject to public disclosure under chapter 42.56 RCW.

Sec. 317. RCW 42.17A.705 and 2012 c 229 s 582 are each amended to read as follows:

For the purposes of RCW 42.17A.700, "executive state officer" includes:

(1) The chief administrative law judge, the director of agriculture, the director of the department of services for the blind, the chief information officer of the office of chief information officer, the director of the state system of community and technical colleges, the director of commerce, the director of the consolidated technology services agency, the secretary of corrections, the director of early learning, the director of ecology, the commissioner of employment security, the chair of the energy facility site evaluation council, the director of enterprise services, the secretary of the state finance committee, the director of financial management, the director of fish and wildlife, the executive secretary of the forest practices appeals board, the director of the gambling commission, the secretary of health, the administrator of the Washington state health care authority, the executive secretary of the health care facilities authority, the executive secretary of the higher education facilities authority, the executive secretary of the horse racing commission, ~~((the~~

~~human resources director~~;) the executive secretary of the human rights commission, the executive secretary of the indeterminate sentence review board, the executive director of the state investment board, the director of labor and industries, the director of licensing, the director of the lottery commission, the director of the office of minority and women's business enterprises, the director of parks and recreation, the executive director of the public disclosure commission, the executive director of the Puget Sound partnership, the director of the recreation and conservation office, the director of retirement systems, the director of revenue, the secretary of social and health services, the chief of the Washington state patrol, the executive secretary of the board of tax appeals, the secretary of transportation, the secretary of the utilities and transportation commission, the director of veterans affairs, the president of each of the regional and state universities and the president of The Evergreen State College, and each district and each campus president of each state community college;

(2) Each professional staff member of the office of the governor;

(3) Each professional staff member of the legislature; and

(4) Central Washington University board of trustees, the boards of trustees of each community college and each technical college, each member of the state board for community and technical colleges, state convention and trade center board of directors, Eastern Washington University board of trustees, Washington economic development finance authority, Washington energy northwest executive board, The Evergreen State College board of trustees, executive ethics board, fish and wildlife commission, forest practices appeals board, forest practices board, gambling commission, Washington health care facilities authority, student achievement council, higher education facilities authority, horse racing commission, state housing finance commission, human rights commission, indeterminate sentence review board, board of industrial insurance appeals, state investment board, commission on judicial conduct, legislative ethics board, life sciences discovery fund authority board of trustees, liquor control board, lottery commission, Pacific Northwest electric power and conservation planning council, parks and recreation commission, Washington personnel resources board, board of pilotage commissioners, pollution control hearings board, public disclosure commission, public employees' benefits board, recreation and conservation funding board, salmon recovery funding board, shorelines hearings board, board of tax appeals, transportation commission, University of Washington board of regents, utilities and transportation commission, Washington State University board of regents, and Western Washington University board of trustees.

Sec. 318. RCW 41.80.020 and 2013 2nd sp.s. c 4 s 972 are each amended to read as follows:

(1) Except as otherwise provided in this chapter, the matters subject to bargaining include wages, hours, and other terms and conditions of employment, and the negotiation of any question arising under a collective bargaining agreement.

(2) The employer is not required to bargain over matters pertaining to:

(a) Health care benefits or other employee insurance benefits, except as required in subsection (3) of this section;

(b) Any retirement system or retirement benefit; or

(c) Rules of the (~~human resources~~) director of financial management, the director of enterprise services, or the Washington personnel resources board adopted under RCW 41.06.157.

(3) Matters subject to bargaining include the number of names to be certified for vacancies, promotional preferences, and the dollar amount expended on behalf of each employee for

health care benefits. However, except as provided otherwise in this subsection for institutions of higher education, negotiations regarding the number of names to be certified for vacancies, promotional preferences, and the dollar amount expended on behalf of each employee for health care benefits shall be conducted between the employer and one coalition of all the exclusive bargaining representatives subject to this chapter. The exclusive bargaining representatives for employees that are subject to chapter 47.64 RCW shall bargain the dollar amount expended on behalf of each employee for health care benefits with the employer as part of the coalition under this subsection. Any such provision agreed to by the employer and the coalition shall be included in all master collective bargaining agreements negotiated by the parties. For institutions of higher education, promotional preferences and the number of names to be certified for vacancies shall be bargained under the provisions of RCW 41.80.010(4). For agreements covering the 2013-2015 fiscal biennium, any agreement between the employer and the coalition regarding the dollar amount expended on behalf of each employee for health care benefits is a separate agreement and shall not be included in the master collective bargaining agreements negotiated by the parties.

(4) The employer and the exclusive bargaining representative shall not agree to any proposal that would prevent the implementation of approved affirmative action plans or that would be inconsistent with the comparable worth agreement that provided the basis for the salary changes implemented beginning with the 1983-1985 biennium to achieve comparable worth.

(5) The employer and the exclusive bargaining representative shall not bargain over matters pertaining to management rights established in RCW 41.80.040.

(6) Except as otherwise provided in this chapter, if a conflict exists between an executive order, administrative rule, or agency policy relating to wages, hours, and terms and conditions of employment and a collective bargaining agreement negotiated under this chapter, the collective bargaining agreement shall prevail. A provision of a collective bargaining agreement that conflicts with the terms of a statute is invalid and unenforceable.

(7) This section does not prohibit bargaining that affects contracts authorized by RCW 41.06.142.

Sec. 319. RCW 43.03.040 and 2011 1st sp.s. c 39 s 8 are each amended to read as follows:

Subject to RCW 41.04.820, the directors of the several departments and members of the several boards and commissions, whose salaries are fixed by the governor and the chief executive officers of the agencies named in RCW 43.03.028(1) as now or hereafter amended shall each severally receive such salaries, payable in monthly installments, as shall be fixed by the governor or the appropriate salary fixing authority, in an amount not to exceed the recommendations of the (~~department of personnel~~) office of financial management. From February 18, 2009, through June 30, 2013, a salary or wage increase shall not be granted to any position under this section, except that increases may be granted for positions for which the employer has demonstrated difficulty retaining qualified employees if the following conditions are met:

(1) The salary increase can be paid within existing resources;

(2) The salary increase will not adversely impact the provision of client services; and

(3) For any state agency of the executive branch, not including institutions of higher education, the salary increase is approved by the director of the office of financial management.

Any agency granting a salary increase from February 15, 2010, through June 30, 2011, to a position under this section shall submit a report to the fiscal committees of the legislature no later

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than July 31, 2011, detailing the positions for which salary increases were granted, the size of the increases, and the reasons for giving the increases.

Any agency granting a salary increase from July 1, 2011, through June 30, 2013, to a position under this section shall submit a report to the fiscal committees of the legislature by July 31, 2012, and July 31, 2013, detailing the positions for which salary increases were granted during the preceding fiscal year, the size of the increases, and the reasons for giving the increases.

Sec. 320. RCW 43.06.013 and 2011 1st sp.s. c 43 s 454 are each amended to read as follows:

When requested by the governor or the director of the department of enterprise services, nonconviction criminal history fingerprint record checks shall be conducted through the Washington state patrol identification and criminal history section and the federal bureau of investigation on applicants for agency head positions appointed by the governor. Information received pursuant to this section shall be confidential and made available only to the governor or director of ~~((the department of personnel))~~ financial management or their employees directly involved in the selection, hiring, or background investigation of the subject of the record check. When necessary, applicants may be employed on a conditional basis pending completion of the criminal history record check. "Agency head" as used in this section has the same definition as provided in RCW 34.05.010.

Sec. 321. RCW 43.41.113 and 2011 1st sp.s. c 43 s 430 are each amended to read as follows:

(1) The office of financial management shall direct and supervise the personnel policy and application of the civil service laws, chapter 41.06 RCW.

~~(2) ((The human resources director is created in the office of financial management. The human resources director shall be appointed by the governor, and shall serve at the pleasure of the governor. The director shall receive a salary in an amount fixed by the governor.~~

~~(3))~~ ~~(3))~~ The ~~((human resources))~~ director or the director's designee has the authority and shall perform the functions as prescribed in chapter 41.06 RCW, or as otherwise prescribed by law.

~~((4))~~ ~~(3)~~ The ~~((human resources))~~ director may delegate to any agency the authority to perform administrative and technical personnel activities if the agency requests such authority and the ~~((human resources))~~ director is satisfied that the agency has the personnel management capabilities to effectively perform the delegated activities. The ~~((human resources))~~ director shall prescribe standards and guidelines for the performance of delegated activities. If the ~~((human resources))~~ director determines that an agency is not performing delegated activities within the prescribed standards and guidelines, the director shall withdraw the authority from the agency to perform such activities.

Sec. 322. RCW 43.131.090 and 2011 1st sp.s. c 43 s 459 are each amended to read as follows:

Unless the legislature specifies a shorter period of time, a terminated entity shall continue in existence until June 30th of the next succeeding year for the purpose of concluding its affairs: PROVIDED, That the powers and authority of the entity shall not be reduced or otherwise limited during this period. Unless otherwise provided:

(1) All employees of terminated entities classified under chapter 41.06 RCW, the state civil service law, shall be transferred as appropriate or as otherwise provided in the procedures adopted by the ~~((human resources))~~ director of financial management pursuant to RCW 41.06.150;

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(2) All documents and papers, equipment, or other tangible property in the possession of the terminated entity shall be delivered to the custody of the entity assuming the responsibilities of the terminated entity or if such responsibilities have been eliminated, documents and papers shall be delivered to the state archivist and equipment or other tangible property to the department of enterprise services;

(3) All funds held by, or other moneys due to, the terminated entity shall revert to the fund from which they were appropriated, or if that fund is abolished to the general fund;

(4) Notwithstanding the provisions of RCW 34.05.020, all rules made by a terminated entity shall be repealed, without further action by the entity, at the end of the period provided in this section, unless assumed and reaffirmed by the entity assuming the related legal responsibilities of the terminated entity;

(5) All contractual rights and duties of an entity shall be assigned or delegated to the entity assuming the responsibilities of the terminated entity, or if there is none to such entity as the governor shall direct.

Sec. 323. RCW 48.37.060 and 2011 1st sp.s. c 43 s 460 are each amended to read as follows:

(1) When the commissioner determines that other market conduct actions identified in RCW 48.37.040(4)(a) have not sufficiently addressed issues raised concerning company activities in Washington state, the commissioner has the discretion to conduct market conduct examinations in accordance with the NAIC market conduct uniform examination procedures and the NAIC market regulation handbook.

(2)(a) In lieu of an examination of an insurer licensed in this state, the commissioner shall accept an examination report of another state, unless the commissioner determines that the other state does not have laws substantially similar to those of this state, or does not have a market oversight system that is comparable to the market conduct oversight system set forth in this law.

(b) The commissioner's determination under (a) of this subsection is discretionary with the commissioner and is not subject to appeal.

(c) If the insurer to be examined is part of an insurance holding company system, the commissioner may also seek to simultaneously examine any affiliates of the insurer under common control and management which are licensed to write the same lines of business in this state.

(3) Before commencement of a market conduct examination, market conduct oversight personnel shall prepare a work plan consisting of the following:

- (a) The name and address of the insurer being examined;
- (b) The name and contact information of the examiner-in-charge;
- (c) The name of all market conduct oversight personnel initially assigned to the market conduct examination;
- (d) The justification for the examination;
- (e) The scope of the examination;
- (f) The date the examination is scheduled to begin;
- (g) Notice of any noninsurance department personnel who will assist in the examination;
- (h) A time estimate for the examination;
- (i) A budget for the examination if the cost of the examination is billed to the insurer; and
- (j) An identification of factors that will be included in the billing if the cost of the examination is billed to the insurer.

(4)(a) Within ten days of the receipt of the information contained in subsection (3) of this section, insurers may request the commissioner's discretionary review of any alleged conflict of interest, pursuant to RCW 48.37.090(2), of market conduct

oversight personnel and noninsurance department personnel assigned to a market conduct examination. The request for review shall specifically describe the alleged conflict of interest in the proposed assignment of any person to the examination.

(b) Within five business days of receiving a request for discretionary review of any alleged conflict of interest in the proposed assignment of any person to a market conduct examination, the commissioner or designee shall notify the insurer of any action regarding the assignment of personnel to a market conduct examination based on the insurer's allegation of conflict of interest.

(5) Market conduct examinations shall, to the extent feasible, use desk examinations and data requests before an on-site examination.

(6) Market conduct examinations shall be conducted in accordance with the provisions set forth in the NAIC market regulation handbook and the NAIC market conduct uniform examinations procedures, subject to the precedence of the provisions of chapter 82, Laws of 2007.

(7) The commissioner shall use the NAIC standard data request.

(8) Announcement of the examination shall be sent to the insurer and posted on the NAIC's examination tracking system as soon as possible but in no case later than sixty days before the estimated commencement of the examination, except where the examination is conducted in response to extraordinary circumstances as described in RCW 48.37.050(2)(a). The announcement sent to the insurer shall contain the examination work plan and a request for the insurer to name its examination coordinator.

(9) If an examination is expanded significantly beyond the original reasons provided to the insurer in the notice of the examination required by subsection (3) of this section, the commissioner shall provide written notice to the insurer, explaining the expansion and reasons for the expansion. The commissioner shall provide a revised work plan if the expansion results in significant changes to the items presented in the original work plan required by subsection (3) of this section.

(10) The commissioner shall conduct a preexamination conference with the insurer examination coordinator and key personnel to clarify expectations at least thirty days before commencement of the examination, unless otherwise agreed by the insurer and the commissioner.

(11) Before the conclusion of the field work for market conduct examination, the examiner-in-charge shall review examination findings to date with insurer personnel and schedule an exit conference with the insurer, in accordance with procedures in the NAIC market regulation handbook.

(12)(a) No later than sixty days after completion of each market conduct examination, the commissioner shall make a full written report of each market conduct examination containing only facts ascertained from the accounts, records, and documents examined and from the sworn testimony of individuals, and such conclusions and recommendations as may reasonably be warranted from such facts.

(b) The report shall be certified by the commissioner or by the examiner-in-charge of the examination, and shall be filed in the commissioner's office subject to (c) of this subsection.

(c) The commissioner shall furnish a copy of the market conduct examination report to the person examined not less than ten days and, unless the time is extended by the commissioner, not more than thirty days prior to the filing of the report for public inspection in the commissioner's office. If the person so requests in writing within such period, the commissioner shall hold a hearing to consider objections of such person to the report as proposed, and shall not so file the report until after such hearing

and until after any modifications in the report deemed necessary by the commissioner have been made.

(d) Within thirty days of the end of the period described in (c) of this subsection, unless extended by order of the commissioner, the commissioner shall consider the report, together with any written submissions or rebuttals and any relevant portions of the examiner's work papers and enter an order:

(i) Adopting the market conduct examination report as filed or with modification or corrections. If the market conduct examination report reveals that the company is operating in violation of any law, rule, or order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure that violation;

(ii) Rejecting the market conduct examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation, or information, and refile under this subsection; or

(iii) Calling for an investigatory hearing with no less than twenty days' notice to the company for purposes of obtaining additional documentation, data, information, and testimony.

(e) All orders entered under (d) of this subsection must be accompanied by findings and conclusions resulting from the commissioner's consideration and review of the market conduct examination report, relevant examiner work papers, and any written submissions or rebuttals. The order is considered a final administrative decision and may be appealed under the administrative procedure act, chapter 34.05 RCW, and must be served upon the company by certified mail or certifiable electronic means, together with a copy of the adopted examination report. A copy of the adopted examination report must be sent by certified mail or certifiable electronic means to each director at the director's residential address or to a personal e-mail account.

(f)(i) Upon the adoption of the market conduct examination report under (d) of this subsection, the commissioner shall continue to hold the content of the examination report as private and confidential information for a period of five days except that the order may be disclosed to the person examined. Thereafter, the commissioner may open the report for public inspection so long as no court of competent jurisdiction has stayed its publication.

(ii) If the commissioner determines that regulatory action is appropriate as a result of any market conduct examination, he or she may initiate any proceedings or actions as provided by law.

(iii) Nothing contained in this subsection requires the commissioner to disclose any information or records that would indicate or show the existence or content of any investigation or activity of a criminal justice agency.

(g) The insurer's response shall be included in the commissioner's order adopting the final report as an exhibit to the order. The insurer is not obligated to submit a response.

(13) The commissioner may withhold from public inspection any examination or investigation report for so long as he or she deems it advisable.

(14)(a) Market conduct examinations within this state of any insurer domiciled or having its home offices in this state, other than a title insurer, made by the commissioner or the commissioner's examiners and employees shall, except as to fees, mileage, and expense incurred as to witnesses, be at the expense of the state.

(b) Every other examination, whatsoever, or any part of the market conduct examination of any person domiciled or having its home offices in this state requiring travel and services outside this state, shall be made by the commissioner or by examiners

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designated by the commissioner and shall be at the expense of the person examined; but a domestic insurer shall not be liable for the compensation of examiners employed by the commissioner for such services outside this state.

(c) When making a market conduct examination under this chapter, the commissioner may contract, in accordance with applicable state contracting procedures, for qualified attorneys, appraisers, independent certified public accountants, contract actuaries, and other similar individuals who are independently practicing their professions, even though those persons may from time to time be similarly employed or retained by persons subject to examination under this chapter, as examiners as the commissioner deems necessary for the efficient conduct of a particular examination. The compensation and per diem allowances paid to such contract persons shall be reasonable in the market and time incurred, shall not exceed one hundred twenty-five percent of the compensation and per diem allowances for examiners set forth in the guidelines adopted by the national association of insurance commissioners, unless the commissioner demonstrates that one hundred twenty-five percent is inadequate under the circumstances of the examination, and subject to the provisions of (a) of this subsection.

(d)(i) The person examined and liable shall reimburse the state upon presentation of an itemized statement thereof, for the actual travel expenses of the commissioner's examiners, their reasonable living expenses allowance, and their per diem compensation, including salary and the employer's cost of employee benefits, at a reasonable rate approved by the commissioner, incurred on account of the examination. Per diem, salary, and expenses for employees examining insurers domiciled outside the state of Washington shall be established by the commissioner on the basis of the national association of insurance commissioner's recommended salary and expense schedule for zone examiners, or the salary schedule (~~established by the human resources director~~) and the expense schedule established by the office of financial management, whichever is higher. A domestic title insurer shall pay the examination expense and costs to the commissioner as itemized and billed by the commissioner.

(ii) The commissioner or the commissioner's examiners shall not receive or accept any additional emolument on account of any examination.

(iii) Market conduct examination fees subject to being reimbursed by an insurer shall be itemized and bills shall be provided to the insurer on a monthly basis for review prior to submission for payment, or as otherwise provided by state law.

(e) Nothing contained in this chapter limits the commissioner's authority to terminate or suspend any examination in order to pursue other legal or regulatory action under the insurance laws of this state. Findings of fact and conclusions made pursuant to any examination are prima facie evidence in any legal or regulatory action.

(f) The commissioner shall maintain active management and oversight of market conduct examination costs, including costs associated with the commissioner's own examiners, and with retaining qualified contract examiners necessary to perform an examination. Any agreement with a contract examiner shall:

(i) Clearly identify the types of functions to be subject to outsourcing;

(ii) Provide specific timelines for completion of the outsourced review;

(iii) Require disclosure to the insurer of contract examiners' recommendations;

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(iv) Establish and use a dispute resolution or arbitration mechanism to resolve conflicts with insurers regarding examination fees; and

(v) Require disclosure of the terms of the contracts with the outside consultants that will be used, specifically the fees and/or hourly rates that can be charged.

(g) The commissioner, or the commissioner's designee, shall review and affirmatively endorse detailed billings from the qualified contract examiner before the detailed billings are sent to the insurer.

Sec. 324. RCW 49.74.020 and 2011 1st sp.s. c 43 s 463 are each amended to read as follows:

If the commission reasonably believes that a state agency, an institution of higher education, or the state patrol has failed to comply with an affirmative action rule adopted under RCW 41.06.150 or 43.43.340, the commission shall notify the director of the state agency, president of the institution of higher education, or chief of the Washington state patrol of the noncompliance, as well as the (~~human resources~~) director of financial management. The commission shall give the director of the state agency, president of the institution of higher education, or chief of the Washington state patrol an opportunity to be heard on the failure to comply.

NEW SECTION. Sec. 325. RCW 43.41.130, 43.41.140, 43.41.150, 43.41.370, and 43.41.380 are each recodified as sections in chapter 43.19 RCW.

NEW SECTION. Sec. 326. The following acts or parts of acts are each repealed:

(1) RCW 43.41.190 (Community network programs—Recommended legislation) and 1994 sp.s. c 7 s 318; and

(2) RCW 43.41.195 (Community networks—Fund distribution formula) and 1999 c 372 s 8 & 1994 sp.s. c 7 s 319.

PART IV CORRECTION OF OBSOLETE REFERENCES

Sec. 401. RCW 2.36.057 and 2015 c 225 s 2 are each amended to read as follows:

The supreme court is requested to adopt court rules (~~to be effective by September 1, 1994~~) regarding methodology and standards for merging the list of registered voters in Washington state with the list of licensed drivers and identocard holders in Washington state for purposes of creating an expanded jury source list. The rules should specify the standard electronic format or formats in which the lists will be provided to requesting superior courts by the (~~department of enterprise services~~) consolidated technology services agency. In the interim, and until such court rules become effective, the methodology and standards provided in RCW 2.36.054 shall apply. An expanded jury source list shall be available to the courts for use by September 1, 1994.

Sec. 402. RCW 2.36.0571 and 2015 c 225 s 3 are each amended to read as follows:

(~~Not later than January 1, 1994~~) The secretary of state, the department of licensing, and the (~~department of enterprise services~~) consolidated technology services agency shall adopt administrative rules as necessary to provide for the implementation of the methodology and standards established pursuant to RCW 2.36.057 and 2.36.054 or by supreme court rule.

Sec. 403. RCW 2.68.060 and 2015 c 225 s 4 are each amended to read as follows:

The administrative office of the courts, under the direction of the judicial information system committee, shall:

(1) Develop a judicial information system information technology portfolio consistent with the provisions of RCW 43.41A.110 (as recodified by this act);

(2) Participate in the development of an enterprise-based statewide information technology strategy;

(3) Ensure the judicial information system information technology portfolio is organized and structured to clearly indicate participation in and use of enterprise-wide information technology strategies;

(4) As part of the biennial budget process, submit the judicial information system information technology portfolio to the chair and ranking member of the ways and means committees of the house of representatives and the senate, the office of financial management, and the ~~((office of the chief information officer))~~ consolidated technology services agency.

Sec. 404. RCW 19.34.100 and 2015 c 225 s 21 are each amended to read as follows:

(1) To obtain or retain a license, a certification authority must:

(a) Provide proof of identity to the secretary;

(b) Employ only certified operative personnel in appropriate positions;

(c) File with the secretary an appropriate, suitable guaranty, unless the certification authority is a city or county that is self-insured or the ~~((department of enterprise services))~~ consolidated technology services agency;

(d) Use a trustworthy system;

(e) Maintain an office in this state or have established a registered agent for service of process in this state; and

(f) Comply with all further licensing and practice requirements established by rule by the secretary.

(2) The secretary may by rule create license classifications according to specified limitations, and the secretary may issue licenses restricted according to the limits of each classification.

(3) The secretary may impose license restrictions specific to the practices of an individual certification authority. The secretary shall set forth in writing and maintain as part of the certification authority's license application file the basis for such license restrictions.

(4) The secretary may revoke or suspend a certification authority's license, in accordance with the administrative procedure act, chapter 34.05 RCW, for failure to comply with this chapter or for failure to remain qualified under subsection (1) of this section. The secretary may order the summary suspension of a license pending proceedings for revocation or other action, which must be promptly instituted and determined, if the secretary includes within a written order a finding that the certification authority has either:

(a) Utilized its license in the commission of a violation of a state or federal criminal statute or of chapter 19.86 RCW; or

(b) Engaged in conduct giving rise to a serious risk of loss to public or private parties if the license is not immediately suspended.

(5) The secretary may recognize by rule the licensing or authorization of certification authorities by other governmental entities, in whole or in part, provided that those licensing or authorization requirements are substantially similar to those of this state. If licensing by another government is so recognized:

(a) RCW 19.34.300 through 19.34.350 apply to certificates issued by the certification authorities licensed or authorized by that government in the same manner as it applies to licensed certification authorities of this state; and

(b) The liability limits of RCW 19.34.280 apply to the certification authorities licensed or authorized by that government in the same manner as they apply to licensed certification authorities of this state.

(6) A certification authority that has not obtained a license is not subject to the provisions of this chapter, except as specifically provided.

Sec. 405. RCW 36.28A.070 and 2015 c 225 s 32 are each amended to read as follows:

(1) The Washington association of sheriffs and police chiefs in consultation with the Washington state emergency management office, the Washington association of county officials, the Washington association of cities, the ~~((office of the chief information officer))~~ director of the consolidated technology services agency, the Washington state fire chiefs' association, and the Washington state patrol shall convene a committee to establish guidelines related to the statewide first responder building mapping information system. The committee shall have the following responsibilities:

(a) Develop the type of information to be included in the statewide first responder building mapping information system. The information shall include, but is not limited to: Floor plans, fire protection information, evacuation plans, utility information, known hazards, and text and digital images showing emergency personnel contact information;

(b) Develop building mapping software standards that must be utilized by all entities participating in the statewide first responder building mapping information system;

(c) Determine the order in which buildings shall be mapped when funding is received;

(d) Develop guidelines on how the information shall be made available. These guidelines shall include detailed procedures and security systems to ensure that the information is only made available to the government entity that either owns the building or is responding to an incident at the building;

(e) Recommend training guidelines regarding using the statewide first responder building mapping information system to the criminal justice training commission and the Washington state patrol fire protection bureau.

(2)(a) Nothing in this section supersedes the authority of the ~~((office of the chief information officer))~~ consolidated technology services agency or the technology services board under chapter ~~((43.41A))~~ 43.105 RCW.

(b) Nothing in this section supersedes the authority of state agencies and local governments to control and maintain access to information within their independent systems.

Sec. 406. RCW 42.17A.705 and 2012 c 229 s 582 are each amended to read as follows:

For the purposes of RCW 42.17A.700, "executive state officer" includes:

(1) The chief administrative law judge, the director of agriculture, the director of the department of services for the blind, ~~((the chief information officer of the office of chief information officer,))~~ the director of the state system of community and technical colleges, the director of commerce, the director of the consolidated technology services agency, the secretary of corrections, the director of early learning, the director of ecology, the commissioner of employment security, the chair of the energy facility site evaluation council, the director of enterprise services, the secretary of the state finance committee, the director of financial management, the director of fish and wildlife, the executive secretary of the forest practices appeals board, the director of the gambling commission, the secretary of health, the administrator of the Washington state health care authority, the executive secretary of the health care facilities authority, the executive secretary of the higher education facilities authority, the executive secretary of the horse racing commission, the human resources director, the executive secretary of the human rights commission, the executive secretary of the indeterminate sentence review board, the

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executive director of the state investment board, the director of labor and industries, the director of licensing, the director of the lottery commission, the director of the office of minority and women's business enterprises, the director of parks and recreation, the executive director of the public disclosure commission, the executive director of the Puget Sound partnership, the director of the recreation and conservation office, the director of retirement systems, the director of revenue, the secretary of social and health services, the chief of the Washington state patrol, the executive secretary of the board of tax appeals, the secretary of transportation, the secretary of the utilities and transportation commission, the director of veterans affairs, the president of each of the regional and state universities and the president of The Evergreen State College, and each district and each campus president of each state community college;

(2) Each professional staff member of the office of the governor;

(3) Each professional staff member of the legislature; and

(4) Central Washington University board of trustees, the boards of trustees of each community college and each technical college, each member of the state board for community and technical colleges, state convention and trade center board of directors, Eastern Washington University board of trustees, Washington economic development finance authority, Washington energy northwest executive board, The Evergreen State College board of trustees, executive ethics board, fish and wildlife commission, forest practices appeals board, forest practices board, gambling commission, Washington health care facilities authority, student achievement council, higher education facilities authority, horse racing commission, state housing finance commission, human rights commission, indeterminate sentence review board, board of industrial insurance appeals, state investment board, commission on judicial conduct, legislative ethics board, life sciences discovery fund authority board of trustees, liquor control board, lottery commission, Pacific Northwest electric power and conservation planning council, parks and recreation commission, Washington personnel resources board, board of pilotage commissioners, pollution control hearings board, public disclosure commission, public employees' benefits board, recreation and conservation funding board, salmon recovery funding board, shorelines hearings board, board of tax appeals, transportation commission, University of Washington board of regents, utilities and transportation commission, Washington State University board of regents, and Western Washington University board of trustees.

Sec. 407. RCW 43.19.794 and 2011 1st sp.s. c 43 s 602 are each amended to read as follows:

The ~~((department of enterprise))~~ consolidated technology services agency may become a licensed certification authority, under chapter 19.34 RCW, for the purpose of providing services to agencies, local governments, and other entities and persons for purposes of official state business. The department is not subject to RCW 19.34.100(1)(a). The department shall only issue certificates, as defined in RCW 19.34.020, in which the subscriber is:

(1) The state of Washington or a department, office, or agency of the state;

(2) A city, county, district, or other municipal corporation, or a department, office, or agency of the city, county, district, or municipal corporation;

(3) An agent or employee of an entity described by subsection (1) or (2) of this section, for purposes of official public business;

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(4) Any other person or entity engaged in matters of official public business, however, such certificates shall be limited only to matters of official public business. The department may issue certificates to such persons or entities only if after issuing a request for proposals from certification authorities licensed under chapter 19.34 RCW and review of the submitted proposals, makes a determination that such private services are not sufficient to meet the department's published requirements. The department must set forth in writing the basis of any such determination and provide procedures for challenge of the determination as provided by the state procurement requirements; or

(5) An applicant for a license as a certification authority for the purpose of compliance with RCW 19.34.100(1)(a).

Sec. 408. RCW 43.70.054 and 1997 c 274 s 2 are each amended to read as follows:

(1) To promote the public interest consistent with chapter 267, Laws of 1995, the department of health, in cooperation with the ~~((information services board established under RCW 43.105.032))~~ director of the consolidated technology services agency established in RCW 43.105.047 (as recodified by this act), shall develop health care data standards to be used by, and developed in collaboration with, consumers, purchasers, health carriers, providers, and state government as consistent with the intent of chapter 492, Laws of 1993 as amended by chapter 267, Laws of 1995, to promote the delivery of quality health services that improve health outcomes for state residents. The data standards shall include content, coding, confidentiality, and transmission standards for all health care data elements necessary to support the intent of this section, and to improve administrative efficiency and reduce cost. Purchasers, as allowed by federal law, health carriers, health facilities and providers as defined in chapter 48.43 RCW, and state government shall utilize the data standards. The information and data elements shall be reported as the department of health directs by rule in accordance with data standards developed under this section.

(2) The health care data collected, maintained, and studied by the department under this section or any other entity: (a) Shall include a method of associating all information on health care costs and services with discrete cases; (b) shall not contain any means of determining the personal identity of any enrollee, provider, or facility; (c) shall only be available for retrieval in original or processed form to public and private requesters; (d) shall be available within a reasonable period of time after the date of request; and (e) shall give strong consideration to data standards that achieve national uniformity.

(3) The cost of retrieving data for state officials and agencies shall be funded through state general appropriation. The cost of retrieving data for individuals and organizations engaged in research or private use of data or studies shall be funded by a fee schedule developed by the department that reflects the direct cost of retrieving the data or study in the requested form.

(4) All persons subject to this section shall comply with departmental requirements established by rule in the acquisition of data, however, the department shall adopt no rule or effect no policy implementing the provisions of this section without an act of law.

(5) The department shall submit developed health care data standards to the appropriate committees of the legislature by December 31, 1995.

Sec. 409. RCW 43.88.090 and 2015 c 225 s 86 are each amended to read as follows:

(1) For purposes of developing budget proposals to the legislature, the governor shall have the power, and it shall be the governor's duty, to require from proper agency officials such detailed estimates and other information in such form and at such

times as the governor shall direct. The governor shall communicate statewide priorities to agencies for use in developing biennial budget recommendations for their agency and shall seek public involvement and input on these priorities. The estimates for the legislature and the judiciary shall be transmitted to the governor and shall be included in the budget without revision. The estimates for state pension contributions shall be based on the rates provided in chapter 41.45 RCW. Copies of all such estimates shall be transmitted to the standing committees on ways and means of the house and senate at the same time as they are filed with the governor and the office of financial management.

The estimates shall include statements or tables which indicate, by agency, the state funds which are required for the receipt of federal matching revenues. The estimates shall be revised as necessary to reflect legislative enactments and adopted appropriations and shall be included with the initial biennial allotment submitted under RCW 43.88.110. The estimates must reflect that the agency considered any alternatives to reduce costs or improve service delivery identified in the findings of a performance audit of the agency by the joint legislative audit and review committee. Nothing in this subsection requires performance audit findings to be published as part of the budget.

(2) Each state agency shall define its mission and establish measurable goals for achieving desirable results for those who receive its services and the taxpayers who pay for those services. Each agency shall also develop clear strategies and timelines to achieve its goals. This section does not require an agency to develop a new mission or goals in place of identifiable missions or goals that meet the intent of this section. The mission and goals of each agency must conform to statutory direction and limitations.

(3) For the purpose of assessing activity performance, each state agency shall establish quality and productivity objectives for each major activity in its budget. The objectives must be consistent with the missions and goals developed under this section. The objectives must be expressed to the extent practicable in outcome-based, objective, and measurable form unless an exception to adopt a different standard is granted by the office of financial management and approved by the legislative committee on performance review. Objectives must specifically address the statutory purpose or intent of the program or activity and focus on data that measure whether the agency is achieving or making progress toward the purpose of the activity and toward statewide priorities. The office of financial management shall provide necessary professional and technical assistance to assist state agencies in the development of strategic plans that include the mission of the agency and its programs, measurable goals, strategies, and performance measurement systems.

(4) Each state agency shall adopt procedures for and perform continuous self-assessment of each activity, using the mission, goals, objectives, and measurements required under subsections (2) and (3) of this section. The assessment of the activity must also include an evaluation of major information technology systems or projects that may assist the agency in achieving or making progress toward the activity purpose and statewide priorities. The evaluation of proposed major information technology systems or projects shall be in accordance with the standards and policies established by the ~~((office of the chief information officer))~~ technology services board. Agencies' progress toward the mission, goals, objectives, and measurements required by subsections (2) and (3) of this section is subject to review as set forth in this subsection.

(a) The office of financial management shall regularly conduct reviews of selected activities to analyze whether the

objectives and measurements submitted by agencies demonstrate progress toward statewide results.

(b) The office of financial management shall consult with:

(i) The four-year institutions of higher education in those reviews that involve four-year institutions of higher education; and (ii) the state board for community and technical colleges in those reviews that involve two-year institutions of higher education.

(c) The goal is for all major activities to receive at least one review each year.

(d) The ~~((office of the chief information officer))~~ consolidated technology services agency shall review major information technology systems in use by state agencies periodically.

(5) It is the policy of the legislature that each agency's budget recommendations must be directly linked to the agency's stated mission and program, quality, and productivity goals and objectives. Consistent with this policy, agency budget proposals must include integration of performance measures that allow objective determination of an activity's success in achieving its goals. When a review under subsection (4) of this section or other analysis determines that the agency's objectives demonstrate that the agency is making insufficient progress toward the goals of any particular program or is otherwise underachieving or inefficient, the agency's budget request shall contain proposals to remedy or improve the selected programs. The office of financial management shall develop a plan to merge the budget development process with agency performance assessment procedures. The plan must include a schedule to integrate agency strategic plans and performance measures into agency budget requests and the governor's budget proposal over three fiscal biennia. The plan must identify those agencies that will implement the revised budget process in the 1997-1999 biennium, the 1999-2001 biennium, and the 2001-2003 biennium. In consultation with the legislative fiscal committees, the office of financial management shall recommend statutory and procedural modifications to the state's budget, accounting, and reporting systems to facilitate the performance assessment procedures and the merger of those procedures with the state budget process. The plan and recommended statutory and procedural modifications must be submitted to the legislative fiscal committees by September 30, 1996.

(6) In reviewing agency budget requests in order to prepare the governor's biennial budget request, the office of financial management shall consider the extent to which the agency's activities demonstrate progress toward the statewide budgeting priorities, along with any specific review conducted under subsection (4) of this section.

(7) In the year of the gubernatorial election, the governor shall invite the governor-elect or the governor-elect's designee to attend all hearings provided in RCW 43.88.100; and the governor shall furnish the governor-elect or the governor-elect's designee with such information as will enable the governor-elect or the governor-elect's designee to gain an understanding of the state's budget requirements. The governor-elect or the governor-elect's designee may ask such questions during the hearings and require such information as the governor-elect or the governor-elect's designee deems necessary and may make recommendations in connection with any item of the budget which, with the governor-elect's reasons therefor, shall be presented to the legislature in writing with the budget document. Copies of all such estimates and other required information shall also be submitted to the standing committees on ways and means of the house and senate.

Sec. 410. RCW 43.88.092 and 2013 2nd sp.s. c 33 s 4 are each amended to read as follows:

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(1) As part of the biennial budget process, the office of financial management shall collect from agencies, and agencies shall provide, information to produce reports, summaries, and budget detail sufficient to allow review, analysis, and documentation of all current and proposed expenditures for information technology by state agencies. Information technology budget detail must be included as part of the budget submittal documentation required pursuant to RCW 43.88.030.

(2) The office of financial management must collect, and present as part of the biennial budget documentation, information for all existing information technology projects as defined by technology services board policy. The office of financial management must work with the office of the state chief information officer to maximize the ability to draw this information from the information technology portfolio management data collected by the consolidated technology services agency. Connecting project information collected through the portfolio management process with financial data developed under subsection (1) of this section provides transparency regarding expenditure data for existing technology projects.

(3) The ~~((chief information officer))~~ director of the consolidated technology services agency shall evaluate proposed information technology expenditures and establish priority ranking categories of the proposals. No more than one-third of the proposed expenditures shall be ranked in the highest priority category.

(4) The biennial budget documentation submitted by the office of financial management pursuant to RCW 43.88.030 must include an information technology plan and a technology budget for the state identifying current baseline funding for information technology, proposed and ongoing major information technology projects, and their associated costs. This plan and technology budget must be presented using a method similar to the capital budget, identifying project costs through stages of the project and across fiscal periods and biennia from project initiation to implementation. This information must be submitted electronically, in a format to be determined by the office of financial management and the legislative evaluation and accountability program committee.

(5) The office of financial management shall also institute a method of accounting for information technology-related expenditures, including creating common definitions for what constitutes an information technology investment.

(6) For the purposes of this section, "major information technology projects" includes projects that have a significant anticipated cost, complexity, or are of statewide significance, such as enterprise-level solutions, enterprise resource planning, and shared services initiatives.

Sec. 411. RCW 44.68.065 and 2015 c 225 s 96 are each amended to read as follows:

The legislative service center, under the direction of the joint legislative systems committee and the joint legislative systems administrative committee, shall:

(1) Develop a legislative information technology portfolio consistent with the provisions of RCW 43.41A.110 (as recodified by this act);

(2) Participate in the development of an enterprise-based statewide information technology strategy;

(3) Ensure the legislative information technology portfolio is organized and structured to clearly indicate participation in and use of enterprise-wide information technology strategies;

(4) As part of the biennial budget process, submit the legislative information technology portfolio to the chair and ranking member of the ways and means committees of the house

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of representatives and the senate, the office of financial management, and the ~~((office of the chief information officer))~~ consolidated technology services agency.

Sec. 412. RCW 70.58.005 and 2015 c 225 s 103 are each amended to read as follows:

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

(1) "Business days" means Monday through Friday except official state holidays.

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

(3) "Electronic approval" or "electronically approve" means approving the content of an electronically filed vital record through the processes provided by the department. Electronic approval processes shall be consistent with policies, standards, and procedures developed by the ~~((office of the chief information officer))~~ director of the consolidated technology services agency.

(4) "Embalmer" means a person licensed as required in chapter 18.39 RCW and defined in RCW 18.39.010.

(5) "Funeral director" means a person licensed as required in chapter 18.39 RCW and defined in RCW 18.39.010.

(6) "Vital records" means records of birth, death, fetal death, marriage, dissolution, annulment, and legal separation, as maintained under the supervision of the state registrar of vital statistics.

PART V INFORMATION TECHNOLOGY ACCOUNTING REVISIONS

NEW SECTION. Sec. 501. A new section is added to chapter 43.105 RCW to read as follows:

(1) The consolidated technology services revolving account is created in the custody of the state treasurer. All receipts from agency fees and charges for services collected from public agencies must be deposited into the account. The account must be used for the:

(a) Acquisition of equipment, software, supplies, and services; and

(b) Payment of salaries, wages, and other costs incidental to the acquisition, development, maintenance, operation, and administration of: (i) Information services; (ii) telecommunications; (iii) systems; (iv) software; (v) supplies; and (vi) equipment, including the payment of principal and interest on debt by the agency and other users as determined by the office of financial management.

(2) The director or the director's designee, with the approval of the technology services board, is authorized to expend up to one million dollars per fiscal biennium for the technology services board to conduct independent technical and financial analysis of proposed information technology projects.

(3) Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures except as provided in subsection (4) of this section.

(4) Expenditures for the strategic planning and policy component of the agency are subject to appropriation.

NEW SECTION. Sec. 502. A new section is added to chapter 43.41 RCW to read as follows:

(1) The statewide information technology system development revolving account is created in the custody of the state treasurer. All receipts from legislative appropriations and assessments to agencies for the development and acquisition of enterprise information technology systems must be deposited into the account. Moneys in the account may be spent only after

appropriation. The account must be used solely for the development and acquisition of enterprise information technology systems that are consistent with the enterprise-based strategy established by the consolidated technology services agency in RCW 43.105.047 (as recodified by this act). Expenditures from the account may not be used for maintenance and operations of enterprise information technology systems. The account may be used for the payment of salaries, wages, and other costs directly related to the development and acquisition of enterprise information technology systems.

(2) All payment of principal and interest on debt issued for enterprise information technology systems must be paid from the account.

(3) The office may contract for the development or acquisition of enterprise information technology systems.

(4) For the purposes of this section and section 503 of this act, "enterprise information technology system" means an information technology system that serves agencies with a certain business need or process that are required to use the system unless the agency has received a waiver from the state chief information officer. "Enterprise information technology system" also includes projects that are of statewide significance including enterprise-level solutions, enterprise resource planning, and shared services initiatives.

NEW SECTION. Sec. 503. A new section is added to chapter 43.41 RCW to read as follows:

(1) The statewide information technology system maintenance and operations revolving account is created in the custody of the state treasurer. All receipts from fees, charges for services, and assessments to agencies for the maintenance and operations of enterprise information technology systems must be deposited into the account. The account must be used solely for the maintenance and operations of enterprise information technology systems.

(2) Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditure.

(3) The office may contract with the consolidated technology services agency for the billing of fees, charges for services, and assessments to agencies, and for the maintenance and operations of enterprise information technology systems.

(4) "Enterprise information technology system" has the definition in section 502 of this act.

NEW SECTION. Sec. 504. A new section is added to chapter 43.41 RCW to read as follows:

(1) The shared information technology system revolving account is created in the custody of the state treasurer. All receipts from fees, charges for services, and assessments to agencies for shared information technology systems must be deposited into the account.

(2) Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditure.

(3) The office may contract with the consolidated technology services agency for the billing of fees, charges for services, and assessments to agencies, and for the development, maintenance, and operations of shared information technology systems.

(4) For the purposes of this section, "shared information technology system" means an information technology system that is available to, but not required for use by, agencies.

NEW SECTION. Sec. 505. The office of financial management must convene a work group consisting of representatives of the legislative evaluation and accountability

program committee, legislative staff of the fiscal committees of the house of representatives and senate, consolidated technology services agency, and the department of enterprise services. The purpose of the work group is to review and update the central services model that allocates state funds for budgeting the costs of central services. The work group must review the services and activities performed by each agency and develop a system of rates and charges to fund these services and activities. In addition, the work group must review each agency's chart of accounts and propose a structure to better align the budget reporting systems with each agency's current operational structure and to provide greater transparency in revenues and expenditures. These tasks should be completed in anticipation of the governor's 2017-2019 biennial budget submission.

NEW SECTION. Sec. 506. RCW 43.19.791 (Data processing revolving fund—Created—Use) and 2013 2nd sp.s. c 4 s 976 & 2011 2nd sp.s. c 9 s 906 are each repealed, effective January 1, 2016.

NEW SECTION. Sec. 507. No later than December 31, 2015, any residual balance of funds remaining in the data processing revolving fund repealed by section 506 of this act shall be apportioned by the director of financial management to the appropriate accounts created in sections 501 through 504 of this act.

PART VI MISCELLANEOUS PROVISIONS

NEW SECTION. Sec. 601. (1) All powers, duties, and functions of the office of the chief information officer within the office of financial management pertaining to the office of the chief information officer are transferred to the consolidated technology services agency.

(2)(a) All reports, documents, surveys, books, records, files, papers, or written material in the possession of the office of the chief information officer within the office of financial management pertaining to the powers, duties, and functions transferred shall be delivered to the custody of the consolidated technology services agency. All cabinets, furniture, office equipment, motor vehicles, and other tangible property employed by the office of the chief information officer within the office of financial management in carrying out the powers, duties, and functions transferred shall be made available to the consolidated technology services agency. All funds, credits, or other assets held in connection with the powers, duties, and functions transferred shall be assigned to the consolidated technology services agency.

(b) Any appropriations made to the office of the chief information officer within the office of financial management for carrying out the powers, duties, and functions transferred shall, on the effective date of this section, be transferred and credited to the consolidated technology services agency.

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

(3) All rules and all pending business before the office of the chief information officer within the office of financial management pertaining to the powers, duties, and functions transferred shall be continued and acted upon by the consolidated technology services agency. All existing contracts and obligations shall remain in full force and shall be performed by the consolidated technology services agency.

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(4) The transfer of the powers, duties, functions, and personnel of the office of the chief information officer within the office of financial management shall not affect the validity of any act performed before the effective date of this section.

(5) If apportionments of budgeted funds are required because of the transfers directed by this section, the director of financial management shall certify the apportionments to the agencies affected, the state auditor, and the state treasurer. Each of these shall make the appropriate transfer and adjustments in funds and appropriation accounts and equipment records in accordance with the certification.

(6) All exempt employees of the office of the chief information officer within the office of financial management engaged in performing the powers, duties, and functions transferred are transferred to the jurisdiction of the consolidated technology services agency. All employees classified under chapter 41.06 RCW, the state civil service law, are assigned to the consolidated technology services agency to perform their usual duties upon the same terms as formerly, without any loss of rights, subject to any action that may be appropriate thereafter in accordance with the laws and rules governing state civil service.

NEW SECTION. Sec. 602. (1) All powers, duties, and functions of the department of enterprise services pertaining to statewide information technology services and applications are transferred to the consolidated technology services agency.

(2)(a) All reports, documents, surveys, books, records, files, papers, or written material in the possession of the department of enterprise services pertaining to the powers, duties, and functions transferred shall be delivered to the custody of the consolidated technology services agency. All cabinets, furniture, office equipment, motor vehicles, and other tangible property employed by the department of enterprise services in carrying out the powers, duties, and functions transferred shall be made available to the consolidated technology services agency. All funds, credits, or other assets held in connection with the powers, duties, and functions transferred shall be assigned to the consolidated technology services agency.

(b) Any appropriations made to the department of enterprise services for carrying out the powers, duties, and functions transferred shall, on the effective date of this section, be transferred and credited to the consolidated technology services agency.

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

(3) All rules and all pending business before the department of enterprise services pertaining to the powers, duties, and functions transferred shall be continued and acted upon by the consolidated technology services agency. All existing contracts and obligations shall remain in full force and shall be performed by the consolidated technology services agency.

(4) The transfer of the powers, duties, functions, and personnel of the department of enterprise services shall not affect the validity of any act performed before the effective date of this section.

(5) If apportionments of budgeted funds are required because of the transfers directed by this section, the director of financial management shall certify the apportionments to the agencies affected, the state auditor, and the state treasurer. Each of these shall make the appropriate transfer and adjustments in

funds and appropriation accounts and equipment records in accordance with the certification.

(6) All employees of the department of enterprise services engaged in performing the powers, duties, and functions transferred are transferred to the jurisdiction of the consolidated technology services agency. All employees classified under chapter 41.06 RCW, the state civil service law, are assigned to the consolidated technology services agency to perform their usual duties upon the same terms as formerly, without any loss of rights, subject to any action that may be appropriate thereafter in accordance with the laws and rules governing state civil service.

(7) Positions in any bargaining unit within the consolidated technology services agency existing on the effective date of this section will not be removed from the existing bargaining unit as a result of this section unless and until modified by the public employment relations commission pursuant to a petition filed under Title 391 WAC. No positions will be added to any bargaining unit within the consolidated technology services agency as a result of this section unless and until the parties have fulfilled their bargaining obligation and the bargaining unit is modified by the public employment relations commission pursuant to a petition filed under Title 391 WAC.

NEW SECTION. Sec. 603. Sections 401 through 405, 409, 411, and 412 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 24, 2015.

NEW SECTION. Sec. 604. Sections 101 through 109, 201 through 224, 406 through 408, 410, 501 through 507, 601, and 602 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, 2015."

MOTION

On motion of Senator Habib, Senators Conway and Rolfes were excused.

Senators Hill and Hargrove spoke in favor of adoption of the striking amendment.

The President Pro Tempore declared the question before the Senate to be the adoption of the striking amendment by Senator Roach to Second Substitute Senate Bill No. 5315.

The motion by Senator Hill 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 4 of the title, after "services;" strike the remainder of the title and insert "amending RCW 43.41A.003, 43.105.020, 43.105.047, 43.105.052, 43.105.111, 43.105.825, 41.07.020, 43.41A.025, 43.88.160, 43.41A.010, 43.41A.027, 43.41A.030, 43.41A.035, 43.41A.040, 43.41A.045, 43.41A.050, 43.41A.055, 43.41A.060, 43.41A.065, 43.41A.070, 43.41A.075, 43.41A.080, 43.41A.085, 43.41A.095, 43.41A.105, 43.41A.130, 43.41A.140, 43.41A.150, 43.41A.152, 43.82.055, 43.82.150, 43.88.160, 47.04.280, 47.64.170, 47.64.360, 79.44.060, 28A.345.060, 34.05.030, 34.12.100, 41.04.665, 41.04.680, 41.06.157, 41.06.167, 42.17A.705, 41.80.020, 43.03.040, 43.06.013, 43.41.113, 43.131.090, 48.37.060, 49.74.020, 2.36.057, 2.36.0571, 2.68.060, 19.34.100, 36.28A.070,

42.17A.705, 43.19.794, 43.70.054, 43.88.090, 43.88.092, 44.68.065, and 70.58.005; reenacting and amending RCW 41.04.340 and 41.06.020; adding new sections to chapter 43.105 RCW; adding new sections to chapter 43.41 RCW; adding new sections to chapter 43.19 RCW; creating new sections; recodifying RCW 43.41A.003, 43.41A.010, 43.41A.025, 43.41A.027, 43.41A.030, 43.41A.035, 43.41A.040, 43.41A.045, 43.41A.050, 43.41A.055, 43.41A.060, 43.41A.065, 43.41A.070, 43.41A.075, 43.41A.080, 43.41A.110, 43.41A.115, 43.41A.130, 43.41A.135, 43.41A.140, 43.41A.150, 43.41A.152, 43.41A.900, 43.105.047, 43.41A.085, 43.41A.090, 43.41A.095, 43.41A.100, 43.41A.105, 43.41.130, 43.41.140, 43.41.150, 43.41.370, and 43.41.380; decodifying RCW 43.41A.125; repealing RCW 43.41A.006, 43.41A.015, 43.41A.020, 43.41A.120, 43.105.340, 43.41.190, 43.41.195, and 43.19.791; providing effective dates; and declaring an emergency."

MOTION

On motion of Senator Hill, the rules were suspended, Engrossed Second Substitute Senate Bill No. 5315 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Hill spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Second Substitute Senate Bill No. 5315.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5315 and the bill passed the Senate by the following vote: Yeas, 46; Nays, 0; Absent, 1; Excused, 2.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Absent: Senator O'Ban

Excused: Senators Conway and Rolfes

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5315, 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 Rivers, Senator O'Ban was excused.

MOTION

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

SECOND READING

SENATE BILL NO. 6084, by Senator Hill

Concerning accident report record fees and surcharges.

MOTIONS

On motion of Senator Hill, Substitute Senate Bill No. 6084 was substituted for Senate Bill No. 6084 and the substitute bill was placed on the second reading and read the second time.

On motion of Senator Hill, the rules were suspended, Substitute Senate Bill No. 6084 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hill and Hargrove spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Substitute Senate Bill No. 6084.

ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 6084 and the bill passed the Senate by the following vote: Yeas, 39; Nays, 8; Absent, 0; Excused, 2.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Billig, Braun, Brown, Chase, Cleveland, Dammeier, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, Parlette, Pedersen, Ranker, Rivers, Schoesler and Sheldon

Voting nay: Senators Benton, Dansel, Hasegawa, O'Ban, Padden, Pearson, Roach and Warnick

Excused: Senators Conway and Rolfes

SUBSTITUTE SENATE BILL NO. 6084, 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

SENATE BILL NO. 5575, by Senators Braun, Honeyford and Hatfield

Providing sales and use tax exemptions to encourage coal-fired electric generation plants to convert to natural gas-fired plants. Revised for 1st Substitute: Providing sales and use tax exemptions, in the form of a remittance of tax paid, to encourage coal-fired electric generation plants or biomass energy facilities to convert to natural gas-fired plants.

MOTION

On motion of Senator Braun, Substitute Senate Bill No. 5575 was substituted for Senate Bill No. 5575 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Braun moved that the following amendment by Senators Braun and Hasegawa be adopted:

On page 3, line 22, after "(a)" insert "Biomass energy" means energy derived from solid organic fuels from wood or forest or field residues.

(b)"

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

On page 3, after line 33, strike all of subsection (3)(a)(iii)

The President Pro Tempore declared the question before the Senate to be the adoption of the amendment by Senators Braun

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and Hasegawa on page 3, line 22 to Substitute Senate Bill No. 5575.

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

MOTION

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

On page 1, line 3 of the title, after "plants" strike all material through "plants" on line 4 and insert "to convert to natural gas-fired plants or biomass energy facilities"

MOTION

On motion of Senator Braun, the rules were suspended, Engrossed Substitute Senate Bill No. 5575 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Braun and Ranker spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5575.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5575 and the bill passed the Senate by the following vote: Yeas, 43; Nays, 4; Absent, 0; Excused, 2.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Braun, Brown, Cleveland, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Billig, Chase, Frockt and Liias

Excused: Senators Conway and Rolfes

ENGROSSED SUBSTITUTE SENATE BILL NO. 5575, 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

HOUSE BILL NO. 2217, by Representatives Hunter, Sullivan and Carlyle

Concerning the state's use of the juvenile offender basic training camp program.

The measure was read the second time.

MOTION

On motion of Senator Fain, the rules were suspended, House Bill No. 2217 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hill and Darneille spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of House Bill No. 2217.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 2217 and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Excused: Senators Conway and Rolfes

HOUSE BILL NO. 2217, 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.

Senator Fain announced a hearing by the Committee on Ways & Means at 1:30 p.m.; a hearing by the Committee on Rules in the Majority Leader's office at 2:15 p.m.; and caucuses immediately following the hearing by the Committee on Rules.

Senator Fraser announced a meeting of the Senate Democratic Caucus immediately following the hearing by the Committee on Rules.

Senator Parlette announced a meeting of the Majority Coalition Caucus immediately following the hearing by the Committee on Rules.

MOTION

At 12:59 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President Pro Tempore.

The Senate was called to order at 2:14 p.m. by the President Pro Tempore, Senator Roach presiding.

MOTION

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

REPORTS OF STANDING COMMITTEES

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SB 6049 Prime Sponsor, Senator Hill: Relating to fiscal matters. Reported by Committee on Ways & Means

MAJORITY recommendation: Do pass. Signed by Senators Hill, Chair; Braun, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Bailey; Becker; Brown; Fraser; Hatfield; Hewitt; Kohl-Welles; O'Ban; Parlette; Schoesler and Warnick.

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

MINORITY recommendation: That it be referred without recommendation. Signed by Senator Keiser, Assistant Ranking Member on the Capital Budget.

Passed to Committee on Rules for second reading.

MOTION

On motion of Senator Fain, the measure listed on the Standing Committee report was referred to the committee as designated.

MOTION

At 2:15 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President Pro Tempore for the purposes of a hearing by the Committee on Rules and caucuses.

EVENING SESSION

The Senate was called to order at 5:24 p.m. by the President Pro Tempore, Senator Roach presiding.

MOTION

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

SECOND READING

SENATE BILL NO. 6052, by Senator Hill

Relating to state government. Revised for 1st Substitute: Making 2015 fiscal year and 2015-2017 fiscal biennium operating appropriations.

MOTION

On motion of Senator Hill, Substitute Senate Bill No. 6052 was substituted for Senate Bill No. 6052 and the substitute bill was placed on the second reading and read the second time.

REMARKS BY THE PRESIDENT PRO TEMPORE

Senator Roach: "We have a couple of amendments. We're waiting for them to be passed out."

MOTION

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

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. (1) A budget is hereby adopted and, subject to the provisions set forth in the following sections, the several amounts specified in parts I through IX of this act, or so much thereof as shall be sufficient to accomplish the purposes designated, are hereby appropriated and authorized to be incurred for salaries, wages, and other expenses of the agencies and offices of the state and for other specified purposes for the fiscal biennium beginning July 1, 2015, and ending June 30, 2017, except as otherwise provided, out of the several funds of the state hereinafter named.

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

(a) "Fiscal year 2016" or "FY 2016" means the fiscal year ending June 30, 2016.

(b) "Fiscal year 2017" or "FY 2017" means the fiscal year ending June 30, 2017.

(c) "FTE" means full time equivalent.

(d) "Lapse" or "revert" means the amount shall return to an unappropriated status.

(e) "Provided solely" means the specified amount may be spent only for the specified purpose. Unless otherwise specifically authorized in this act, any portion of an amount provided solely for a specified purpose which is not expended subject to the specified conditions and limitations to fulfill the specified purpose shall lapse.

**PART I
GENERAL GOVERNMENT**

NEW SECTION. Sec. 101. FOR THE HOUSE OF REPRESENTATIVES

General Fund—State Appropriation (FY 2016)	\$33,485,000
General Fund—State Appropriation (FY 2017)	\$34,953,000
Motor Vehicle Account—State Appropriation	\$1,918,000
TOTAL APPROPRIATION	\$70,356,000

The appropriations in this section are subject to the following conditions and limitations: The joint select task force on nuclear energy created in chapter 221, Laws of 2014 is extended until December 1, 2017.

NEW SECTION. Sec. 102. FOR THE SENATE

General Fund—State Appropriation (FY 2016)	\$22,997,000
General Fund—State Appropriation (FY 2017)	\$25,771,000
Motor Vehicle Account—State Appropriation	\$1,748,000
TOTAL APPROPRIATION	\$50,516,000

The appropriations in this section are subject to the following conditions and limitations: The joint select task force on nuclear energy created in chapter 221, Laws of 2014 is extended until December 1, 2017.

NEW SECTION. Sec. 103. FOR THE JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE

Performance Audits of Government—State Appropriation	\$6,711,000
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The appropriation in this section is subject to the following conditions and limitations:

(1) Notwithstanding the provisions of this section, the joint legislative audit and review committee may adjust the due dates for projects included on the committee's 2015-2017 work plan as necessary to efficiently manage workload.

(2) The committee shall analyze the forest fire protection assessment established in chapter 76.04 RCW. The analysis shall include:

(a) The process the department of natural resources uses to determine the assessments;

(b) The statutory framework for assessing based on parcels and being considered forest land;

(c) The cost efficiency of the administrative processes to collect assessments and issue refunds;

(d) The rates of the assessment for forest fire protection, including the costs of county assessor participation;

(e) The historical relationship between the rates and protection expenditures or anticipated expenditures and eventual suppression expenditures;

(f) How other states assess for protection or suppression;

(g) Parcels assessed as forest lands that have become developed properties and are not covered, serviced, or taxed by a fire protection district.

A report on the results of the analysis with any findings and recommendations shall be submitted to the appropriate committees of the legislature by December 2016.

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NEW SECTION. Sec. 104. FOR THE LEGISLATIVE EVALUATION AND ACCOUNTABILITY PROGRAM COMMITTEE

Performance Audits of Government—State Appropriation \$3,658,000

NEW SECTION. Sec. 105. FOR THE JOINT LEGISLATIVE SYSTEMS COMMITTEE

General Fund—State Appropriation (FY 2016) \$9,277,000
 General Fund—State Appropriation (FY 2017) \$9,729,000
 TOTAL APPROPRIATION \$19,006,000

NEW SECTION. Sec. 106. FOR THE OFFICE OF THE STATE ACTUARY

General Fund—State Appropriation (FY 2016) \$296,000
 General Fund—State Appropriation (FY 2017) \$296,000
 State Health Care Authority Administrative Account—State Appropriation \$394,000
 Department of Retirement Systems Expense Account—State Appropriation \$4,631,000
 TOTAL APPROPRIATION \$5,617,000

NEW SECTION. Sec. 107. FOR THE STATUTE LAW COMMITTEE

General Fund—State Appropriation (FY 2016) \$4,160,000
 General Fund—State Appropriation (FY 2017) \$4,709,000
 TOTAL APPROPRIATION \$8,869,000

NEW SECTION. Sec. 108. FOR THE OFFICE OF LEGISLATIVE SUPPORT SERVICES

General Fund—State Appropriation (FY 2016) \$3,835,000
 General Fund—State Appropriation (FY 2017) \$4,288,000
 TOTAL APPROPRIATION \$8,123,000

NEW SECTION. Sec. 109. LEGISLATIVE AGENCIES

In order to achieve operating efficiencies within the financial resources available to the legislative branch, the executive rules committee of the house of representatives and the facilities and operations committee of the senate by joint action may transfer funds among the house of representatives, senate, joint legislative audit and review committee, legislative evaluation and accountability program committee, joint transportation committee, office of the state actuary, joint legislative systems committee, statute law committee, and office of legislative support services.

NEW SECTION. Sec. 110. FOR THE SUPREME COURT

General Fund—State Appropriation (FY 2016) \$7,491,000
 General Fund—State Appropriation (FY 2017) \$7,594,000
 TOTAL APPROPRIATION \$15,085,000

NEW SECTION. Sec. 111. FOR THE LAW LIBRARY

General Fund—State Appropriation (FY 2016) \$1,570,000
 General Fund—State Appropriation (FY 2017) \$1,577,000
 TOTAL APPROPRIATION \$3,147,000

NEW SECTION. Sec. 112. FOR THE COMMISSION ON JUDICIAL CONDUCT

General Fund—State Appropriation (FY 2016) \$1,134,000
 General Fund—State Appropriation (FY 2017) \$1,076,000
 TOTAL APPROPRIATION \$2,210,000

NEW SECTION. Sec. 113. FOR THE COURT OF APPEALS

General Fund—State Appropriation (FY 2016) \$16,866,000
 General Fund—State Appropriation (FY 2017) \$17,292,000
 TOTAL APPROPRIATION \$34,158,000

NEW SECTION. Sec. 114. FOR THE ADMINISTRATOR FOR THE COURTS

General Fund—State Appropriation (FY 2016) \$55,930,000
 General Fund—State Appropriation (FY 2017) \$56,764,000
 General Fund—Federal Appropriation \$2,154,000
 General Fund—Private/Local Appropriation \$667,000

Judicial Information Systems Account—State Appropriation \$56,016,000
 Judicial Stabilization Trust Account—State Appropriation \$6,691,000
 TOTAL APPROPRIATION \$178,222,000

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

(1) \$878,000 of the general fund—state appropriation for fiscal year 2016, \$878,000 of the general fund—state appropriation for fiscal year 2017, and \$6,784,000 of the judicial information systems account—state appropriation are provided solely for the information network hub project.

(2) \$516,000 of the judicial information systems account—state appropriation is provided solely for replacement of computer equipment, including servers, routers, and storage system upgrades.

(3) The distributions made under this subsection and distributions from the county criminal justice assistance account made pursuant to section 801 of this act constitute appropriate reimbursement for costs for any new programs or increased level of service for purposes of RCW 43.135.060.

(4) \$1,849,000 of the judicial information systems account—state appropriation is provided solely for replacing computer equipment at state courts and state judicial agencies.

(5) \$1,399,000 of the general fund—state appropriation for fiscal year 2016 and \$1,399,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for school districts for petitions to juvenile court for truant students as provided in RCW 28A.225.030 and 28A.225.035. The administrator for the courts shall develop an interagency agreement with the superintendent of public instruction to allocate the funding provided in this subsection. Allocation of this money to school districts shall be based on the number of petitions filed. This funding includes amounts school districts may expend on the cost of serving petitions filed under RCW 28A.225.030 by certified mail or by personal service or for the performance of service of process for any hearing associated with RCW 28A.225.030.

(6)(a) \$7,313,000 of the general fund—state appropriation for fiscal year 2016 and \$7,313,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for distribution to county juvenile court administrators to fund the costs of processing truancy, children in need of services, and at-risk youth petitions. The administrator for the courts, in conjunction with the juvenile court administrators, shall develop an equitable funding distribution formula. The formula shall neither reward counties with higher than average per-petition processing costs nor shall it penalize counties with lower than average per-petition processing costs.

(b) Each fiscal year during the 2015-2017 fiscal biennium, each county shall report the number of petitions processed and the total actual costs of processing truancy, children in need of services, and at-risk youth petitions. Counties shall submit the reports to the administrator for the courts no later than 45 days after the end of the fiscal year. The administrator for the courts shall electronically transmit this information to the chairs and ranking minority members of the house of representatives and senate fiscal committees no later than 60 days after a fiscal year ends. These reports are deemed informational in nature and are not for the purpose of distributing funds.

(7) \$313,000 of the judicial information systems account—state appropriation is provided solely for the content management system for the appellate courts.

(8) \$200,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for the office of public

guardianship for the purpose of providing guardianship services to low income and indigent alleged or actual incapacitated persons who were receiving services on July 10, 2013.

(9) \$118,000 of the judicial information systems account—state appropriation for fiscal year 2016 is provided solely for implementation of chapter 287, Laws of 2015 (Engrossed House Bill No. 1943).

(10) \$75,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for the planning and design of a dependency court improvement demonstration program. The plan must be developed jointly with the one family one team public private partnership, with a private cash match of \$75,000. If the cash match is not available by August 1, 2015, the administrative office of the courts will not be required to complete the planning and design of a dependency court improvement demonstration program. By January 1, 2016, the public private partnership shall provide to the appropriate committees of the legislature the program design, including ongoing administrative funding, and a statement of the public and private funding required in order to provide demonstration grants to up to four counties.

(11) \$6,080,000 of the judicial information systems account—state appropriation for fiscal year 2016 is provided solely for continued implementation of the superior court case management system project.

(12) \$6,518,000 of the judicial information systems account—state appropriation for fiscal year 2017 is provided solely for continued implementation of the superior court case management system. The steering committee for the superior court case management system, the office of administrator of the courts, and county clerks shall work with the case management system vendor to develop cost estimates for modifications to the superior court case management system to address security and document management concerns raised by county clerks. If the cost estimates are not provided to the fiscal committees of the legislature by January 1, 2016, the amounts provided in this subsection shall lapse. Furthermore, the amounts provided in this subsection shall lapse if the superior court case management system is not live and fully functional in Franklin, Thurston, and Yakima counties by February 1, 2016.

(13) The existing steering committee for the superior court case management system shall continue oversight responsibilities throughout the various phases of the project to include, but not be limited to, vendor management, contract and deliverable management, assuring reasonable satisfaction of the business and technical needs at the local level, receipt of stakeholder feedback, and communication between the various stakeholder groups and the judicial information systems committee. Issues of significant scope, schedule or budget changes, and risk mitigation strategies must be escalated to the judicial information systems committee for consideration. In the event that a majority of the steering committee members cannot reach a decision, the issue must be escalated to the judicial information systems committee for consideration. The superior court case management system project steering committee may solicit input from user groups as deemed appropriate.

(14) The courts of limited jurisdiction case management system (CLJ-CMS) replacement project shall be guided by a project steering committee to provide project oversight throughout the various phases of the project to include, but not be limited to, vendor management, contract and deliverable management, assuring reasonable satisfaction of the business and technical needs at the local level, receipt of stakeholder feedback, and communication between the various stakeholder groups and the judicial information systems committee. The project steering committee shall be comprised of three members from the

administrative office of the courts, two members from the district and municipal court judges association, three members from the district and municipal court management association, and two members from the misdemeanor corrections association. Issues of significant scope, schedule or budget changes, and risk mitigation strategies must be escalated to the judicial information systems committee for consideration. In the event that a majority of the project steering committee members cannot reach a decision, the issue must be escalated to the judicial information systems committee for consideration. The courts of limited jurisdiction case management system replacement project steering committee may solicit input from user groups as deemed appropriate.

(15) \$3,789,000 of the judicial information systems account—state appropriation is provided solely for preparation and procurement activities related to the courts of limited jurisdiction case management system (CLJ-CMS) replacement project. The appropriations are further conditioned that the CLJ-CMS replacement project be funded entirely from judicial information system account funds in future biennia. The amounts provided in this subsection for the CLJ-CMS replacement project shall not be expended prior to January 1, 2016. In addition, if the following activities are not complete by the dates provided, no further funds appropriated in this subsection shall be expended on the CLJ-CMS replacement project.

(a) Beginning April 1, 2016, and each calendar quarter thereafter, quality assurance reports for the CLJ-CMS replacement project shall be provided to the office of chief information officer for review and for posting on its information technology project dashboard.

(b) No later than July 1, 2016, the CLJ-CMS replacement project steering committee shall provide a report to the legislature on the status of the procurement process for a CLJ-CMS replacement project, including an affirmation that the project is designed to meet the business processes and requirements of all thirty-nine counties. In addition, the report shall include a statement from each court of limited jurisdiction of its intended use of the new CLJ-CMS.

(c) No later than January 1, 2017, the judicial information system committee must approve the publication of a request for proposal for the CLJ-CMS replacement project.

(d) Prior to any CLJ-CMS replacement project steering committee recommendation to the judicial information system committee of a preferred vendor and prior to the selection of an apparently successful vendor, the office of chief information officer must be allowed to review vendor submittals in response to the request for proposal. To better inform its selection, the office of chief information officer must provide to the CLJ-CMS replacement project steering committee an evaluation each vendor's proposed technology solution assessing its architecture, security, vendor experience and qualifications, project risks and risk management, and whether the technology solution represents the best value.

NEW SECTION. Sec. 115. FOR THE OFFICE OF PUBLIC DEFENSE

General Fund—State Appropriation (FY 2016)	\$37,096,000
General Fund—State Appropriation (FY 2017)	\$37,364,000
Judicial Stabilization Trust Account—State Appropriation	\$3,648,000
TOTAL APPROPRIATION	\$78,108,000

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

(1) The amounts provided include funding for expert and investigative services in death penalty personal restraint petitions.

(2) \$924,000 of the general fund—state appropriation for fiscal year 2016 and \$462,000 of the general fund—state

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appropriation for fiscal year 2017 are provided solely for parents representation program costs related to increased parental rights termination filings from the department of social and health services permanency initiative.

(3) \$451,000 of the general fund—state appropriation for fiscal year 2016 and \$915,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to increase payments for attorneys who contract with the office for indigent defense representation.

(4) \$900,000 of the general fund—state appropriation for fiscal year 2016 and \$900,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the purpose of improving the quality of trial court public defense services.

(5) \$245,000 of the general fund—state appropriation for fiscal year 2016 and \$320,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to implement chapter 117, Laws of 2015 (Second Substitute Senate Bill No. 5486). Funds must be used to maintain the current programs in Grays Harbor/Pacific, King, Kitsap, Pierce, Snohomish, Spokane, and Thurston/Mason counties; expand services in three of these locations; provide for program administration; and to fund the first stage of an evaluation of the program to determine if the parents for parents program can be considered evidence-based.

NEW SECTION. Sec. 116. FOR THE OFFICE OF CIVIL LEGAL AID

General Fund—State Appropriation (FY 2016)	\$12,560,000
General Fund—State Appropriation (FY 2017)	\$12,818,000
General Fund—Private/Local Appropriation	\$150,000
Judicial Stabilization Trust Account—State Appropriation	\$1,463,000
TOTAL APPROPRIATION	\$26,991,000

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

(1) An amount not to exceed \$40,000 of the general fund—state appropriation for fiscal year 2016 and an amount not to exceed \$40,000 of the general fund—state appropriation for fiscal year 2017 may be used to provide telephonic legal advice and assistance to otherwise eligible persons who are sixty years of age or older on matters authorized by RCW 2.53.030(2) (a) through (k) regardless of household income or asset level.

(2) \$498,000 of the general fund—state appropriation for fiscal year 2016 and \$499,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the child legal representation program. To achieve efficiencies and to manage within appropriated amounts, beginning January 1, 2016, the office is directed to implement the child legal representation program for children under RCW 13.34.100 using attorneys under contract directly with the office in a manner similar to the parents representation program at the office of public defense. The office must consult with counties, county courts, and the office of public defense prior to implementing this operational change.

NEW SECTION. Sec. 117. FOR THE OFFICE OF THE GOVERNOR

General Fund—State Appropriation (FY 2016)	\$5,365,000
General Fund—State Appropriation (FY 2017)	\$5,448,000
Economic Development Strategic Reserve Account—State Appropriation	\$4,000,000
TOTAL APPROPRIATION	\$14,813,000

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

(1) \$4,000,000 of the economic development strategic reserve account appropriation is provided solely for efforts to assist with

currently active industrial recruitment efforts that will bring new jobs to the state or will retain headquarter locations of major companies currently housed in the state.

(2) \$684,000 of the general fund—state appropriation for fiscal year 2016 and \$684,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the office of the education ombuds.

NEW SECTION. Sec. 118. FOR THE LIEUTENANT GOVERNOR

General Fund—State Appropriation (FY 2016)	\$633,000
General Fund—State Appropriation (FY 2017)	\$637,000
General Fund—Private/Local Appropriation	\$90,000
TOTAL APPROPRIATION	\$1,360,000

NEW SECTION. Sec. 119. FOR THE PUBLIC DISCLOSURE COMMISSION

General Fund—State Appropriation (FY 2016)	\$2,368,000
General Fund—State Appropriation (FY 2017)	\$2,379,000
TOTAL APPROPRIATION	\$4,747,000

NEW SECTION. Sec. 120. FOR THE SECRETARY OF STATE

General Fund—State Appropriation (FY 2016)	\$25,870,000
General Fund—State Appropriation (FY 2017)	\$12,796,000
General Fund—Federal Appropriation	\$7,577,000
Public Records Efficiency, Preservation, and Access Account—State Appropriation	\$8,596,000
Charitable Organization Education Account—State Appropriation	\$671,000
Local Government Archives Account—State Appropriation	\$9,086,000
Election Account—Federal Appropriation	\$8,865,000
Washington State Heritage Center Account—State Appropriation	\$9,825,000
TOTAL APPROPRIATION	\$83,286,000

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

(1) \$3,301,000 of the general fund—state appropriation for fiscal year 2016 is provided solely to reimburse counties for the state's share of primary and general election costs and the costs of conducting mandatory recounts on state measures. Counties shall be reimbursed only for those odd-year election costs that the secretary of state validates as eligible for reimbursement.

(2)(a) \$2,682,000 of the general fund—state appropriation for fiscal year 2016 and \$2,761,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for contracting with a nonprofit organization to produce gavel-to-gavel television coverage of state government deliberations and other events of statewide significance during the 2015-2017 fiscal biennium. The funding level for each year of the contract shall be based on the amount provided in this subsection. The nonprofit organization shall be required to raise contributions or commitments to make contributions, in cash or in kind, in an amount equal to forty percent of the state contribution. The office of the secretary of state may make full or partial payment once all criteria in this subsection have been satisfactorily documented.

(b) The legislature finds that the commitment of on-going funding is necessary to ensure continuous, autonomous, and independent coverage of public affairs. For that purpose, the secretary of state shall enter into a contract with the nonprofit organization to provide public affairs coverage.

(c) The nonprofit organization shall prepare an annual independent audit, an annual financial statement, and an annual report, including benchmarks that measure the success of the nonprofit organization in meeting the intent of the program.

(d) No portion of any amounts disbursed pursuant to this subsection may be used, directly or indirectly, for any of the following purposes:

(i) Attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, by any county, city, town, or other political subdivision of the state of Washington, or by the congress, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency;

(ii) Making contributions reportable under chapter 42.17 RCW; or

(iii) Providing any: (A) Gift; (B) honoraria; or (C) travel, lodging, meals, or entertainment to a public officer or employee.

(3) Any reductions to funding for the Washington talking book and Braille library may not exceed in proportion any reductions taken to the funding for the library as a whole.

(4) \$11,497,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for the 2016 presidential primary election.

(5) \$3,000,000 of the Washington state heritage center account—state appropriation is provided solely for state library programs. If House Bill No. 2195 (auditor's fees) is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse. If the increase in auditor's fees generates less revenue than provided in this subsection, the secretary of state shall reduce expenditures so that amounts provided in this subsection do not exceed revenue generated from the increase in auditor's fees.

(6) \$771,000 of the general fund—state appropriation for fiscal year 2016 and \$772,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the state library to purchase statewide online access to the information technology academy to allow public access to online courses and learning resources through public libraries.

NEW SECTION. Sec. 121. FOR THE GOVERNOR'S OFFICE OF INDIAN AFFAIRS

General Fund—State Appropriation (FY 2016)	\$264,000
General Fund—State Appropriation (FY 2017)	\$273,000
TOTAL APPROPRIATION	\$537,000

The appropriations in this section are subject to the following conditions and limitations: The office shall assist the department of enterprise services on providing the government-to-government training sessions for federal, state, local, and tribal government employees. The training sessions shall cover tribal historical perspectives, legal issues, tribal sovereignty, and tribal governments. Costs of the training sessions shall be recouped through a fee charged to the participants of each session. The department of enterprise services shall be responsible for all of the administrative aspects of the training, including the billing and collection of the fees for the training.

NEW SECTION. Sec. 122. FOR THE COMMISSION ON ASIAN PACIFIC AMERICAN AFFAIRS

General Fund—State Appropriation (FY 2016)	\$222,000
General Fund—State Appropriation (FY 2017)	\$228,000
TOTAL APPROPRIATION	\$450,000

NEW SECTION. Sec. 123. FOR THE STATE TREASURER

State Treasurer's Service Account—State Appropriation	\$16,753,000
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The appropriation in this section is subject to the following conditions and limitations: \$125,000 of the state treasurer's service account—state appropriation is provided solely for the implementation of Second Substitute House Bill No. 2063 (better life experience program). If the bill is not enacted by July 10, 2015, the amount provided in this subsection shall lapse.

NEW SECTION. Sec. 124. FOR THE STATE AUDITOR

General Fund—State Appropriation (FY 2016)	\$14,000
General Fund—State Appropriation (FY 2017)	\$31,000
State Auditing Services Revolving Account—State Appropriation	\$9,711,000
Performance Audit of Government Account—State Appropriation	\$1,531,000
TOTAL APPROPRIATION	\$11,287,000

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

(1) \$1,531,000 of the performance audit of government account—state appropriation is provided solely for staff and related costs to verify the accuracy of reported school district data submitted for state funding purposes; conduct school district program audits of state funded public school programs; establish the specific amount of state funding adjustments whenever audit exceptions occur and the amount is not firmly established in the course of regular public school audits; and to assist the state special education safety net committee when requested.

(2) The legislature recognizes that changing technology has resulted in requests for electronic copies of records without corresponding changes in how the public records act allows for agencies to charge for those copies. The legislature recognizes the difficulty individual agencies face in determining the actual cost of providing both paper and electronic copies and finds it would be beneficial to agencies subject to the public records act, as well as requestors, to develop a standard and reasonable cost agencies may charge to provide records in either paper or electronic format. The state auditor shall, in consultation with the state chief information officer and attorney general, develop a methodology and conduct a study to establish an accurate cost estimate for providing paper and electronic copies of records in response to requests under the public records act. The state auditor shall also consult with local government agencies in developing and conducting the study. The state auditor shall report the results of this study to the legislature no later than March 1, 2016.

(3) Within the amounts appropriated in this section, the auditor shall conduct an audit by June 30, 2017:

(a) Of the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) medical school located in Spokane to determine the cost per student of medical education and to show the cost per student by fund source;

(b) To determine the cost per student for students from WWAMI partner states other than Washington and whether any Washington state funds or Washington resident student tuition is used to subsidize students from WWAMI partner states; and

(c) To determine the planned per student cost of medical education and to show the cost per student by fund source for the Washington State University medical school program.

(4) Some local governments have combined fees for commercial solid waste collection services with fees for the collection of source-separated recyclable materials from commercial entities, establishing a single bundled rate charged to all ratepayers that purports to provide free recycling collection services to commercial entities. The state auditor is directed to:

(a) Investigate whether such bundled rates result in the imposition of the solid waste collection tax on services related to material collected primarily for recycling and salvage in violation of RCW 82.18.010(3);

(b) Assess (i) whether the bundled rates result in payment of fees by ratepayers for services that they may not receive or need, and (ii) the amount of such excess payments; and

(c) Assess whether ordinances establishing bundled rates result in de facto regulation of commercial source-separated

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recycling collection services by local governments in violation of state law.

NEW SECTION. Sec. 125. FOR THE CITIZENS' COMMISSION ON SALARIES FOR ELECTED OFFICIALS

General Fund—State Appropriation (FY 2016)	\$146,000
General Fund—State Appropriation (FY 2017)	\$185,000
TOTAL APPROPRIATION	\$331,000

NEW SECTION. Sec. 126. FOR THE ATTORNEY GENERAL

General Fund—State Appropriation (FY 2016)	\$11,408,000
General Fund—State Appropriation (FY 2017)	\$11,740,000
General Fund—Federal Appropriation	\$6,930,000
New Motor Vehicle Arbitration Account—State Appropriation	\$1,039,000
Legal Services Revolving Account—State Appropriation	\$225,029,000
Tobacco Prevention and Control Account—State Appropriation	\$273,000
Medicaid Fraud Penalty Account—State Appropriation	\$3,065,000
Public Services Revolving Account—State Appropriation	\$2,217,000
Child Rescue Fund—State Appropriation	\$500,000
TOTAL APPROPRIATION	\$262,201,000

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

(1) The attorney general shall report each fiscal year on actual legal services expenditures and actual attorney staffing levels for each agency receiving legal services. The report shall be submitted to the office of financial management and the fiscal committees of the senate and house of representatives no later than ninety days after the end of each fiscal year. As part of its by agency report to the legislative fiscal committees and the office of financial management, the office of the attorney general shall include information detailing the agency's expenditures for its agency-wide overhead and a breakdown by division of division administration expenses.

(2) Prior to entering into any negotiated settlement of a claim against the state that exceeds five million dollars, the attorney general shall notify the director of financial management and the chairs of the senate committee on ways and means and the house of representatives committee on appropriations.

(3) The attorney general shall annually report to the fiscal committees of the legislature all new *cy pres* awards and settlements and all new accounts, disclosing their intended uses, balances, the nature of the claim or account, proposals, and intended timeframes for the expenditure of each amount. The report shall be distributed electronically and posted on the attorney general's web site. The report shall not be printed on paper or distributed physically.

(4) \$2,228,000 of the public service revolving account—state appropriation is provided solely for the work of the public counsel section of the office of the attorney general.

(5) \$353,000 of the general fund—state appropriation for fiscal year 2016 and \$353,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a grant to the Washington coalition of crime victim advocates to provide training, certification, and technical assistance for crime victim service center advocates.

(6) \$1,196,000 of the legal services revolving fund—state appropriation is provided solely for the implementation of chapter 70, Laws of 2015 (Second Substitute Senate Bill No. 5052) (cannabis patient protection).

(7) \$14,000 of the legal services revolving account—state appropriation is provided solely for implementation of chapter 240, Laws of 2015 (Substitute Senate Bill No. 5740) (extended foster care).

(8) \$182,000 of the legal services revolving account—state appropriation is provided solely for implementation of chapter 274, Laws of 2015 (Engrossed Substitute House Bill No. 1449) (oil transportation safety).

(9) \$71,000 of the legal services revolving account—state appropriation is provided solely for implementation of Engrossed Second Substitute House Bill No. 1472 (chemical action plans), Second Substitute Senate Bill No. 5056 (safer chemicals/action plans), Substitute Senate Bill No. 6131 (safer chemicals), or any of these. If none of these bills are enacted by July 10, 2015, the amount provided in this subsection shall lapse.

(10) Pursuant to chapter 247, Laws of 2015 (Second Substitute House Bill No. 1281) (sexual exploitation of a minor), the office of the attorney general may expend \$500,000 from the child rescue fund—state appropriation, or an amount not to exceed actual revenues into the account.

NEW SECTION. Sec. 127. FOR THE CASELOAD FORECAST COUNCIL

General Fund—State Appropriation (FY 2016)	\$1,378,000
General Fund—State Appropriation (FY 2017)	\$1,454,000
TOTAL APPROPRIATION	\$2,832,000

The appropriations in this section are subject to the following conditions and limitations: \$55,000 of the general fund—state appropriation for fiscal year 2016 and \$55,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for Substitute Senate Bill No. 5999 (caseload forecast council). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 128. FOR THE DEPARTMENT OF COMMERCE

General Fund—State Appropriation (FY 2016)	\$60,162,000
General Fund—State Appropriation (FY 2017)	\$61,103,000
General Fund—Federal Appropriation	\$264,872,000
General Fund—Private/Local Appropriation	\$8,149,000
Public Works Assistance Account—State Appropriation	\$7,905,000
Drinking Water Assistance Administrative Account—State Appropriation	\$487,000
Lead Paint Account—State Appropriation	\$181,000
Building Code Council Account—State Appropriation	\$15,000
Home Security Fund Account—State Appropriation	\$26,493,000
Affordable Housing for All Account—State Appropriation	\$12,023,000
Financial Fraud and Identity Theft Crimes Investigation and Prosecution Account—State Appropriation	\$1,776,000
Low-Income Weatherization and Structural Rehabilitation Assistance Account—State Appropriation	\$2,149,000
Community and Economic Development Fee Account—State Appropriation	\$2,980,000
Washington Housing Trust Account—State Appropriation	\$12,692,000
Prostitution Prevention and Intervention Account—State Appropriation	\$45,000
Public Facility Construction Loan Revolving Account—State Appropriation	\$791,000
Drinking Water Assistance Account—State Appropriation	\$10,000
Liquor Revolving Account—State Appropriation	\$5,607,000
Energy Freedom Account—State Appropriation	\$472,000

Financial Services Regulation Account—State Appropriation	\$468,000
Liquor Excise Tax Account—State Appropriation	\$643,000
Economic Development Strategic Reserve Account—State Appropriation	\$1,650,000
TOTAL APPROPRIATION	\$470,673,000

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

(1) Repayments of outstanding mortgage and rental assistance program loans administered by the department under RCW 43.63A.640 shall be remitted to the department, including any current revolving account balances. The department shall collect payments on outstanding loans, and deposit them into the state general fund. Repayments of funds owed under the program shall be remitted to the department according to the terms included in the original loan agreements.

(2) \$945,000 of the general fund—state appropriation for fiscal year 2016, \$945,000 of the general fund—state appropriation for fiscal year 2017, and \$12,541,000 of the home security fund—state appropriation are provided solely for the office of homeless youth prevention and protection programs, pursuant to chapter 69, Laws of 2015 (youth homelessness). Of the amounts provided in this subsection:

(a) \$10,741,000 of the home security fund—state appropriation is provided solely for the department to contract for services pursuant to RCW 13.32A.030 and 74.15.220 as recodified in chapter 69, Laws of 2015 (youth homelessness). The department shall contract and collaborate with service providers in a manner that maintains the availability and geographic representation of secure and semi-secure crisis residential centers and HOPE centers. To achieve efficiencies and increase utilization, the department shall allow the co-location of these centers, except that a youth may not be placed in a secure facility or the secure portion of a co-located facility except as specifically authorized by chapter 13.32A RCW as recodified in chapter 69, Laws of 2015 (youth homelessness);

(b) \$1,800,000 of the home security fund—state appropriation is provided solely for transitional housing assistance or partial payments for rental assistance under the independent youth housing program;

(c) \$512,000 of the general fund—state appropriation for fiscal year 2016 and \$511,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for street youth services; and

(d) \$433,000 of the general fund—state appropriation for fiscal year 2016 and \$434,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for administration of the office of homeless youth prevention and protection programs. The office must identify service gaps for youth and young adults who are homeless or at risk of homelessness. The office shall further lead efforts to improve data collection, help ensure services are available statewide, and assure that programs fulfill federal regulations and guidelines for preventing and ending youth homelessness.

(3) \$500,000 of the general fund—state appropriation for fiscal year 2016 and \$500,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a grant to resolution Washington to building statewide capacity for alternative dispute resolution centers and dispute resolution programs that guarantee that citizens have access to low-cost resolution as an alternative to litigation.

(4) \$306,000 of the general fund—state appropriation for fiscal year 2016 and \$306,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a grant to the retired senior volunteer program.

(5) The department shall administer its growth management act technical assistance and pass-through grants so that smaller cities and counties receive proportionately more assistance than larger cities or counties.

(6) \$375,000 of the general fund—state appropriation for fiscal year 2016 and \$375,000 of the general fund—state appropriation for fiscal year 2017 are provided solely as pass-through funding to Walla Walla Community College for its water and environmental center.

(7) \$396,000 of the general fund—state appropriation for fiscal year 2016 and \$396,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Washington new Americans program.

(8) \$2,801,000 of the general fund—state appropriation for fiscal year 2016 and \$2,801,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for associate development organizations. During the 2015-2017 fiscal biennium, the department shall consider an associate development organization's total resources when making contracting and fund allocation decisions, in addition to the schedule provided in RCW 43.330.086.

(9) \$234,000 of the general fund—state appropriation for fiscal year 2016 and \$233,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Washington asset building coalitions.

(10) \$5,607,000 of the liquor revolving account—state appropriation is provided solely for the department to contract with the municipal research and services center of Washington.

(11) \$2,000,000 of the Washington housing trust account—state appropriation and \$1,000,000 of the affordable housing for all account—state appropriation are provided solely for the department of commerce for services to homeless families through the Washington youth and families fund.

(12) \$5,000,000 of the home security account—state appropriation is provided solely for the department of commerce to provide emergency assistance to homeless families in the temporary assistance for needy families program.

(13) \$700,000 of the general fund—state appropriation for fiscal year 2016 and \$700,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the department to identify and invest in strategic growth areas, support key sectors, and align existing economic development programs and priorities. The department must consider Washington's position as the most trade dependent state when identifying priority investments. The department must engage states and provinces in the northwest as well as associate development organizations, small business development centers, chambers of commerce, ports, and other partners to leverage the funds provided. For each dollar expended the department must receive a one hundred percent match. The match may be provided by the department through nongeneral fund sources, or any partnering governments or organizations. Sector leads established by the department must include the industries of: (a) Tourism; (b) agriculture, wood products, and other natural resource industries; and (c) clean technology and renewable and nonrenewable energy. The department may establish these sector leads by hiring new staff, expanding the duties of current staff, or working with partner organizations and or other agencies to serve in the role of sector lead.

(14) The department is authorized to suspend issuing any nonstatutorily required grants or contracts of an amount less than \$1,000,000 per year.

(15) The department is authorized to require an applicant to pay an application fee to cover the cost of reviewing the project and preparing an advisory opinion on whether a proposed electric

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generation project or conservation resource qualifies to meet mandatory conservation targets.

(16) Within existing resources, the department shall provide administrative and other indirect support to the developmental disabilities council.

(17) \$546,000 of the general fund—state appropriation for fiscal year 2016 and \$512,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 68, Laws of 2015 (agricultural labor skills and safety).

(18) \$256,000 of the general fund—state appropriation for fiscal year 2016 and \$268,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 296, Laws of 2015 (small business retirement marketplace).

(19) \$1,677,000 of the financial fraud and identity theft crimes investigation and prosecution account—state appropriation is provided solely for implementation of chapter 65, Laws of 2015 (financial fraud and identity theft).

(20) Within existing resources, the department of commerce shall examine the effects of incompatible land use surrounding military installations within Washington state and conduct a comparative analysis of best practices from other states to mitigate conflicts between local jurisdictions and neighboring military installations due to incompatible land use. The department shall submit its analysis to the governor and the appropriate committees of the legislature by November 1, 2016.

(21) \$175,000 of the general fund—state appropriation for fiscal year 2016 and \$175,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the expansion of the long-term care ombuds program to meet the immediate needs of individuals by advocating on behalf of and protecting residents of long-term care facilities from abuse, neglect, and exploitation.

(22) \$47,000 of the general fund—state appropriation for fiscal year 2016 and \$47,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 273, Laws of 2015 (trafficking of persons).

(23) \$41,000 of the general fund—state appropriation for fiscal year 2016 and \$41,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 101, Laws of 2015 (trafficking of persons training).

(24) \$468,000 of the financial services regulation account—state appropriation is provided solely for the family prosperity account program.

(25) \$472,000 of the energy freedom account—state appropriation is provided solely for the energy office within the department of commerce.

(26) \$11,000 of the general fund—state appropriation for fiscal year 2016 and \$11,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 9, Laws of 2015 1st sp. sess. (industrial/manufacturing facilities).

(27) Within existing resources, the department of commerce shall consult with key crime victim services stakeholders to inform decisions about the funding distribution for federal fiscal years 2015-2017 victims of crime act victim assistance funding. These stakeholders must include, at a minimum, children's advocacy centers of Washington, Washington association of prosecuting attorneys, Washington association of sheriffs and police chiefs, Washington coalition against domestic violence, Washington coalition of sexual assault programs, Washington coalition of crime victim advocates, at least one representative

from a child health coalition, and other organizations as determined by the department. Funding distribution considerations shall include, but are not limited to, geographic distribution of services, underserved populations, age of victims, best practices, and the unique needs of individuals, families, youth, and children who are victims of crime.

(28) \$250,000 of the general fund—state appropriation for fiscal year 2016 and \$250,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for grants to local governments, nonprofit organizations, and associate development organizations to assist workers and communities adversely impacted by recent closures of timber mills and forest product manufacturing facilities in Mason county. Funds may be used for workforce and economic development activities, including public infrastructure projects that will increase employment opportunities in the county.

(29) \$643,000 of the liquor excise tax account—state appropriation is provided solely for the department of commerce to provide fiscal note assistance to local governments.

(30) \$80,000 of the general fund—state appropriation for fiscal year 2016 and \$80,000 of the general fund—state appropriation for fiscal year 2017 is provided solely as a grant to Klickitat county for a land use planner to process a backlog of permits that have not been processed by the Columbia river gorge commission due to lack of funds.

(31) \$50,000 of the general fund—state appropriation for fiscal year 2016 and \$50,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to plan and develop a regional approach in southwest King county to provide day and hygiene shelter services to homeless populations. The plan will identify appropriate partners and a service model to meet regional needs; evaluate the establishment of a facility or facilities to provide day and hygiene services; and within the amounts provided work with existing providers to expand existing services to provide day and hygiene shelter services.

(32) \$100,000 of the general fund—state appropriation for fiscal year 2016 and \$100,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for grants to Safe Yakima Valley and Associated Ministries of Tacoma to coordinate community efforts for the prevention of alcohol, tobacco, drug use and violence.

(33) Within the amounts provided, the public works board may expend up to \$250,000 of the public work assistance account—state appropriation for development of a curriculum and online delivery system in cooperation with the state board for community and technical colleges for public works managers.

(34) \$500,000 of the public works assistance account—state appropriation is provided solely for implementation of Engrossed Substitute Senate Bill No. 5624 (financing essential public infrastructure). If Engrossed Senate Joint Resolution No. 8204 is not ratified at the November 2015 general election, the amount provided in this subsection shall lapse.

(35) The department must convene a work group of interested stakeholders to review the state's deed of trust act contained in Title 61 RCW. The work group should include, but not be limited to, representatives from financial institutions, loan servicing and trustee service companies, and advocacy groups representing homeowners and borrowers. The work group is tasked to review and make recommendations to ensure that the act remains a workable system for financial institutions, loan servicing companies, trustee, homeowners, and borrowers. A report on the review and recommendations is due to the governor and legislature by December 1, 2015. Up to \$20,000 from the foreclosure fairness account may be used to defray the

department's costs for convening and providing administrative and technical support to the work group.

(36) \$5,000 of the general fund—state appropriation for fiscal year 2016 and \$45,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the department to contract with the University of Washington women's center to conduct a study to research supply chain policies related to labor practices of small, medium, and large businesses. The study shall analyze whether or not there is a correlation between supply chain management practices that protect workers from human trafficking and unsafe working conditions and higher shareholder value and/or market share. The study will examine the impact of corporate sourcing practices in social media feedback and in customer satisfaction. The study shall provide case studies and best practices in ethical sourcing practices that protect workers. The study shall recommend how to evaluate and monitor supply chain management related to labor and vendor management practices of companies without bias. The study shall make recommendations on how the state can design legislation on global ethical sourcing practices that is comprehensive, pragmatic and enforceable. The study shall be presented to the house and senate commerce and labor committees no later than January 31, 2016.

(37) \$300,000 of the general fund—state appropriation for fiscal year 2016 and \$300,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the northwest agriculture business center.

NEW SECTION. Sec. 129. FOR THE ECONOMIC AND REVENUE FORECAST COUNCIL

General Fund—State Appropriation (FY 2016)	\$802,000
General Fund—State Appropriation (FY 2017)	\$870,000
Lottery Administrative Account—State Appropriation	\$50,000
TOTAL APPROPRIATION	\$1,722,000

NEW SECTION. Sec. 130. FOR THE OFFICE OF FINANCIAL MANAGEMENT

General Fund—State Appropriation (FY 2016)	\$19,280,000
General Fund—State Appropriation (FY 2017)	\$19,623,000
General Fund—Federal Appropriation	\$38,321,000
General Fund—Private/Local Appropriation	\$498,000
Economic Development Strategic Reserve Account—State Appropriation	\$310,000
Personnel Service Fund—State Appropriation	\$8,609,000
Higher Education Personnel Services Account—State Appropriation	\$1,497,000
Performance Audits of Government Account—State Appropriation	\$536,000
Statewide Information Technology System Development Revolving Account—State Appropriation	\$15,799,000
Data Processing Revolving Account—State Appropriation	\$181,000
TOTAL APPROPRIATION	\$104,654,000

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

(1) The appropriations in this section represent a transfer of expenditure authority of \$2,333,000 of the general fund—federal appropriation for fiscal year 2016 and \$1,782,000 of the general fund—federal appropriation for fiscal year 2017 to the office of financial management to implement Engrossed Substitute Senate Bill No. 5084 (all payer claims database).

(2) \$13,799,000 of the statewide information technology system development revolving account—state appropriation is provided solely for prepayment of the debt service for the time, leave, and attendance system. The enterprise time, leave, and attendance project shall be discontinued, but the office and other

state agencies may utilize acquired project assets for other purposes to the extent practicable.

(3) \$50,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for implementation of Engrossed Second Substitute House Bill No. 1491 (early care and education system). If the bill is not enacted by July 10, 2015, the amount provided in this subsection shall lapse.

(4) \$33,000 of the general fund—state appropriation for fiscal year 2017 is provided one time solely to implement chapter 244, Laws of 2015 (college bound scholarship).

(5) \$168,000 of the general fund—state appropriation for fiscal year 2016 and \$163,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to implement chapter 245, Laws of 2015 (outdoor recreation).

NEW SECTION. Sec. 131. FOR THE OFFICE OF ADMINISTRATIVE HEARINGS

Administrative Hearings Revolving Account—State Appropriation	\$38,458,000
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NEW SECTION. Sec. 132. FOR THE WASHINGTON STATE LOTTERY

Lottery Administrative Account—State Appropriation	\$28,427,000
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The appropriation in this section is subject to the following conditions and limitations:

(1) \$690,000 of the lottery administrative account—state appropriation is provided solely for the replacement of the lottery's gaming systems vendor contract.

(2) No portion of this appropriation may be used for acquisition of gaming system capabilities that violates state law.

(3) Pursuant to RCW 67.70.040, the commission shall take such action necessary to reduce by \$6,000,000 each fiscal year the total amount of compensation paid to licensed lottery sales agents. It is anticipated that the result of this action will reduce retail commissions to an average of 5.1 percent of sales.

NEW SECTION. Sec. 133. FOR THE COMMISSION ON HISPANIC AFFAIRS

General Fund—State Appropriation (FY 2016)	\$248,000
General Fund—State Appropriation (FY 2017)	\$257,000
TOTAL APPROPRIATION	\$505,000

NEW SECTION. Sec. 134. FOR THE COMMISSION ON AFRICAN-AMERICAN AFFAIRS

General Fund—State Appropriation (FY 2016)	\$250,000
General Fund—State Appropriation (FY 2017)	\$252,000
TOTAL APPROPRIATION	\$502,000

NEW SECTION. Sec. 135. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS—OPERATIONS

Department of Retirement Systems Expense Account—State Appropriation	\$55,329,000
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The appropriation in this section is subject to the following conditions and limitations: \$25,000 of the department of retirement systems expense account—state appropriation is provided solely to implement chapter 78, Laws of 2015 (SHB 1194).

NEW SECTION. Sec. 136. FOR THE DEPARTMENT OF REVENUE

General Fund—State Appropriation (FY 2016)	\$119,358,000
General Fund—State Appropriation (FY 2017)	\$120,551,000
Financial Services Regulation Account—State Appropriation	\$5,000,000
Timber Tax Distribution Account—State Appropriation	\$6,556,000
Waste Reduction/Recycling/Litter Control—State Appropriation	\$141,000
State Toxics Control Account—State Appropriation	\$101,000
Business License Account—State Appropriation	\$24,315,000
TOTAL APPROPRIATION	\$276,022,000

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

(1) \$5,740,000 of the general fund—state appropriation for fiscal year 2016, \$5,741,000 of the general fund—state appropriation for fiscal year 2017, and \$11,481,000 of the business license account—state appropriation are provided solely for the taxpayer legacy system replacement project.

(2) \$487,000 of the general fund—state appropriation for fiscal year 2016 and \$582,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of Substitute Senate Bill No. 5186 (disabled veterans and seniors). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 137. FOR THE BOARD OF TAX APPEALS

General Fund—State Appropriation (FY 2016)	\$1,269,000
General Fund—State Appropriation (FY 2017)	\$1,286,000
TOTAL APPROPRIATION	\$2,555,000

NEW SECTION. Sec. 138. FOR THE OFFICE OF MINORITY AND WOMEN'S BUSINESS ENTERPRISES

OMWBE Enterprises Account—State Appropriation	\$4,730,000
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NEW SECTION. Sec. 139. FOR THE INSURANCE COMMISSIONER

General Fund—State Appropriation (FY 2016)	\$300,000
General Fund—State Appropriation (FY 2017)	\$227,000
General Fund—Federal Appropriation	\$4,572,000
Insurance Commissioners Regulatory Account—State Appropriation	\$54,415,000
TOTAL APPROPRIATION	\$59,514,000

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

(1) \$168,000 of the insurance commissioners regulatory account—state appropriation is provided solely for the implementation of chapter 17, Laws of 2015 (HB 1172).

(2) \$129,000 of the insurance commissioners regulatory account—state appropriation is provided solely for the implementation of chapter 63, Laws of 2015 (HB 1077).

(3) \$272,000 of the insurance commissioners regulatory account—state appropriation is provided solely for the implementation of chapter 122, Laws of 2015 (SB 5717).

(4) \$25,000 of the insurance commissioners regulatory account—state appropriation is provided solely for the implementation of chapter 19, Laws of 2015 (SSB 5023).

NEW SECTION. Sec. 140. FOR THE STATE INVESTMENT BOARD

State Investment Board Expense Account—State Appropriation	\$42,452,000
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NEW SECTION. Sec. 141. FOR THE LIQUOR AND CANNABIS BOARD

Dedicated Marijuana Fund—State Appropriation (FY 2016)	\$7,367,000
Dedicated Marijuana Fund—State Appropriation (FY 2017)	\$7,821,000
Liquor Revolving Account—State Appropriation	\$64,008,000
General Fund—Federal Appropriation	\$2,822,000
General Fund—Private/Local Appropriation	\$25,000
TOTAL APPROPRIATION	\$82,043,000

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

(1) \$2,183,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$2,818,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely for implementation of Substitute House Bill No. 2136 (marijuana market reforms) and Second Substitute

Senate Bill No. 5052 (cannabis patient protection). If either bill is not enacted by July 10, 2015, the amount provided in this subsection shall lapse.

(2) \$376,000 of the liquor revolving fund—state appropriation is provided solely for the implementation of Substitute Senate Bill No. 5280 (beer and cider sales). If the bill is not enacted by July 10, 2015, the amount provided in this subsection shall lapse.

(3) \$2,641,000 of the liquor revolving account—state appropriation is provided solely for additional cigarette and tobacco enforcement. The liquor control board must provide additional cigarette and tobacco enforcement officers and pursue strategies to reduce the amount of smuggled, contraband, and otherwise untaxed cigarette and tobacco products in the state. The liquor control board must report the amount of untaxed cigarette and tobacco taxes recovered in comparison to past years to the appropriate committees of the legislature by January 1, 2016, and January 1, 2017.

NEW SECTION. Sec. 142. FOR THE UTILITIES AND TRANSPORTATION COMMISSION

General Fund—State Appropriation (FY 2016)	\$176,000
General Fund—Private/Local Appropriation	\$11,324,000
Public Service Revolving Account—State Appropriation	\$39,041,000
Pipeline Safety Account—State Appropriation	\$2,050,000
Pipeline Safety Account—Federal Appropriation	\$2,981,000
TOTAL APPROPRIATION	\$55,572,000

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

(1) The commission shall work with the Idaho public utilities commission and the public utility commission of Oregon to identify common regulatory functions that can be performed jointly, with the goal of formalizing an agreement that protects essential services while increasing regulatory effectiveness and efficiencies through economies of scale. The commission is authorized to enter into an agreement with such other state public utility commissions to work jointly in administering specified respective regulatory functions.

(2) \$2,849,000 of the public service revolving account—state appropriation is provided solely for implementation of chapter 274, Laws of 2015 (Engrossed Substitute House Bill No. 1449) (oil transportation safety).

(3) \$176,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for the energy facility site evaluation council to conduct a study on the siting of small modular reactors in Washington.

(a) The study must include the following: (i) Identification of possible locations in the state where small modular reactors could be suitably located; (ii) identification of permits and studies that would need to be conducted in order to facilitate the siting of small modular reactors; and (iii) recommendations on how the siting and permitting process could be streamlined for small modular reactors.

(b) The energy facility site evaluation council shall report its findings and recommendations to the appropriate committees of the legislature and the governor by December 1, 2015.

(c) The energy facility site evaluation council may contract for services to assist in the study.

(d) For purposes of this subsection, "small modular reactor" means a scalable nuclear power plant using reactors that each have a gross power output no greater than three hundred megawatts electric, and where each reactor is designed for factory manufacturing and ease of transport, such as by truck, rail, or barge.

NEW SECTION. Sec. 143. FOR THE MILITARY DEPARTMENT

General Fund—State Appropriation (FY 2016)	\$3,386,000
General Fund—State Appropriation (FY 2017)	\$3,417,000
General Fund—Federal Appropriation	\$136,393,000
Enhanced 911 Account—State Appropriation	\$57,917,000
Disaster Response Account—State Appropriation	\$21,749,000
Disaster Response Account—Federal Appropriation	\$75,870,000
Military Department Rent and Lease Account—State Appropriation	\$615,000
Worker and Community Right-to-Know Account—State Appropriation	\$2,886,000
Oil Spill Prevention Account—State Appropriation	\$1,000,000
TOTAL APPROPRIATION	\$303,233,000

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

(1) Appropriations from the disaster response account—state appropriation and the disaster response account—federal appropriation may be spent only on disasters declared by the governor and with the approval of the office of financial management. The military department shall submit a report to the office of financial management and the legislative fiscal committees on October 1st and February 1st of each year detailing information on the disaster response account, including:

(a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2015-2017 biennium based on current revenue and expenditure patterns.

(2) \$60,000,000 of the general fund—federal appropriation is provided solely for homeland security, subject to the following conditions: Any communications equipment purchased by local jurisdictions or state agencies shall be consistent with standards set by the Washington state interoperability executive committee.

(3) \$1,000,000 of the oil spill prevention account—state appropriation is provided solely for implementation of chapter 274, Laws of 2015 (Engrossed Substitute House Bill No. 1449) (oil transportation safety).

(4) \$100,000 of the general fund—state appropriation for fiscal year 2016 and \$100,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the conditional scholarship program pursuant to chapter 28B.103 RCW.

(5) \$5,000,000 of the enhanced 911 account—state appropriation is provided solely for financial assistance to counties to replace analog 911 telephone and network equipment with next generation 911 capable technology.

(6) \$1,850,000 of the disaster response account—state appropriation is provided solely to Okanogan and Ferry counties to address deficiencies within their communications infrastructure for 911 dispatch. Funds will be used to replace failing radio dispatching hardware within 911 dispatch centers; build interoperable communications between each county's dispatch center such that each can serve as a back-up to the other; and build upon the existing wireless microwave network for 911 calls, dispatch centers, and first responder radio operations. Prior to releasing any state funds, the department will consult with the counties to determine if federal funds are available for any proposed expenditure and assist the counties with any application for such funds.

(7) \$130,000 of the enhanced 911 account—state appropriation is provided solely for the department to conduct a pilot program within King county to implement a mobile phone application that notifies persons trained in cardiopulmonary resuscitation of persons nearby who are having a cardiac emergency. The department may partner with the county, a city, a

fire district, or a search and rescue organization for purposes of implementing the application and software-as-a-service in an existing computer-aided dispatch system. The department will report the results of the pilot program to the legislature by December 1, 2016.

NEW SECTION. Sec. 144. FOR THE PUBLIC EMPLOYMENT RELATIONS COMMISSION

General Fund—State Appropriation (FY 2016)	\$1,845,000
General Fund—State Appropriation (FY 2017)	\$1,944,000
Higher Education Personnel Services Account—State Appropriation	\$1,143,000
Personnel Service Account—State Appropriation	\$3,577,000
TOTAL APPROPRIATION	\$8,509,000

NEW SECTION. Sec. 145. FOR THE BOARD OF ACCOUNTANCY

Certified Public Accountants' Account—State Appropriation	\$6,095,000
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The appropriation in this section is subject to the following conditions and limitations: \$3,300,000 of the certified public accountants' account—state appropriation is provided solely for deposit into the certified public accounting transfer account to fund Washington-based colleges and universities for students pursuing degrees in accounting or taxation as provided in chapter 215, Laws of 2015 (Substitute Senate Bill No. 5534).

NEW SECTION. Sec. 146. FOR THE FORENSIC INVESTIGATION COUNCIL

Death Investigations Account—State Appropriation	\$500,000
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The appropriation in this section is subject to the following conditions and limitations:

(1) \$250,000 of the death investigations account appropriation is provided solely for providing financial assistance to local jurisdictions in multiple death investigations. The forensic investigation council shall develop criteria for awarding these funds for multiple death investigations involving an unanticipated, extraordinary, and catastrophic event or those involving multiple jurisdictions.

(2) \$210,000 of the death investigations account appropriation is provided solely for providing financial assistance to local jurisdictions in identifying human remains.

NEW SECTION. Sec. 147. FOR THE HORSE RACING COMMISSION

Horse Racing Commission Operating Account—State Appropriation	\$3,654,000
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NEW SECTION. Sec. 148. FOR THE DEPARTMENT OF ENTERPRISE SERVICES

General Fund—State Appropriation (FY 2016)	\$2,874,000
General Fund—State Appropriation (FY 2017)	\$3,585,000
General Fund—Private/Local Appropriation	\$102,000
Building Code Council Account—State Appropriation	\$1,256,000

Dedicated Marijuana Account—State Appropriation (FY 2016)	\$95,000
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TOTAL APPROPRIATION	\$7,912,000
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The appropriations in this section are subject to the following conditions and limitations:

(1) \$2,537,000 of the general fund—state appropriation for fiscal year 2016, \$3,243,000 of the general fund—state appropriation for fiscal year 2017, and \$1,584,000 from the fee charged to master contract vendors are provided solely for the payment of facilities and services charges, utilities and contracts charges, public and historic facilities charges, and capital projects surcharges allocable to the senate, house of representatives, statute law committee, legislative support services, joint legislative systems committee, and office of support services. The department shall allocate charges attributable to these agencies among the affected revolving funds. The department shall

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maintain an interagency agreement with these agencies to establish performance standards, prioritization of preservation and capital improvement projects, and quality assurance provisions for the delivery of services under this subsection. The legislative agencies named in this subsection shall continue to enjoy all of the same rights of occupancy and space use on the capitol campus as historically established.

(2) In accordance with RCW 46.08.172 and 43.135.055, the department is authorized to increase parking fees in fiscal years 2016 and 2017 as necessary to meet the actual costs of conducting business.

(3) Before any agency may purchase a passenger motor vehicle as defined in RCW 43.19.560, the agency must have written approval from the director of the department of enterprise services.

(4) From the fee charged to master contract vendors, the department shall transfer to the office of minority and women's business enterprises in equal monthly installments \$893,000 in fiscal year 2016 and \$1,599,000 in fiscal year 2017.

(5) \$95,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 is provided solely for the implementation of Engrossed Second Substitute House Bill No. 2136 (marijuana market reforms). If the bill is not enacted by July 10, 2015, the amount provided in this subsection shall lapse.

NEW SECTION. Sec. 149. FOR THE BOARD FOR VOLUNTEER FIREFIGHTERS

Volunteer Firefighters' and Reserve Officers' Administrative Account—State Appropriation \$1,013,000

NEW SECTION. Sec. 150. FOR THE DEPARTMENT OF ARCHAEOLOGY AND HISTORIC PRESERVATION

General Fund—State Appropriation (FY 2016)	\$1,363,000
General Fund—State Appropriation (FY 2017)	\$1,390,000
General Fund—Federal Appropriation	\$2,122,000
General Fund—Private/Local Appropriation	\$14,000
TOTAL APPROPRIATION	\$4,889,000

The appropriations in this section are subject to the following conditions and limitations: \$121,000 of the general fund—state appropriation for fiscal year 2016 and \$121,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Washington main street program.

NEW SECTION. Sec. 151. FOR THE CONSOLIDATED TECHNOLOGY SERVICES AGENCY

General Fund—State Appropriation (FY 2016)	\$1,000,000
General Fund—State Appropriation (FY 2017)	\$450,000
Consolidated Technology Services Revolving Account—State Appropriation	\$7,368,000
TOTAL APPROPRIATION	\$8,818,000

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

(1) In conjunction with the office of the chief information officer's prioritization of proposed information technology expenditures, agency budget requests for proposed information technology expenditures shall include the following: The agency's priority ranking of each information technology request; the estimated cost for the current biennium; the estimated total cost of the request over all biennia; and the expected timeline to complete the request. The office of the chief information officer and the office of financial management may request agencies to include additional information on proposed information technology expenditure requests.

(2) \$550,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for the office of the chief information officer to develop a statewide strategic business and technology architecture plan for time capture, payroll and payment processes, and eligibility and authorization processes for

the department of early learning. In collaboration with the department of early learning the plan will identify and recommend whether existing systems, or planned systems, can and should be used to meet the department of early learning's business needs. A child care attendance and billing solution must be designed or modified to align with the statewide enterprise strategy once the strategic architecture is established. The plan shall be completed and delivered to the appropriate committees of the legislature by December 1, 2015.

(3) \$450,000 of the general fund—state appropriation for fiscal year 2016 and \$450,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to the office of the chief information officer for statewide technical oversight of information technology projects for time capture, payroll and payment processes, and eligibility and authorization processes. The office of the chief information officer shall identify where existing or proposed technology investments should be consolidated, identify when existing or proposed technology investments can be reused or leveraged to meet multi-agency needs, increase interoperability between agencies, and identify how redundant investments can be reduced overtime.

(4) \$7,368,000 of the consolidated technology services revolving account—state appropriation is provided solely for implementation of Second Substitute House Bill No. 1391 or Second Substitute Senate Bill No. 5315 (aligning information technology functions). If neither bill is enacted by July 10, 2015, the amount provided in this subsection shall lapse.

**PART II
HUMAN SERVICES**

NEW SECTION. Sec. 201. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES

(1) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act. Appropriations made in this act to the department of social and health services shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act except as expressly provided in this act, nor shall allotment modifications permit moneys that are provided solely for a specified purpose to be used for other than that purpose.

(2) The department of social and health services shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(3) The legislature finds that medicaid payment rates, as calculated by the department pursuant to the appropriations in this act, bear a reasonable relationship to the costs incurred by efficiently and economically operated facilities for providing quality services and will be sufficient to enlist enough providers

so that care and services are available to the extent that such care and services are available to the general population in the geographic area. The legislature finds that cost reports, payment data from the federal government, historical utilization, economic data, and clinical input constitute reliable data upon which to determine the payment rates.

(4) The department shall to the maximum extent practicable use the same system for delivery of spoken-language interpreter services for social services appointments as the one established for medical appointments in the health care authority. When contracting directly with an individual to deliver spoken language interpreter services, the department shall only contract with language access providers who are working at a location in the state and who are state-certified or state-authorized, except that when such a provider is not available, the department may use a language access provider who meets other certifications or standards deemed to meet state standards, including interpreters in other states.

(5) Information technology projects and proposed projects for time capture, payroll and payment processes, and eligibility and authorization systems within the department of social and health services are subject to technical oversight by the office of the chief information officer.

(6)(a) The department shall facilitate enrollment under the medicaid expansion for clients applying for or receiving state funded services from the department and its contractors. Prior to open enrollment, the department shall coordinate with the health care authority to provide referrals to the Washington health benefit exchange for clients that will be ineligible for medicaid.

(b) To facilitate a single point of entry across public and medical assistance programs, and to maximize the use of federal funding, the health care authority, the department of social and health services, and the health benefit exchange will coordinate efforts to expand HealthPlanfinder access to public assistance and medical eligibility staff. No later than October 1, 2015, the department shall complete medicaid applications in the HealthPlanfinder for households receiving or applying for public assistance benefits.

(c) The department, in coordination with the health care authority, shall pursue a federal waiver to use supplemental nutrition assistance program eligibility, aged, blind, or disabled program eligibility, or temporary assistance for needy families eligibility, to enroll eligible persons into medicaid.

(7) In accordance with RCW 71.24.380, the health care authority and the department are authorized to purchase medical and behavioral health services through integrated contracts upon request of all of the county authorities in a regional service area to become an early adopter of fully integrated purchasing of medical and behavioral health services. The department may combine and transfer such amounts appropriated under sections 204, 208, and 213 of this act as may be necessary to fund early adopter contracts. The amount of medicaid funding transferred from each program may not exceed the average per capita cost assumed in this act for individuals covered by that program, actuarially adjusted for the health condition of persons enrolled, times the number of clients enrolled. The amount of non-medicaid funding transferred from sections 204 and 208 may not exceed the amount that would have been contracted with a behavioral health organization if the county authorities had not requested to become an early adopter of fully integrated purchasing. If any funding that this act provides solely for a specific purpose is transferred under this subsection, that funding must be used consistently with the provisions and conditions for which it was provided.

(8) In accordance with RCW 71.24.380, the department is authorized to purchase mental health and substance use disorder

services through integrated contracts with behavioral health organizations. The department may combine and transfer such amounts appropriated under sections 204 and 208 of this act as may be necessary to finance these behavioral health organization contracts. If any funding that this act provides solely for a specific purpose is transferred under this subsection, that funding must be used consistently with the provisions and conditions for which it was provided.

NEW SECTION. Sec. 202. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—CHILDREN AND FAMILY SERVICES PROGRAM

General Fund—State Appropriation (FY 2016)	\$329,792,000
General Fund—State Appropriation (FY 2017)	\$338,161,000
General Fund—Federal Appropriation	\$518,913,000
General Fund—Private/Local Appropriation	\$1,354,000
Domestic Violence Prevention Account—State Appropriation	\$1,908,000
Child and Family Reinvestment Account—State Appropriation	\$6,529,000
TOTAL APPROPRIATION	\$1,196,657,000

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

(1) Amounts appropriated in this section include funding for the department to establish basic foster care rates consistent with the settlement agreement in *FPAWS v. Quigley*.

(2) \$668,000 of the general fund—state appropriation for fiscal year 2016 and \$668,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to contract for the operation of one pediatric interim care center. The center shall provide residential care for up to thirteen children through two years of age. Seventy-five percent of the children served by the center must be in need of special care as a result of substance abuse by their mothers. The center shall also provide on-site training to biological, adoptive, or foster parents. The center shall provide at least three months of consultation and support to the parents accepting placement of children from the center. The center may recruit new and current foster and adoptive parents for infants served by the center. The department shall not require case management as a condition of the contract.

(3) \$253,000 of the general fund—state appropriation for fiscal year 2016 and \$253,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the costs of the eight existing hub home foster families that provide a foster care delivery model that includes a licensed hub home. Use of the hub home model is intended to support foster parent retention, improve child outcomes, and encourage the least restrictive community placements for children in out-of-home care.

(4) \$579,000 of the general fund—state appropriation for fiscal year 2016, \$579,000 of the general fund—state appropriation for fiscal year 2017, and \$109,000 of the general fund—federal appropriation are provided solely for a receiving care center east of the Cascade mountains.

(5) \$990,000 of the general fund—state appropriation for fiscal year 2016 and \$990,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for services provided through children's advocacy centers.

(6) \$1,250,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for implementation of performance-based contracts for family support and related services pursuant to RCW 74.13B.020.

(7) \$5,865,000 of the general fund—state appropriation for fiscal year 2016, \$2,564,000 of the general fund—state appropriation for fiscal year 2017, \$6,529,000 of the child and family reinvestment account—state appropriation, and \$14,958,000 of the general fund—federal appropriation, are provided solely to maintain family assessment response in

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children's administration field offices that began implementing family assessment response in the 2013-2015 fiscal biennium.

(8) \$94,000 of the general fund—state appropriation for fiscal year 2016 and \$94,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a contract with a child advocacy center in Spokane to provide continuum of care services for children who have experienced abuse or neglect and their families.

(9) \$668,000 of the domestic violence prevention account—state appropriation is provided solely for implementation of chapter 275, Laws of 2015 (SSB 5631) (domestic violence victims).

(10) \$2,996,000 of the general fund—state appropriation for fiscal year 2016, \$3,434,000 of the general fund—state appropriation for 2017, and \$844,000 of the general fund—federal appropriation are provided solely for the children's administration to:

(a) Reduce the caseload ratios of social workers serving children in foster care to promote decreased lengths of stay and to make progress towards achievement of the Braam settlement caseload outcome;

(b) Support the closure of child protective services investigations within ninety days of intake, where appropriate; and

(c) Progress towards statewide expansion and support of the child protective services family assessment response pathway.

The children's administration must, in the manner it determines appropriate, balance expenditure of amounts provided in this subsection in a way that makes substantial investments in each of the three purposes in (a) through (c) of this subsection. Of the amounts provided in this subsection, no more than \$1,600,000 may be used for the purpose of (b) of this subsection.

(11) \$819,000 of the general fund—state appropriation for fiscal year 2017 and \$373,000 of the general fund—federal appropriation are provided solely for implementation of chapter 240, Laws of 2015 (SSB 5740) (extended foster care).

(12) \$784,000 of the general fund—state appropriation for fiscal year 2017 is provided solely for early achievers tiered reimbursement for family home and center child care providers consistent with Engrossed Second Substitute House Bill No. 1491 (early care & education system). If the bill is not enacted by July 10, 2015, the amount provided in this subsection shall lapse.

(13) \$539,000 of the general fund—state appropriation for fiscal year 2016, \$540,000 of the general fund—state appropriation for fiscal year 2017, \$656,000 of the general fund private/local appropriation, and \$253,000 of the general fund—federal appropriation are provided solely for the children's administration to contract with an educational advocacy provider with expertise in foster care educational outreach. The amounts in this subsection are provided solely for contracted education coordinators to assist foster children in succeeding in K-12 and higher education systems and to assure a focus on education during the department's transition to performance-based contracts. Funding must be prioritized to regions with high numbers of foster care youth, or regions where backlogs of youth that have formerly requested educational outreach services exist. The children's administration is encouraged to use private matching funds to maintain educational advocacy services.

(14) The children's administration shall adopt policies to reduce the percentage of parents requiring supervised visitation, including clarification of the threshold for transition from supervised to unsupervised visitation prior to reunification. The children's administration shall submit the revised visitation policy to the appropriate policy and fiscal committees of the legislature by December 1, 2015.

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(15) \$446,000 of the general fund—state appropriation for fiscal year 2016 and \$1,461,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a contract with a nongovernmental entity or entities for demonstration sites to improve the educational outcomes of students who are dependent pursuant to chapter 13.34 RCW.

(a) Of the amounts provided in this subsection, \$446,000 of the general fund—state appropriation for fiscal year 2016 and \$446,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the demonstration site established pursuant to the 2013-2015 omnibus appropriations act, section 202(10), chapter 4, Laws of 2013, 2nd sp. sess.

(b) Of the amounts provided in this subsection, \$1,015,000 of the general fund—state appropriation for fiscal year 2017 is provided solely for a second demonstration site. The children's administration, in collaboration with the office of the superintendent of public instruction and the contracted nongovernmental entity or entities, shall select a second demonstration site that includes a school district or school districts with a significant number of dependent students. The second site must be implemented no earlier than July 1, 2016.

(c) The demonstration sites in this subsection must facilitate the educational progress and graduation of dependent youth by providing individualized education services and monitoring and supporting dependent youths' remediation needs, special education needs, and completion of education milestones. The contracts must be performance-based with a stated goal of improving the graduation rates of foster youth by two percent per year over five school year periods. The baseline for measurement for the existing site was established in the 2013-14 school year and remains applicable through the 2017-18 school year. The baseline for measurement for the site established in section 202(15)(b) must be established in the 2016-17 school year and remains applicable through the 2020-21 school year.

(d) The demonstration sites must develop and provide services aimed at improving the educational outcomes of foster youth. These services must include:

(i) Direct advocacy for foster youth to eliminate barriers to educational access and success;

(ii) Consultation with children's administration case workers to develop educational plans for and with participating youth;

(iii) Monitoring educational progress of participating youth;

(iv) Providing participating youth with school and local resources that may assist in educational access and success; and

(v) Coaching youth, caregivers, and social workers to advocate for dependent youth in the educational system.

(f) The contractor must report demonstration site outcomes to the department of social and health services and the office of the superintendent of public instruction by September 30, 2015, for the 2014-15 school year and by September 30, 2016, for the 2015-16 school year.

(g) The children's administration shall proactively refer all eligible students thirteen years or older within the demonstration site areas to the contractor for educational services.

(h) The contractor shall report to the legislature by September 30, 2015, for the 2014-15 school year and by September 30, 2016, for the 2015-16 school year on the number of eligible youth referred by the children's administration, the number of youth served, and the effectiveness of the demonstration site or sites in increasing graduation rates for dependent youth.

(16) The children's administration, office of the superintendent of public instruction, and student achievement council shall collaborate with the office of the attorney general, other governmental agencies, advocacy organizations, and others as needed to report to the legislature by December 1, 2015, on

strategies to permit supplemental education transition planning for dependent youth to be administered by the student achievement council and the demonstration sites to be administered by the office of the superintendent of public instruction no later than June 30, 2016. The report shall assess the feasibility of transitioning the programs and recommend strategies to resolve data and information sharing barriers through legislative policy and professional practice.

(17) \$334,000 of the general fund—state appropriation for fiscal year 2016, \$548,000 of the general fund—state appropriation for fiscal year 2017, and \$249,000 of the general fund—federal appropriation are provided solely for extended foster care services for eligible youth engaged in employment for eighty hours or more per month, pursuant to chapter 122, Laws of 2014.

(18) The children's administration is encouraged to control exceptional reimbursement decisions so that the child's needs are met without excessive costs.

NEW SECTION. Sec. 203. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—JUVENILE REHABILITATION PROGRAM

General Fund—State Appropriation (FY 2016)	\$92,849,000
General Fund—State Appropriation (FY 2017)	\$90,583,000
General Fund—Federal Appropriation	\$3,464,000
General Fund—Private/Local Appropriation	\$1,985,000
Washington Auto Theft Prevention Authority Account—State Appropriation	\$196,000
Juvenile Accountability Incentive Account—Federal Appropriation	\$2,801,000
TOTAL APPROPRIATION	\$191,878,000

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

(1) \$331,000 of the general fund—state appropriation for fiscal year 2016 and \$331,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for deposit in the county criminal justice assistance account for costs to the criminal justice system associated with the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county adult court costs associated with the implementation of chapter 338, Laws of 1997 and shall be distributed in accordance with RCW 82.14.310.

(2) \$6,198,000 of the general fund—state appropriation for fiscal year 2016 and \$6,198,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to implement community juvenile accountability grants pursuant to chapter 338, Laws of 1997 (juvenile code revisions). Funds provided in this subsection may be used solely for community juvenile accountability grants, administration of the grants, and evaluations of programs funded by the grants.

(3) \$1,130,000 of the general fund—state appropriation for fiscal year 2016 is provided solely to implement alcohol and substance abuse treatment programs for locally committed offenders. Funding for this purpose in fiscal year 2017 is provided through a memorandum of understanding with the department of social and health services alcohol and substance abuse program. The juvenile rehabilitation administration shall award these moneys on a competitive basis to counties that submitted a plan for the provision of services approved by the division of alcohol and substance abuse. The juvenile rehabilitation administration shall develop criteria for evaluation of plans submitted and a timeline for awarding funding and shall assist counties in creating and submitting plans for evaluation.

(4) \$3,123,000 of the general fund—state appropriation for fiscal year 2016 and \$2,841,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for grants to

county juvenile courts for the following programs identified by the Washington state institute for public policy (institute) in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Functional family therapy, multi-systemic therapy, aggression replacement training and interagency coordination programs, or other programs with a positive benefit-cost finding in the institute's report. Additional funding for this purpose in fiscal year 2017 is provided through a memorandum of understanding with the department of social and health services alcohol and substance abuse program. County juvenile courts shall apply to the juvenile rehabilitation administration for funding for program-specific participation and the administration shall provide grants to the courts consistent with the per-participant treatment costs identified by the institute.

(5) \$1,537,000 of the general fund—state appropriation for fiscal year 2016 and \$1,537,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for expansion of the following treatments and therapies in juvenile rehabilitation administration programs identified by the Washington state institute for public policy in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Multidimensional treatment foster care, family integrated transitions, and aggression replacement training, or other programs with a positive benefit-cost finding in the institute's report. The administration may concentrate delivery of these treatments and therapies at a limited number of programs to deliver the treatments in a cost-effective manner.

(6)(a) The juvenile rehabilitation administration shall administer a block grant, rather than categorical funding, of consolidated juvenile service funds, community juvenile accountability act grants, the chemical dependency disposition alternative funds, the mental health disposition alternative, and the sentencing disposition alternative for the purpose of serving youth adjudicated in the juvenile justice system. In making the block grant, the juvenile rehabilitation administration shall follow the following formula and will prioritize evidence-based programs and disposition alternatives and take into account juvenile courts program-eligible youth in conjunction with the number of youth served in each approved evidence-based program or disposition alternative: (i) Thirty-seven and one-half percent for the at-risk population of youth ten to seventeen years old; (ii) fifteen percent for moderate and high-risk youth; (iii) twenty-five percent for evidence-based program participation; (iv) seventeen and one-half percent for minority populations; (v) three percent for the chemical dependency disposition alternative; and (vi) two percent for the mental health and sentencing dispositional alternatives. Funding for the special sex offender disposition alternative (SSODA) shall not be included in the block grant, but allocated on the average daily population in juvenile courts. Funding for the evidence-based expansion grants shall be excluded from the block grant formula. Funds may be used for promising practices when approved by the juvenile rehabilitation administration and juvenile courts, through the community juvenile accountability act committee, based on the criteria established in consultation with Washington state institute for public policy and the juvenile courts.

(b) The juvenile rehabilitation administration and the juvenile courts shall establish a block grant funding formula oversight committee with equal representation from the juvenile rehabilitation administration and the juvenile courts. The purpose of this committee is to assess the ongoing implementation of the block grant funding formula, utilizing data-driven decision making and the most current available information. The committee will be cochaired by the juvenile rehabilitation

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administration and the juvenile courts, who will also have the ability to change members of the committee as needed to achieve its purpose. Initial members will include one juvenile court representative from the finance committee, the community juvenile accountability act committee, the risk assessment quality assurance committee, the executive board of the Washington association of juvenile court administrators, the Washington state center for court research, and a representative of the superior court judges association; two representatives from the juvenile rehabilitation administration headquarters program oversight staff, two representatives of the juvenile rehabilitation administration regional office staff, one representative of the juvenile rehabilitation administration fiscal staff and a juvenile rehabilitation administration division director. The committee may make changes to the formula categories other than the evidence-based program and disposition alternative categories if it is determined the changes will increase statewide service delivery or effectiveness of evidence-based program or disposition alternative resulting in increased cost benefit savings to the state. Long-term cost benefit must be considered. Percentage changes may occur in the evidence-based program or disposition alternative categories of the formula should it be determined the changes will increase evidence-based program or disposition alternative delivery and increase the cost benefit to the state. These outcomes will also be considered in determining when evidence-based expansion or special sex offender disposition alternative funds should be included in the block grant or left separate.

(c) The juvenile courts and administrative office of the courts shall be responsible for collecting and distributing information and providing access to the data systems to the juvenile rehabilitation administration and the Washington state institute for public policy related to program and outcome data. The juvenile rehabilitation administration and the juvenile courts will work collaboratively to develop program outcomes that reinforce the greatest cost benefit to the state in the implementation of evidence-based practices and disposition alternatives.

(7) The juvenile courts and administrative office of the courts shall collect and distribute information related to program outcome and provide access to these data systems to the juvenile rehabilitation administration and Washington state institute for public policy. The agreements between administrative office of the courts, the juvenile courts, and the juvenile rehabilitation administration shall be executed to ensure that the juvenile rehabilitation administration receives the data that the juvenile rehabilitation administration identifies as needed to comply with this subsection. This includes, but is not limited to, information by program at the statewide aggregate level, individual court level, and individual client level for the purpose of the juvenile rehabilitation administration providing quality assurance and oversight for the locally committed youth block grant and associated funds and at times as specified by the juvenile rehabilitation administration as necessary to carry out these functions. The data shall be provided in a manner that reflects the collaborative work the juvenile rehabilitation administration and juvenile courts have developed regarding program outcomes that reinforce the greatest cost benefit to the state in the implementation of evidence-based practices and disposition alternatives.

(8) \$445,000 of the general fund—state appropriation for fiscal year 2016 and \$445,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for funding of the teamchild project.

(9) \$178,000 of the general fund—state appropriation for fiscal year 2016 and \$178,000 of the general fund—state

appropriation for fiscal year 2017 are provided solely for the juvenile detention alternatives initiative.

(10) \$500,000 of the general fund—state appropriation for fiscal year 2016 and \$500,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a grant program focused on criminal street gang prevention and intervention. The juvenile rehabilitation administration may award grants under this subsection. The juvenile rehabilitation administration shall give priority to applicants who have demonstrated the greatest problems with criminal street gangs. Applicants composed of, at a minimum, one or more local governmental entities and one or more nonprofit, nongovernmental organizations that have a documented history of creating and administering effective criminal street gang prevention and intervention programs may apply for funding under this subsection. Each entity receiving funds must report to the juvenile rehabilitation administration on the number and types of youth served, the services provided, and the impact of those services on the youth and the community.

(11) The juvenile rehabilitation institutions may use funds appropriated in this subsection to purchase goods and supplies through hospital group purchasing organizations when it is cost-effective to do so.

NEW SECTION. Sec. 204. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—MENTAL HEALTH PROGRAM

(1) COMMUNITY SERVICES/REGIONAL SUPPORT NETWORKS

General Fund—State Appropriation (FY 2016)	\$339,344,000
General Fund—State Appropriation (FY 2017)	\$353,115,000
General Fund—Federal Appropriation	\$962,163,000
General Fund—Private/Local Appropriation	\$17,864,000
Dedicated Marijuana Account—State Appropriation (FY 2016)	\$2,778,000
Dedicated Marijuana Account—State Appropriation (FY 2017)	\$3,684,000
TOTAL APPROPRIATION	\$1,678,948,000

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

(a) For the purposes of this subsection, the term "regional support networks," includes, effective April 1, 2016, behavioral health organizations which assume the duties of regional support networks pursuant to chapter 225, Laws of 2014 (2SSB 6312).

(b) \$16,631,000 of the general fund—state appropriation for fiscal year 2016, \$13,761,000 of the general fund—state appropriation for fiscal year 2017, and \$17,918,000 of the general fund—federal appropriation are provided solely to reimburse regional support networks for increased utilization costs, as compared to utilization costs in fiscal year 2014, that are incurred in order to meet statutory obligations to provide individualized mental health treatment in appropriate settings to individuals who are detained or committed under the involuntary treatment act. Prior to distributing funds to a regional support network requesting reimbursement for costs relative to increased utilization, the department must receive adequate documentation of such increased utilization and costs. Regional support networks receiving funds for community hospitals or evaluation and treatment center beds under (p) of this subsection are only eligible for reimbursement that exceeds the total of their utilization costs in fiscal year 2014 and the costs of services provided with additional funds received under (p) of this subsection.

(c) \$2,452,000 of the general fund—state appropriation for fiscal year 2016, \$2,264,000 of the general fund—state appropriation for fiscal year 2017, and \$2,653,000 of the general

fund—federal appropriation are provided solely for implementation of chapter 258, Laws of 2015 (E2SSB 5269) (involuntary treatment act). Regional support networks must use these amounts for involuntary treatment costs associated with implementation of this bill.

(d) \$3,776,000 of the general fund—state appropriation for fiscal year 2016, \$5,780,000 of the general fund—state appropriation for fiscal year 2017, and \$6,054,000 of the general fund—federal appropriation are provided solely for implementation of chapter 250, Laws of 2015 (E2SHB 1450) (involuntary outpatient treatment). Regional support networks must use these amounts for increases in community mental health treatment associated with implementation of this bill.

(e) \$81,180,000 of the general fund—state appropriation for fiscal year 2016 and \$81,180,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for persons and services not covered by the medicaid program. To the extent possible, levels of regional support network spending shall be maintained in the following priority order: Crisis and commitment services; community inpatient services; and residential care services, including personal care and emergency housing assistance. These amounts includes a reduction of \$4,715,000 for fiscal year 2016 and \$4,715,000 for fiscal year 2017 associated with a funding shift that allows for increased federal participation for community inpatient stays that were previously ineligible for federal matching funds. This reduction will be distributed to regional support networks based on the same proportions that were added to regional support network capitation ranges specific to the waiver that allowed for federal funds to be used for community inpatient stays that were previously ineligible for federal matching funds. The department must allow regional support networks to use medicaid capitation payments to provide services to medicaid enrollees that are in addition to those covered under the state plan in accordance with the conditions established under federal regulations governing medicaid managed care contracts and subject to federal approval by the center for medicaid and medicare services.

(f) \$6,590,000 of the general fund—state appropriation for fiscal year 2016, \$6,590,000 of the general fund—state appropriation for fiscal year 2017, and \$7,620,000 of the general fund—federal appropriation are provided solely for the department and regional support networks to continue to contract for implementation of high-intensity programs for assertive community treatment (PACT) teams. In determining the proportion of medicaid and nonmedicaid funding provided to regional support networks with PACT teams, the department shall consider the differences between regional support networks in the percentages of services and other costs associated with the teams that are not reimbursable under medicaid. The department may allow regional support networks which have nonmedicaid reimbursable costs that are higher than the nonmedicaid allocation they receive under this section to supplement these funds with local dollars or funds received under section 204(1)(e) of this act. The department and regional support networks shall maintain consistency with all essential elements of the PACT evidence-based practice model in programs funded under this section.

(g) The number of nonforensic beds allocated for use by regional support networks at eastern state hospital shall be 192 per day. The number of nonforensic beds allocated for use by regional support networks at western state hospital shall be 587 per day.

(h) From the general fund—state appropriations in this subsection, the secretary of social and health services shall assure that regional support networks reimburse the aging and disability services administration for the general fund—state cost of

medicaid personal care services that enrolled regional support network consumers use because of their psychiatric disability.

(i) The department is authorized to continue to contract directly, rather than through contracts with regional support networks, for children's long-term inpatient facility services.

(j) \$750,000 of the general fund—state appropriation for fiscal year 2016 and \$750,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to continue performance-based incentive contracts to provide appropriate community support services for individuals with severe mental illness who were discharged from the state hospitals as part of the expanding community services initiative. These funds will be used to enhance community residential and support services provided by regional support networks through other state and federal funding.

(k) \$1,125,000 of the general fund—state appropriation for fiscal year 2016 and \$1,125,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Spokane regional support network to implement services to reduce utilization and the census at eastern state hospital. Such services shall include:

(i) High intensity treatment team for persons who are high utilizers of psychiatric inpatient services, including those with co-occurring disorders and other special needs;

(ii) Crisis outreach and diversion services to stabilize in the community individuals in crisis who are at risk of requiring inpatient care or jail services;

(iii) Mental health services provided in nursing facilities to individuals with dementia, and consultation to facility staff treating those individuals; and

(iv) Services at the sixteen-bed evaluation and treatment facility.

At least annually, the Spokane regional support network shall assess the effectiveness of these services in reducing utilization at eastern state hospital, identify services that are not optimally effective, and modify those services to improve their effectiveness.

(l) \$1,204,000 of the general fund—state appropriation for fiscal year 2016 and \$1,204,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to reimburse Pierce and Spokane counties for the cost of conducting 180-day commitment hearings at the state psychiatric hospitals.

(m) Regional support networks may use local funds to earn additional federal medicaid match, provided the locally matched rate does not exceed the upper-bound of their federally allowable rate range, and provided that the enhanced funding is used only to provide medicaid state plan or waiver services to medicaid clients. Additionally, regional support networks may use a portion of the state funds allocated in accordance with (e) of this subsection to earn additional medicaid match, but only to the extent that the application of such funds to medicaid services does not diminish the level of crisis and commitment, community inpatient, residential care, and outpatient services presently available to persons not eligible for medicaid.

(n) \$2,291,000 of the general fund—state appropriation for fiscal year 2016 and \$2,291,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for mental health services for mentally ill offenders while confined in a county or city jail and for facilitating access to programs that offer mental health services upon release from confinement.

(o) Within the amounts appropriated in this section, funding is provided for the department to develop and phase in intensive mental health services for high needs youth consistent with the settlement agreement in *T.R. v. Dreyfus and Porter*.

(p) \$11,405,000 of the general fund—state appropriation for fiscal year 2016, \$11,405,000 of the general fund—state

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appropriation for fiscal year 2017, and \$17,680,000 of the general fund—federal appropriation are provided solely for enhancement of community mental health services. The department must contract these funds for the operation of community programs in which the department determines there is a need for capacity that allows individuals to be diverted or transitioned from the state hospitals including but not limited to: (i) Community hospital or free standing evaluation and treatment services providing short-term detention and commitment services under the involuntary treatment act to be located in the geographic areas of the King regional support network, the Spokane regional support network outside of Spokane county, and the Thurston Mason regional support network; (ii) one new full program of an assertive community treatment team in the King regional support network and two new half programs of assertive community treatment teams in the Spokane regional support network and the Pierce regional support network; and (iii) three new recovery support services programs in the Grays Harbor regional support network, the greater Columbia regional support network, and the north sound regional support network. In contracting for community evaluation and treatment services, the department may not use these resources in facilities that meet the criteria to be classified under federal law as institutions for mental diseases. If the department is unable to come to a contract agreement with a designated regional support network for any of the services identified above, it may consider contracting for that service in another regional support network that has the need for such service.

(q) The appropriations in this section include a reduction of \$16,462,000 in general fund—state and \$16,468,000 of general fund—federal expenditure authority. This reduction must be achieved by reducing regional support network medicaid rates for disabled adults, nondisabled adults, disabled children, and nondisabled children. No regional support network rate may be lowered below the low end of the rate range that is certified as actuarially sound. The department must work to develop updated minimum and maximum reserve levels that reflect the changes in the number of medicaid eligible individuals since reserve levels were originally set as well as the integration of substance use disorder services into managed care contracts funded within the amounts appropriated in this section. The department must submit a report to the office of financial management and the appropriate fiscal committees of the legislature by December 1, 2015, that includes the revised minimum and maximum reserve levels for medicaid and nonmedicaid behavioral health organization contracts.

(r) \$1,394,000 of the general fund—state appropriation for fiscal year 2016, \$1,394,000 of the general fund—state appropriation for fiscal year 2017, and \$2,020,000 of the general fund—federal appropriation are provided solely for implementation of chapter 7, Laws of 2015 1st sp. sess. (2E2SSB 5177) (timeliness of competency evaluation and restoration services). Regional support networks must use the amounts for outpatient mental health treatment costs associated with implementation of the bill.

(2) INSTITUTIONAL SERVICES

General Fund—State Appropriation (FY 2016)	\$170,364,000
General Fund—State Appropriation (FY 2017)	\$181,757,000
General Fund—Federal Appropriation	\$162,866,000
General Fund—Private/Local Appropriation	\$56,669,000
TOTAL APPROPRIATION	\$571,656,000

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

(a) The state psychiatric hospitals may use funds appropriated in this subsection to purchase goods and supplies through hospital group purchasing organizations when it is cost-effective to do so.

(b) \$231,000 of the general fund—state appropriation for fiscal year 2016 and \$231,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a community partnership between western state hospital and the city of Lakewood to support community policing efforts in the Lakewood community surrounding western state hospital. The amounts provided in this subsection (2)(b) are for the salaries, benefits, supplies, and equipment for one full-time investigator, one full-time police officer, and one full-time community service officer at the city of Lakewood.

(c) \$45,000 of the general fund—state appropriation for fiscal year 2016 and \$45,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for payment to the city of Lakewood for police services provided by the city at western state hospital and adjacent areas.

(d) \$9,571,000 of the general fund—state appropriation for fiscal year 2016 and \$17,287,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of efforts to improve the timeliness of competency restoration services pursuant to chapter 5, Laws of 2015 (SSB 5889) (timeliness of competency treatment and evaluation services). This funding must be used to increase the number of forensic beds at western state hospital to three hundred thirty and the number of forensic beds at eastern state hospital to one hundred twenty-five. Pursuant to chapter 7, Laws of 2015 1st sp. sess. (2E2SSB 5177) (timeliness of competency treatment and evaluation services), the department may contract some of these amounts for services at alternative locations if the secretary determines that there is a need.

(e) \$2,349,000 of the general fund—state appropriation for fiscal year 2016 and \$2,318,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of efforts to improve the timeliness of competency evaluation services for individuals who are in local jails pursuant to chapter 5, Laws of 2015 (SSB 5889) (timeliness of competency treatment and evaluation services). This funding must be used solely to increase the number of staff providing competency evaluation services.

(f) Within the amounts provided in this subsection, funding is provided for the department of social and health services to contract with an academic or other independent consultant to conduct a workload study in accordance with the following:

(i) The study must examine the current clinical role of psychiatrists at the state psychiatric hospitals with respect to patients who are the subject of both forensic and civil commitment. The study must assess and analyze how psychiatrists at the hospitals provide clinical services to patients, including use of their time and the nature of the clinical activities they perform. The analyses are intended to result in the development of a system for determining staffing needs so that psychiatrists are able to provide quality services while meeting appropriate national and state hospital accreditation standards.

(ii) The study must examine the applicability of alternative clinical care models, including the use of interdisciplinary health care teams comprising clinical and nonclinical staff to provide comprehensive psychiatric treatment and management for state psychiatric hospital patients.

(iii) The study must collect information from psychiatrists to identify factors other than compensation that are negatively impacting job retention and identify recommendations for addressing these issues.

(iv) The independent consultant shall report to the department, the office of financial management, and relevant legislative policy and fiscal committees on the consultant's findings and recommendations by December 1, 2015.

(3) SPECIAL PROJECTS

General Fund—State Appropriation (FY 2016)	\$477,000
General Fund—State Appropriation (FY 2017)	\$490,000
General Fund—Federal Appropriation	\$6,291,000
TOTAL APPROPRIATION	\$7,258,000

The appropriations in this subsection are subject to the following conditions and limitations: \$446,000 of the general fund—state appropriation for fiscal year 2016, \$446,000 of the general fund—state appropriation for fiscal year 2017, and \$178,000 of the general fund—federal appropriation are provided solely for the University of Washington's evidence-based practice institute which supports the identification, evaluation, and implementation of evidence-based or promising practices. The institute must work with the department to develop a plan to seek private, federal, or other grant funding in order to reduce the need for state general funds.

(4) PROGRAM SUPPORT

General Fund—State Appropriation (FY 2016)	\$9,033,000
General Fund—State Appropriation (FY 2017)	\$8,767,000
General Fund—Federal Appropriation	\$11,472,000
General Fund—Private/Local Appropriation	\$502,000
TOTAL APPROPRIATION	\$29,774,000

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

(a) In accordance with RCW 43.20B.110, 43.135.055, and 71.24.035, the department is authorized to adopt license and certification fees in fiscal years 2016 and 2017 to support the costs of the regulatory program. The department's fee schedule shall have differential rates for providers with proof of accreditation from organizations that the department has determined to have substantially equivalent standards to those of the department, including but not limited to the joint commission on accreditation of health care organizations, the commission on accreditation of rehabilitation facilities, and the council on accreditation. To reflect the reduced costs associated with regulation of accredited programs, the department's fees for organizations with such proof of accreditation must reflect the lower costs of licensing for these programs than for other organizations which are not accredited.

(b) In developing the new medicaid managed care rates under which the public mental health managed care system will operate, the department must seek to estimate the reasonable and necessary cost of efficiently and effectively providing a comparable set of medically necessary mental health benefits to persons of different acuity levels regardless of where in the state they live. The department must report to the office of financial management and to the relevant fiscal and policy committees of the legislature on its proposed new mental health managed care rate-setting approach by August 1, 2015, and again at least sixty days prior to implementation of new capitation rates.

(c) Within the amounts appropriated in this section, funding is provided for the department to continue to develop the child adolescent needs and strengths assessment tool and build workforce capacity to provide evidence based wraparound services for children, consistent with the settlement agreement in *T.R. v. Dreyfus and Porter*.

NEW SECTION. Sec. 205. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—DEVELOPMENTAL DISABILITIES PROGRAM

(1) COMMUNITY SERVICES

General Fund—State Appropriation (FY 2016)	\$507,106,000
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General Fund—State Appropriation (FY 2017)	\$551,660,000
General Fund—Federal Appropriation	\$1,067,621,000
General Fund—Private/Local Appropriation	\$534,000
TOTAL APPROPRIATION	\$2,126,921,000

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

(a) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b) In accordance with RCW 18.51.050, 18.20.050, 70.128.060, and 43.135.055, the department is authorized to increase nursing facility, assisted living facility, and adult family home fees as necessary to fully support the actual costs of conducting the licensure, inspection, and regulatory programs. The license fees may not exceed the department's annual licensing and oversight activity costs and shall include the department's cost of paying providers for the amount of the license fee attributed to medicaid clients.

(i) The current annual renewal license fee for adult family homes shall be \$225 per bed beginning in fiscal year 2016 and \$225 per bed beginning in fiscal year 2017. A processing fee of \$2,750 shall be charged to each adult family home when the home is initially licensed. This fee is nonrefundable.

(ii) The current annual renewal license fee for assisted living facilities shall be \$106 per bed beginning in fiscal year 2016 and \$106 per bed beginning in fiscal year 2017.

(iii) The current annual renewal license fee for nursing facilities shall be \$359 per bed beginning in fiscal year 2016 and \$359 per bed beginning in fiscal year 2017.

(c) \$8,571,000 of the general fund—state appropriation for fiscal year 2016, \$18,181,000 of the general fund—state appropriation for fiscal year 2017, and \$33,427,000 of the general fund—federal appropriation are provided solely for the implementation of the agreement reached between the governor and the service employees international union healthcare 775nw under the provisions of chapters 74.39A and 41.56 RCW for the 2015-2017 fiscal biennium.

(d) The department shall reimburse with the exceptional care rate adult family homes that provided care solely to clients with HIV/AIDS on or before January 1, 2000, and continue to provide care solely to clients with HIV/AIDS. The department shall not reduce the exceptional care rate from the rate paid on October 1, 2013.

(e) \$774,000 of the general fund—state appropriation for fiscal year 2016, \$1,547,000 of the general fund—state appropriation for fiscal year 2017, and \$7,185,000 of the general fund—federal appropriation are provided solely for a payment system that satisfies medicaid requirements regarding time reporting for W-2 providers. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(f) \$1,184,000 of the general fund—state appropriation for fiscal year 2016, \$2,483,000 of the general fund—state appropriation for fiscal year 2017, and \$4,638,000 of the general fund—federal appropriation are provided solely for the homecare agency parity impacts of the agreement between the governor and the service employees international union healthcare 775nw.

(g) The department is authorized to establish limited exemption criteria in rule to address RCW 74.39A.325 when a landline phone is not available to the employee.

(h) The department may authorize a one-time waiver of all or any portion of the licensing and processing fees required under RCW 70.128.060 in any case in which the department determines that an adult family home is being relicensed because of

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exceptional circumstances, such as death or incapacity of a provider, and that to require the full payment of the licensing and processing fees would present a hardship to the applicant. In these situations the department is also granted the authority to waive the required residential administrator training for a period of 120 days if necessary to ensure continuity of care during the relicensing process.

(i) The department of social and health services shall increase the benchmark rates for community residential service businesses providing supported living, group home, and licensed staff residential services for people with developmental disabilities by sixty cents starting July 1, 2015, and by an additional sixty cents starting July 1, 2016.

(j) The department of social and health services shall standardize the administrative rate for community residential service businesses providing supported living, group home, and licensed staff residential services for people with developmental disabilities starting July 1, 2015.

(k) Community residential cost reports that are submitted by or on behalf of contracted agency providers are required to include information about agency staffing including health insurance, wages, number of positions, and turnover.

(l) Within the amounts provided in this subsection, the developmental disabilities administration must prepare a report that describes options for modifying the current system of pre-vocational services for individuals with developmental disabilities. The developmental disabilities administration must not transition clients receiving pre-vocational services into integrated settings until the conclusion of the 2016 legislative session, unless there is a group supported employment, individual employment, or community access opportunity that is supported by the client and his or her legal representative. If a client transitions out of a congregate setting prior to December 1, 2016, then for each client, during the period before and after leaving the congregate setting, the report must describe the hours of service, hours worked, hourly wage, monthly earnings, authorized waiver services, and per capita expenditures. The report must be submitted to the appropriate fiscal and policy committees of the legislature by January 1, 2016. At a minimum, the report must describe the following options:

(i) Modify the current system to ensure compliance with rules established by the centers for medicare and medicaid services;

(ii) Continue the current system without federal matching funds; and

(iii) Transition clients out of congregate settings and into integrated settings. Under this option, the report must describe an anticipated phase-out schedule and medicaid waiver services that could be authorized to mitigate the impact for transitioning clients.

(m) The department shall establish new rules and standards to ensure that adult family homes are monitored and licensed to meet the needs of young adults with a developmental disability. These adult family homes may require a package of services including specialized care assessment and planning, personal care, specialized environmental features, and accommodations.

(n) \$650,000 of the general fund—state appropriation for fiscal year 2016, \$650,000 of the general fund—state appropriation for fiscal year 2017, and \$800,000 of the general fund—federal appropriation are provided solely for the development and implementation of eight enhanced respite beds across the state for children. These services are intended to provide families and caregivers with a break in caregiving, the opportunity for behavioral stabilization of the child, and the ability to partner with the state in the development of an individualized service plan that allows the child to remain in his

or her family home. The department must provide the legislature with a respite utilization report by January 2, 2016, and each year thereafter that provides information about the number of children who have used enhanced respite in the preceding year, as well as the location and number of days per month that each respite bed was occupied.

(o) \$550,000 of the general fund—state appropriation for fiscal year 2016, \$550,000 of the general fund—state appropriation for fiscal year 2017, and \$700,000 of the general fund—federal appropriation are provided solely for the development and implementation of eight community respite beds across the state for adults. These services are intended to provide families and caregivers with a break in caregiving and the opportunity for stabilization of the individual in a community-based setting as an alternative to using a residential habilitation center to provide planned or emergent respite. The department must provide the legislature with a respite utilization report by January 2, 2016, and each year thereafter that provides information about the number of individuals who have used community respite in the preceding year, as well as the location and number of days per month that each respite bed was occupied.

(2) INSTITUTIONAL SERVICES

General Fund—State Appropriation (FY 2016)	\$95,196,000
General Fund—State Appropriation (FY 2017)	\$97,134,000
General Fund—Federal Appropriation	\$180,106,000
General Fund—Private/Local Appropriation	\$23,041,000
TOTAL APPROPRIATION	\$395,477,000

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

(a) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b) \$721,000 of the general fund—state appropriation for fiscal year 2016 and \$721,000 of the general fund—state appropriation for fiscal year 2017 are for the department to fulfill its contracts with the school districts under chapter 28A.190 RCW to provide transportation, building space, and other support services as are reasonably necessary to support the educational programs of students living in residential habilitation centers.

(c) \$558,000 of the general fund—state appropriation for fiscal year 2016, \$558,000 of the general fund—state appropriation for fiscal year 2017, and \$1,074,000 of the general fund—federal appropriation are for specialized services required by the centers for medicare and medicaid services as a result of preadmission screening and resident review assessments.

(d) \$2,978,000 of the general fund—state appropriation for fiscal year 2016, \$2,978,000 of the general fund—state appropriation for fiscal year 2017, and \$5,956,000 of the general fund—federal appropriation are for additional staff to ensure compliance with centers for medicare and medicaid services requirements for habilitation, nursing care, staff safety, and client safety at the residential habilitation centers.

(e) The residential habilitation centers may use funds appropriated in this subsection to purchase goods and supplies through hospital group purchasing organizations when it is cost-effective to do so.

(f) \$100,000 of the general fund—state appropriation for fiscal year 2016, \$100,000 of the general fund—state appropriation for fiscal year 2017, and \$200,000 of the general fund—federal appropriation are provided solely for respite services in an existing eight-bed cottage at Yakima valley school for individuals who are developmentally disabled and in need of crisis stabilization support.

(3) PROGRAM SUPPORT

General Fund—State Appropriation (FY 2016)	\$3,031,000
General Fund—State Appropriation (FY 2017)	\$2,824,000
General Fund—Federal Appropriation	\$3,462,000
TOTAL APPROPRIATION	\$9,317,000

(4) SPECIAL PROJECTS

General Fund—State Appropriation (FY 2016)	\$1,403,000
General Fund—State Appropriation (FY 2017)	\$1,403,000
General Fund—Federal Appropriation	\$1,206,000
TOTAL APPROPRIATION	\$4,012,000

NEW SECTION. Sec. 206. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—AGING AND ADULT SERVICES PROGRAM

General Fund—State Appropriation (FY 2016)	\$923,349,000
General Fund—State Appropriation (FY 2017)	\$1,005,649,000
General Fund—Federal Appropriation	\$2,376,289,000
General Fund—Private/Local Appropriation	\$33,990,000
Traumatic Brain Injury Account—State Appropriation	\$3,396,000
Skilled Nursing Facility Safety Net Trust Account—State Appropriation	\$133,360,000
TOTAL APPROPRIATION	\$4,476,033,000

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

(1) For purposes of implementing chapter 74.46 RCW, the weighted average nursing facility payment rate shall not exceed \$178.87 for fiscal year 2016 and shall not exceed \$191.87 for fiscal year 2017, including the rate add-ons described in (a), (b), and (g) of this subsection. There will be no adjustments for economic trends and conditions in fiscal years 2016 and 2017. The economic trends and conditions factor or factors defined in the biennial appropriations act shall not be compounded with the economic trends and conditions factor or factors defined in any other biennial appropriations acts before applying it to the component rate allocations established in accordance with chapter 74.46 RCW. When no economic trends and conditions factor for either fiscal year is defined in a biennial appropriations act, no economic trends and conditions factor or factors defined in any earlier biennial appropriations act shall be applied solely or compounded to the component rate allocations established in accordance with chapter 74.46 RCW.

(a) For fiscal year 2016 within the funds provided, the department shall continue to provide an add-on per medicaid resident day per facility not to exceed \$1.57. The add-on shall be used to increase wages, benefits, and/or staffing levels for certified nurse aides; or to increase wages and/or benefits for dietary aides, housekeepers, laundry aides, or any other category of worker whose statewide average dollars-per-hour wage was less than \$15 in calendar year 2008, according to cost report data. The add-on may also be used to address resulting wage compression for related job classes immediately affected by wage increases to low-wage workers. For fiscal year 2016 within funds provided, the department shall provide an additional add-on per medicaid resident day per facility not to exceed the industry weighted average rate of \$2.44. The add-on shall be used to increase wages, benefits, and/or staffing levels for certified nurse aides; or to increase wages and/or benefits for dietary aides, housekeepers, laundry aides, or any other category of worker whose statewide average dollars-per-hour wage was less than \$17 in calendar year 2012, according to cost report data. The department shall continue reporting requirements and a settlement process to ensure that the funds are spent according to this subsection.

(b) The department shall do a comparative analysis of the facility-based payment rates calculated on July 1, 2015, using the

payment methodology defined in chapter 74.46 RCW and as funded in the omnibus appropriations act, excluding the low wage worker add-on found in (a) of this subsection, the rate add-ons for direct care, support services, and therapy care found in (g) of this subsection, the comparative add-on, acuity add-on, and safety net reimbursement, to the facility-based payment rates in effect June 30, 2010. For fiscal year 2016, if the facility-based payment rate calculated on July 1, 2015, is smaller than the facility-based payment rate on June 30, 2010, then the difference shall be provided to the individual nursing facilities as an add-on payment per medicaid resident day.

(c) During the comparative analysis performed in subsection (b) of this section, for fiscal year 2016, if it is found that the direct care rate for any facility calculated using the payment methodology defined in chapter 74.46 RCW and as funded in the omnibus appropriations act, excluding the low wage worker add-on found in (a) of this subsection, the rate add-ons for direct care, support services, and therapy care found in (g) of this subsection, the comparative add-on, acuity add-on, and safety net reimbursement, is greater than the direct care rate in effect on June 30, 2010, then the facility shall receive a ten percent direct care rate add-on to compensate that facility for taking on more acute clients than they have in the past.

(d) The department shall provide a medicaid rate add-on to reimburse the medicaid share of the skilled nursing facility safety net assessment as a medicaid allowable cost. The nursing facility safety net rate add-on may not be included in the calculation of the annual statewide weighted average nursing facility payment rate.

(e) The rate add-on provided in (c) of this subsection is subject to the reconciliation and settlement process provided in RCW 74.46.022(6).

(f) If the waiver requested from the federal centers for medicare and medicaid services in relation to the safety net assessment is for any reason disapproved, (b), (c), (d), (g), and the fiscal year 2016 additional add-on in (a) of this subsection do not apply.

(g) For fiscal year 2016, the department shall provide the following rate add-ons per medicaid resident day:

(i) A direct care rate add-on of \$3.63 per medicaid resident day;

(ii) A support services rate add-on of \$1.12 per medicaid resident day; and

(iii) A therapy care rate add-on of \$0.05 per patient day.

This subsection (1)(g) is subject to the reconciliation and settlement process provided in RCW 74.46.022(6).

(2) In accordance with chapter 74.46 RCW, the department shall issue no additional certificates of capital authorization for fiscal year 2016 and no new certificates of capital authorization for fiscal year 2017 and shall grant no rate add-ons to payment rates for capital improvements not requiring a certificate of need and a certificate of capital authorization for fiscal years 2016 and 2017.

(3) In accordance with RCW 18.51.050, 18.20.050, 70.128.060, and 43.135.055, the department is authorized to increase nursing facility, assisted living facility, and adult family home fees as necessary to fully support the actual costs of conducting the licensure, inspection, and regulatory programs. The license fees may not exceed the department's annual licensing and oversight activity costs and shall include the department's cost of paying providers for the amount of the license fee attributed to medicaid clients.

(a) The current annual renewal license fee for adult family homes shall be \$225 per bed beginning in fiscal year 2016 and \$225 per bed beginning in fiscal year 2017. A processing fee of

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\$2,750 shall be charged to each adult family home when the home is initially licensed. This fee is nonrefundable.

(b) The current annual renewal license fee for assisted living facilities shall be \$106 per bed beginning in fiscal year 2016 and \$106 per bed beginning in fiscal year 2017.

(c) The current annual renewal license fee for nursing facilities shall be \$359 per bed beginning in fiscal year 2016 and \$359 per bed beginning in fiscal year 2017.

(4) The department is authorized to place long-term care clients residing in nursing homes and paid for with state only funds into less restrictive community care settings while continuing to meet the client's care needs.

(5) \$19,747,000 of the general fund—state appropriation for fiscal year 2016, \$41,807,000 of the general fund—state appropriation for fiscal year 2017, and \$76,770,000 of the general fund—federal appropriation are provided solely for the implementation of the agreement reached between the governor and the service employees international union healthcare 775nw under the provisions of chapters 74.39A and 41.56 RCW for the 2015-2017 fiscal biennium.

(6) \$1,840,000 of the general fund—state appropriation for fiscal year 2016 and \$1,877,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for operation of the volunteer services program. Funding shall be prioritized towards serving populations traditionally served by long-term care services to include senior citizens and persons with disabilities.

(7) \$2,447,000 of the general fund—state appropriation for fiscal year 2016, \$4,894,000 of the general fund—state appropriation for fiscal year 2017, and \$22,725,000 of the general fund—federal appropriation are provided solely for a payment system that satisfies medicaid requirements regarding time reporting for W-2 providers. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(8) The department is authorized to establish limited exemption criteria in rule to address RCW 74.39A.325 when a landline phone is not available to the employee.

(9) \$7,552,000 of the general fund—state appropriation for fiscal year 2016, \$15,974,000 of the general fund—state appropriation for fiscal year 2017, and \$29,742,000 of the general fund—federal appropriation are provided solely for the homecare agency parity impacts of the agreement between the governor and the service employees international union healthcare 775nw.

(10) Within the amounts appropriated in this section of the general fund—state appropriation for fiscal years 2016 and 2017, the department shall assist the legislature to continue the work of the joint legislative executive committee on planning for aging and disability issues that is established by this subsection.

(a) A joint legislative executive committee on aging and disability is continued, with members as provided in this subsection.

(i) Four members of the senate, with the leaders of the two largest caucuses each appointing two members. Four members of the house of representatives, with the leaders of the two largest caucuses each appointing two members;

(ii) A member from the office of the governor, appointed by the governor;

(iii) The secretary of the department of social and health services or his or her designee;

(iv) The director of the health care authority or his or her designee;

(v) A member from disability rights Washington and a member from the long-term care ombuds;

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(vi) The insurance commissioner or his or her designee, who shall serve as an ex officio member; and

(vii) Other agency directors or designees as necessary.

(b) The committee must make recommendations and continue to identify key strategic actions to prepare for the aging of the population in Washington, including state budget and policy options, by conducting at least, but not limited to, the following tasks:

(i) Identify strategies to better serve the health care needs of an aging population and people with disabilities to promote healthy living and palliative care planning;

(ii) Identify policy options to create financing mechanisms for long-term service and supports that allow individuals and families to meet their needs for service;

(iii) Identify policies to promote financial security in retirement, support people who wish to stay in the workplace longer, and expand the availability of workplace retirement savings plans;

(iv) Identify implementation strategies for the Bree collaborative palliative care and related guidelines;

(v) Review the regulation of continuing care retirement communities and ways to protect those who reside in them, including the consideration of effective disclosures to residents;

(vi) Identify the needs of older people and people with disabilities for high quality public and private guardianship services and information about assisted decision-making options;

(vii) Identify options for promoting client safety through residential care services and consider methods of protecting older people and people with disabilities from physical abuse and financial exploitation; and

(viii) Identify other policy options and recommendations to help communities adapt to the aging demographic in planning for housing, land use, and transportation.

(c) Staff support for the committee shall be provided by the office of program research, senate committee services, the office of financial management, and the department of social and health services.

(d) Within existing appropriations, the cost of meetings must be paid jointly by the senate, house of representatives, and the office of financial management. Joint committee expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees. The joint committee members may be reimbursed for travel expenses as authorized under RCW 43.03.050 and 43.03.060, and chapter 44.04 RCW as appropriate. Advisory committee members may not receive compensation or reimbursement for travel and expenses.

(e) At least one committee meeting must be devoted to a discussion of strategies to improve the quality of care, client safety and well-being, and staff safety within all community and institutional settings. During the meeting, committee members must receive a comprehensive review of findings since fiscal year 2010 by the centers for medicare and medicaid services, and residential care services, in community settings, nursing homes, and each of the residential habilitation centers, with an emphasis on medical errors, inconsistencies between service plans and services provided, the use of restraints, and existence of hazardous environmental conditions.

(f) The committee shall issue an addendum report to the legislature by December 10, 2015, and issue final recommendations to the governor and relevant standing committees of the legislature by December 10, 2016. The addendum report to the legislature must include the following:

(i) A description of the oversight role for residential care services, the long-term care ombuds, the centers for medicare and medicaid services, and disability rights Washington;

(ii) From the provider perspective, and the perspective of a state agency, an overview of the process for reviewing and responding to findings by residential care services and the centers for medicare and medicaid services;

(iii) A description of the process for notifying the office of the governor and the legislature when problems with quality of care, client safety and well-being, or staff safety arise within community or institutional settings;

(iv) A compilation of findings since fiscal year 2010 by the centers for medicare and medicaid services, and residential care services, at the residential habilitation centers, nursing facilities, supported living, assisted living, group homes, companion homes, adult family homes, and all other community based providers;

(v) An annotated and detailed list of all responses to findings by the centers for medicare and medicaid services, and residential care services, specific to audits of the nursing facility at lakeland village since fiscal year 2010;

(vi) Review the regulation of continuing care retirement communities and ways to protect those who reside in them, including the consideration of effective disclosures to residents;

(vii) Identify the needs of older people and people with disabilities for high quality public and private guardianship services and information about assisted decision-making options;

(viii) Identify options for promoting client safety through residential care services and consider methods of protecting older people and people with disabilities from physical abuse and financial exploitation; and

(ix) A description of the method in place to ascertain the outcome of responses to findings.

(11) \$5,094,000 of the general fund—state appropriation for fiscal year 2016 and \$5,094,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for services and support to individuals who are deaf, hard of hearing, or deaf-blind.

(12) The department may authorize a one-time waiver of all or any portion of the licensing and processing fees required under RCW 70.128.060 in any case in which the department determines that an adult family home is being relicensed because of exceptional circumstances, such as death or incapacity of a provider, and that to require the full payment of the licensing and processing fees would present a hardship to the applicant. In these situations the department is also granted the authority to waive the required residential administrator training for a period of 120 days if necessary to ensure continuity of care during the relicensing process.

(13) The department shall reimburse with the exceptional care rate adult family homes that provided care solely to clients with HIV/AIDS on or before January 1, 2000, and continue to provide care solely to clients with HIV/AIDS. The department shall not reduce the exceptional care rate from the rate paid on October 1, 2013.

(14)(a) \$100,000 of the general fund—state appropriation for fiscal year 2016, \$100,000 of the general fund—private/local appropriation, and \$200,000 of the general fund—federal appropriation are provided solely for the department of social and health services to contract for an independent feasibility study and actuarial modeling of public and private options for leveraging private resources to help individuals prepare for long-term services and supports needs. The study must model two options: (i) A public long-term care benefit for workers, funded through a payroll deduction that would provide a time-limited long-term care insurance benefit; and (ii) a public-private

reinsurance or risk-sharing model, with the purpose of providing a stable and ongoing source of reimbursement to insurers for a portion of their catastrophic long-term services and supports losses in order to provide additional insurance capacity for the state.

(b) The report must include input from the joint committee on aging and disability and other interested stakeholders. The report must also include an analysis of each option based on: (i) The expected costs and benefits for participants; (ii) the total anticipated number of participants; (iii) the projected savings to the state medicaid program, if any; and (iv) legal and financial risks to the state.

(c) The department must provide status updates to the joint legislative executive committee on aging and disability. The feasibility study and actuarial analysis shall be completed and submitted to the department of social and health services by December 20, 2016. The department shall submit a report, including the director's findings and recommendations based on the feasibility study and actuarial analysis, to the governor and the legislature by January 1, 2017.

(15) \$6,195,000 of the general fund—state appropriation for fiscal year 2016, \$13,195,000 of the general fund—state appropriation for fiscal year 2017, and \$20,288,000 of the general fund—federal appropriation are provided solely to implement House Bill No. 1274 (nursing home payment rates). If the bill is not enacted by July 10, 2015, the amounts in this subsection shall lapse.

(16) Within available funds, the aging and long term support administration must create a unit within adult protective services that specializes in the investigation of financial abuse allegations and self-neglect allegations.

(17) \$58,000 of the general fund—state appropriation for fiscal year 2016, \$58,000 of the general fund—state appropriation for fiscal year 2017, and \$114,000 of the general fund—federal appropriation are provided solely to implement Substitute Senate Bill No. 5877 (due process for adult family homes).

NEW SECTION. Sec. 207. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—ECONOMIC SERVICES PROGRAM

General Fund—State Appropriation (FY 2016)	\$408,958,000
General Fund—State Appropriation (FY 2017)	\$445,239,000
General Fund—Federal Appropriation	\$1,272,294,000
General Fund—Private/Local Appropriation	\$1,950,000
TOTAL APPROPRIATION	\$2,128,441,000

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

(1)(a) \$168,201,000 of the general fund—state appropriation for fiscal year 2016, \$194,020,000 of the general fund—state appropriation for fiscal year 2017, and \$738,086,000 of the general fund—federal appropriation are provided solely for all components of the WorkFirst program. Within the amounts provided for the WorkFirst program, the department may provide assistance using state-only funds for families eligible for temporary assistance for needy families. The department must create a WorkFirst budget structure that allows for transparent tracking of budget units and subunits of expenditures where these units and subunits are mutually exclusive from other department budget units. The budget structure must include budget units for the following: Cash assistance, child care, WorkFirst activities, and administration of the program. Within these budget units, the department must develop program index codes for specific activities and develop allotments and track expenditures using these codes. The department shall report to the office of financial management and the relevant fiscal and policy committees of the

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legislature prior to adopting the new structure and no later than December 2015.

(b) \$316,849,000 of the amounts in (a) of this subsection are provided solely for assistance to clients, including grants, diversion cash assistance, and additional diversion emergency assistance including but not limited to assistance authorized under RCW 74.08A.210. The department may use state funds to provide support to working families that are eligible for temporary assistance for needy families but otherwise not receiving cash assistance.

(c) \$170,923,000 of the amounts in (a) of this subsection are provided solely for WorkFirst job search, education and training activities, barrier removal services, limited English proficiency services, and tribal assistance under RCW 74.08A.040. The department must allocate this funding based on client outcomes and cost effectiveness measures.

(d) \$426,750,000 of the amounts in (a) of this subsection are provided solely for the working connections child care program under RCW 43.215.135. The amounts provided in this subsection (d) are provided conditioned on the department of social and health services and the department of early learning taking additional actions to identify and reduce the backlog of overpayment cases related to public assistance programs, including the working connections child care program. The departments shall collaborate and create a plan to triage overpayment cases in a manner that identifies and prioritizes cases with large overpayments and likelihood of fraudulent activity. The departments shall provide a quarterly report to the appropriate policy and fiscal committees of the legislature detailing the specific actions taken as a result of this subsection (d).

(e) \$163,558,000 of the amounts in (a) of this subsection are provided solely for WorkFirst and working connections child care administration and overhead.

(f) \$41,000,000 of the general fund—state appropriation for fiscal year 2016 and \$22,040,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of Engrossed Second Substitute House Bill No. 1491 (early care and education system). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection (1)(f) shall lapse.

(g) The amounts in (b) through (d) of this subsection shall be expended for the programs and in the amounts specified. However, the department may transfer up to 10 percent of funding between (b) through (d) of this subsection. The department shall provide notification prior to any transfer to the office of financial management and to the appropriate legislative committees and the legislative-executive WorkFirst oversight task force. The approval of the director of financial management is required prior to any transfer under this subsection.

(2) \$1,657,000 of the general fund—state appropriation for fiscal year 2016 and \$1,657,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for naturalization services.

(3) \$2,366,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for employment services for refugees and immigrants, of which \$1,774,000 is provided solely for the department to pass through to statewide refugee and immigrant assistance organizations for limited English proficiency pathway services; and \$2,366,000 of the general fund—state appropriation for fiscal year 2017 is provided solely for employment services for refugees and immigrants, of which \$1,774,000 is provided solely for the department to pass through to statewide refugee and immigrant assistance organizations for limited English proficiency pathway services.

(4) On December 1, 2015, and annually thereafter, the department must report to the legislature on all sources of funding available for both refugee and immigrant services and naturalization services during the current fiscal year and the amounts expended to date by service type and funding source. The report must also include the number of clients served and outcome data for the clients.

(5) To ensure expenditures remain within available funds appropriated in this section, the legislature establishes the benefit under the state food assistance program, pursuant to RCW 74.08A.120, to be one hundred percent of the federal supplemental nutrition assistance program benefit amount.

(6) The department shall review clients receiving services through the aged, blind, or disabled assistance program, to determine whether they would benefit from assistance in becoming naturalized citizens, and thus be eligible to receive federal supplemental security income benefits. Those cases shall be given high priority for naturalization funding through the department.

(7) The department shall continue the interagency agreement with the department of veterans' affairs to establish a process for referral of veterans who may be eligible for veterans' services. This agreement must include out-stationing department of veterans' affairs staff in selected community service office locations in King and Pierce counties to facilitate applications for veterans' services.

NEW SECTION. Sec. 208. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—ALCOHOL AND SUBSTANCE ABUSE PROGRAM

General Fund—State Appropriation (FY 2016)	\$64,766,000
General Fund—State Appropriation (FY 2017)	\$64,894,000
General Fund—Federal Appropriation	\$432,441,000
General Fund—Private/Local Appropriation	\$20,211,000
Criminal Justice Treatment Account—State Appropriation	\$11,978,000
Problem Gambling Account—State Appropriation	\$1,453,000
Dedicated Marijuana Account—State Appropriation (FY 2016)	\$10,736,000
Dedicated Marijuana Account—State Appropriation (FY 2017)	\$24,802,000
TOTAL APPROPRIATION	\$631,281,000

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

(1) Within the amounts appropriated in this section, the department may contract with the University of Washington and community-based providers for the provision of the parent-child assistance program or other specialized chemical dependency case management providers for pregnant, post-partum, and parenting women. For all contractors: (a) Service and other outcome data must be provided to the department by request; and (b) indirect charges for administering the program shall not exceed ten percent of the total contract amount.

(2) In accordance with RCW 70.96A.090 and 43.135.055, the department is authorized to adopt fees for the review and approval of treatment programs in fiscal years 2016 and 2017 as necessary to support the costs of the regulatory program. The department's fee schedule shall have differential rates for providers with proof of accreditation from organizations that the department has determined to have substantially equivalent standards to those of the department, including but not limited to the joint commission on accreditation of health care organizations, the commission on accreditation of rehabilitation facilities, and the council on accreditation. To reflect the reduced costs associated with regulation of accredited programs, the department's fees for organizations with such proof of

accreditation must reflect the lower cost of licensing for these programs than for other organizations which are not accredited.

(3) \$3,500,000 of the general fund—federal appropriation (from the substance abuse prevention and treatment federal block grant) is provided solely for the continued funding of existing county drug and alcohol use prevention programs.

(4) \$421,000 of the general fund—state appropriation for fiscal year 2016, \$873,000 of the general fund—state appropriation for fiscal year 2017, and \$1,787,000 of the general fund—federal appropriation are provided solely for implementation of chapter 50, Laws of 2015 (E2SHB 1450) (involuntary outpatient treatment). The department must use these amounts for increases in alcohol and substance abuse treatment associated with implementation of the bill.

(5) \$200,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$200,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely for a contract with the Washington state institute for public policy to conduct cost-benefit evaluations of the implementation of chapter 3, Laws of 2013 (Initiative Measure No. 502).

(6) \$500,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$500,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely to design and administer the Washington state healthy youth survey and the Washington state young adult behavioral health survey.

(7) \$395,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$396,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely for increasing services to pregnant and parenting women provided through the parent child assistance program.

(8) \$250,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$250,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely for a grant to the office of superintendent of public instruction to provide life skills training to children and youth in schools that are in high needs communities.

(9) \$386,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$386,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely to increase prevention and treatment services provided by tribes to children and youth.

(10) \$683,000 of the dedicated marijuana account—state appropriation for fiscal year 2016, \$2,684,000 of the dedicated marijuana account—state appropriation for fiscal year 2017, and \$1,900,000 of the general fund—federal appropriation are provided solely to increase residential treatment services for children and youth.

(11) \$250,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$250,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely for training and technical assistance for the implementation of evidence based, research based, and promising programs which prevent or reduce substance use disorders.

(12) \$1,000,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$2,434,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely for expenditure into the home visiting services account.

(13) \$3,278,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 is provided solely for a memorandum of understanding with the department of social and health services juvenile rehabilitation administration to provide substance abuse treatment programs for juvenile offenders. Of the amounts provided in this subsection:

(a) \$1,130,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 is provided solely for alcohol and substance abuse treatment programs for locally-committed offenders. The juvenile rehabilitation administration shall award these funds as described in section 203(3) of this act.

(b) \$282,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 is provided solely for the expansion of evidence-based treatments and therapies as described in section 203(4) of this act.

(14) \$2,500,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$2,500,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely for grants to community-based programs that provide prevention services or activities to youth, including programs for school-based resource officers. These funds must be utilized in accordance with RCW 69.50.540.

(15) \$54,000 of the general fund—state appropriation for fiscal year 2016, \$252,000 of the general fund—state appropriation for fiscal year 2017, and \$2,232,000 of the general fund—federal appropriation are provided for regional support networks to provide outpatient chemical dependency treatment for offenders enrolled in the medicaid program who are supervised by the department of corrections pursuant to a term of community supervision. Effective April 1, 2016, contracts with regional support networks must require that regional support networks include in their provider network specialized expertise in the provision of manualized, evidence-based chemical dependency treatment services for offenders. The department of corrections and the department of social and health services must develop a memorandum of understanding for department of corrections offenders on active supervision who are medicaid eligible and meet medical necessity for outpatient substance use disorder treatment. The agreement will ensure that treatment services provided are coordinated, do not result in duplication of services, and maintain access and quality of care for the individuals being served. The department of social and health services must provide all necessary data, access, and reports to the department of corrections for all department of corrections offenders that receive medicaid paid services.

(16) During the 2015-2017 fiscal biennium, any amounts provided in this section that are used for case management services for pregnant and parenting women must be contracted directly between the department and providers rather than through contracts with behavioral health organizations. By December 1, 2016, the department must provide a report to the office of financial management and the appropriate committees of the legislature on the readiness for behavioral health organizations to assume the contracts for case management services for pregnant and parenting women.

(17) \$100,000 of the general fund—state appropriation for fiscal year 2016 and \$100,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for parenting education services focused on pregnant and parenting women.

(18) Within existing appropriations, the department shall prioritize the prevention and treatment of intravenous opiate-based drug use.

(19) \$1,110,000 of the general fund—federal appropriation is provided solely for a contract with the University of Washington for research on the short and long-term effects of marijuana use.

(20) \$740,000 of the general fund—federal appropriation is provided solely for a contract with the Washington State University for research on the short and long-term effects of marijuana use.

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NEW SECTION. Sec. 209. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—VOCATIONAL REHABILITATION PROGRAM

General Fund—State Appropriation (FY 2016)	\$12,896,000
General Fund—State Appropriation (FY 2017)	\$13,424,000
General Fund—Federal Appropriation	\$99,251,000
TOTAL APPROPRIATION	\$125,571,000

NEW SECTION. Sec. 210. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—SPECIAL COMMITMENT PROGRAM

General Fund—State Appropriation (FY 2016)	\$37,680,000
General Fund—State Appropriation (FY 2017)	\$37,266,000
TOTAL APPROPRIATION	\$74,946,000

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

(1) \$78,000 of the general fund—state appropriation for fiscal year 2016 and \$78,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to implement House Bill No. 1059 (sexually violent predators).

(2) The department shall review its current food services for the special commitment center for opportunities to consolidate and centralize, emphasizing opportunities for increased efficiency. The department shall consider consolidating and centralizing the department's institutional food service by examining: (a) Consistent daily meals across institutions; (b) off-site meal preparation and cook-chill meals; and (c) increased use of the department of correction's correctional industries institutional food service. Any food service improvements must account for special diets and consistency with established dietary intakes of the food and nutrition board of the national research council.

(3) Within the amounts provided in this section, the special commitment center must explore entering into an interagency agreement with the University of Washington. The interagency agreement would allow the department to receive drug pricing under 340B of the public health services act for drug purchases associated with treating patients with hepatitis C or other diseases, whereby the university is acting as the covered entity or safety-net provider. In cooperation with the University of Washington, the special commitment center must provide an estimate of the fiscal impact of a successful agreement of this nature, to be included in the report provided to the legislature under section 606 of this act.

(4) The special commitment center may use funds appropriated in this subsection to purchase goods and supplies through hospital group purchasing organizations when it is cost-effective to do so.

NEW SECTION. Sec. 211. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—ADMINISTRATION AND SUPPORTING SERVICES PROGRAM

General Fund—State Appropriation (FY 2016)	\$32,668,000
General Fund—State Appropriation (FY 2017)	\$33,667,000
General Fund—Federal Appropriation	\$38,282,000
General Fund—Private/Local Appropriation	\$654,000
TOTAL APPROPRIATION	\$105,271,000

The appropriations in this section are subject to the following conditions and limitations: \$300,000 of the general fund—state appropriation for fiscal year 2016 and \$300,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a Washington state mentoring organization to continue its public-private partnerships to provide technical assistance and training to mentoring programs that serve at-risk youth.

NEW SECTION. Sec. 212. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—PAYMENTS TO OTHER AGENCIES PROGRAM

General Fund—State Appropriation (FY 2016)	\$64,440,000
General Fund—State Appropriation (FY 2017)	\$61,766,000
General Fund—Federal Appropriation	\$53,238,000
TOTAL APPROPRIATION	\$179,444,000

The appropriations in this section are subject to the following conditions and limitations: \$8,000 of the general fund—state appropriation for fiscal year 2017 is provided solely to implement chapter 240, Laws of 2015 (extended foster care).

NEW SECTION. Sec. 213. FOR THE STATE HEALTH CARE AUTHORITY

During the 2015-2017 fiscal biennium, the health care authority shall provide support and data as required by the office of the state actuary in providing the legislature with health care actuarial analysis, including providing any information in the possession of the health care authority or available to the health care authority through contracts with providers, plans, insurers, consultants, or any other entities contracting with the health care authority.

Information technology projects and proposed projects for time capture, payroll and payment processes, and eligibility and authorization systems within the health care authority are subject to technical oversight by the office of the chief information officer.

The health care authority shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The health care authority may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the health care authority receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(1) MEDICAL ASSISTANCE

General Fund—State Appropriation (FY 2016)	\$1,937,491,000
General Fund—State Appropriation (FY 2017)	\$1,934,895,000
General Fund—Federal Appropriation	\$11,559,063,000
General Fund—Private/Local Appropriation	\$77,619,000
Emergency Medical Services and Trauma Care Systems	
Trust Account—State Appropriation	\$15,086,000
Hospital Safety Net Assessment Account—State	
Appropriation	\$689,942,000
Medicaid Fraud Penalty Account—State Appropriation	\$18,491,000
State Health Care Authority Administration Account—	
State Appropriation	\$790,000
Medical Aid Account—State Appropriation	\$528,000
Dedicated Marijuana Account—State Appropriation (FY 2016)	\$5,351,000
Dedicated Marijuana Account—State Appropriation (FY 2017)	\$12,520,000
TOTAL APPROPRIATION	\$16,251,776,000

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

(a) Sufficient amounts are appropriated in this subsection to implement the medicaid expansion as defined in the social security act, section 1902(a)(10)(A)(i)(VIII).

(b) The legislature finds that medicaid payment rates, as calculated by the health care authority pursuant to the appropriations in this act, bear a reasonable relationship to the costs incurred by efficiently and economically operated facilities for providing quality services and will be sufficient to enlist enough providers so that care and services are available to the extent that such care and services are available to the general population in the geographic area. The legislature finds that the cost reports, payment data from the federal government, historical utilization, economic data, and clinical input constitute reliable data upon which to determine the payment rates.

(c) Based on quarterly expenditure reports and caseload forecasts, if the health care authority estimates that expenditures for the medical assistance program will exceed the appropriations, the health care authority shall take steps including but not limited to reduction of rates or elimination of optional services to reduce expenditures so that total program costs do not exceed the annual appropriation authority.

(d) In determining financial eligibility for medicaid-funded services, the health care authority is authorized to disregard recoveries by Holocaust survivors of insurance proceeds or other assets, as defined in RCW 48.104.030.

(e) The legislature affirms that it is in the state's interest for Harborview medical center to remain an economically viable component of the state's health care system.

(f) When a person is ineligible for medicaid solely by reason of residence in an institution for mental diseases, the health care authority shall provide the person with the same benefits as he or she would receive if eligible for medicaid, using state-only funds to the extent necessary.

(g) \$4,261,000 of the general fund—state appropriation for fiscal year 2016, \$4,261,000 of the general fund—state appropriation for fiscal year 2017, and \$8,522,000 of the general fund—federal appropriation are provided solely for low-income disproportionate share hospital payments.

(h) Within the amounts appropriated in this section, the health care authority shall provide disproportionate share hospital payments to hospitals that provide services to children in the children's health program who are not eligible for services under Title XIX or XXI of the federal social security act due to their citizenship status.

(i) \$6,000,000 of the general fund—federal appropriation is provided solely for supplemental payments to nursing homes operated by public hospital districts. The public hospital district shall be responsible for providing the required nonfederal match for the supplemental payment, and the payments shall not exceed the maximum allowable under federal rules. It is the legislature's intent that the payments shall be supplemental to and shall not in any way offset or reduce the payments calculated and provided in accordance with part E of chapter 74.46 RCW. It is the legislature's further intent that costs otherwise allowable for rate-setting and settlement against payments under chapter 74.46 RCW shall not be disallowed solely because such costs have been paid by revenues retained by the nursing home from these supplemental payments. The supplemental payments are subject to retrospective interim and final cost settlements based on the nursing homes' as-filed and final medicare cost reports. The timing of the interim and final cost settlements shall be at the health care authority's discretion. During either the interim cost settlement or the final cost settlement, the health care authority shall recoup from the public hospital districts the supplemental

payments that exceed the medicaid cost limit and/or the medicare upper payment limit. The health care authority shall apply federal rules for identifying the eligible incurred medicaid costs and the medicare upper payment limit.

(j) The health care authority shall continue the inpatient hospital certified public expenditures program for the 2015-2017 fiscal biennium. The program shall apply to all public hospitals, including those owned or operated by the state, except those classified as critical access hospitals or state psychiatric institutions. The health care authority shall submit reports to the governor and legislature by November 1, 2015, and by November 1, 2016, that evaluate whether savings continue to exceed costs for this program. If the certified public expenditures (CPE) program in its current form is no longer cost-effective to maintain, the health care authority shall submit a report to the governor and legislature detailing cost-effective alternative uses of local, state, and federal resources as a replacement for this program. During fiscal year 2016 and fiscal year 2017, hospitals in the program shall be paid and shall retain one hundred percent of the federal portion of the allowable hospital cost for each medicaid inpatient fee-for-service claim payable by medical assistance and one hundred percent of the federal portion of the maximum disproportionate share hospital payment allowable under federal regulations. Inpatient medicaid payments shall be established using an allowable methodology that approximates the cost of claims submitted by the hospitals. Payments made to each hospital in the program in each fiscal year of the biennium shall be compared to a baseline amount. The baseline amount will be determined by the total of (a) the inpatient claim payment amounts that would have been paid during the fiscal year had the hospital not been in the CPE program based on the reimbursement rates developed, implemented, and consistent with policies approved in the 2015-2017 biennial operating appropriations act and in effect on July 1, 2015, (b) one-half of the indigent assistance disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005, and (c) all of the other disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005 to the extent the same disproportionate share hospital programs exist in the 2015-2017 fiscal biennium. If payments during the fiscal year exceed the hospital's baseline amount, no additional payments will be made to the hospital except the federal portion of allowable disproportionate share hospital payments for which the hospital can certify allowable match. If payments during the fiscal year are less than the baseline amount, the hospital will be paid a state grant equal to the difference between payments during the fiscal year and the applicable baseline amount. Payment of the state grant shall be made in the applicable fiscal year and distributed in monthly payments. The grants will be recalculated and redistributed as the baseline is updated during the fiscal year. The grant payments are subject to an interim settlement within eleven months after the end of the fiscal year. A final settlement shall be performed. To the extent that either settlement determines that a hospital has received funds in excess of what it would have received as described in this subsection, the hospital must repay the excess amounts to the state when requested. \$16,664,000 of the general fund—state appropriation for fiscal year 2016 and \$8,170,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for state grants for the participating hospitals.

(k) The health care authority shall seek public-private partnerships and federal funds that are or may become available to provide on-going support for outreach and education efforts under the federal children's health insurance program reauthorization act of 2009.

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(l) The health care authority shall target funding for maternity support services towards pregnant women with factors that lead to higher rates of poor birth outcomes, including hypertension, a preterm or low birth weight birth in the most recent previous birth, a cognitive deficit or developmental disability, substance abuse, severe mental illness, unhealthy weight or failure to gain weight, tobacco use, or African American or Native American race. The health care authority shall prioritize evidence-based practices for delivery of maternity support services. To the extent practicable, the health care authority shall develop a mechanism to increase federal funding for maternity support services by leveraging local public funding for those services.

(m) Within the amounts appropriated in this section, the authority shall identify strategies to improve patient adherence to treatment plans for diabetes and implement these strategies as a pilot through one health home program to be identified by the authority. The authority shall report to the governor and legislature in December 2015 on patient outcomes and cost savings derived from new adherence strategies in the health home model and make recommendations for improving the strategies.

(n) Managed care contracts must incorporate accountability measures that monitor patient health and improved health outcomes, and shall include an expectation that each patient receive a wellness examination that documents the baseline health status and allows for monitoring of health improvements and outcome measures.

(o) \$88,000 of the medicaid fraud penalty account—state appropriation and \$567,000 of the general fund—federal appropriation are provided solely to implement the conversion to the tenth version of the world health organization's international classification of diseases.

(p) Sufficient amounts are appropriated in this section for the authority to provide an adult dental benefit.

(q) The health care authority shall coordinate with the department of social and health services to provide referrals to the Washington health benefit exchange for clients that will be ineligible for medicaid.

(r) To facilitate a single point of entry across public and medical assistance programs, and to maximize the use of federal funding, the health care authority, the department of social and health services, and the health benefit exchange will coordinate efforts to expand HealthPlanfinder access to public assistance and medical eligibility staff. No later than October 1, 2015, the health care authority shall complete medicaid applications in the HealthPlanfinder for households receiving or applying for medical assistance benefits.

(s) \$90,000 of the general fund—state appropriation for fiscal year 2016, \$90,000 of the general fund—state appropriation for fiscal year 2017, and \$180,000 of the general fund—federal appropriation are provided solely to continue operation by a nonprofit organization of a toll-free hotline that assists families to learn about and enroll in the apple health for kids program.

(t) The appropriations in this section reflect savings and efficiencies by transferring children receiving medical care provided through fee-for-service to medical care provided through managed care.

(u) Within the amounts appropriated in this section, the authority shall reimburse for primary care services provided by naturopathic physicians.

(v) Within the amounts appropriated in this section, the authority shall continue to provide coverage for pregnant teens that qualify under existing pregnancy medical programs, but whose eligibility for pregnancy related services would otherwise end due to the application of the new modified adjusted gross income eligibility standard.

(w) Sufficient amounts are appropriated in this section to remove the mental health visit limit and to provide the shingles vaccine and screening, brief intervention, and referral to treatment benefits that are available in the medicaid alternative benefit plan in the classic medicaid benefit plan.

(x) \$227,000 of the general fund—state appropriation for fiscal year 2016, \$461,000 of the general fund—state appropriation for fiscal year 2017, and \$734,000 of the general fund—federal appropriation are provided solely to implement Substitute Senate Bill No. 5317 (enhanced autism screening - bright futures).

(y) \$4,278,000 of the general fund—private/local appropriation and \$9,835,000 of the general fund—federal appropriation are provided solely to implement House Bill No. 2007 (emergency medical transportation).

(z) Within amounts appropriated in this section, the health care authority shall conduct a review of its adult dental program in cooperation with and utilizing resources from Washington dental services foundation. The authority shall develop a plan to implement an expanded oral health care program for adults with diabetes and pregnant women. A report summarizing the authority's implementation plan and an estimation of cost savings must be submitted to the governor and the appropriate committees of the legislature by December 1, 2015.

(aa) No more than \$1,175,000 of the general fund—state appropriation for fiscal year 2016 may be expended for reimbursement for nonhospital based rural health clinics auditing costs to complete annual payment reconciliations for calendar years 2011-2013 as required under 42 U.S.C. Sec. 1396a (bb)(5)(A). The department shall use the agreed-upon procedures to complete the reconciliations. Nonhospital-based clinics shall be reimbursed for the cost of auditing using the agreed-upon procedures for payment reconciliation for this time period only.

(bb) The appropriations in this section represent a transfer of expenditure authority of \$2,333,000 of the general fund—federal appropriation for fiscal year 2016 and \$1,782,000 of the general fund—federal appropriation for fiscal year 2017 to the office of financial management to implement Engrossed Substitute Senate Bill No. 5084 (all payer claims database).

(cc) Pursuant to RCW 41.06.142(3), the authority shall implement a pilot program within existing resources to understand the nature and depth of potential fraud, waste, and abuse and the creation of operational efficiencies within the provider and beneficiary system. The pilot program shall examine streamlining provider enrollment and compliance within the current affordable care act screening requirements and include a post-enrollment review of those currently enrolled in medicaid to determine if there have been changes in demographics, including but not limited to becoming deceased, incarcerated, or residing out of state. The pilot program shall be conducted by the authority in partnership with a third-party vendor that uses national public records data as well as provider-specific data. The authority shall prepare a report to the governor and legislative fiscal committees by December 15, 2015.

(dd) Within amounts appropriated in this section, the health care authority shall conduct a review of its federally qualified health center encounter rates and rural health center encounter rates in comparison to current uniform medical plan rates for the same or similar services. The authority shall consult with the centers for medicare and medicaid services to determine whether federally qualified encounter rates may be adjusted to uniform medical plan rates as a reasonable proxy to cost. The authority must submit a report to the governor and the appropriate committees of the legislature that includes which encounter rates

exceed uniform medical rates, the amount by which the rates are exceeded, and the annual cost of paying above uniform medical rates. The report shall also include the steps the authority has taken with the centers for medicare and medicaid services to ensure that rates bear a reasonable relationship to costs incurred by efficiently and economically operated facilities, including whether uniform medical plan or commercial rates may be considered a reasonable proxy to cost. The report must be submitted by January 1, 2016.

(ee) \$1,035,000 of the general fund—state appropriation for fiscal year 2016, \$965,000 of the general fund—state appropriation for fiscal year 2017, and \$1,846,000 of the general fund—federal appropriation are provided solely for customer service staff to reduce call wait times and improve the number of calls answered by the authority.

(ff) \$386,000 of the general fund—state appropriation for fiscal year 2016, \$361,000 of the general fund—state appropriation for fiscal year 2017, and \$2,018,000 of the general fund—federal appropriation are provided solely for additional staff to support timely resolution of eligibility-related issues for medicaid clients.

(gg)(i) \$123,000 of the general fund—state appropriation for fiscal year 2016, \$118,000 of the general fund—state appropriation for fiscal year 2017, \$48,000 of the state health care authority administrative account—state appropriation, and \$312,000 of the general fund—federal appropriation are provided solely to establish the bleeding disorder collaborative for care.

(ii) The collaborative must consist of three representatives from the authority, three representatives from the largest organization in Washington representing patients with bleeding disorders, two representatives from state designated bleeding disorder centers of excellence, and two representatives of federally funded hemophilia treatment centers based in Washington. The collaborative may invite the participation of other persons with expertise that may assist the collaborative in its responsibilities. The collaborative shall adopt a transparent process that allows for public comment prior to the final adoption of any evidence-based practice.

(iii) The collaborative shall:

(A) Identify and develop evidence-based practices to improve care to patients with bleeding disorders with specific attention to health care cost reduction. To the extent that evidence-based practices are unavailable, the collaborative shall research and create the practices or compile the necessary information. In the event that research on evidence is incomplete, the collaborative may consider research-based practices or emerging best practices;

(B) Make recommendations regarding the dissemination of the evidence-based practices to relevant health care professionals and support service providers and propose options for incorporating evidence-based practices into their treatment regimens; and

(C) Assist the authority in the development of a cost-benefit analysis regarding the use of evidence-based practices for specific populations in state-purchased health care programs.

(iv) The authority shall report to the governor and the legislature by September 1, 2016, regarding the evidence-based practices that have been developed, the clinical and fiscal implications of their implementation, and a strategy for disseminating the practices and incorporating their use among health care professionals in various state-financed health care programs.

(hh) The authority shall use revenue appropriated from the dedicated marijuana fund for contracts with community health centers under RCW 69.50.540 in lieu of general fund—state payments to community health centers for services provided to

medical assistance clients, and it is the intent of the legislature that this policy will be continued in subsequent fiscal biennia.

(2) PUBLIC EMPLOYEES BENEFITS BOARD AND EMPLOYEE BENEFITS PROGRAMS

State Health Care Authority Administration Account—

State Appropriation \$38,983,000

The appropriation in this subsection is subject to the following conditions and limitations: \$162,000 of the state health care authority administration account—state appropriation is for the health care authority to work with participating employers to minimize employer penalties that may be incurred by employers not providing health benefit coverage for part-time employees that are defined as full-time employees under the employer shared responsibility provisions of the federal affordable care act.

(3) HEALTH BENEFIT EXCHANGE

General Fund—State Appropriation (FY 2016) \$5,872,000

General Fund—State Appropriation (FY 2017) \$5,146,000

General Fund—Federal Appropriation \$40,427,000

Health Benefit Exchange Account—State Appropriation

\$58,567,000

TOTAL APPROPRIATION \$110,012,000

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

(a) The receipt and use of medicaid funds provided to the health benefit exchange from the health care authority are subject to compliance with state and federal regulations and policies governing the Washington apple health programs, including timely and proper application, eligibility, and enrollment procedures.

(b) \$4,755,000 of the health benefit exchange account—state appropriation and \$5,069,000 of the general fund—federal appropriation are provided solely for the customer service call center.

(c) \$577,000 of the general fund—state appropriation for fiscal year 2016, \$810,000 of the general fund—state appropriation for fiscal year 2017, \$3,606,000 of the health benefit exchange account—state appropriation, and \$1,389,000 of the general fund—federal appropriation are provided solely for in-person assisters to help individuals and families complete applications for health coverage.

(d) \$1,417,000 of the health benefit exchange account—state appropriation and \$8,218,000 of the general fund—federal appropriation are provided solely to fund the design, development, implementation, operation, and maintenance of the health benefit exchange's information technology systems.

(e) The authority shall require the exchange to submit to the authority and the appropriate committees of the legislature by September 30, 2015, and September 30, 2016, a detailed report including:

(i) Salaries of all current employees of the exchange, including starting salary, any increases received, and the basis for any increases; and

(ii) Salary, overtime, and compensation policies for staff of the exchange.

(f) The authority shall require the exchange to submit to the authority and the appropriate committees of the legislature on a monthly basis:

(i) A report of all expenses; and

(ii) Beginning and ending fund balances, by fund source; and

(iii) Any contracts or contract amendments signed by the exchange; and

(iv) An accounting of staff required to operate the exchange broken out by full time equivalent positions, contracted employees, temporary staff, and any other relevant designation that indicates the staffing level of the exchange.

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NEW SECTION. Sec. 214. FOR THE HUMAN RIGHTS COMMISSION

General Fund—State Appropriation (FY 2016)	\$2,074,000
General Fund—State Appropriation (FY 2017)	\$2,094,000
General Fund—Federal Appropriation	\$2,308,000
TOTAL APPROPRIATION	\$6,476,000

NEW SECTION. Sec. 215. FOR THE BOARD OF INDUSTRIAL INSURANCE APPEALS

Worker and Community Right-to-Know Account—State Appropriation	\$10,000
Accident Account—State Appropriation	\$20,857,000
Medical Aid Account—State Appropriation	\$20,857,000
TOTAL APPROPRIATION	\$41,724,000

NEW SECTION. Sec. 216. FOR THE CRIMINAL JUSTICE TRAINING COMMISSION

General Fund—State Appropriation (FY 2016)	\$18,478,000
General Fund—State Appropriation (FY 2017)	\$17,392,000
General Fund—Private/Local Appropriation	\$4,391,000
Death Investigations Account—State Appropriation	\$148,000
24/7 Sobriety Account—State Appropriation	\$30,000
Municipal Criminal Justice Assistance Account— State Appropriation	\$460,000
Washington Auto Theft Prevention Authority Account— State Appropriation	\$8,168,000
TOTAL APPROPRIATION	\$49,067,000

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

(1) \$5,000,000 of the general fund—state appropriation for fiscal year 2016 and \$5,000,000 of the general fund—state appropriation for fiscal year 2017, are provided to the Washington association of sheriffs and police chiefs solely to verify the address and residency of registered sex offenders and kidnapping offenders under RCW 9A.44.130. The association shall use no more than \$50,000 per fiscal year of the amounts provided on program management activities.

(2) \$558,720 of the general fund—local appropriation is provided solely to purchase ammunition for the basic law enforcement academy. Jurisdictions shall reimburse to the criminal justice training commission the costs of ammunition, based on the average cost of ammunition per cadet, for cadets that they enroll in the basic law enforcement academy.

(3) The criminal justice training commission may not run a basic law enforcement academy class of fewer than 30 students.

(4) \$100,000 of the general fund—state appropriation for fiscal year 2016 and \$100,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a school safety program. The commission, in collaboration with the school safety center advisory committee, shall provide the school safety training for all school administrators and school safety personnel hired after the effective date of this section.

(5) \$96,000 of the general fund—state appropriation for fiscal year 2016 and \$96,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the school safety center within the commission. The safety center shall act as an information dissemination and resource center when an incident occurs in a school district in Washington or in another state, coordinate activities relating to school safety, and review and approve manuals and curricula used for school safety models and training. Through an interagency agreement, the commission shall provide funding for the office of the superintendent of public instruction to continue to develop and maintain a school safety information web site. The school safety center advisory committee shall develop and revise the training program, using the best practices in school safety, for all school safety personnel. The commission shall provide research-related programs in

school safety and security issues beneficial to both law enforcement and schools.

(6) \$123,000 of the general fund—state appropriation for fiscal year 2016 and \$123,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the costs of providing statewide advanced driving training with the use of a driving simulator.

(7) \$644,000 of the general fund—state appropriation for fiscal year 2016 and \$595,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of Second Substitute Senate Bill No. 5311 (crisis intervention training).

(8) \$250,000 of the general fund—state appropriation for fiscal year 2016 and \$250,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the criminal justice training commission to develop and deliver research-based programs to instruct, guide, and support local law enforcement agencies in fostering the "guardian philosophy" of policing, which emphasizes de-escalating conflicts and reducing the use of force.

(9) \$429,000 of the general fund—state appropriation for fiscal year 2016 and \$429,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for deposit into the nonappropriated Washington internet crimes against children account for the implementation of Second Substitute Senate Bill No. 5215 (internet crimes against children).

NEW SECTION. Sec. 217. FOR THE DEPARTMENT OF LABOR AND INDUSTRIES

General Fund—State Appropriation (FY 2016)	\$16,331,000
General Fund—State Appropriation (FY 2017)	\$17,640,000
General Fund—Federal Appropriation	\$11,876,000
Asbestos Account—State Appropriation	\$1,177,000
Electrical License Account—State Appropriation	\$48,147,000
Farm Labor Contractor Account—State Appropriation	\$28,000
Worker and Community Right-to-Know Account—State Appropriation	\$938,000
Public Works Administration Account—State Appropriation	\$6,360,000
Manufactured Home Installation Training Account—State Appropriation	\$355,000
Accident Account—State Appropriation	\$278,575,000
Accident Account—Federal Appropriation	\$13,626,000
Medical Aid Account—State Appropriation	\$292,095,000
Medical Aid Account—Federal Appropriation	\$3,186,000
Plumbing Certificate Account—State Appropriation	\$1,784,000
Pressure Systems Safety Account—State Appropriation	\$4,250,000
TOTAL APPROPRIATION	\$696,368,000

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

(1) \$250,000 of the general fund—state appropriation for fiscal year 2016 and \$250,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 100, Laws of 2015 (Substitute Senate Bill No. 5897).

(2) \$2,300,000 of the medical aid account—state appropriation is provided solely for implementation of chapter 137, Laws of 2015 (Substitute House Bill No. 1496).

(3) \$494,000 of the medical aid account—state appropriation and \$1,580,000 of the accident fund—state appropriation are provided solely for continuation of the logger safety initiative.

(4) \$4,923,000 of the medical aid account—state appropriation and \$4,924,000 of the accident fund—state

appropriation are provided solely for the first phase of the department's plan to replace its labor and industries industrial insurance information technology system subject to the same conditions, limitations, and review provided in section 705 (3) through (6) of this act.

(5) \$3,548,000 of the electrical license account—state appropriation is provided solely for the department to develop a modern and mobile information technology system for its electrical inspection program subject to the same conditions, limitations, and review provided in section 705 (3) through (6) of this act.

(6) The department is directed under RCW 39.12.070 to adjust its fee schedule for statements of intent to pay prevailing wages and certification of affidavits of wages paid to remove or lower fees for contractors and subcontractors whose contract amounts are less than seven hundred fifty dollars beginning on January 1, 2016.

NEW SECTION. Sec. 218. FOR THE DEPARTMENT OF VETERANS AFFAIRS

(1) HEADQUARTERS

General Fund—State Appropriation (FY 2016)	\$1,806,000
General Fund—State Appropriation (FY 2017)	\$1,835,000
Charitable, Educational, Penal, and Reformatory Institutions Account—State Appropriation	\$10,000
TOTAL APPROPRIATION	\$3,651,000

(2) FIELD SERVICES

General Fund—State Appropriation (FY 2016)	\$5,449,000
General Fund—State Appropriation (FY 2017)	\$5,465,000
General Fund—Federal Appropriation	\$3,599,000
General Fund—Private/Local Appropriation	\$4,597,000
Veteran Estate Management Account—Private/Local Appropriation	\$1,154,000
TOTAL APPROPRIATION	\$20,264,000

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

(a) \$300,000 of the general fund—state appropriation for fiscal year 2016 and \$300,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to provide crisis and emergency relief and education, training, and employment assistance to veterans and their families in their communities through the veterans innovation program.

(b) The creation of an automated exchange of information between the federal department of defense, federal veterans administration, and the Washington department of veterans affairs is the sole project for the Washington department of veterans affairs in the information technology pool. Ongoing funding may be provided for staffing, training, and subscription costs associated with a web-based software tool that has been configured to meet the business requirements of the Washington department of veterans affairs. Additional information technology projects, such as the complete automation of the Washington department of veterans affairs business processes through an enterprise case management system, are subject to future funding decisions by the legislature. The conditions and limitations in this subsection apply only if the specified project is funded from the information technology pool.

(3) INSTITUTIONAL SERVICES

General Fund—State Appropriation (FY 2016)	\$688,000
General Fund—State Appropriation (FY 2017)	\$815,000
General Fund—Federal Appropriation	\$79,699,000
General Fund—Private/Local Appropriation	\$29,613,000
TOTAL APPROPRIATION	\$110,815,000

NEW SECTION. Sec. 219. FOR THE DEPARTMENT OF HEALTH

General Fund—State Appropriation (FY 2016)	\$57,875,000
General Fund—State Appropriation (FY 2017)	\$58,931,000

General Fund—Federal Appropriation	\$548,374,000
General Fund—Private/Local Appropriation	\$151,143,000
Hospital Data Collection Account—State Appropriation	\$231,000
Health Professions Account—State Appropriation	\$115,892,000
Aquatic Lands Enhancement Account—State Appropriation	\$615,000
Emergency Medical Services and Trauma Care Systems Trust Account—State Appropriation	\$11,226,000
Safe Drinking Water Account—State Appropriation	\$6,930,000
Drinking Water Assistance Account—Federal Appropriation	\$15,360,000
Waterworks Operator Certification—State Appropriation	\$1,605,000
Drinking Water Assistance Administrative Account— State Appropriation	\$357,000
Site Closure Account—State Appropriation	\$162,000
Biotoxin Account—State Appropriation	\$1,894,000
State Toxics Control Account—State Appropriation	\$5,958,000
Medical Test Site Licensure Account—State Appropriation	\$2,512,000
Youth Tobacco Prevention Account—State Appropriation	\$1,281,000
Public Health Supplemental Account—Private/Local Appropriation	\$3,244,000
Accident Account—State Appropriation	\$324,000
Medical Aid Account—State Appropriation	\$53,000
Medicaid Fraud Penalty Account—State Appropriation	\$968,000
Dedicated Marijuana Account—State Appropriation (FY 2016)	\$7,500,000
Dedicated Marijuana Account—State Appropriation (FY 2017)	\$7,500,000
TOTAL APPROPRIATION	\$999,935,000

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

(1) The department of health shall not initiate any services that will require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department of health and the state board of health shall not implement any new or amended rules pertaining to primary and secondary school facilities until the rules and a final cost estimate have been presented to the legislature, and the legislature has formally funded implementation of the rules through the omnibus appropriations act or by statute. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation that provides appropriation authority, and an equal amount of appropriated state moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(2) \$130,000 of the health professions state account—state appropriation is provided solely for implementation of chapter 118, Laws of 2015 (applied behavior analysis).

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(3) \$38,000 of the general fund—state appropriation for fiscal year 2016 and \$38,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the department of health, the department of social and health services, and the health care authority to continue to collaborate to submit a coordinated report on diabetes to the governor and appropriate committees of the legislature by June 30, 2017. The report on diabetes must include the following:

(a) An analysis of the financial impact and reach that diabetes of all types is having on programs administered by each agency and individuals enrolled in those programs, including:

(i) The number of individuals with diabetes that are impacted or covered by these programs;

(ii) The number of family members of individuals with diabetes that are impacted by these programs;

(iii) The financial toll or impact that diabetes and its complications places on these programs, and how the financial toll or impact compares to that of other chronic diseases and conditions;

(b) An assessment of the benefits of programs and activities implemented by the agencies to control and prevent diabetes, including documentation of the amount and source of the agencies' funding for these programs and activities;

(c) A description of the level of coordination existing between the agencies on activities, programmatic activities, and messaging on managing, treating, or preventing all forms of diabetes and its complications;

(d) The development of or revision to each agency's action plan for addressing the impact of diabetes together with a range of actionable items for either each agency or consideration by the legislature, or both. The plans must, at a minimum:

(i) Identify proposed action steps to reduce the impact of diabetes, prediabetes, and related diabetes complications, especially for medicaid populations;

(ii) Identify expected outcomes in subsequent biennia; and

(iii) Establish benchmarks for controlling and preventing relevant forms of diabetes and appropriate measures for success;

(e) An estimate of the costs, return on investment, and resources required to implement the plans identified in subsection (d) of this section.

(4) \$30,000 of the medicaid fraud penalty account—state appropriation is provided solely for implementation of chapter 259, Laws of 2015 (prescription drug monitoring).

(5) \$4,015,000 of the health professions account—state appropriation is provided solely for implementation of chapter 70, Laws of 2015 (cannabis patient protection).

(6) \$7,250,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$7,250,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely for a marijuana education and public health program and for tobacco prevention activities that target youth and populations with a high incidence of tobacco use.

(7) \$250,000 of the dedicated marijuana account—state appropriation for fiscal year 2016 and \$250,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely for a contract with the Washington poison center to help maintain national accreditation standards.

(8) \$65,000 of the general fund—state appropriation for fiscal year 2016 and \$65,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the midwifery licensure and regulatory program to supplement revenue from fees. The department shall charge no more than five hundred twenty-five dollars annually for new or renewed licenses for the midwifery program.

(9) During the 2015-2017 fiscal biennium, each person subject to RCW 43.70.110(3)(c) is required to pay only one surcharge of up to twenty-five dollars annually for the purposes of RCW 43.70.112, regardless of how many professional licenses the person holds.

(10)(a) Within existing resources, the department of health shall compile a report on ambulatory surgical facilities to be submitted to the appropriate committees of the legislature by January 1, 2016. The report shall determine:

(i) How many ambulatory centers are currently functioning in the state;

(ii) How many cases these centers receive annually;

(iii) How many of these centers are medicare certified;

(iv) How many of these centers are not medicare certified; and

(v) How many are also certified by an accrediting organization.

(b) The department shall not increase current annual fees for new or renewed licenses for ambulatory surgical facilities during the 2015-2017 fiscal biennium.

(11)(a) The pharmacy quality assurance commission shall engage in a stakeholder process to develop statutory standards and protocols specific to long-term care pharmacies and shall submit the proposed statute to the senate health care committee and house health care and wellness committee no later than November 15, 2015.

(b) When inspecting and reviewing long-term care pharmacies, the pharmacy quality assurance commission and the department of health shall recognize the applicability of medication orders in long-term care facilities and recognize the essential relationship between the practitioner, the long-term care facility registered nurse, and the pharmacist in conveying chart orders to the long-term care pharmacy.

(12) \$52,000 of the health professions account—state appropriation is provided solely for implementation of chapter 159, Laws of 2015 (victim interviews training).

(13) Information technology projects and proposed projects for time capture, payroll and payment processes, and eligibility and authorization systems within the department of health are subject to technical oversight by the office of the chief information officer.

(14) \$1,923,000 of the state toxics control account—state appropriation is provided solely for implementation of Engrossed Second Substitute House Bill No. 1472 (chemical action plans), Second Substitute Senate Bill No. 5056 (safer chemicals/action plans), Substitute Senate Bill No. 6131 (safer chemicals), or any of these. Within the amount provided in this subsection, \$1,554,000 is provided solely for the department to conduct biomonitoring studies. If none of these bills is enacted by July 10, 2015, the amount provided in this subsection shall lapse.

(15) \$123,000 of the general fund—state appropriation for fiscal year 2016 and \$123,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the department of health to support Washington's healthiest next generation efforts by partnering with the office of the superintendent of public instruction, department of early learning, and other public and private partners as appropriate.

NEW SECTION. Sec. 220. FOR THE DEPARTMENT OF CORRECTIONS

(1) ADMINISTRATION AND SUPPORT SERVICES

General Fund—State Appropriation (FY 2016) \$59,039,000

General Fund—State Appropriation (FY 2017) \$59,768,000

TOTAL APPROPRIATION \$118,807,000

The appropriations in this subsection are subject to the following conditions and limitations: \$35,000 of the general fund—state appropriation for fiscal year 2016 and \$35,000 of the

general fund—state appropriation for fiscal year 2017 are provided solely for the support of a statewide council on mentally ill offenders that includes as its members representatives of community-based mental health treatment programs, current or former judicial officers, and directors and commanders of city and county jails and state prison facilities. The council will investigate and promote cost-effective approaches to meeting the long-term needs of adults and juveniles with mental disorders who have a history of offending or who are at-risk of offending, including their mental health, physiological, housing, employment, and job training needs.

(2) CORRECTIONAL OPERATIONS

General Fund—State Appropriation (FY 2016)	\$608,917,000
General Fund—State Appropriation (FY 2017)	\$629,232,000
General Fund—Federal Appropriation	\$1,892,000
Washington Auto Theft Prevention Authority Account— State Appropriation	\$6,701,000
State Toxics Control Account—State Appropriation	\$400,000
TOTAL APPROPRIATION	\$1,247,142,000

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

(a) During the 2015-2017 fiscal biennium, when contracts are established or renewed for offender pay phone and other telephone services provided to inmates, the department shall select the contractor or contractors primarily based on the following factors: (i) The lowest rate charged to both the inmate and the person paying for the telephone call; and (ii) the lowest commission rates paid to the department, while providing reasonable compensation to cover the costs of the department to provide the telephone services to inmates and provide sufficient revenues for the activities funded from the institutional welfare betterment account.

(b) The department may contract for up to 300 beds statewide to the extent that it is at no net cost to the department. The department shall calculate and report the average cost per offender per day, inclusive of all services, on an annual basis for a facility that is representative of average medium or lower offender costs. The duration of the contracts may be for up to four years. The department shall not pay a rate greater than \$65 per day per offender for all costs associated with the offender while in the local correctional facility to include programming and health care costs, or the equivalent of \$65 per day per bed including programming and health care costs for full units. The capacity provided at local correctional facilities must be for offenders whom the department of corrections defines as medium or lower security offenders. Programming provided for inmates held in local jurisdictions is included in the rate, and details regarding the type and amount of programming, and any conditions regarding transferring offenders must be negotiated with the department as part of any contract. Local jurisdictions must provide health care to offenders that meet standards set by the department. The local jail must provide all medical care including unexpected emergent care. The department must utilize a screening process to ensure that offenders with existing extraordinary medical/mental health needs are not transferred to local jail facilities. If extraordinary medical conditions develop for an inmate while at a jail facility, the jail may transfer the offender back to the department, subject to terms of the negotiated agreement. Health care costs incurred prior to transfer are the responsibility of the jail.

(c) \$501,000 of the general fund—state appropriation for fiscal year 2016 and \$501,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the department to maintain the facility, property, and assets at the institution formerly known as the maple lane school in Rochester. The department may not house incarcerated offenders at the

maple lane site until specifically directed to do so by the legislature.

(d) \$1,379,000 of the general fund—state appropriation for fiscal year 2016, and \$1,379,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the department to contract with Yakima county for the use of inmate bed capacity in lieu of prison beds operated by the state to meet prison capacity needs.

(e) The department shall review its policies and procedures for overtime usage throughout its prison custody system to identify efficiencies and best practices that will control costs. The department shall provide to the appropriate committees of the legislature by November 15, 2015, a report that makes recommendations to reduce the department's overtime usage and reduces overall costs for prison personnel.

(f) In an effort to reduce its need for medium security beds, the department shall review options to meet capacity needs in the most cost-efficient manner without compromising safety. The department shall at a minimum review its policies that determine custody levels, including examining other states' policies and determine costs to convert any empty prison beds to medium security and possibilities to utilize local jail beds for this purpose. The department must evaluate the options on both a short-term and long-term basis against the cost and timing of any proposal to build a new prison facility. The department shall report its findings and recommendations to the appropriate committees of the legislature by December 1, 2015.

(g) Within the amounts provided in this section, the department of corrections shall explore entering into an interagency agreement with the University of Washington. The interagency agreement would allow the department to receive drug pricing under 340B of the public health services act for drug purchases associated with treating patients with hepatitis C or other diseases, whereby the university is acting as the covered entity or safety-net provider. In cooperation with the University of Washington, the department must provide an estimate of the fiscal impact of a successful agreement of this nature, to be included in the report provided to the legislature under section 606 of this act.

(3) COMMUNITY SUPERVISION

General Fund—State Appropriation (FY 2016)	\$152,893,000
General Fund—State Appropriation (FY 2017)	\$156,050,000
General Fund—Federal Appropriation	\$995,000
TOTAL APPROPRIATION	\$309,938,000

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

(a) The department of corrections shall contract with local and tribal governments for the provision of jail capacity to house offenders who violate the terms of their community supervision. A contract shall not have a cost of incarceration in excess of \$85 per day per offender. A contract shall not have a year-to-year increase in excess of three percent per year. The contracts may include rates for the medical care of offenders which exceed the daily cost of incarceration and the limitation on year-to-year increases, provided that medical payments conform to the department's offender health plan and pharmacy formulary, and all off-site medical expenses are preapproved by department utilization management staff.

(b) Within the amounts provided in this subsection, specific funding is provided to implement Senate Bill No. 5070 (supervision of domestic violence offenders).

(c) The department shall engage in ongoing mitigation strategies to reduce the costs associated with community supervision violators, including improvements in data collection and reporting and alternatives to short-term confinement for low-level violators.

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(4) CORRECTIONAL INDUSTRIES

General Fund—State Appropriation (FY 2016)	\$6,273,000
General Fund—State Appropriation (FY 2017)	\$6,369,000
TOTAL APPROPRIATION	\$12,642,000

(5) INTERAGENCY PAYMENTS

General Fund—State Appropriation (FY 2016)	\$45,308,000
General Fund—State Appropriation (FY 2017)	\$41,572,000
TOTAL APPROPRIATION	\$86,880,000

The appropriations in this subsection are subject to the following conditions and limitations: The state prison medical facilities may use funds appropriated in this subsection to purchase goods and supplies through hospital or other group purchasing organizations when it is cost effective to do so.

(6) OFFENDER CHANGE

General Fund—State Appropriation (FY 2016)	\$45,498,000
General Fund—State Appropriation (FY 2017)	\$46,845,000
TOTAL APPROPRIATION	\$92,343,000

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

(a) The department of corrections shall use funds appropriated in this subsection (6) for offender programming. The department shall develop and implement a written comprehensive plan for offender programming that prioritizes programs which follow the risk-needs-responsivity model, are evidence-based, and have measurable outcomes. The department is authorized to discontinue ineffective programs and to repurpose underspent funds according to the priorities in the written plan.

(b) Effective April 1, 2016, the regional support networks must subcontract with providers that have specialized expertise in the provision of outpatient chemical dependency treatment services to offenders who have been sentenced by a superior court to a term of community supervision by the department of corrections. The department of corrections and the department of social and health services must develop a memorandum of understanding for offenders on active supervision by the department who are eligible for chemical dependency programming and to ensure that manualized evidence-based treatment services funded by these agencies are coordinated, do not result in duplication of services, and maintain access and quality of care for the individuals being served.

(c) The department of corrections shall implement and make necessary changes to policies and practices to assist eligible needs-assessed offenders within the community with access to outpatient chemical dependency treatment services through the behavioral health organizations and early adopters.

NEW SECTION. Sec. 221. FOR THE DEPARTMENT OF SERVICES FOR THE BLIND

General Fund—State Appropriation (FY 2016)	\$2,290,000
General Fund—State Appropriation (FY 2017)	\$2,297,000
General Fund—Federal Appropriation	\$23,186,000
General Fund—Private/Local Appropriation	\$60,000
TOTAL APPROPRIATION	\$27,833,000

NEW SECTION. Sec. 222. FOR THE EMPLOYMENT SECURITY DEPARTMENT

General Fund—Federal Appropriation	\$258,156,000
General Fund—Private/Local Appropriation	\$34,758,000
Unemployment Compensation Administration Account—Federal Appropriation	\$285,849,000
Administrative Contingency Account—State Appropriation	\$24,537,000
Employment Service Administrative Account—State Appropriation	\$46,134,000
TOTAL APPROPRIATION	\$649,434,000

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

(1) \$4,662,000 of the unemployment compensation administration account—federal appropriation is from amounts made available to the state by section 903(g) of the social security act (Reed act). This amount is provided solely for the replacement of the unemployment insurance tax information system for the employment security department. The amounts provided in this subsection is conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(2) \$26,955,000 of the unemployment compensation administration account—federal appropriation is provided from amounts made available to the state by section 903(g) of the social security act (Reed act). This amount is provided solely for the replacement of the unemployment insurance benefit system for the employment security department. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(3) The department may implement a revised chart of accounts for the 2015-2017 fiscal biennium following the receipt and approval of the reconstructed ten-year operating and capital expenditure plan by the office of financial management and the legislative evaluation and accountability program committee. The proposed structure must reduce the department's structure from seven programs to four and better align the budget reporting structure with the department's current operational structure.

(4) The department is directed to maximize the use of federal funds. The department must update its budget annually to align expenditures with anticipated changes in projected revenues.

(5) \$48,000 of the employment services administrative account—state appropriation is provided for costs associated with the second stage of the review and evaluation of the training benefits program as directed in section 15(2), chapter 4, Laws of 2011 (unemployment insurance program). This second stage shall be developed and conducted by the joint legislative audit and review committee and shall consist of further work on the process study and net-impact/cost-benefit analysis components of the evaluation.

(6) The department is prohibited from expending amounts appropriated in this section for implementation of chapter 49.86 RCW.

(7) \$240,000 of the administrative contingency account—state appropriation is provided solely for the employment security department to contract with a center for workers in King county. The amount appropriated in this subsection shall be used by the contracted center for workers to support initiatives that generate high-skill, high-wage jobs; improve workforce and training systems; improve service delivery for dislocated workers; and build alliances with community and environmental organizations.

**PART III
NATURAL RESOURCES**

NEW SECTION. Sec. 301. FOR THE COLUMBIA RIVER GORGE COMMISSION

General Fund—State Appropriation (FY 2016)	\$455,000
General Fund—State Appropriation (FY 2017)	\$474,000
General Fund—Federal Appropriation	\$32,000
General Fund—Private/Local Appropriation	\$895,000
TOTAL APPROPRIATION	\$1,856,000

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

General Fund—State Appropriation (FY 2016)	\$24,694,000
General Fund—State Appropriation (FY 2017)	\$24,795,000

General Fund—Federal Appropriation	\$103,800,000
General Fund—Private/Local Appropriation	\$22,398,000
Reclamation Account—State Appropriation	\$3,926,000
Flood Control Assistance Account—State Appropriation	\$2,068,000
State Emergency Water Projects Revolving Account—State Appropriation	\$40,000
Waste Reduction/Recycling/Litter Control—State Appropriation	\$13,163,000
State Drought Preparedness Account—State Appropriation	\$204,000
State and Local Improvements Revolving Account (Water Supply Facilities)—State Appropriation	\$447,000
Aquatic Algae Control Account—State Appropriation	\$518,000
Water Rights Tracking System Account—State Appropriation	\$46,000
Site Closure Account—State Appropriation	\$578,000
Wood Stove Education and Enforcement Account—State Appropriation	\$547,000
Worker and Community Right-to-Know Account—State Appropriation	\$1,790,000
Water Rights Processing Account—State Appropriation	\$39,000
State Toxics Control Account—State Appropriation	\$132,643,000
State Toxics Control Account—Private/Local Appropriation	\$499,000
Local Toxics Control Account—State Appropriation	\$4,628,000
Water Quality Permit Account—State Appropriation	\$41,644,000
Underground Storage Tank Account—State Appropriation	\$3,544,000
Biosolids Permit Account—State Appropriation	\$2,108,000
Environmental Legacy Stewardship Account—State Appropriation	\$44,295,000
Hazardous Waste Assistance Account—State Appropriation	\$6,029,000
Radioactive Mixed Waste Account—State Appropriation	\$14,900,000
Air Pollution Control Account—State Appropriation	\$3,284,000
Oil Spill Prevention Account—State Appropriation	\$8,594,000
Air Operating Permit Account—State Appropriation	\$3,231,000
Freshwater Aquatic Weeds Account—State Appropriation	\$1,439,000
Oil Spill Response Account—State Appropriation	\$7,076,000
Water Pollution Control Revolving Administration Account—State Appropriation	\$579,000
Water Pollution Control Revolving Account—State Appropriation	\$493,000
Water Pollution Control Revolving Account—Federal Appropriation	\$2,337,000
TOTAL APPROPRIATION	\$476,376,000

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

(1) \$170,000 of the oil spill prevention account—state appropriation is provided solely for a contract with the University of Washington's sea grant program to continue an educational program targeted to small spills from commercial fishing vessels, ferries, cruise ships, ports, and marinas.

(2) \$495,000 of the state toxics control account—state appropriation and \$625,000 of the local toxics control account—state appropriation is provided solely for the expansion of the local source control program by adding additional capacity in the Columbia River basin and Clark county.

(3) \$310,000 of the state toxics control account—state appropriation is provided solely for the Spokane river regional toxics task force to address elevated levels of polychlorinated biphenyls in the Spokane river.

(4) Within the amounts appropriated in this section, the department shall conduct a stakeholder process with the department of fish and wildlife to develop recommendations to restructure the fees under RCW 90.16.050 and report to the appropriate committees of the legislature by December 1, 2015.

(5) \$1,044,000 of the oil spill prevention account—state appropriation is provided solely for the implementation of chapter 274, Laws of 2015 (ESHB 1449).

(6) \$3,883,000 of the state toxics control account—state appropriation is provided solely for the implementation of Engrossed Second Substitute House Bill No. 1472 (chemical action plans), Second Substitute Senate Bill No. 5056 (safer chemicals/action plans), Substitute Senate Bill No. 6131 (safer chemicals), or any of these. If none of these bills are enacted by July 10, 2015, the amount provided in this subsection shall lapse.

(7) \$134,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for implementation of chapter 144, Laws of 2015 (SHB 1851).

(8) \$135,000 of the general fund—state appropriation for fiscal year 2016 and \$135,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Walla Walla watershed management partnership to address water resource and management issues in the Walla Walla watershed.

(9)(a) \$14,000,000 of the general fund—state appropriation for fiscal year 2016 and \$14,000,000 of the general fund—state appropriation for fiscal year 2017 are for activities within the water resources program.

(b) Of the amounts provided in (a) of this subsection, \$500,000 of the general fund—state appropriation for fiscal year 2017 is provided solely for processing water right permit applications only if the department of ecology issues at least five hundred water right decisions in fiscal year 2016. If the department of ecology does not issue at least five hundred water right decisions in fiscal year 2016, the amount provided in this subsection shall lapse and remain unexpended. Permit decisions for the Columbia river basin count toward the five hundred water rights decisions under this subsection. The department of ecology shall submit a report to the office of financial management and the state treasurer by June 30, 2016, that documents whether five hundred water right decisions were issued in fiscal year 2016. For the purposes of this subsection, applications that are voluntarily withdrawn by an applicant do not count towards the five hundred water right decision requirement. For the purposes of water budget-neutral requests under chapter 173-539A WAC, multiple domestic connections authorized within a single water budget-neutral decision are considered one decision for the purposes of this subsection.

(10) Within the amounts appropriated in this section, the department must evaluate mitigation options for domestic water use in areas of the Yakima basin for which mitigation water is unavailable and access to water from water banks is unsuitable. The department must recommend solutions for providing mitigation water for domestic use in such areas. A report of the department's findings must be provided to the legislature by December 1, 2015.

NEW SECTION. Sec. 303. FOR THE STATE PARKS AND RECREATION COMMISSION

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General Fund—State Appropriation (FY 2016)	\$10,578,000
General Fund—State Appropriation (FY 2017)	\$10,475,000
General Fund—Federal Appropriation	\$6,920,000
Winter Recreation Program Account—State	\$3,280,000
ORV and Nonhighway Vehicle Account—State	\$228,000
Snowmobile Account—State Appropriation	\$5,794,000
Aquatic Lands Enhancement Account—State	\$363,000
Parks Renewal and Stewardship Account—State	\$116,707,000
Parks Renewal and Stewardship Account—Private/Local	\$318,000
TOTAL APPROPRIATION	\$154,663,000

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

(1) \$79,000 of the general fund—state appropriation for fiscal year 2016 and \$79,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a grant for the operation of the Northwest weather and avalanche center.

(2) \$100,000 of the general fund—state appropriation for fiscal year 2016 and \$100,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the commission to pay assessments charged by local improvement districts.

NEW SECTION. Sec. 304. FOR THE RECREATION AND CONSERVATION FUNDING BOARD

General Fund—State Appropriation (FY 2016)	\$873,000
General Fund—State Appropriation (FY 2017)	\$845,000
General Fund—Federal Appropriation	\$3,537,000
General Fund—Private/Local Appropriation	\$24,000
Aquatic Lands Enhancement Account—State	\$488,000
Firearms Range Account—State	\$37,000
Recreation Resources Account—State	\$3,349,000
NOVA Program Account—State	\$1,014,000
TOTAL APPROPRIATION	\$10,167,000

NEW SECTION. Sec. 305. FOR THE ENVIRONMENTAL AND LAND USE HEARINGS OFFICE

General Fund—State Appropriation (FY 2016)	\$4,287,000
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NEW SECTION. Sec. 306. FOR THE CONSERVATION COMMISSION

General Fund—State Appropriation (FY 2016)	\$6,775,000
General Fund—State Appropriation (FY 2017)	\$6,810,000
General Fund—Federal Appropriation	\$2,301,000
Public Works Assistance Account—State	\$7,600,000
State Toxics Control Account—State	\$1,000,000
TOTAL APPROPRIATION	\$24,486,000

The appropriations in this section are subject to the following conditions and limitations: \$7,600,000 of the public works assistance account—state appropriation is provided solely for implementation of the voluntary stewardship program. This amount may not be used to fund agency indirect and administrative expenses.

NEW SECTION. Sec. 307. FOR THE DEPARTMENT OF FISH AND WILDLIFE

General Fund—State Appropriation (FY 2016)	\$37,559,000
General Fund—State Appropriation (FY 2017)	\$36,622,000
General Fund—Federal Appropriation	\$113,009,000
General Fund—Private/Local Appropriation	\$61,447,000

ORV and Nonhighway Vehicle Account—State	\$424,000
Aquatic Lands Enhancement Account—State	\$11,500,000
Recreational Fisheries Enhancement—State	\$2,975,000
Warm Water Game Fish Account—State	\$2,723,000
Eastern Washington Pheasant Enhancement Account—State	\$849,000
Aquatic Invasive Species Enforcement Account—State	\$219,000
Aquatic Invasive Species Prevention Account—State	\$775,000
State Wildlife Account—State	\$111,251,000
Special Wildlife Account—State	\$300,000
Special Wildlife Account—Federal	\$500,000
Special Wildlife Account—Private/Local	\$3,517,000
Wildlife Rehabilitation Account—State	\$359,000
Hydraulic Project Approval Account—State	\$668,000
Environmental Legacy Stewardship Account—State	\$2,814,000
Regional Fisheries Enhancement Salmonid Recovery Account—Federal	\$5,001,000
Oil Spill Prevention Account—State	\$1,069,000
Oyster Reserve Land Account—State	\$778,000
TOTAL APPROPRIATION	\$394,359,000

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

(1) \$344,000 of the general fund—state appropriation for fiscal year 2016 and \$344,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to pay for emergency fire suppression costs. These amounts may not be used to fund agency indirect and administrative expenses.

(2) \$596,000 of the general fund—state appropriation for fiscal year 2016 and \$596,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for weed assessments and for payments in lieu of real property taxes to counties that elect to receive the payments for department owned game lands within the county.

(3) \$300,000 of the aquatic lands enhancement account—state appropriation is provided solely for the aquatic invasive species and ballast water programs to address voluntary compliance and watercraft check stations and develop recommendations for future funding and the transition to new federal ballast water regulations. These recommendations shall be provided to the governor and legislature by June 1, 2016.

(4) Prior to submitting its 2017-2019 biennial operating and capital budget requests related to state fish hatcheries to the office of financial management, the department shall contract with the hatchery scientific review group (HSRG) to review the proposed requests. This review shall: (a) Determine if the proposed requests are consistent with HSRG recommendations; (b) prioritize the components of the requests based on their contributions to protecting wild salmonid stocks and meeting the recommendations of the HSRG; and (c) evaluate whether the proposed requests are being made in the most cost effective manner. The department shall provide a copy of the HSRG review to the office of financial management with its agency budget proposal.

(5) \$400,000 of the general fund—state appropriation for fiscal year 2016 and \$400,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a state match to support the Puget Sound nearshore partnership between the department and the United States army corps of engineers. Prior to implementation of any Puget Sound nearshore ecosystem restoration projects in Whatcom county, the department must consult with and seek, to the maximum extent practicable, consensus on those projects among appropriate landowners, federally recognized Indian tribes, agencies, and community and interest groups.

(6) Within the amounts appropriated in this section, the department shall identify additional opportunities for partnerships in order to keep fish hatcheries operational. Such partnerships shall aim to maintain fish production and salmon recovery with less reliance on state operating funds.

(7) Within the amounts appropriated in this section, the department shall conduct a stakeholder process with the department of ecology to develop recommendations to restructure the fees under RCW 90.16.050 and report to the appropriate committees of the legislature by December 1, 2015.

(8) The department shall maintain a working capital reserve in the nonrestricted portion of the state wildlife account of no more than five percent of projected expenses in the nonrestricted portion of the account.

(9) \$72,000 of the oil spill prevention account—state appropriation is provided solely for implementation of chapter 274, Laws of 2015 (ESHB 1449).

(10) \$352,000 of the general fund—state appropriation for fiscal year 2016 and \$351,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of chapter 191, Laws of 2015 (SSB 5166).

NEW SECTION. Sec. 308. FOR THE DEPARTMENT OF NATURAL RESOURCES

General Fund—State Appropriation (FY 2016)	\$51,961,000
General Fund—State Appropriation (FY 2017)	\$54,771,000
General Fund—Federal Appropriation	\$27,133,000
General Fund—Private/Local Appropriation	\$2,372,000
Forest Development Account—State Appropriation	\$53,463,000
ORV and Nonhighway Vehicle Account—State Appropriation	\$4,806,000
Surveys and Maps Account—State Appropriation	\$1,496,000
Aquatic Lands Enhancement Account—State Appropriation	\$8,711,000
Resources Management Cost Account—State Appropriation	\$113,223,000
Surface Mining Reclamation Account—State Appropriation	\$3,926,000
Disaster Response Account—State Appropriation	\$5,000,000
Forest and Fish Support Account—State Appropriation	\$9,011,000
Aquatic Land Dredged Material Disposal Site Account—State Appropriation	\$400,000
Natural Resources Conservation Areas Stewardship Account—State Appropriation	\$34,000
Marine Resources Stewardship Trust Account—State Appropriation	\$925,000
State Toxics Control Account—State Appropriation	\$5,438,000
Forest Practices Application Account—State Appropriation	\$1,763,000
Environmental Legacy Stewardship Account—State Appropriation	\$1,004,000

Air Pollution Control Account—State Appropriation	\$816,000
NOVA Program Account—State Appropriation	\$696,000
Derelict Vessel Removal Account—State Appropriation	\$1,930,000
Agricultural College Trust Management Account—State Appropriation	\$2,864,000
TOTAL APPROPRIATION	\$351,743,000

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

(1) \$1,420,000 of the general fund—state appropriation for fiscal year 2016 and \$1,352,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for deposit into the agricultural college trust management account and are provided solely to manage approximately 70,700 acres of Washington State University's agricultural college trust lands.

(2) \$21,055,000 of the general fund—state appropriation for fiscal year 2016, \$21,055,000 of the general fund—state appropriation for fiscal year 2017, and \$5,000,000 of the disaster response account—state appropriation are provided solely for emergency fire suppression. The general fund—state appropriation and disaster response account—state appropriation provided in this subsection may not be used to fund agency indirect and administrative expenses. Agency indirect and administrative costs shall be allocated among the agency's remaining accounts and appropriations. The department of natural resources shall submit a quarterly report to the office of financial management and the legislative fiscal committees detailing information on current and planned expenditures from the disaster response account. This work shall be done in coordination with the military department.

(3) \$5,000,000 of the forest and fish support account—state appropriation is provided solely for outcome-based, performance contracts with tribes to participate in the implementation of the forest practices program. Contracts awarded may only contain indirect costs set at or below the rate in the contracting tribe's indirect cost agreement with the federal government. If federal funding for this purpose is reinstated, the amount provided in this subsection shall lapse.

(4) \$925,000 of the marine resources stewardship trust account—state appropriation is provided solely for implementation of priority marine management planning efforts including mapping activities, ecological assessment, data tools, and stakeholder engagement.

(5) \$440,000 of the state general fund—state appropriation for fiscal year 2016 and \$440,000 of the state general fund—state appropriation for fiscal year 2017 are provided solely for forest work crews that support correctional camps and are contingent upon continuing operations of the Naselle youth camp.

(6) \$2,947,000 of the general fund—state appropriation for fiscal year 2016 and \$2,947,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the department to carry out the forest practices adaptive management program pursuant to RCW 76.09.370 and the May 24, 2012, settlement agreement entered into by the department and the department of ecology. Scientific research must be carried out according to the master project schedule and work plan of cooperative monitoring, evaluation, and research priorities adopted by the forest practices board. The forest practices board shall submit a report to the legislature following review, approval, and solicitation of public comment on the cooperative monitoring, evaluation, and research master project schedule, to include: Cooperative monitoring, evaluation, and research science and related adaptive management expenditure details, accomplishments, the use of cooperative monitoring, evaluation, and research science in decision-making, and funding needs for

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the coming biennium. The report shall be provided to the appropriate committees of the legislature by October 1, 2016.

(7) \$155,000 of the general fund—state appropriation for fiscal year 2016 and \$127,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for ongoing law enforcement, which the department may contract with local law enforcement agencies, and for noxious weed control, forest fire protection assessment, and other purchased services for the Teanaway community forest as provided in the Teanaway community forest management plan.

(8) The department shall maintain working capital reserves in the resource management cost account and the forest development account of no more than five percent of the amounts appropriated in each account.

(9) \$337,000 of the general fund—state appropriation for fiscal year 2016 and \$311,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 182, Laws of 2015 (ESHB 2093).

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

General Fund—State Appropriation (FY 2016)	\$16,173,000
General Fund—State Appropriation (FY 2017)	\$16,069,000
General Fund—Federal Appropriation	\$26,851,000
General Fund—Private/Local Appropriation	\$193,000
Aquatic Lands Enhancement Account—State Appropriation	\$2,884,000
State Toxics Control Account—State Appropriation	\$5,910,000
Water Quality Permit Account—State Appropriation	\$73,000
TOTAL APPROPRIATION	\$68,153,000

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

(1) \$6,108,445 of the general fund—state appropriation for fiscal year 2016 and \$6,102,905 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementing the food assistance program as defined in RCW 43.23.290.

(2) \$48,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for implementation of chapter 106, Laws of 2015 (HB 1268).

(3) \$575,000 of the state toxics control account—state appropriation is provided solely to implement a nutrient management training program for farmers that provides training in agronomic application of dairy nutrients, as defined in RCW 90.64.010. The department shall develop an accreditation process to track completion of training by individuals who apply manure. The department shall also offer to willing farms to review agronomic application of dairy nutrients, as defined in RCW 90.64.010, used in crop production, including when, where, and how much manure to apply to meet crop nutrient requirements and to protect waters of the state. These funds may also be used to increase inspection activities in watersheds, including those areas with impaired surface or ground water impairment. The department in consultation with interested stakeholders shall identify gaps in the manure management program, including existing rules and statutory language, and report on a strategy to address those gaps. This program shall be a two-year pilot and the department shall report to the governor and the legislature by December 31, 2015, June 30, 2016, and on June 30, 2017, on the level of participation and results of the program. In developing the curriculum for agronomic education and certification programs, the department will provide opportunity for input from interested parties including: Washington State University, state conservation commission, department of ecology, conservation

district staff, representatives from agricultural, livestock, and crop organizations, environmental organizations, tribal government representatives, and certified crop advisers.

(4) \$126,000 of the general fund—state appropriation for fiscal year 2016 is provided solely to analyze raw milk samples as required by chapter 15.36 RCW. The department shall report to the governor and the appropriate committees of the legislature by September 1, 2015, with recommendations for an assessment or a cost-recovery mechanism to support the department's activities associated with inspections and testing of raw milk samples.

NEW SECTION. Sec. 310. FOR THE WASHINGTON POLLUTION LIABILITY INSURANCE PROGRAM

Pollution Liability Insurance Program Trust Account—State Appropriation	\$1,387,000
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NEW SECTION. Sec. 311. FOR THE PUGET SOUND PARTNERSHIP

General Fund—State Appropriation (FY 2016)	\$2,319,000
General Fund—State Appropriation (FY 2017)	\$2,338,000
General Fund—Federal Appropriation	\$9,895,000
Aquatic Lands Enhancement Account—State Appropriation	\$2,109,000
State Toxics Control Account—State Appropriation	\$701,000
TOTAL APPROPRIATION	\$17,362,000

The appropriations in this section are subject to the following conditions and limitations: By October 15, 2016, the Puget Sound partnership shall provide the governor a single, prioritized list of state agency 2017-2019 capital and operating budget requests related to Puget Sound restoration.

PART IV TRANSPORTATION

NEW SECTION. Sec. 401. FOR THE DEPARTMENT OF LICENSING

General Fund—State Appropriation (FY 2016)	\$1,400,000
General Fund—State Appropriation (FY 2017)	\$1,472,000
Architects' License Account—State Appropriation	\$1,007,000
Professional Engineers' Account—State Appropriation	\$4,157,000
Real Estate Commission Account—State Appropriation	\$11,524,000
Uniform Commercial Code Account—State Appropriation	\$3,270,000
Real Estate Education Program Account—State Appropriation	\$276,000
Real Estate Appraiser Commission Account—State Appropriation	\$1,837,000
Business and Professions Account—State Appropriation	\$18,218,000
Real Estate Research Account—State Appropriation	\$415,000
Geologists' Account—State Appropriation	\$53,000
Derelict Vessel Removal Account—State Appropriation	\$32,000
TOTAL APPROPRIATION	\$43,661,000

The appropriations in this section are subject to the following conditions and limitations: \$198,000 of the general fund—state appropriation for fiscal year 2016 and \$11,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of Engrossed Senate Bill No. 5416 (vessel-related transactions). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 402. FOR THE STATE PATROL

General Fund—State Appropriation (FY 2016)	\$39,855,000
General Fund—State Appropriation (FY 2017)	\$38,094,000
General Fund—Federal Appropriation	\$16,074,000
General Fund—Private/Local Appropriation	\$3,070,000
Death Investigations Account—State Appropriation	\$6,508,000
Enhanced 911 Account—State Appropriation	\$3,230,000
County Criminal Justice Assistance Account—State Appropriation	\$3,532,000
Municipal Criminal Justice Assistance Account—State Appropriation	\$1,443,000
Fire Service Trust Account—State Appropriation	\$131,000
Vehicle License Fraud Account—State Appropriation	\$255,000
Disaster Response Account—State Appropriation	\$8,000,000
Fire Service Training Account—State Appropriation	\$9,997,000
Aquatic Invasive Species Enforcement Account—State Appropriation	\$54,000
State Toxics Control Account—State Appropriation	\$532,000
Fingerprint Identification Account—State Appropriation	\$13,930,000
TOTAL APPROPRIATION	\$144,705,000

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

(1) \$200,000 of the fire service training account—state appropriation is provided solely for two FTEs in the office of the state director of fire protection to exclusively review K-12 construction documents for fire and life safety in accordance with the state building code. It is the intent of this appropriation to provide these services only to those districts that are located in counties without qualified review capabilities.

(2) \$8,000,000 of the disaster response account—state appropriation is provided solely for Washington state fire service resource mobilization costs incurred in response to an emergency or disaster authorized under RCW 43.43.960 through 43.43.964. The state patrol shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on current and planned expenditures from this account. This work shall be done in coordination with the military department.

(3) \$700,000 of the fire service training account—state appropriation is provided solely for the firefighter apprenticeship training program.

(4) \$3,230,000 of the enhanced 911 account—state appropriation is provided solely for the first phase of the state patrol's plan to upgrade the criminal history system, and is subject to the same conditions, limitations and review provided in section 705 (4) through (6) of this act.

(5) \$1,375,000 of the general fund—state appropriation for fiscal year 2016 and \$1,375,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 247, Laws of 2015 (Substitute House Bill No. 1068).

(6) \$3,200,000 of the fingerprint investigation account—state appropriation is provided solely for the second phase of the state patrol's plan to upgrade the criminal history system, and is subject to the same conditions, limitations and review provided in section 705 (4) through (6) of this act.

(7) Within amounts provided in this section, the Washington state patrol shall work with the consolidated technology services agency to explore the feasibility and appropriateness of using vacant data halls in the state data center as storage facilities for evidence collected by law enforcement agencies, including but

not limited to the state patrol. The state patrol and the consolidated technology services agency shall develop a cost estimate for modifying the data center halls in order to fit this purpose. The state patrol shall submit a report on its findings to the governor and the appropriate committees of the legislature by December 1, 2015.

(8) \$50,000 of the general fund—state appropriation for fiscal year 2016 and \$50,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the state patrol to pay assessments charged by local improvement districts.

PART V EDUCATION

NEW SECTION. **Sec. 501. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION**

General Fund—State Appropriation (FY 2016)	\$37,939,000
General Fund—State Appropriation (FY 2017)	\$39,133,000
General Fund—Federal Appropriation	\$67,174,000
General Fund—Private/Local Appropriation	\$6,123,000
Dedicated Marijuana Account—State Appropriation (FY 2016)	\$251,000
Dedicated Marijuana Account—State Appropriation (FY 2017)	\$511,000
Performance Audits of Government Account—State Appropriation	\$208,000
TOTAL APPROPRIATION	\$151,339,000

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

(1) \$9,868,000 of the general fund—state appropriation for fiscal year 2016 and \$10,150,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the operation and expenses of the office of the superintendent of public instruction.

(a) The superintendent shall recognize the extraordinary accomplishments of four students who have demonstrated a strong understanding of the civics essential learning requirements to receive the Daniel J. Evans civic education award.

(b) Districts shall report to the office of the superintendent of public instruction daily student unexcused absence data by school, using a uniform definition of unexcused absence as established by the superintendent.

(c) By September of each year, the office of the superintendent of public instruction shall produce an annual status report on implementation of the budget provisos in sections 501 and 513 of this act. The status report of each proviso shall include, but not be limited to, the following information: Purpose and objective, number of state staff funded by the proviso, number of contractors, status of proviso implementation, number of beneficiaries by year, list of beneficiaries, a comparison of budgeted funding and actual expenditures, other sources and amounts of funding, and proviso outcomes and achievements.

(d) The superintendent of public instruction, in consultation with the secretary of state, shall update the program prepared and distributed under RCW 28A.230.150 for the observation of temperance and good citizenship day to include providing an opportunity for eligible students to register to vote at school.

(e) Districts shall annually report to the office of the superintendent of public instruction on: (i) The annual number of graduating high school seniors within the district earning the Washington state seal of biliteracy provided in RCW 28A.300.575; and (ii) the number of high school students earning competency-based high school credits for world languages by demonstrating proficiency in a language other than English. The office of the superintendent of public instruction shall provide a

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summary report to the office of the governor and the appropriate committees of the legislature by December 1st of each year.

(f) The superintendent of public instruction shall create rules to require each school district to establish accounting procedures for local levy and local effort assistance revenue that show such revenue and related expenditures separately from all other revenues and expenditures. The accounting system established for such purpose shall account for basic education and non-basic education expenditures. The agency's rules shall require each school district, beginning with the 2016-17 school year, to report the expenditure of the local levy and local effort assistance revenue by activity and by object. Local levy dollars shall be accounted in an account separate from the school district's general fund. The school district's report must also include base compensation by job categories as defined by the office of the superintendent of public instruction, and by cell on the state salary schedule. The report must include additional time-based and non-time-based compensation available to each job category, and must identify the hours required to be worked by each category for base pay and additional compensation. Compensation for extra hours worked or extra workload must be included in the data reporting.

(2) \$1,017,000 of the general fund—state appropriation for fiscal year 2016 and \$1,017,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for activities associated with the implementation of new school finance systems required by chapter 236, Laws of 2010 (K-12 education funding) and chapter 548, Laws of 2009 (state's education system), including technical staff, systems reprogramming, and workgroup deliberations, including the quality education council and the data governance working group.

(3) \$1,012,000 of the general fund—state appropriation for fiscal year 2016 and \$1,012,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the operation and expenses of the state board of education, including basic education assistance activities. Of these amounts, \$161,000 of the general fund—state appropriation for fiscal year 2016 and \$161,000 of the general fund—state appropriation for fiscal year 2017 are provided for implementation of Initiative Measure No. 1240 (charter schools).

(4) \$3,571,000 of the general fund—state appropriation for fiscal year 2016 and \$3,447,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to the professional educator standards board for the following:

(a) \$1,050,000 in fiscal year 2016 and \$1,050,000 in fiscal year 2017 are for the operation and expenses of the Washington professional educator standards board;

(b) \$2,372,000 of the general fund—state appropriation for fiscal year 2016 and \$2,372,000 of the general fund—state appropriation for fiscal year 2017 are for grants to improve preservice teacher training and for funding of alternative routes to certification programs administered by the professional educator standards board. Alternative routes programs include the pipeline for paraeducators program, the retooling to teach conditional loan programs, and the recruiting Washington teachers program. Within this subsection (4)(b), up to \$500,000 per fiscal year is available for grants to public or private colleges of education in Washington state to develop models and share best practices for increasing the classroom teaching experience of preservice training programs;

(c) \$25,000 of the general fund—state appropriation for fiscal year 2016 and \$25,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the professional educator standards board to develop educator interpreter

standards and identify interpreter assessments that are available to school districts. Interpreter assessments should meet the following criteria: (A) Include both written assessment and performance assessment; (B) be offered by a national organization of professional sign language interpreters and transliterators; and (C) be designed to assess performance in more than one sign system or sign language. The board shall establish a performance standard, defining what constitutes a minimum assessment result, for each educational interpreter assessment identified. The board shall publicize the standards and assessments for school district use;

(d) \$124,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for implementation of chapter 136, Laws of 2014 (paraeducator development).

(5) \$266,000 of the general fund—state appropriation for fiscal year 2016 and \$266,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of chapter 240, Laws of 2010, including staffing the office of equity and civil rights.

(a) \$5,000 of the amounts provided in this subsection shall be provided to the Washington state school directors association for the creation of a model policy and procedures for language access by limited-English proficient parents. In developing the model policy and procedures, the school directors association shall consider any guidance materials created by the United States department of justice, the United States department of education, and the office of the superintendent of public instruction, regarding how school districts can effectively assess their language access needs and how to develop appropriately tailored language access plans. The model policy and procedures must at a minimum address:

(i) Guidance and procedures for timely and accurate identification of limited-English proficient parents and guardians and their language access needs;

(ii) A recommended process and procedures for when and how to access an interpreter;

(iii) A prohibition on the use of students or children as interpreters for school-related communications;

(iv) Procedures to ensure appropriate staff are aware of parents' or guardians' need for language assistance, including guidance for all school administrators, teachers, and other appropriate staff regarding when and how to access an interpreter or translation services in a timely manner; and

(v) A process for communicating with parents and guardians about their rights under federal and state law to be provided with accessible information that allows them to make informed choices regarding their child's education and how to access the resources and services available to them.

(b) Within the amounts provided in this subsection, the office of the superintendent of public instruction shall:

(i) Convene an advisory committee with representatives of parents, school administrators, school principals, classified and certificated staff, and other appropriate parties with interest in language access for limited-English parents to develop sample materials for school districts to disseminate to both school employees and parents regarding parents' rights under the model policy developed by the Washington state school directors' association and the resources available to assist parents and guardians in accessing the services available to them. The sample materials must be developed by July 1, 2016;

(ii) Maintain and have available upon request a list of school districts that have and have not adopted the Washington state school directors' association's model policy;

(iii) Adopt rules regarding school districts' communication of the language access policy and procedure to parents, students, employees, and volunteers; and

(iv) Publish to the agency web site a listing of language access services providers available to school districts, including but not limited to, the telephonic, in-person, or video-remote interpreter services vendors on contract with the state of Washington, including contact information and training programs that are available to support school districts in preparing employees for how to access and effectively use an interpreter.

(6) \$50,000 of the general fund—state appropriation for fiscal year 2016 and \$50,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the ongoing work of the education opportunity gap oversight and accountability committee.

(7) \$61,000 of the general fund—state appropriation for fiscal year 2016 and \$61,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of chapter 380, Laws of 2009 (enacting the interstate compact on educational opportunity for military children).

(8) \$131,000 of the general fund—state appropriation for fiscal year 2016 and \$131,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of Initiative Measure No. 1240 (charter schools).

(9) \$1,802,000 of the general fund—state appropriation for fiscal year 2016 and \$1,802,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementing a comprehensive data system to include financial, student, and educator data, including development and maintenance of the comprehensive education data and research system (CEDARS).

(10) \$25,000 of the general fund—state appropriation for fiscal year 2016 and \$25,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for project citizen, a program sponsored by the national conference of state legislatures and the center for civic education to promote participation in government by middle school students.

(11) \$1,500,000 of the general fund—state appropriation for fiscal year 2016 and \$1,500,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for collaborative schools for innovation and success authorized under chapter 53, Laws of 2012. The office of the superintendent of public instruction shall award \$500,000 per year in funding for each collaborative school for innovation and success selected for participation in the pilot program during 2012.

(12) \$123,000 of the general fund—state appropriation for fiscal year 2016 and \$123,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 163, Laws of 2012 (foster care outcomes). The office of the superintendent of public instruction shall annually report each December on the implementation of the state's plan of cross-system collaboration to promote educational stability and improve education outcomes of foster youth.

(13) \$250,000 of the general fund—state appropriation for fiscal year 2016 and \$250,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 178, Laws of 2012 (open K-12 education resources).

(14) \$93,000 of the general fund—state appropriation for fiscal year 2016 and \$93,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for chapter 185, Laws of 2011 (bullying prevention), which requires the office of the superintendent of public instruction to convene an ongoing workgroup on school bullying and harassment

prevention. Within the amounts provided, \$140,000 is for youth suicide prevention activities.

(15) \$14,000 of the general fund—state appropriation for fiscal year 2016 and \$14,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 242, Laws of 2013 (state-tribal education compacts).

(16) \$62,000 of the general fund—state appropriation for fiscal year 2016 and \$62,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for competitive grants to school districts to increase the capacity of high schools to offer AP computer science courses. In making grant allocations, the office of the superintendent of public instruction must give priority to schools and districts in rural areas, with substantial enrollment of low-income students, and that do not offer AP computer science. School districts may apply to receive either or both of the following grants:

(a) A grant to establish partnerships to support computer science professionals from private industry serving on a voluntary basis as coconstructors along with a certificated teacher, including via synchronous video, for AP computer science courses; or

(b) A grant to purchase or upgrade technology and curriculum needed for AP computer science, as well as provide opportunities for professional development for classroom teachers to have the requisite knowledge and skills to teach AP computer science.

(17) \$10,000 of the general fund—state appropriation for fiscal year 2016 and \$10,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the superintendent of public instruction to convene a committee for the selection and recognition of Washington innovative schools. The committee shall select and recognize Washington innovative schools based on the selection criteria established by the office of the superintendent of public instruction, in accordance with chapter 202, Laws of 2011 (innovation schools—recognition) and chapter 260, Laws of 2011 (innovation schools and zones).

(18) \$100,000 of the general fund—state appropriation for fiscal year 2016 and \$100,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Mobius science center to expand mobile outreach of science, technology, engineering, and mathematics (STEM) education to students in rural, tribal, and low-income communities.

(19) \$59,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for the office of the superintendent of public instruction to convene a task force to design a performance-based assistance and accountability system for the transitional bilingual instruction program. The office must submit a report with recommendations from the task force to the education and fiscal committees of the legislature by January 15, 2016.

(20) \$131,000 of the general fund—state appropriation for fiscal year 2016 and \$131,000 of general fund—state appropriation for fiscal year 2017 are provided solely for the office of the superintendent of public instruction to perform on-going program reviews of alternative learning experience programs and dropout reengagement programs. The amounts provided in this subsection are sufficient for the office of the superintendent of public instruction to conduct ongoing consolidated program reviews of alternative learning experience programs and dropout reengagement programs established under chapter 20, Laws of 2010. The office of the superintendent of public instruction shall include alternative learning education and dropout reengagement programs in its ongoing consolidated program reviews, as well as provide outreach and training to school districts regarding implementation of the programs. Findings from the program reviews will be used to support and

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prioritize the office of the superintendent of public instruction outreach and education efforts that assist school districts in implementing the programs in accordance with statute and legislative intent, as well as to support financial and performance audit work conducted by the office of the state auditor.

(21) \$31,000 of the general fund—state appropriation for fiscal year 2016 and \$55,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the office of the superintendent of public instruction for statewide implementation of career and technical education course equivalency frameworks authorized under RCW 28A.700.070 for math and science. This may include development of additional equivalency course frameworks, course performance assessments, and professional development for districts implementing the new frameworks. At least two of the science course frameworks must be in environmental science.

(22) \$142,000 of the general fund—state appropriation for fiscal year 2016 and \$142,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 103, Laws of 2014 (Substitute Senate Bill No. 6431) (youth suicide prevention).

(23) \$208,000 of the performance audits of government account—state appropriation is provided solely to address additional audit resolutions and appeals in the alternative learning experience programs.

(24) \$2,541,000 of the general fund—state appropriation for fiscal year 2016 and \$2,541,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a corps of nurses located at educational service districts, as determined by the superintendent of public instruction, to be dispatched to the most needy schools to provide direct care to students, health education, and training for school staff.

(25) \$210,000 of the general fund—state appropriation for fiscal year 2016 and \$210,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a nonviolence and leadership training program provided by the institute for community leadership.

(26) \$1,221,000 of the general fund—state appropriation for fiscal year 2016 and \$1,221,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for K-20 telecommunications network technical support in the K-12 sector to prevent system failures and avoid interruptions in school utilization of the data processing and video-conferencing capabilities of the network. These funds may be used to purchase engineering and advanced technical support for the network.

(27) \$2,549,000 of the general fund—state appropriation for fiscal year 2016 and \$3,360,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Washington state achievers scholarship and Washington higher education readiness program. The funds shall be used to: Support community involvement officers that recruit, train, and match community volunteer mentors with students selected as achievers scholars; and to identify and reduce barriers to college for low-income and underserved middle and high school students.

(28) \$1,354,000 of the general fund—state appropriation for fiscal year 2016 and \$1,354,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for contracting with a college scholarship organization with expertise in conducting outreach to students concerning eligibility for the Washington college bound scholarship consistent with chapter 405, Laws of 2007.

(29) \$1,000,000 of the general fund—state appropriation for fiscal year 2016, \$1,000,000 of the general fund—state appropriation for fiscal year 2017, and \$762,000 of the dedicated marijuana account—state appropriation are provided solely for

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dropout prevention, intervention, and reengagement programs, including the jobs for America's graduates (JAG) program, dropout prevention programs that provide student mentoring, and the building bridges statewide program. Starting in school year 2014-15, students in the foster care system or who are homeless shall be given priority by districts offering the jobs for America's graduates program. The office of the superintendent of public instruction shall convene staff representatives from high schools to meet and share best practices for dropout prevention. Of these amounts, \$251,000 of the dedicated marijuana account—state appropriation for fiscal year 2016, and \$511,000 of the dedicated marijuana account—state appropriation for fiscal year 2017 are provided solely for the building bridges statewide program.

(30) \$2,654,000 of the general fund—state appropriation for fiscal year 2016 and \$2,984,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Washington kindergarten inventory of developing skills. State funding shall support the statewide administration of the inventory under RCW 28A.655.080(1) and the one-time implementation and training grants under RCW 28A.655.080(3) for schools implementing the inventory for the first time in the 2015-2017 fiscal biennium.

(31) \$75,000 of the general fund—state appropriation for fiscal year 2016 and \$75,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to subsidize advanced placement exam fees and international baccalaureate class fees and exam fees for low-income students. To be eligible for the subsidy, a student must be either enrolled or eligible to participate in the federal free or reduced-price lunch program, and the student must have maximized the allowable federal contribution. The office of the superintendent of public instruction shall set the subsidy in an amount so that the advanced placement exam fee does not exceed \$15.00 and the combined class and exam fee for the international baccalaureate does not exceed \$14.50.

(32) \$293,000 of the general fund—state appropriation for fiscal year 2016 and \$293,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the office of the superintendent of public instruction to support district implementation of comprehensive guidance and planning programs consistent with RCW 28A.600.045.

(33) \$2,864,000 of the general fund—state appropriation for fiscal year 2016 and \$3,758,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of Engrossed Second Substitute House Bill No. 1546 (dual credit education opportunities).

(34) \$161,000 of the general fund—state appropriation for fiscal year 2016 and \$54,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the superintendent of public instruction to convene a workgroup to recommend comprehensive benchmarks for developmentally appropriate interpersonal and decision-making knowledge and skills of social and emotional learning for grades kindergarten through high school that build upon what is being done in early learning. The workgroup shall submit recommendations to the education committees of the legislature, and the office of the governor by October 1, 2016.

(35) \$122,000 of the general fund—state appropriation for fiscal year 2016 and \$117,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of chapter 3 (SHB No. 1813), Laws of 2015 1st sp. sess. (computer science).

(36)(a) \$250,000 of the general fund—state appropriation for fiscal year 2016 and \$250,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the

office of the superintendent of public instruction to implement a K-12 dual language expansion grant program to build and expand well-implemented, sustainable dual language programs and create state-level infrastructure dedicated to dual language instruction.

(b) The superintendent shall award grants to pairs of school districts for periods of two years. Each awarded pair must have one district with an established dual language program with a plan for expansion, and another district with the desire to implement a new dual language program.

(c) Grant funds may be used for professional development, supplemental materials, training, administrative staffing of the program, site visits, recruiting bilingual teachers and instructional aides, program evaluation, and coaching.

(37) \$400,000 of the general fund—state appropriation for fiscal year 2016 and \$200,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the urban school turnaround initiative as follows:

(a) The office of the superintendent of public instruction shall provide grants of equal amounts to two schools that have previously received urban school turnaround initiative grants. The purpose of these grants is to assist the schools in maintaining gains made as a result of work completed under the original program, while also phasing out state funding support of the program.

(b) The office shall allocate the funds under this subsection (36) to the school district to be used exclusively in the selected schools. The district may not charge an overhead or indirect fee for the allocated funds or supplant other state, federal, or local funds in the selected schools. The school district shall use the funds for intensive supplemental instruction, services, and materials in the selected schools, including but not limited to professional development for school staff; updated curriculum, materials, and technology; extended learning opportunities for students; reduced class size; summer enrichment activities; school-based health clinics; and other research-based initiatives to dramatically turn around the performance and close the achievement gap in the schools. The office shall enter into an expenditure agreement with the school district under which any funds under this subsection (41) remaining unspent on August 31, 2017, shall be returned to the state. Priorities for the expenditure of the funds shall be determined by the leadership and staff of each school.

(38) \$125,000 of the general fund—state appropriation for fiscal year 2016 and \$125,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Kip Tokuda memorial Washington civil liberties public education program. The superintendent of public instruction shall award grants consistent with RCW 28A.300.410.

(39) \$652,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for the administration of the preliminary scholastic aptitude test to ninth and tenth grade participants in the college bound program. The superintendent of public instruction shall partner with a national nonprofit organization that offers the aptitude test and that will provide: (i) Early and annual feedback on student progress; (ii) detailed performance feedback connected to Washington's standards, instruction, and assessments; (iii) access to state-of-the-art learning tools including free, personalized practice; (iv) access to college and career planning tools; (v) personalized information packets to high-achieving, low-income students to increase the number of applications from this group of students to public four-year institutions of higher education and independent, nonprofit baccalaureate degree-granting institutions in Washington; and (vi) for income eligible students, the opportunity to take the preliminary scholastic aptitude test in

eleventh grade at no cost, to take the scholastic aptitude test twice at no cost, and access to additional tools and score reports at no cost.

(40)(a) \$125,000 of the general fund—state appropriation for fiscal year 2016 and \$125,000 of the general fund—state appropriation for fiscal year 2017 is provided solely for a grant to an entity that is exempt from taxation under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code of 1986, as amended, as of the effective date of this section, that is affiliated and in good standing with a national congressionally chartered organization's standards under 36 U.S.C., subtitle II, part B, and that:

(i) Is facility-based and provides proven and tested recreational, educational, and character-building programs for children ages six to eighteen years of age;

(ii) Provides after school and summer programs in a minimum of fifty communities statewide, with youth development services available at least twenty hours weekly during the school year and for thirty hours weekly during summer programming;

(iii) Has adopted standards for care that at a minimum include staff ratios, staff training, health and safety standards, and mechanisms for assessing and enforcing the program's compliance with the standards;

(iv) Provides a process to receive and resolve parental complaints; and

(v) Conducts national criminal background checks for all employees and volunteers who work with children.

(b) The grant shall be used to pilot a program of academic, innovation, and mentoring. The purpose of the program is to enable eligible neighborhood youth development entities to provide out-of-school time programs for youth six to eighteen years of age that include educational services, mentoring, and linkages to positive, pro-social leisure and recreational activities. The programs must be designed for mentoring and academic enrichment that include at least two of the following three activity areas:

(i) Science, technology, engineering, and math (STEM);

(ii) Homework support and high-yield learning opportunities; and

(iii) Career exploration.

(c) The entity receiving the grant shall conduct the pilot in at least five communities statewide. The office of the superintendent of public instruction shall submit a report to the appropriate education and fiscal committees of the legislature by December 31, 2015, and a final report by December 31, 2016. The report shall outline the programs established, target populations, and pre- and post-testing results.

(41) \$25,000 of the general fund—state appropriation for fiscal year 2016 and \$25,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the office of the superintendent of public instruction to partner with a nonprofit organization providing music curriculum for kindergarten and first grade students and establish a grant program that provides start-up costs and materials for integrated music curriculum that links together other core curriculum. Preference shall be given to Title 1 schools, head start programs, early childhood education and assistance program sites, high poverty schools, schools with high mobility, and schools with low student achievement.

(42) \$1,000,000 of the general fund—state appropriation for fiscal year 2016 and \$1,000,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the computer science and education grant program to support the following three purposes: Train and credential teachers in computer sciences; provide and upgrade technology needed to learn computer science; and, for computer science frontiers

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grants to introduce students to and engage them in computer science. The office of the superintendent of public instruction must use the computer science learning standards adopted pursuant to Substitute House Bill No. 1813 (computer science) in implementing the grant, to the extent possible. Additionally, grants provided for the purpose of introducing students to computer science are intended to support innovative ways to introduce and engage students from historically underrepresented groups, including girls, low-income students, and minority students, to computer science and to inspire them to enter computer science careers. Grant funds for the computer science and education grant program may be expended only to the extent that they are equally matched by private sources for the program, including gifts, grants, or endowments.

NEW SECTION. Sec. 502. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR GENERAL APPORTIONMENT

General	Fund—State	Appropriation	(FY 2016)	
				\$6,373,305,000
General	Fund—State	Appropriation	(FY 2017)	
				\$6,743,880,000
Education	Legacy Trust	Account—State	Appropriation	
				\$125,730,000
TOTAL APPROPRIATION				\$13,242,915,000

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

(1)(a) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b) For the 2015-16 and 2016-17 school years, the superintendent shall allocate general apportionment funding to school districts as provided in the funding formulas and salary schedules in sections 502 and 503 of this act, excluding (c) of this subsection.

(c) From July 1, 2015, to August 31, 2015, the superintendent shall allocate general apportionment funding to school districts programs as provided in sections 502 and 503, chapter 4, Laws of 2013 2nd sp. sess., as amended.

(d) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as provided in RCW 28A.150.350, enrolled on the fourth day of school in September and on the first school day of each month October through June, including students who are in attendance pursuant to RCW 28A.335.160 and 28A.225.250 who do not reside within the servicing school district. Any school district concluding its basic education program in May must report the enrollment of the last school day held in May in lieu of a June enrollment.

(e)(i) Funding provided in this part V of this act is sufficient to provide each full-time equivalent student with the minimum hours of instruction required under RCW 28A.150.220.

(ii) The office of the superintendent of public instruction shall align the agency rules defining a full-time equivalent student with the increase in the minimum instructional hours under RCW 28A.150.220, as amended by the legislature in 2014.

(f) The superintendent shall adopt rules requiring school districts to report full-time equivalent student enrollment as provided in RCW 28A.655.210 and to carry out the requirement specified in subsections 2(c)(i)(B) and 2(c)(ii)(B) of this section.

(g) For the 2015-16 and 2016-17 school years, school districts must report to the office of the superintendent of public instruction the monthly actual average district-wide class size across each grade level of kindergarten, first grade, second grade, and third grade classes. The superintendent of public instruction shall report this information to the education and fiscal

committees of the house of representatives and the senate by September 30th of each year.

(2) CERTIFICATED INSTRUCTIONAL STAFF ALLOCATIONS

Allocations for certificated instructional staff salaries for the 2015-16 and 2016-17 school years are determined using formula-generated staff units calculated pursuant to this subsection.

(a) Certificated instructional staff units, as defined in RCW 28A.150.410, shall be allocated to reflect the minimum class size allocations, requirements, and school prototypes assumptions as provided in RCW 28A.150.260, except that the allocation for guidance counselors in a middle school shall be 1.216 for the 2015-16 and 2016-17 school years, this enhancement is within the program of basic education. The superintendent shall make allocations to school districts based on the district's annual average full-time equivalent student enrollment in each grade.

(b) Additional certificated instructional staff units provided in this subsection (2) that exceed the minimum requirements in RCW 28A.150.260 are enhancements outside the program of basic education, except as otherwise provided in this section.

(c)(i)(A) The superintendent shall base allocations for each level of prototypical school on the following regular education average class size of full-time equivalent students per teacher, except as provided in (c)(ii) of this subsection:

General education class size:

Grade	RCW 28A.150.260	2015-16 School Year	2016-17 School Year
Grade K		22.00	19.00
Grade 1		23.00	21.00
Grade 2		24.00	22.00
Grade 3		25.00	22.00
Grade 4		27.00	27.00
Grades 5-6		27.00	27.00
Grades 7-8		28.53	28.53
Grades 9-12		28.74	28.74

The superintendent shall base allocations for laboratory science, career and technical education (CTE) and skill center programs average class size as provided in RCW 28A.150.260.

(B) For grades kindergarten through three, the superintendent shall allocate funding for class size reductions to the extent of, and in proportion to, the school district's demonstrated actual weighted average class size for grades kindergarten through three, down to the weighted average class size specified in subsection 2(c)(i)(A) of this section. At a minimum, the superintendent must allocate funding sufficient to fund a weighted average class size not to exceed 25.23 full-time equivalent students per teacher in these grades.

(ii)(A) For each level of prototypical school at which more than fifty percent of the students were eligible for free and reduced-price meals in the prior school year, the superintendent shall allocate funding based on the following average class size of full-time equivalent students per teacher:

General education class size in

high poverty schools:

Grade	RCW 28A.150.260	2015-16 School Year	2016-17 School Year
Grade K		18.00	17.00
Grade 1		19.00	17.00
Grade 2		22.00	18.00
Grade 3		24.00	21.00
Grade 4		27.00	27.00
Grades 5-6		27.00	27.00

Grades 7-8	28.53	28.53
Grades 9-12	28.74	28.74

(B) For grades kindergarten through three, the superintendent shall allocate funding for class size reductions to the extent of, and in proportion to, the school district's demonstrated actual weighted average class size for grades kindergarten through three, down to the weighted average class size specified in subsection 2(c)(ii)(A) of this section. At a minimum, the superintendent must allocate funding sufficient to fund a weighted average class size not to exceed 25.23 full-time equivalent students per teacher in these grades.

(iii) The enhancements in this subsection (2)(c) are within the program of basic education.

(iv) Pursuant to RCW 28A.150.260(4)(a), the assumed teacher planning period, expressed as a percentage of a teacher work day, is 13.42 percent in grades K-6, and 16.67 percent in grades 7-12; and

(v) Advanced placement and international baccalaureate courses are funded at the same class size assumptions as general education schools in the same grade; and

(d)(i) Funding for teacher librarians, school nurses, social workers, school psychologists, and guidance counselors is allocated based on the school prototypes as provided in RCW 28A.150.260 and (a) of this subsection and is considered certificated instructional staff, except as provided in (d)(ii) of this subsection.

(ii) Students in approved career and technical education and skill center programs generate certificated instructional staff units to provide for the services of teacher librarians, school nurses, social workers, school psychologists, and guidance counselors at the following combined rate per 1000 student full-time equivalent enrollment:

	2015-16 School Year	2016-17 School Year
Career and Technical Education	3.07	3.07
Skill Center	3.41	3.41

(3) ADMINISTRATIVE STAFF ALLOCATIONS

(a) Allocations for school building-level certificated administrative staff salaries for the 2015-16 and 2016-17 school years for general education students are determined using the formula generated staff units calculated pursuant to this subsection. The superintendent shall make allocations to school districts based on the district's annual average full-time equivalent enrollment in each grade. The following prototypical school values shall determine the allocation for principals, assistance principals, and other certificated building level administrators:

Prototypical School Building:	
Elementary School	1.253
Middle School	1.353
High School	1.880

(b) Students in approved career and technical education and skill center programs generate certificated school building-level administrator staff units at per student rates that are a multiple of the general education rate in (a) of this subsection by the following factors: Career and Technical Education students

	1.025
Skill Center students	1.198

(4) CLASSIFIED STAFF ALLOCATIONS

Allocations for classified staff units providing school building-level and district-wide support services for the 2015-16 and 2016-17 school years are determined using the formula-generated staff units provided in RCW 28A.150.260, and adjusted based on each district's annual average full-time equivalent student enrollment in each grade, except that the

allocation for parent involvement coordinators in an elementary school shall be 0.0825 for the 2015-16 and 2016-17 school years, which enhancement is within the program of basic education.

(5) CENTRAL OFFICE ALLOCATIONS

In addition to classified and administrative staff units allocated in subsections (3) and (4) of this section, classified and administrative staff units are provided for the 2015-16 and 2016-17 school year for the central office administrative costs of operating a school district, at the following rates:

(a) The total central office staff units provided in this subsection (5) are calculated by first multiplying the total number of eligible certificated instructional, certificated administrative, and classified staff units providing school-based or district-wide support services, as identified in RCW 28A.150.260(6)(b), by 5.3 percent.

(b) Of the central office staff units calculated in (a) of this subsection, 74.53 percent are allocated as classified staff units, as generated in subsection (4) of this section, and 25.47 percent shall be allocated as administrative staff units, as generated in subsection (3) of this section.

(c) Staff units generated as enhancements outside the program of basic education to the minimum requirements of RCW 28A.150.260, and staff units generated by skill center and career-technical students, are excluded from the total central office staff units calculation in (a) of this subsection.

(d) For students in approved career-technical and skill center programs, central office classified units are allocated at the same staff unit per student rate as those generated for general education students of the same grade in this subsection (5), and central office administrative staff units are allocated at staff unit per student rates that exceed the general education rate established for students in the same grade in this subsection (5) by 1.46 percent in the 2015-16 school year and 1.46 percent in the 2016-17 school year for career and technical education students, and 17.33 percent in the 2015-16 school year and 17.33 percent in the 2016-17 school year for skill center students.

(6) FRINGE BENEFIT ALLOCATIONS

Fringe benefit allocations shall be calculated at a rate of 21.42 percent in the 2015-16 school year and 21.42 percent in the 2016-17 school year for certificated salary allocations provided under subsections (2), (3), and (5) of this section, and a rate of 22.72 percent in the 2015-16 school year and 22.72 percent in the 2016-17 school year for classified salary allocations provided under subsections (4) and (5) of this section.

(7) INSURANCE BENEFIT ALLOCATIONS

Insurance benefit allocations shall be calculated at the maintenance rate specified in section 504 of this act, based on the number of benefit units determined as follows:

(a) The number of certificated staff units determined in subsections (2), (3), and (5) of this section; and

(b) The number of classified staff units determined in subsections (4) and (5) of this section multiplied by 1.152. This factor is intended to adjust allocations so that, for the purpose of distributing insurance benefits, full-time equivalent classified employees may be calculated on the basis of 1,440 hours of work per year, with no individual employee counted as more than one full-time equivalent.

(8) MATERIALS, SUPPLIES, AND OPERATING COSTS (MSOC) ALLOCATIONS

Funding is allocated per annual average full-time equivalent student for the materials, supplies, and operating costs (MSOC) incurred by school districts, consistent with the requirements of RCW 28A.150.260.

(a) SOC funding for general education students are allocated at the following per student rates:

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MSOC RATES/STUDENT FTE

MSOC Component	2015-16 SCHOOL YEAR	2016-17 SCHOOL YEAR
Technology	\$127.17	\$129.33
Utilities and Insurance	\$345.55	\$351.43
Curriculum and Textbooks	\$136.54	\$138.86
Other Supplies and Library	\$289.88	\$294.81
Materials		
Instructional Professional Development for Certificated and Classified Staff	\$21.12	\$21.47
Facilities Maintenance	\$171.19	\$174.10
Security and Central Office	\$118.60	\$120.61
TOTAL BASIC	\$1,210.05	\$1,230.62

EDUCATION

MSOC/STUDENT FTE

(b) Students in approved skill center programs generate per student FTE MSOC allocations of \$1,272.99 for the 2015-16 school year and \$1,294.63 for the 2016-17 school year.

(c) Students in approved exploratory and preparatory career and technical education programs generate a per student MSOC allocation of \$1,431.65 for the 2015-16 school year and \$1,455.99 for the 2016-17 school year.

(d) Students in grades 9-12 generate per student FTE MSOC allocations in addition to the allocation provided in (a) of this subsection at the following rate:

MSOC Component	2015-16 SCHOOL YEAR	2016-17 SCHOOL YEAR
Technology	\$36.57	\$37.19
Curriculum and Textbooks	\$39.89	\$40.57
Other Supplies and Library	\$83.11	\$84.53
Materials		
Instructional Professional Development for Certified and Classified Staff	\$6.65	\$6.76
TOTAL GRADE 9-12 BASIC	\$166.22	\$169.05

EDUCATION

MSOC/STUDENT FTE

(9) SUBSTITUTE TEACHER ALLOCATIONS

For the 2015-16 and 2016-17 school years, funding for substitute costs for classroom teachers is based on four (4) funded substitute days per classroom teacher unit generated under subsection (2) of this section, at a daily substitute rate of \$151.86.

(10) ALTERNATIVE LEARNING EXPERIENCE PROGRAM FUNDING

(a) Amounts provided in this section from July 1, 2015, to August 31, 2015, are adjusted to reflect provisions of chapter 4, Laws of 2013 2nd sp. sess., as amended (allocation of funding for students enrolled in alternative learning experiences).

(b) The superintendent of public instruction shall require all districts receiving general apportionment funding for alternative learning experience (ALE) programs as defined in WAC 392-121-182 to provide separate financial accounting of expenditures for the ALE programs offered in district or with a provider, including but not limited to private companies and multidistrict cooperatives, as well as accurate, monthly headcount and FTE enrollment claimed for basic education, including separate counts of resident and nonresident students.

(11) DROPOUT REENGAGEMENT PROGRAM

The superintendent shall adopt rules to require students claimed for general apportionment funding based on enrollment in dropout reengagement programs authorized under RCW 28A.175.100 through 28A.175.115 to meet requirements for at least weekly minimum instructional contact, academic counseling, career counseling, or case management contact. Districts must also provide separate financial accounting of expenditures for the programs offered by the district or under contract with a provider, as well as accurate monthly headcount and full-time equivalent enrollment claimed for basic education, including separate enrollment counts of resident and nonresident students.

(12) VOLUNTARY ALL DAY KINDERGARTEN PROGRAMS

Funding in this section is sufficient to fund voluntary all day kindergarten programs in qualifying schools in the 2015-16 school year and all schools in the 2016-17 school year, pursuant to RCW 28A.150.220 and 28A.150.315. Each kindergarten student who enrolls for the voluntary all-day program in a qualifying school shall count as one-half of one full-time equivalent student for purpose of making allocations under this section. Funding in this section provides all-day kindergarten programs for 71.88 percent of kindergarten enrollment in the 2015-16 school year and full funding in the 2016-17 school year, which enhancement is within the program of basic education.

(13) ADDITIONAL FUNDING FOR SMALL SCHOOL DISTRICTS AND REMOTE AND NECESSARY PLANTS

For small school districts and remote and necessary school plants within any district which have been judged to be remote and necessary by the superintendent of public instruction, additional staff units are provided to ensure a minimum level of staffing support. Additional administrative and certificated instructional staff units provided to districts in this subsection shall be reduced by the general education staff units, excluding career and technical education and skills center enhancement units, otherwise provided in subsections (2) through (5) of this section on a per district basis.

(a) For districts enrolling not more than twenty-five average annual full-time equivalent students in grades K-8, and for small school plants within any school district which have been judged to be remote and necessary by the superintendent of public instruction and enroll not more than twenty-five average annual full-time equivalent students in grades K-8:

(i) For those enrolling no students in grades 7 and 8, 1.76 certificated instructional staff units and 0.24 certificated administrative staff units for enrollment of not more than five students, plus one-twentieth of a certificated instructional staff unit for each additional student enrolled; and

(ii) For those enrolling students in grades 7 or 8, 1.68 certificated instructional staff units and 0.32 certificated administrative staff units for enrollment of not more than five students, plus one-tenth of a certificated instructional staff unit for each additional student enrolled;

(b) For specified enrollments in districts enrolling more than twenty-five but not more than one hundred average annual full-time equivalent students in grades K-8, and for small school plants within any school district which enroll more than twenty-five average annual full-time equivalent students in grades K-8 and have been judged to be remote and necessary by the superintendent of public instruction:

(i) For enrollment of up to sixty annual average full-time equivalent students in grades K-6, 2.76 certificated instructional staff units and 0.24 certificated administrative staff units; and

(ii) For enrollment of up to twenty annual average full-time equivalent students in grades 7 and 8, 0.92 certificated

instructional staff units and 0.08 certificated administrative staff units;

(c) For districts operating no more than two high schools with enrollments of less than three hundred average annual full-time equivalent students, for enrollment in grades 9-12 in each such school, other than alternative schools, except as noted in this subsection:

(i) For remote and necessary schools enrolling students in any grades 9-12 but no more than twenty-five average annual full-time equivalent students in grades K-12, four and one-half certificated instructional staff units and one-quarter of a certificated administrative staff unit;

(ii) For all other small high schools under this subsection, nine certificated instructional staff units and one-half of a certificated administrative staff unit for the first sixty average annual full-time equivalent students, and additional staff units based on a ratio of 0.8732 certificated instructional staff units and 0.1268 certificated administrative staff units per each additional forty-three and one-half average annual full-time equivalent students;

(iii) Districts receiving staff units under this subsection shall add students enrolled in a district alternative high school and any grades nine through twelve alternative learning experience programs with the small high school enrollment for calculations under this subsection;

(d) For each nonhigh school district having an enrollment of more than seventy annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-8 program or a grades 1-8 program, an additional one-half of a certificated instructional staff unit;

(e) For each nonhigh school district having an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-6 program or a grades 1-6 program, an additional one-half of a certificated instructional staff unit;

(f)(i) For enrollments generating certificated staff unit allocations under (a) through (e) of this subsection, one classified staff unit for each 2.94 certificated staff units allocated under such subsections;

(ii) For each nonhigh school district with an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, an additional one-half of a classified staff unit; and

(g) School districts receiving additional staff units to support small student enrollments and remote and necessary plants under this subsection (12) shall generate additional MSOC allocations consistent with the nonemployee related costs (NERC) allocation formula in place for the 2010-11 school year as provided section 502, chapter 37, Laws of 2010 1st sp. sess. (2010 supplemental budget), adjusted annually for inflation.

(14) Any school district board of directors may petition the superintendent of public instruction by submission of a resolution adopted in a public meeting to reduce or delay any portion of its basic education allocation for any school year. The superintendent of public instruction shall approve such reduction or delay if it does not impair the district's financial condition. Any delay shall not be for more than two school years. Any reduction or delay shall have no impact on levy authority pursuant to RCW 84.52.0531 and local effort assistance pursuant to chapter 28A.500 RCW.

(15) The superintendent may distribute funding for the following programs outside the basic education formula during fiscal years 2016 and 2017 as follows:

(a) \$620,000 of the general fund—state appropriation for fiscal year 2016 and \$631,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for fire

protection for school districts located in a fire protection district as now or hereafter established pursuant to chapter 52.04 RCW.

(b) \$436,000 of the general fund—state appropriation for fiscal year 2016 and \$436,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for programs providing skills training for secondary students who are enrolled in extended day school-to-work programs, as approved by the superintendent of public instruction. The funds shall be allocated at a rate not to exceed \$500 per full-time equivalent student enrolled in those programs.

(16) \$219,000 of the general fund—state appropriation for fiscal year 2016 and \$223,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for school district emergencies as certified by the superintendent of public instruction. Funding provided must be conditioned upon the written commitment and plan of the school district board of directors to repay the grant with any insurance payments or other judgments that may be awarded, if applicable. At the close of the fiscal year the superintendent of public instruction shall report to the office of financial management and the appropriate fiscal committees of the legislature on the allocations provided to districts and the nature of the emergency.

(17) Funding in this section is sufficient to fund a maximum of 1.6 FTE enrollment for skills center students pursuant to chapter 463, Laws of 2007.

(18) Students participating in running start programs may be funded up to a combined maximum enrollment of 1.2 FTE including school district and institution of higher education enrollment consistent with the running start course requirements provided in Engrossed Second Substitute House Bill No. 1546 (dual credit education opportunities). In calculating the combined 1.2 FTE, the office of the superintendent of public instruction may average the participating student's September through June enrollment to account for differences in the start and end dates for courses provided by the high school and higher education institution. Additionally, the office of the superintendent of public instruction, in consultation with the state board for community and technical colleges, the student achievement council, and the education data center, shall annually track and report to the fiscal committees of the legislature on the combined FTE experience of students participating in the running start program, including course load analyses at both the high school and community and technical college system.

(19) If two or more school districts consolidate and each district was receiving additional basic education formula staff units pursuant to subsection (12) of this section, the following apply:

(a) For three school years following consolidation, the number of basic education formula staff units shall not be less than the number of basic education formula staff units received by the districts in the school year prior to the consolidation; and

(b) For the fourth through eighth school years following consolidation, the difference between the basic education formula staff units received by the districts for the school year prior to consolidation and the basic education formula staff units after consolidation pursuant to subsection (12) of this section shall be reduced in increments of twenty percent per year.

(20)(a) Indirect cost charges by a school district to approved career and technical education middle and secondary programs shall not exceed 15 percent of the combined basic education and career and technical education program enhancement allocations of state funds. Middle and secondary career and technical education programs are considered separate programs for funding and financial reporting purposes under this section.

(b) Career and technical education program full-time equivalent enrollment shall be reported on the same monthly

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basis as the enrollment for students eligible for basic support, and payments shall be adjusted for reported career and technical education program enrollments on the same monthly basis as those adjustments for enrollment for students eligible for basic support.

(21) Funding in this section is sufficient to provide full general apportionment payments to school districts eligible for federal forest revenues as provided in RCW 28A.520.020. School districts receiving federal forest revenues shall not have their general apportionment reduced during the 2015-2017 biennium only.

NEW SECTION. Sec. 503. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—BASIC EDUCATION EMPLOYEE COMPENSATION

(1) The following calculations determine the salaries used in the state allocations for certificated instructional, certificated administrative, and classified staff units as provided in RCW 28A.150.280 and under section 502 of this act:

(a) Salary allocations for certificated instructional staff units are determined for each district by multiplying the district's certificated instructional total base salary shown on LEAP Document 2 by the district's average staff mix factor for certificated instructional staff in that school year, computed using LEAP document 1; and

(b) Salary allocations for certificated administrative staff units and classified staff units for each district are determined based on the district's certificated administrative and classified salary allocation amounts shown on LEAP Document 2.

(2) For the purposes of this section:

(a) "LEAP Document 1" means the staff mix factors for certificated instructional staff according to education and years of experience, as developed by the legislative evaluation and accountability program committee on June 28, 2015, at 8:06 hours; and

(b) "LEAP Document 2" means the school year salary allocations for certificated administrative staff and classified staff and derived and total base salaries for certificated instructional staff as developed by the legislative evaluation and accountability program committee on June 28, 2015, at 8:06 hours.

(3) Incremental fringe benefit factors are applied to salary adjustments at a rate of 20.78 percent for school year 2015-16 and 20.78 percent for school year 2016-17 for certificated instructional and certificated administrative staff and 19.22 percent for school year 2015-16 and 19.22 percent for the 2016-17 school year for classified staff.

(4)(a) Pursuant to RCW 28A.150.410, the following state-wide salary allocation schedules for certificated instructional staff are established for basic education salary allocations:

Table Of Total Base Salaries For Certificated Instructional Staff For School Year 2015-16

*** Education Experience ***

Years of Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90 OR Ph.D.
0	35,069	36,016	36,997	37,981	41,137	43,170	42,045	45,201	47,235
1	35,541	36,501	37,495	38,522	41,711	43,732	42,512	45,701	47,722
2	35,991	36,960	37,965	39,071	42,250	44,293	42,983	46,162	48,205
3	36,454	37,433	38,448	39,589	42,763	44,855	43,429	46,600	48,693
4	36,909	37,931	38,952	40,133	43,325	45,432	43,896	47,089	49,197
5	37,378	38,405	39,436	40,683	43,863	46,013	44,371	47,553	49,703
6	37,861	38,865	39,932	41,240	44,405	46,566	44,859	48,024	50,184
7	38,709	39,728	40,809	42,188	45,401	47,621	45,771	48,982	51,204
8	39,950	41,025	42,131	43,625	46,881	49,183	47,206	50,463	52,764
9		42,368	43,529	45,077	48,409	50,789	48,657	51,991	54,371
10			44,944	46,604	49,979	52,439	50,185	53,562	56,021
11				48,175	51,624	54,133	51,756	55,207	57,714
12				49,696	53,313	55,897	53,389	56,895	59,479
13					55,043	57,704	55,079	58,624	61,285
14					56,781	59,579	56,819	60,477	63,161
15					58,259	61,129	58,296	62,049	64,803
16 or more					59,423	62,351	59,462	63,290	66,099

Table Of Total Base Salaries For Certificated Instructional Staff For School Year 2016-17

*** Education Experience ***

Years of Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90 OR Ph.D.
0	35,700	36,664	37,663	38,665	41,877	43,946	42,801	46,014	48,085
1	36,181	37,158	38,170	39,215	42,461	44,519	43,277	46,523	48,580
2	36,638	37,625	38,648	39,774	43,011	45,090	43,756	46,993	49,073
3	37,110	38,107	39,140	40,302	43,533	45,662	44,210	47,439	49,569
4	37,573	38,613	39,653	40,855	44,104	46,250	44,686	47,936	50,082
5	38,051	39,096	40,146	41,415	44,652	46,841	45,170	48,409	50,597
6	38,542	39,565	40,650	41,982	45,204	47,404	45,666	48,888	51,087
7	39,405	40,443	41,543	42,947	46,218	48,478	46,595	49,863	52,125
8	40,669	41,763	42,889	44,410	47,724	50,068	48,056	51,371	53,714
9		43,131	44,313	45,888	49,280	51,703	49,533	52,926	55,350

Table Of Total Base Salaries For Certificated Instructional Staff For School Year 2016-17

*** Education Experience ***

<u>Years of Service</u>	<u>BA</u>	<u>BA+15</u>	<u>BA+30</u>	<u>BA+45</u>	<u>BA+90</u>	<u>BA+135</u>	<u>MA</u>	<u>MA+45</u>	<u>MA+90 OR Ph.D.</u>
10			45,752	47,442	50,879	53,383	51,088	54,526	57,029
11				49,041	52,553	55,107	52,687	56,200	58,753
12				50,590	54,272	56,903	54,350	57,918	60,550
13					56,033	58,742	56,070	59,679	62,388
14					57,803	60,651	57,842	61,565	64,297
15					59,307	62,229	59,345	63,165	65,969
16 or more					60,493	63,472	60,532	64,429	67,288

(b) As used in this subsection, the column headings "BA+(N)" refer to the number of credits earned since receiving the baccalaureate degree.

(c) For credits earned after the baccalaureate degree but before the masters degree, any credits in excess of forty-five credits may be counted after the masters degree. Thus, as used in this subsection, the column headings "MA+(N)" refer to the total of:

- (i) Credits earned since receiving the masters degree; and
- (ii) Any credits in excess of forty-five credits that were earned after the baccalaureate degree but before the masters degree.

(5) For the purposes of this section:

- (a) "BA" means a baccalaureate degree.
- (b) "MA" means a masters degree.
- (c) "PHD" means a doctorate degree.

(d) "Years of service" shall be calculated under the same rules adopted by the superintendent of public instruction.

(e) "Credits" means college quarter hour credits and equivalent in-service credits computed in accordance with RCW 28A.415.020 and 28A.415.023.

(6) No more than ninety college quarter-hour credits received by any employee after the baccalaureate degree may be used to determine compensation allocations under the state salary allocation schedule and LEAP documents referenced in this part V, or any replacement schedules and documents, unless:

- (a) The employee has a masters degree; or
- (b) The credits were used in generating state salary allocations before January 1, 1992.

(7) The salary allocation schedules established in this section are for allocation purposes only except as provided in RCW 28A.400.200(2).

NEW SECTION. Sec. 504. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR SCHOOL EMPLOYEE COMPENSATION ADJUSTMENTS

General Fund—State	Appropriation	(FY 2016)	\$144,596,000
General Fund—State	Appropriation	(FY 2017)	\$273,916,000
TOTAL APPROPRIATION			\$418,512,000

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

(1) Funding in this section is sufficient to provide a salary increase of 3.0 percent effective September 1, 2015, and 1.8 percent effective September 1, 2016. Of the salary increases provided in this section, the increases of 1.8 percent effective September 1, 2015, and of 1.2 percent effective September 1, 2016, are provided as annual cost-of-living adjustments pursuant to Initiative Measure No. 732. The remaining portions of the salary increases are provided as a one-biennium salary increase for the 2015-16 and 2016-17 school years as the state continues to review and revise state-funded salary allocations, and the increase expires August 31, 2017.

(2)(a) Additional salary adjustments as necessary to fund the base salaries for certificated instructional staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act.

(b) Additional salary adjustments to certain districts as necessary to fund the per full-time-equivalent salary allocations for certificated administrative staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act.

(c) Additional salary adjustments to certain districts as necessary to fund the per full-time-equivalent salary allocations for classified staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act.

(d) The appropriations in this subsection (1) include associated incremental fringe benefit allocations at 20.78 percent for the 2015-16 school year and 20.78 percent for the 2016-17 school year for certificated instructional and certificated administrative staff and 19.22 percent for the 2015-16 school year and 19.22 percent for the 2016-17 school year for classified staff.

(e) The appropriations in this section include the increased or decreased portion of salaries and incremental fringe benefits for all relevant state-funded school programs in part V of this act. Changes for general apportionment (basic education) are based on the salary allocation schedules and methodology in sections 502 and 503 of this act. Changes for special education result from changes in each district's basic education allocation per student. Changes for educational service districts and institutional education programs are determined by the superintendent of public instruction using the methodology for general apportionment salaries and benefits in sections 502 and 503 of this act.

(f) The appropriations in this section include no salary adjustments for substitute teachers.

(3) The maintenance rate for insurance benefit allocations is \$768.00 per month for the 2015-16 and 2016-17 school years. The appropriations in this section reflect the incremental change in cost of allocating rates of \$780.00 per month for the 2015-16 school year and \$780.00 per month for the 2016-17 school year.

(4) The rates specified in this section are subject to revision each year by the legislature.

NEW SECTION. Sec. 505. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR PUPIL TRANSPORTATION

General Fund—State	Appropriation	(FY 2016)	\$462,616,000
General Fund—State	Appropriation	(FY 2017)	\$464,507,000
TOTAL APPROPRIATION			\$927,123,000

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

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2015-16 and 2016-17 school years, the superintendent shall allocate funding to school district programs

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for the transportation of eligible students as provided in RCW 28A.160.192. Funding in this section constitutes full implementation of RCW 28A.160.192, which enhancement is within the program of basic education. Students are considered eligible only if meeting the definitions provided in RCW 28A.160.160.

(b) For the 2015-16 and 2016-17 school years, the superintendent shall allocate funding for approved and operating charter schools as provided in RCW 28A.710.220(3). Per-student allocations for pupil transportation must be calculated using the allocation for the previous school year to the school district in which the charter school is located and the number of eligible students in the district, and must be distributed to the charter school based on the number of eligible students.

(c) From July 1, 2015 to August 31, 2015, the superintendent shall allocate funding to school districts programs for the transportation of students as provided in section 505, chapter 4, Laws of 2013 2nd sp. sess., as amended.

(3) A maximum of \$892,000 of this fiscal year 2016 appropriation and a maximum of \$892,000 of the fiscal year 2017 appropriation may be expended for regional transportation coordinators and related activities. The transportation coordinators shall ensure that data submitted by school districts for state transportation funding shall, to the greatest extent practical, reflect the actual transportation activity of each district.

(4) The office of the superintendent of public instruction shall provide reimbursement funding to a school district for school bus purchases only after the superintendent of public instruction determines that the school bus was purchased from the list established pursuant to RCW 28A.160.195(2) or a comparable competitive bid process based on the lowest price quote based on similar bus categories to those used to establish the list pursuant to RCW 28A.160.195.

(5) The superintendent of public instruction shall base depreciation payments for school district buses on the presales tax five-year average of lowest bids in the appropriate category of bus. In the final year on the depreciation schedule, the depreciation payment shall be based on the lowest bid in the appropriate bus category for that school year.

(6) Funding levels in this section reflect waivers granted by the state board of education for four-day school weeks as allowed under RCW 28A.305.141.

(7) The office of the superintendent of public instruction shall annually disburse payments for bus depreciation in August.

NEW SECTION. Sec. 506. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR SCHOOL FOOD SERVICE PROGRAMS

General Fund—State Appropriation (FY 2016)	\$7,111,000
General Fund—State Appropriation (FY 2017)	\$7,111,000
General Fund—Federal Appropriation	\$526,332,000
TOTAL APPROPRIATION	\$540,554,000

The appropriations in this section are subject to the following conditions and limitations: \$7,111,000 of the general fund—state appropriation for fiscal year 2016 and \$7,111,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for state matching money for federal child nutrition programs, and may support the meals for kids program through the following allowable uses:

(1) Elimination of breakfast copays for eligible public school students and lunch copays for eligible public school students in grades kindergarten through third grade who are eligible for reduced-price lunch;

(2) Assistance to school districts and authorized public and private nonprofit organizations for supporting summer food

service programs, and initiating new summer food service programs in low-income areas;

(3) Reimbursements to school districts for school breakfasts served to students eligible for free and reduced-price lunch, pursuant to chapter 287, Laws of 2005; and

(4) Assistance to school districts in initiating and expanding school breakfast programs.

The office of the superintendent of public instruction shall report annually to the fiscal committees of the legislature on annual expenditures in subsections (1), (2), and (3) of this section.

NEW SECTION. Sec. 507. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR SPECIAL EDUCATION PROGRAMS

General Fund—State Appropriation	(FY 2016)	\$814,541,000
General Fund—State Appropriation	(FY 2017)	\$864,715,000
General Fund—Federal Appropriation		\$476,539,000
Education Legacy Trust Account—State Appropriation		\$54,694,000
TOTAL APPROPRIATION		\$2,210,489,000

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

(1)(a) Funding for special education programs is provided on an excess cost basis, pursuant to RCW 28A.150.390. School districts shall ensure that special education students as a class receive their full share of the general apportionment allocation accruing through sections 502 and 504 of this act. To the extent a school district cannot provide an appropriate education for special education students under chapter 28A.155 RCW through the general apportionment allocation, it shall provide services through the special education excess cost allocation funded in this section.

(b) Funding provided within this section is sufficient for districts to provide school principals and lead special education teachers annual professional development on the best-practices for special education instruction and strategies for implementation. Districts shall annually provide a summary of professional development activities to the office of the superintendent of public instruction.

(2)(a) The superintendent of public instruction shall ensure that:

(i) Special education students are basic education students first;

(ii) As a class, special education students are entitled to the full basic education allocation; and

(iii) Special education students are basic education students for the entire school day.

(b) The superintendent of public instruction shall continue to implement the full cost method of excess cost accounting, as designed by the committee and recommended by the superintendent, pursuant to section 501(1)(k), chapter 372, Laws of 2006.

(3) Each fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(4)(a) For the 2015-16 and 2016-17 school years, the superintendent shall allocate funding to school district programs for special education students as provided in RCW 28A.150.390, except that the calculation of the base allocation also includes allocations provided under section 502(4) for parent involvement coordinators in prototypical elementary schools and guidance counselors in prototypical middle schools as provided under section 502(2), which enhancement is within the program of basic education.

(b) From July 1, 2015 to August 31, 2015, the superintendent shall allocate funding to school district programs for special education students as provided in section 507, chapter 4, Laws of 2013 2nd sp. sess., as amended.

(5) The following applies throughout this section: The definitions for enrollment and enrollment percent are as specified in RCW 28A.150.390(3). Each district's general fund—state funded special education enrollment shall be the lesser of the district's actual enrollment percent or 12.7 percent.

(6) At the request of any interdistrict cooperative of at least 15 districts in which all excess cost services for special education students of the districts are provided by the cooperative, the maximum enrollment percent shall be calculated in accordance with RCW 28A.150.390(3) (c) and (d), and shall be calculated in the aggregate rather than individual district units. For purposes of this subsection, the average basic education allocation per full-time equivalent student shall be calculated in the aggregate rather than individual district units.

(7) \$23,679,000 of the general fund—state appropriation for fiscal year 2016, \$28,092,000 of the general fund—state appropriation for fiscal year 2017, and \$29,574,000 of the general fund—federal appropriation are provided solely for safety net awards for districts with demonstrated needs for special education funding beyond the amounts provided in subsection (4) of this section. If the federal safety net awards based on the federal eligibility threshold exceed the federal appropriation in this subsection (7) in any fiscal year, the superintendent shall expend all available federal discretionary funds necessary to meet this need. At the conclusion of each school year, the superintendent shall recover safety net funds that were distributed prospectively but for which districts were not subsequently eligible.

(a) For the 2015-16 and 2016-17 school years, safety net funds shall be awarded by the state safety net oversight committee as provided in section 109(1) chapter 548, Laws of 2009 (ESHB 2261).

(b) The office of the superintendent of public instruction shall make award determinations for state safety net funding in August of each school year, except that the superintendent of public instruction shall make award determinations for state safety net funding in July of each school year for the Washington state school for the blind and for the center for childhood deafness and hearing loss. Determinations on school district eligibility for state safety net awards shall be based on analysis of actual expenditure data from the current school year.

(8) A maximum of \$931,000 may be expended from the general fund—state appropriations to fund 5.43 full-time equivalent teachers and 2.1 full-time equivalent aides at children's orthopedic hospital and medical center. This amount is in lieu of money provided through the home and hospital allocation and the special education program.

(9) The superintendent shall maintain the percentage of federal flow-through to school districts at 85 percent. In addition to other purposes, school districts may use increased federal funds for high-cost students, for purchasing regional special education services from educational service districts, and for staff development activities particularly relating to inclusion issues.

(10) A school district may carry over from one year to the next year up to 10 percent of the general fund—state funds allocated under this program; however, carryover funds shall be expended in the special education program.

(11) \$255,000 of the general fund—state appropriation for fiscal year 2016 and \$256,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for two additional full-time equivalent staff to support the work of the

safety net committee and to provide training and support to districts applying for safety net awards.

(12) \$50,000 of the general fund—state appropriation for fiscal year 2016, \$50,000 of the general fund—state appropriation for fiscal year 2017, and \$100,000 of the general fund—federal appropriation are provided solely for a special education family liaison position within the office of the superintendent of public instruction.

NEW SECTION. Sec. 508. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR EDUCATIONAL SERVICE DISTRICTS

General Fund—State Appropriation (FY 2016)	\$8,219,000
General Fund—State Appropriation (FY 2017)	\$8,205,000
TOTAL APPROPRIATION	\$16,424,000

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

(1) The educational service districts shall continue to furnish financial services required by the superintendent of public instruction and RCW 28A.310.190 (3) and (4).

(2) Funding within this section is provided for regional professional development related to mathematics and science curriculum and instructional strategies aligned with common core state standards and next generation science standards. Funding shall be distributed among the educational service districts in the same proportion as distributions in the 2007-2009 biennium. Each educational service district shall use this funding solely for salary and benefits for a certificated instructional staff with expertise in the appropriate subject matter and in professional development delivery, and for travel, materials, and other expenditures related to providing regional professional development support.

(3) The educational service districts, at the request of the state board of education pursuant to RCW 28A.310.010 and 28A.305.130, may receive and screen applications for school accreditation, conduct school accreditation site visits pursuant to state board of education rules, and submit to the state board of education post-site visit recommendations for school accreditation. The educational service districts may assess a cooperative service fee to recover actual plus reasonable indirect costs for the purposes of this subsection.

NEW SECTION. Sec. 509. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR LOCAL EFFORT ASSISTANCE

General Fund—State Appropriation (FY 2016)	\$365,446,000
General Fund—State Appropriation (FY 2017)	\$377,398,000
TOTAL APPROPRIATION	\$742,844,000

The appropriations in this section are subject to the following conditions and limitations: For purposes of RCW 84.52.0531, the increase per full-time equivalent student is 4.27 percent from the 2014-15 school year to the 2015-16 school year and 1.09 percent from the 2015-16 school year to the 2016-17 school year.

NEW SECTION. Sec. 510. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR INSTITUTIONAL EDUCATION PROGRAMS

General Fund—State Appropriation (FY 2016)	\$13,967,000
General Fund—State Appropriation (FY 2017)	\$14,003,000
TOTAL APPROPRIATION	\$27,970,000

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

(1) Each general fund—state fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2) State funding provided under this section is based on salaries and other expenditures for a 220-day school year. The

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superintendent of public instruction shall monitor school district expenditure plans for institutional education programs to ensure that districts plan for a full-time summer program.

(3) State funding for each institutional education program shall be based on the institution's annual average full-time equivalent student enrollment. Staffing ratios for each category of institution shall remain the same as those funded in the 1995-97 biennium.

(4) The funded staffing ratios for education programs for juveniles age 18 or less in department of corrections facilities shall be the same as those provided in the 1997-99 biennium.

(5) \$685,000 of the general fund—state appropriation for fiscal year 2016 and \$685,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to maintain at least one certificated instructional staff and related support services at an institution whenever the K-12 enrollment is not sufficient to support one full-time equivalent certificated instructional staff to furnish the educational program. The following types of institutions are included: Residential programs under the department of social and health services for developmentally disabled juveniles, programs for juveniles under the department of corrections, programs for juveniles under the juvenile rehabilitation administration, and programs for juveniles operated by city and county jails.

(6) Ten percent of the funds allocated for each institution may be carried over from one year to the next.

NEW SECTION. Sec. 511. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS

General Fund—State Appropriation (FY 2016) \$10,002,000

General Fund—State Appropriation (FY 2017) \$10,189,000

TOTAL APPROPRIATION \$20,191,000

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

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2015-16 and 2016-17 school years, the superintendent shall allocate funding to school district programs for highly capable students as provided in RCW 28A.150.260(10)(c). In calculating the allocations, the superintendent shall assume the following: (i) Additional instruction of 2.1590 hours per week per funded highly capable program student; (ii) fifteen highly capable program students per teacher; (iii) 36 instructional weeks per year; (iv) 900 instructional hours per teacher; and (v) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(b) From July 1, 2015, to August 31, 2015, the superintendent shall allocate funding to school districts programs for highly capable students as provided in section 511, chapter 4, Laws of 2013 2nd sp. sess., as amended.

(3) \$85,000 of the general fund—state appropriation for fiscal year 2016 and \$85,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the centrum program at Fort Worden state park.

NEW SECTION. Sec. 512. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR MISCELLANEOUS—NO CHILD LEFT BEHIND ACT

General Fund—Federal Appropriation \$4,302,000

TOTAL APPROPRIATION \$4,302,000

NEW SECTION. Sec. 513. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—EDUCATION REFORM PROGRAMS

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General Fund—State	Appropriation (FY 2016)	\$120,121,000
General Fund—State	Appropriation (FY 2017)	\$122,191,000
General Fund—Federal	Appropriation	\$94,180,000
General Fund—Private/Local	Appropriation	\$2,721,000
Education Legacy Trust Account—State	Appropriation	\$1,613,000
TOTAL APPROPRIATION		\$340,826,000

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

(1) \$33,620,000 of the general fund—state appropriation for fiscal year 2016, \$34,504,000 of the general fund—state appropriation for fiscal year 2017, \$1,350,000 of the education legacy trust account—state appropriation, and \$15,868,000 of the general fund—federal appropriation are provided solely for development and implementation of the Washington state assessment system, including: (a) Development and implementation of retake assessments for high school students who are not successful in one or more content areas; and (b) development and implementation of alternative assessments or appeals procedures to implement the certificate of academic achievement. The superintendent of public instruction shall report quarterly on the progress on development and implementation of alternative assessments or appeals procedures. Within these amounts, the superintendent of public instruction shall contract for the early return of 10th grade student assessment results, on or around June 10th of each year. State funding to districts shall be limited to one collection of evidence payment per student, per content-area assessment. Within the amounts provided in this section, the superintendent of public instruction shall administer the biology collection of evidence. The alternative assessment method that consists of an evaluation of a collection of student work samples under RCW 28A.655.065 (5) and (6) is intended to provide an alternative way for students to meet the state standards for high school graduation purposes. To ensure that students are learning the state standards, prior to the collection of work samples being submitted to the state for evaluation, a classroom teacher or other educator must review the collection of work to determine whether the sample is likely to meet the minimum required score to meet the state standard.

(2) \$356,000 of the general fund—state appropriation for fiscal year 2016 and \$356,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Washington state leadership and assistance for science education reform (LASER) regional partnership activities coordinated at the Pacific science center, including instructional material purchases, teacher and principal professional development, and school and community engagement events.

(3) \$3,935,000 of the general fund—state appropriation for fiscal year 2016 and \$3,935,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of a new performance-based evaluation for certificated educators and other activities as provided in chapter 235, Laws of 2010 (education reform) and chapter 35, Laws of 2012 (certificated employee evaluations).

(4) \$49,877,000 of the general fund—state appropriation for fiscal year 2016 and \$50,334,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the following bonuses for teachers who hold valid, unexpired certification from the national board for professional teaching standards and who are teaching in a Washington public school, subject to the following conditions and limitations:

(a) For national board certified teachers, a bonus of \$5,151 per teacher in the 2015-16 school year and a bonus of \$5,239 per teacher in the 2016-17 school year;

(b) An additional \$5,000 annual bonus shall be paid to national board certified teachers who teach in either: (A) High schools where at least 50 percent of student headcount enrollment is eligible for federal free or reduced-price lunch, (B) middle schools where at least 60 percent of student headcount enrollment is eligible for federal free or reduced-price lunch, or (C) elementary schools where at least 70 percent of student headcount enrollment is eligible for federal free or reduced-price lunch;

(c) The superintendent of public instruction shall adopt rules to ensure that national board certified teachers meet the qualifications for bonuses under (b) of this subsection for less than one full school year receive bonuses in a prorated manner. All bonuses in this subsection will be paid in July of each school year. Bonuses in this subsection shall be reduced by a factor of 40 percent for first year NBPTS certified teachers, to reflect the portion of the instructional school year they are certified; and

(d) During the 2015-16 and 2016-17 school years, and within available funds, certificated instructional staff who have met the eligibility requirements and have applied for certification from the national board for professional teaching standards may receive a conditional loan of two thousand dollars or the amount set by the office of the superintendent of public instruction to contribute toward the current assessment fee, not including the initial up-front candidacy payment. The fee shall be an advance on the first annual bonus under RCW 28A.405.415. The conditional loan is provided in addition to compensation received under a district's salary schedule and shall not be included in calculations of a district's average salary and associated salary limitation under RCW 28A.400.200. Recipients who fail to receive certification after three years are required to repay the conditional loan. The office of the superintendent of public instruction shall adopt rules to define the terms for initial grant of the assessment fee and repayment, including applicable fees. To the extent necessary, the superintendent may use revenues from the repayment of conditional loan scholarships to ensure payment of all national board bonus payments required by this section in each school year.

(5) \$477,000 of the general fund—state appropriation for fiscal year 2016 and \$477,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the leadership internship program for superintendents, principals, and program administrators.

(6) \$950,000 of the general fund—state appropriation for fiscal year 2016 and \$950,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Washington reading corps. The superintendent shall allocate reading corps members to low-performing schools and school districts that are implementing comprehensive, proven, research-based reading programs. Two or more schools may combine their Washington reading corps programs.

(7) \$810,000 of the general fund—state appropriation for fiscal year 2016 and \$810,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the development of a leadership academy for school principals and administrators. The superintendent of public instruction shall contract with an independent organization to operate a state-of-the-art education leadership academy that will be accessible throughout the state. Semiannually the independent organization shall report on amounts committed by foundations and others to support the development and implementation of this program. Leadership academy partners shall include the state level organizations for school administrators and principals, the

superintendent of public instruction, the professional educator standards board, and others as the independent organization shall identify.

(8) \$3,000,000 of the general fund—state appropriation for fiscal year 2016 and \$3,000,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a statewide information technology (IT) academy program. This public-private partnership will provide educational software, as well as IT certification and software training opportunities for students and staff in public schools.

(9) \$1,677,000 of the general fund—state appropriation for fiscal year 2016 and \$1,677,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for secondary career and technical education grants pursuant to chapter 170, Laws of 2008. If equally matched by private donations, \$700,000 of the 2016 appropriation and \$700,000 of the 2017 appropriation shall be used to support FIRST robotics programs. Of the amounts in this subsection, \$100,000 of the fiscal year 2016 appropriation and \$100,000 of the fiscal year 2017 appropriation are provided solely for the purpose of statewide supervision activities for career and technical education student leadership organizations.

(10) \$125,000 of the general fund—state appropriation for fiscal year 2016 and \$125,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for (a) staff at the office of the superintendent of public instruction to coordinate and promote efforts to develop integrated math, science, technology, and engineering programs in schools and districts across the state; and (b) grants of \$2,500 to provide twenty middle and high school teachers each year with professional development training for implementing integrated math, science, technology, and engineering programs in their schools.

(11) \$135,000 of the general fund—state appropriation for fiscal year 2016 and \$135,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for science, technology, engineering and mathematics lighthouse projects, consistent with chapter 238, Laws of 2010.

(12) \$5,500,000 of the general fund—state appropriation for fiscal year 2016 and \$5,500,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a beginning educator support program. The program shall prioritize first year teachers in the mentoring program. School districts and/or regional consortia may apply for grant funding. The program provided by a district and/or regional consortia shall include: A paid orientation; assignment of a qualified mentor; development of a professional growth plan for each beginning teacher aligned with professional certification; release time for mentors and new teachers to work together; and teacher observation time with accomplished peers. Funding may be used to provide statewide professional development opportunities for mentors and beginning educators.

(13) \$250,000 of the general fund—state appropriation for fiscal year 2016 and \$250,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for advanced project lead the way courses at ten high schools. To be eligible for funding in 2016, a high school must have offered a foundational project lead the way course during the 2014-15 school year. The 2016 funding must be used for one-time start-up course costs for an advanced project lead the way course, to be offered to students beginning in the 2015-16 school year. To be eligible for funding in 2016, a high school must have offered a foundational project lead the way course during the 2015-16 school year. The 2017 funding must be used for one-time start-up course costs for an advanced project lead the way course, to be offered to students beginning in the 2016-17 school year. The

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office of the superintendent of public instruction and the education research and data center at the office of financial management shall track student participation and long-term outcome data.

(14) \$300,000 of the general fund—state appropriation for fiscal year 2016 and \$300,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for annual start-up or expansion grants for aerospace and manufacturing technical programs housed at four skill centers. The grants are provided for equipment and curriculum purchases. To be eligible for funding, the skill center must agree to provide regional high schools with access to a technology laboratory, expand manufacturing certificate and course offerings at the skill center, and provide a laboratory space for local high school teachers to engage in professional development in the instruction of courses leading to student employment certification in the aerospace and manufacturing industries. The office of the superintendent of public instruction shall administer the grants in consultation with the center for excellence for aerospace and advanced materials manufacturing.

(15) \$150,000 of the general fund—state appropriation for fiscal year 2016 and \$150,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for annual start-up or expansion grants to six high schools to implement or expand the aerospace assembler program. The office of the superintendent of public instruction and the education research and data center at the office of financial management shall track student participation and long-term outcome data.

(16) \$5,000,000 of the general fund—state appropriation for fiscal year 2016 and \$5,000,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the provision of training for teachers in the performance-based teacher principal evaluation program.

(17) \$7,235,000 of the general fund—state appropriation for fiscal year 2016 and \$9,352,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of chapter 159, Laws of 2013 (Engrossed Second Substitute Senate Bill No. 5329) (persistently failing schools).

(18) \$100,000 of the general fund—state appropriation for fiscal year 2016 and \$100,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to promote the financial literacy of students. The effort will be coordinated through the financial literacy public-private partnership.

(19) \$99,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for the office of the superintendent of public instruction to implement a youth dropout prevention program that incorporates partnerships between community-based organizations, schools, food banks and farms or gardens. The office of the superintendent of public instruction shall select one school district that must partner with an organization that is operating an existing similar program and that also has the ability to serve at least 40 students. Of the amount appropriated in this subsection, up to \$10,000 may be used by the office of the superintendent of public instruction for administration of the program.

(20) \$2,194,000 of the general fund—state appropriation for fiscal year 2016 and \$2,194,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to implement chapter 18, Laws of 2013 2nd sp. sess. (Engrossed Substitute Senate Bill No. 5946) (strengthening student educational outcomes).

(21) \$1,061,000 of the general fund—state appropriation for fiscal year 2016 and \$1,061,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for chapter

184, Laws of 2013 (Second Substitute House Bill No. 1642) (academic acceleration).

(22) \$36,000 of the general fund—state appropriation for fiscal year 2016 and \$36,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for chapter 212, Laws of 2014 (Substitute Senate Bill No. 6074) (homeless student educational outcomes).

(23) \$80,000 of the general fund—state appropriation for fiscal year 2016 and \$80,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for chapter 219, Laws of 2014 (Second Substitute Senate Bill No. 6163) (expanded learning).

(24) \$15,000 of the general fund—state appropriation for fiscal year 2016 and \$10,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for chapter 102, Laws of 2014 (Senate Bill No. 6424) (biteracy seal).

(25) \$500,000 of the general fund—state appropriation for fiscal year 2016 and \$500,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the office of the superintendent of public instruction to contract with a nonprofit organization to integrate the state learning standards in English language arts, mathematics, and science with outdoor field studies and project-based and work-based learning opportunities aligned with the environmental, natural resource, and agricultural sectors.

(26) \$1,392,000 of general fund—state appropriation for fiscal year 2016 is provided solely for professional development and coaching for state-funded high school mathematics and science teachers. Training shall be provided in the 2015-16 school year by the science and mathematics coordinators at each educational service district. The professional development shall include instructional strategies and curriculum-specific training to improve outcomes for the statewide high school mathematics assessment or the high school biology assessment. The professional development provided may be broken up into shorter timeframes over the course of more than one day, but the aggregate amount of professional development provided shall be one full work day.

NEW SECTION. Sec. 514. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR SUPPLEMENTAL BILINGUAL PROGRAMS

General Fund—State	Appropriation	(FY 2016)	\$118,057,000
General Fund—State	Appropriation	(FY 2017)	\$121,869,000
General Fund—Federal Appropriation			\$72,207,000
TOTAL APPROPRIATION			\$312,133,000

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

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2015-16 and 2016-17 school years, the superintendent shall allocate funding to school districts for transitional bilingual programs under RCW 28A.180.010 through 28A.180.080, including programs for exited students, as provided in RCW 28A.150.260(10)(b) and the provisions of this section. In calculating the allocations, the superintendent shall assume the following averages: (i) Additional instruction of 4.7780 hours per week per transitional bilingual program student in grades kindergarten through twelve in school years 2015-16 and 2016-17; (ii) additional instruction of 3.0000 hours per week in school years 2015-16 and 2016-17 for the head count number of students who have exited the transitional bilingual instruction program within the previous two years based on their

performance on the English proficiency assessment; (iii) fifteen transitional bilingual program students per teacher; (iv) 36 instructional weeks per year; (v) 900 instructional hours per teacher; and (vi) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act. Pursuant to RCW 28A.180.040(1)(g), the instructional hours specified in (a)(ii) of this subsection (2) are within the program of basic education.

(b) From July 1, 2015, to August 31, 2015, the superintendent shall allocate funding to school districts for transitional bilingual instruction programs as provided in section 514, chapter 4, Laws of 2013, 2nd sp. sess., as amended.

(3) The superintendent may withhold allocations to school districts in subsection (2) of this section solely for the central provision of assessments as provided in RCW 28A.180.090 (1) and (2) up to the following amounts: 1.15 percent for school year 2015-16 and 1.12 percent for school year 2016-17.

(4) The general fund—federal appropriation in this section is for migrant education under Title I Part C and English language acquisition, and language enhancement grants under Title III of the elementary and secondary education act.

(5) \$35,000 of the general fund—state appropriation for fiscal year 2016 and \$35,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to track current and former transitional bilingual program students.

NEW SECTION. Sec. 515. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR THE LEARNING ASSISTANCE PROGRAM

General Fund—State Appropriation	(FY 2016)	\$223,440,000
General Fund—State Appropriation	(FY 2017)	\$227,490,000
General Fund—Federal Appropriation		\$448,468,000
TOTAL APPROPRIATION		\$899,398,000

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

(1) The general fund—state appropriations in this section are subject to the following conditions and limitations:

(a) The appropriations include such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b)(i) For the 2015-16 and 2016-17 school years, the superintendent shall allocate funding to school districts for learning assistance programs as provided in RCW 28A.150.260(10)(a), except that the allocation for the additional instructional hours shall be enhanced as provided in this section, which enhancements are within the program of the basic education. In calculating the allocations, the superintendent shall assume the following averages: (A) Additional instruction of 2.3975 hours per week per funded learning assistance program student for the 2015-16 school year and the 2016-17 school year; (B) fifteen learning assistance program students per teacher; (C) 36 instructional weeks per year; (D) 900 instructional hours per teacher; and (E) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(ii) From July 1, 2015, to August 31, 2015, the superintendent shall allocate funding to school districts for learning assistance programs as provided in section 515, chapter 4, Laws of 2013, 2nd sp. sess., as amended.

(c) A school district's funded students for the learning assistance program shall be the sum of the district's full-time equivalent enrollment in grades K-12 for the prior school year multiplied by the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced-price lunch in the prior school year. The prior school year's October headcount enrollment for free and reduced-price lunch shall be as

reported in the comprehensive education data and research system.

(2) Allocations made pursuant to subsection (1) of this section shall be adjusted to reflect ineligible applications identified through the annual income verification process required by the national school lunch program, as recommended in the report of the state auditor on the learning assistance program dated February, 2010.

(3) The general fund—federal appropriation in this section is provided for Title I Part A allocations of the no child left behind act of 2001.

(4) A school district may carry over from one year to the next up to 10 percent of the general fund—state funds allocated under this program; however, carryover funds shall be expended for the learning assistance program.

(5) Within existing resources, during the 2015-16 and 2016-17 school years, school districts are authorized to use funds allocated for the learning assistance program to also provide assistance to high school students who have not passed the state assessment in science.

NEW SECTION. Sec. 516. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

(1) Amounts distributed to districts by the superintendent through part V of this act are for allocations purposes only, unless specified by part V of this act, and do not entitle a particular district, district employee, or student to a specific service, beyond what has been expressly provided in statute. Part V of this act restates the requirements of various sections of Title 28A RCW. If any conflict exists, the provisions of Title 28A RCW control unless this act explicitly states that it is providing an enhancement. Any amounts provided in part V of this act in excess of the amounts required by Title 28A RCW provided in statute, are not within the program of basic education unless clearly stated by this act.

(2) To the maximum extent practicable, when adopting new or revised rules or policies relating to the administration of allocations in part V of this act that result in fiscal impact, the office of the superintendent of public instruction shall attempt to seek legislative approval through the budget request process.

(3) Appropriations made in this act to the office of the superintendent of public instruction shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act, except as expressly provided in subsection (4) of this section.

(4) As required by RCW 28A.710.110, the office of the superintendent of public instruction shall transmit the charter school authorizer oversight fee for the charter school commission to the charter school oversight account.

(5) State general fund appropriations distributed through Part V of this act for the operation and administration of charter schools as provided in chapter 28A.710 RCW shall not include state common school levy revenues collected under RCW 84.52.065.

NEW SECTION. Sec. 517. FOR THE WASHINGTON STATE CHARTER SCHOOL COMMISSION

General Fund—State Appropriation (FY 2016)	\$490,000
General Fund—State Appropriation (FY 2017)	\$336,000
Charter Schools Oversight Account—State Appropriation	\$737,000
TOTAL APPROPRIATION	\$1,563,000

**PART VI
HIGHER EDUCATION**

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NEW SECTION. Sec. 601. The appropriations in sections 605 through 611 of this act are subject to the following conditions and limitations:

(1) "Institutions" means the institutions of higher education receiving appropriations under sections 605 through 611 of this act.

(2) The legislature, the office of financial management, and other state agencies need consistent and accurate personnel data from institutions of higher education for policy planning purposes. Institutions of higher education shall report personnel data to the office of financial management for inclusion in the agency's data warehouse. Uniform reporting procedures shall be established by the office of financial management's office of the state human resources director for use by the reporting institutions, including provisions for common job classifications and common definitions of full-time equivalent staff. Annual contract amounts, number of contract months, and funding sources shall be consistently reported for employees under contract.

(3) In addition to waivers granted under the authority of RCW 28B.15.910, the governing boards and the state board may waive all or a portion of operating fees for any student. State general fund appropriations shall not be provided to replace tuition and fee revenue foregone as a result of waivers granted under this subsection.

(4)(a) For institutions receiving appropriations in section 605 of this act, the only allowable salary increases provided are those with normally occurring promotions and increases related to faculty and staff retention, except as provided in Part IX of this act. In fiscal year 2016 and fiscal year 2017, the state board for community and technical colleges may use salary and benefit savings from faculty turnover to provide salary increments and associated benefits for faculty who qualify through professional development and training.

(b) For employees under the jurisdiction of chapter 41.56 RCW, salary increases will be in accordance with the applicable collective bargaining agreement. However, an increase shall not be provided to any classified employee whose salary is above the approved salary range maximum for the class to which the employee's position is allocated.

(c) For each institution of higher education receiving appropriations under sections 606 through 611 of this act:

(i) The only allowable salary increases are those associated with normally occurring promotions and increases related to faculty and staff retention and as provided in Part IX of this act; and

(ii) Institutions may provide salary increases from other sources to instructional and research faculty at the universities and The Evergreen State College, exempt professional staff, teaching and research assistants, as classified by the office of financial management, and all other nonclassified staff, but not including employees under chapter 41.80 RCW. Any salary increase granted under the authority of this subsection (4)(c)(ii) shall not be included in an institution's salary base for future state funding. It is the intent of the legislature that state general fund support for an institution shall not increase during the current or any future biennium as a result of any salary increases authorized under this subsection (4)(c)(ii).

(5) Fiscal or related staff for institutions receiving appropriations in sections 605 through 611 of this act shall form a technical tuition calculation work group with staff from the office of financial management including the education research and data center, nonpartisan legislative fiscal staff, and staff from legislative evaluation and accountability program. The work group shall determine key elements, definitions, assumptions,

and drivers to forecast tuition revenue. By December 1, 2015, the work group shall recommend a single methodology for budget, allotment, and budget scenario modeling purposes. The work group may consult with the caseload forecast council as needed.

NEW SECTION. Sec. 602. (1) Within the amounts appropriated in this act, each institution of higher education is expected to enroll and educate at least the following numbers of full-time equivalent state-supported students per academic year:

	2015-16 Annual Average	2016-17 Annual Average
University of Washington	37,162	37,162
Washington State University	22,538	22,538
Central Washington University	9,105	9,105
Eastern Washington University	8,734	8,734
The Evergreen State College	4,213	4,213
Western Washington University	11,762	11,762
State Board for Community & Technical Colleges		
Adult Students	139,927	139,927
Running Start Students	11,558	11,558

(2) In achieving or exceeding these enrollment targets, each institution shall seek to:

(a) Maintain and to the extent possible increase enrollment opportunities at branch campuses;

(b) Maintain and to the extent possible increase enrollment opportunities at university centers and other partnership programs that enable students to earn baccalaureate degrees on community college campuses; and

(c) Eliminate and consolidate programs of study for which there is limited student or employer demand, or that are not areas of core academic strength for the institution, particularly when such programs duplicate offerings by other in-state institutions.

(3) For purposes of monitoring and reporting statewide enrollment, the University of Washington and Washington State University shall notify the office of financial management of the number of full-time student equivalent enrollments budgeted for each of their campuses.

NEW SECTION. Sec. 603. PUBLIC BACCALAUREATE INSTITUTIONS

(1) The state universities, the regional universities, and The Evergreen State College must accept the transfer of college-level courses taken by students under RCW 28A.600.290 or 28A.600.300 if a student seeking a transfer of the college-level courses has been admitted to the state university, the regional university, or The Evergreen State College, and if the college-level courses are recognized as transferrable by the admitting institution of higher education.

(2) Appropriations in sections 606 through 611 of this act are sufficient to implement 2015-17 collective bargaining agreements at institutions of higher education negotiated under chapter 41.80 RCW. The institutions may also use these funds for any other purpose including increasing compensation and implementing other collective bargaining agreements.

NEW SECTION. Sec. 604. STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

Appropriations in section 605 of this act are sufficient to implement 2015-17 collective bargaining agreements at institutions of higher education negotiated under chapter 41.80

RCW. The institutions may also use these funds for any other purpose including increasing compensation, and implementing other collective bargaining agreements.

NEW SECTION. Sec. 605. FOR THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

General Fund—State Appropriation (FY 2016)	\$626,297,000
General Fund—State Appropriation (FY 2017)	\$646,381,000
Community/Technical College Capital Projects Account—State Appropriation	\$17,548,000
Education Legacy Trust Account—State Appropriation	\$96,108,000
TOTAL APPROPRIATION	\$1,386,334,000

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

(1) \$33,261,000 of the general fund—state appropriation for fiscal year 2016 and \$33,261,000 of the general fund—state appropriation for fiscal year 2017 are provided solely as special funds for training and related support services, including financial aid, as specified in RCW 28C.04.390. Funding is provided to support at least 7,170 full-time equivalent students in fiscal year 2016 and at least 7,170 full-time equivalent students in fiscal year 2017.

(2) \$5,450,000 of the education legacy trust account—state appropriation is provided solely for administration and customized training contracts through the job skills program. The state board shall make an annual report by January 1st of each year to the governor and to the appropriate policy and fiscal committees of the legislature regarding implementation of this section, listing the scope of grant awards, the distribution of funds by educational sector and region of the state, and the results of the partnerships supported by these funds.

(3) \$425,000 of the general fund—state appropriation for fiscal year 2016 and \$425,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for Seattle central college's expansion of allied health programs.

(4) \$16,672,000 of the general fund—state appropriation for fiscal year 2016 and \$17,027,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of Second Engrossed Substitute Senate Bill No. 5954 (college affordability program). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

(5) \$5,250,000 of the general fund—state appropriation for fiscal year 2014 and \$5,250,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the student achievement initiative.

(6) \$410,000 of the general fund—state appropriation for fiscal year 2016, and \$410,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the expansion of the mathematics, engineering, and science achievement program. The state board shall report back to the appropriate committees of the legislature on the number of campuses and students served by December 31, 2018.

(7) \$750,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for Bellevue college to develop a baccalaureate of science degree in computer science. Subject to approval by the state board for community and technical colleges, in fiscal year 2016 Bellevue college shall develop a baccalaureate of science degree in computer science. This degree must be directed at high school graduates who may enroll directly as freshmen and transfer-oriented degree and professional and technical degree holders. Bellevue college will develop a plan for offering this new degree by no later than fall quarter 2016. With the exception of the amounts provided in this subsection, the plan must assume funding for this new degree will come through redistribution of the college's current per full-time

enrollment funding. The plan shall be delivered to the state board by June 30, 2016.

(8) Pursuant to aerospace industry appropriations (chapter 1, Laws of 2013 3rd sp. sess.), \$1,080,000 of the general fund—state appropriation for fiscal year 2016 and \$1,500,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for operating a fabrication composite wing incumbent worker training program to be housed at the Washington aerospace training and research center.

(9) \$150,000 of the general fund—state appropriation for fiscal year 2016 and \$150,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the state board to conduct a feasibility study for a potential new community and technical college in the Graham, Washington area.

(10) \$100,000 of the general fund—state appropriation for fiscal year 2016 and \$100,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the aerospace center of excellence currently hosted by Everett community college to:

(a) Increase statewide communications and outreach between industry sectors, industry organizations, businesses, K-12 schools, colleges, and universities;

(b) Enhance information technology to increase business and student accessibility and use of the center's web site; and

(c) Act as the information entry point for prospective students and job seekers regarding education, training, and employment in the industry.

(11) Community and technical colleges are not required to send mass mailings of course catalogs to residents of their districts. Community and technical colleges shall consider lower cost alternatives, such as mailing postcards or brochures that direct individuals to online information and other ways of acquiring print catalogs.

(12) The state board for community and technical colleges shall not use funds appropriated in this section to support intercollegiate athletics programs.

NEW SECTION. Sec. 606. FOR THE UNIVERSITY OF WASHINGTON

General Fund—State Appropriation (FY 2016)	\$278,887,000
General Fund—State Appropriation (FY 2017)	\$312,687,000
Education Legacy Trust Account—State Appropriation	\$27,998,000
Economic Development Strategic Reserve Account—State Appropriation	\$3,010,000
Biotoxin Account—State Appropriation	\$392,000
Accident Account—State Appropriation	\$7,108,000
Medical Aid Account—State Appropriation	\$6,730,000
Aquatic Land Enhancement Account—State Appropriation	\$1,550,000
Dedicated Marijuana Account—State Appropriation (FY 2016)	\$227,000
Dedicated Marijuana Account—State Appropriation (FY 2017)	\$227,000
TOTAL APPROPRIATION	\$638,816,000

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

(1) \$52,000 of the general fund—state appropriation for fiscal year 2016 and \$52,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the center for international trade in forest products in the college of forest resources.

(2) \$200,000 of the general fund—state appropriation for fiscal year 2016 and \$200,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for labor archives of Washington. The university shall work in

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collaboration with the state board for community and technical colleges.

(3) \$8,000,000 of the education legacy trust account—state appropriation is provided solely for the family medicine residency network at the university to expand the number of residency slots available in Washington.

(4) The university must continue work with the education research and data center to demonstrate progress in computer science and engineering enrollments. By September 1st of each year, the university shall provide a report including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the university, and how many students are enrolled in computer science and engineering programs above the prior academic year.

(5) \$1,550,000 of the aquatic lands enhancement account—state is provided solely for ocean acidification monitoring, forecasting, and research and for operation of the Washington ocean acidification center. By September 1, 2015, the center must provide a biennial work plan and begin quarterly progress reports to the Washington marine resources advisory council created under RCW 43.06.338.

(6) \$6,000,000 of the education legacy trust account—state appropriation is provided solely for the expansion of degrees in the department of computer science and engineering at the Seattle campus.

(7) \$10,018,000 of the general fund—state appropriation for fiscal year 2016 and \$34,053,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of Second Engrossed Substitute Senate Bill No. 5954 (college affordability program). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

(8) \$3,000,000 of the economic development strategic reserve account appropriation is provided solely to support the joint center for aerospace innovation technology.

(9) The University of Washington shall not use funds appropriated in this section to support intercollegiate athletics programs.

(10) \$250,000 of the general fund—state appropriation for fiscal year 2016 and \$250,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the latino health center.

(11) \$200,000 of the general fund—state appropriation for fiscal year 2016 and \$200,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the climate impacts group in the college of the environment.

(12) To the extent federal or private funding is available for this purpose, the center for education data and research at the University of Washington shall examine the relationship between participation in pension systems and teacher quality and mobility patterns in the state, including changes in the patterns that have occurred since the 2009-2011 fiscal biennium. The department of retirement systems shall facilitate University of Washington researchers' access to necessary individual-level data necessary to effectively conduct the study. The University of Washington shall ensure that no individually identifiable information will be disclosed at any time. An interim report on project findings must be completed by November 15, 2015, and a final report must be submitted to the governor and to the relevant committees of the legislature by October 15, 2016.

(13) \$3,600,000 of the general fund—state appropriation for fiscal year 2016 and \$5,400,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the continued operations of the Washington, Wyoming, Alaska, Montana, Idaho medical school program.

(14) Within the amounts provided in this section, the university must determine the feasibility of establishing inter-agency agreements with the department of corrections and the special commitment center within the department of social and health services to provide each entity with discount pricing on prescription hepatitis C medications or other prescription medications as allowed under section 340B of the public health services act. By January 1, 2016, the university must submit a report to the relevant policy and fiscal committees of the legislature that includes the following:

- (a) Description of the steps required to achieve institutional cooperation on 340B pricing;
- (b) Identification of barriers to achieving such an agreement;
- (c) Where possible, possible solutions to overcoming these barriers;
- (d) Estimates of the fiscal impact of this agreement in the 2015-2017 and 2017-2019 fiscal biennia; and
- (e) Timeline for implementation of such an agreement.

The inter-agency agreements must be in place prior to July 1, 2016, and the agreements must not jeopardize the University of Washington's current compliance status with 340B program rules and regulations.

NEW SECTION. Sec. 607. FOR WASHINGTON STATE UNIVERSITY

General Fund—State Appropriation (FY 2016)	\$181,038,000
General Fund—State Appropriation (FY 2017)	\$204,858,000
Education Legacy Trust Account—State Appropriation	\$33,995,000
Dedicated Marijuana Account—State Appropriation (FY 2016)	\$138,000
Dedicated Marijuana Account—State Appropriation (FY 2017)	\$138,000
TOTAL APPROPRIATION	\$420,167,000

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

(1) \$90,000 of the general fund—state appropriation for fiscal year 2016 and \$90,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a rural economic development and outreach coordinator.

(2) The university must continue work with the education research and data center to demonstrate progress in computer science and engineering enrollments. By September 1st of each year, the university shall provide a report including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the university, and how many students are enrolled in computer science and engineering programs above the prior academic year.

(3) \$1,000,000 of the general fund—state appropriation for fiscal 2016 and \$630,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the creation of an electrical engineering program located in Bremerton. At full implementation, the university is expected to increase degree production by 25 new bachelor's degrees per year. The university must identify these students separately when providing data to the education research data center as required in subsection (2) of this section.

(4) \$1,000,000 of the general fund—state appropriation for fiscal year 2016 and \$1,370,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the creation of software engineering and data analytic programs at the university center in Everett. At full implementation, the university is expected to enroll 50 students per academic year. The university must identify these students separately when

providing data to the education research data center as required in subsection (2) of this section.

(5) \$500,000 of the general fund—state appropriation for fiscal year 2016 and \$500,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for state match requirements related to the federal aviation administration grant.

(6) Washington State University shall not use funds appropriated in this section to support intercollegiate athletic programs.

(7) \$8,714,000 of the general fund—state appropriation for fiscal year 2016 and \$25,266,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of Second Engrossed Substitute Senate Bill No. 5954 (college affordability program). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

(8) \$1,098,000 of the general fund—state appropriation for fiscal year 2016 and \$1,402,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for development of a medical school in Spokane. Funding must support the development of the curriculum, the courses, the faculty, and the administrative structure required by the liaison committee on medical education.

NEW SECTION. Sec. 608. FOR EASTERN WASHINGTON UNIVERSITY

General Fund—State Appropriation (FY 2016)	\$38,603,000
General Fund—State Appropriation (FY 2017)	\$47,498,000
Education Legacy Trust Account—State Appropriation	\$16,598,000
TOTAL APPROPRIATION	\$102,699,000

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

(1) At least \$200,000 of the general fund—state appropriation for fiscal year 2016 and at least \$200,000 of the general fund—state appropriation for fiscal year 2017 must be expended on the Northwest autism center.

(2) The university must continue work with the education research and data center to demonstrate progress in computer science and engineering enrollments. By September 1st of each year, the university shall provide a report including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the university, and how many students are enrolled in computer science and engineering programs above the prior academic year.

(3) Eastern Washington University shall not use funds appropriated in this section to support intercollegiate athletics programs.

(4) \$750,000 of the general fund—state appropriation for fiscal year 2016 and \$750,000 of the general fund—state appropriation are provided solely for student success and advising programs that lead to increased degree completion.

(5) \$2,386,000 of the general fund—state appropriation for fiscal year 2016 and \$9,171,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of Second Engrossed Substitute Senate Bill No. 5954 (college affordability program). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 609. FOR CENTRAL WASHINGTON UNIVERSITY

General Fund—State Appropriation (FY 2016)	\$36,947,000
General Fund—State Appropriation (FY 2017)	\$47,405,000
Education Legacy Trust Account—State Appropriation	\$19,076,000
TOTAL APPROPRIATION	\$103,428,000

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

(1) The university must continue work with the education research and data center to demonstrate progress in engineering enrollments. By September 1st of each year, the university shall provide a report including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the university, and how many students are enrolled in engineering programs above the prior academic year.

(2) Central Washington University shall not use funds appropriated in this section to support intercollegiate athletics programs.

(3) \$750,000 of the general fund—state appropriation for fiscal year 2016 and \$750,000 of the general fund—state appropriation are provided solely for student success and advising programs that lead to increased degree completion.

(4) \$2,757,000 of the general fund—state appropriation for fiscal year 2016 and \$10,632,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of Second Engrossed Substitute Senate Bill No. 5954 (college affordability program). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 610. FOR THE EVERGREEN STATE COLLEGE

General Fund—State Appropriation (FY 2016)	\$22,068,000
General Fund—State Appropriation (FY 2017)	\$25,261,000
Education Legacy Trust Account—State Appropriation	\$5,450,000
TOTAL APPROPRIATION	\$52,779,000

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

(1) \$39,000 of the general fund—state appropriation for fiscal year 2016 and \$55,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of chapter 244, Laws of 2015 (college bound).

(2) \$39,000 of the general fund—state appropriation for fiscal year 2016 and \$32,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of Engrossed Second Substitute House Bill No. 1491 (early care & education system). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

(3) \$885,000 of the general fund—state appropriation for fiscal year 2016 and \$3,411,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of Second Engrossed Substitute Senate Bill No. 5954 (college affordability program). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

(4) \$40,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for the tuition metric study in Second Engrossed Substitute Senate Bill No. 5954 (college affordability program). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

(5) \$121,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for implementation of section 15 of chapter 269, Laws of 2015 (mental health/involuntary outpatient). If the bill is not enacted by July 10, 2015, the amount provided in this subsection shall lapse.

(6) \$295,000 of the general fund—state appropriation for fiscal year 2016 and \$295,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the Washington state institute of public policy to contract with an objective, non-partisan, nationally known organization to examine policy options for increasing the availability of primary care services in rural Washington.

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(7) \$750,000 of the general fund—state appropriation for fiscal year 2016 and \$750,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for student success and advising programs that lead to increased degree completion.

(8) Funding provided in this section is sufficient for The Evergreen State College to continue operations of the Longhouse Center and the Northwest Indian applied research institute.

(9) \$50,000 of the general fund—state appropriation for fiscal year 2016 and \$50,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the institute to review existing research literature and begin a four-year study to evaluate outcomes regarding the cost effectiveness of FDA approved long-acting injectable medications that are indicated for the treatment of alcohol and opiate dependence. Any outcome evaluation will be focused on potential benefits to prison offenders being released into the community and the effects on recidivism. The institute shall submit a report summarizing cost-effectiveness findings from the existing research literature to the appropriate committees of the legislature by December 31, 2016.

(10) Notwithstanding other provisions in this section, the board of directors for the Washington state institute for public policy may adjust due dates for projects included on the institute's 2015-2017 work plan as necessary to efficiently manage workload.

(11) The Evergreen State College shall not use funds appropriated in this section to support intercollegiate athletics programs.

NEW SECTION. Sec. 611. FOR WESTERN WASHINGTON UNIVERSITY

General Fund—State Appropriation (FY 2016)	\$53,332,000
General Fund—State Appropriation (FY 2017)	\$66,059,000
Education Legacy Trust Account—State Appropriation	\$13,720,000
TOTAL APPROPRIATION	\$133,111,000

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

(1) The university must continue work with the education research and data center to demonstrate progress in computer science and engineering enrollments. By September 1st of each year, the university shall provide a report including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the university, and how many students are enrolled in computer science and engineering programs above the prior academic year.

(2) \$910,000 of the general fund—state appropriation for fiscal year 2016 and \$630,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the creation of a computer and information systems security program located at Olympic college - Poulsbo. The university is expected to enroll 30 students each academic year beginning in fiscal year 2017. The university must identify these students separately when providing data to the educational data centers as required in (1) of this section.

(3) Western Washington University shall not use funds appropriated in this section to support intercollegiate athletics programs.

(4) \$3,656,000 of the general fund—state appropriation for fiscal year 2016 and \$14,087,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the implementation of Second Engrossed Substitute Senate Bill No. 5954 (college affordability program). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 612. FOR THE STUDENT ACHIEVEMENT COUNCIL—POLICY COORDINATION AND ADMINISTRATION

General Fund—State Appropriation (FY 2016)	\$5,528,000
General Fund—State Appropriation (FY 2017)	\$5,631,000
General Fund—Federal Appropriation	\$4,859,000
TOTAL APPROPRIATION	\$16,018,000

NEW SECTION. Sec. 613. FOR THE STUDENT ACHIEVEMENT COUNCIL—OFFICE OF STUDENT FINANCIAL ASSISTANCE

General Fund—State Appropriation (FY 2016)	\$260,978,000
General Fund—State Appropriation (FY 2017)	\$244,061,000
General Fund—Federal Appropriation	\$11,798,000
General Fund—Private/Local Appropriation	\$300,000
Education Legacy Trust Account—State Appropriation	\$33,670,000
Health Professional Loan Repayment Scholarship Program Account—State Appropriation	\$1,720,000
Washington Opportunity Pathways Account—State Appropriation	\$175,000,000
TOTAL APPROPRIATION	\$727,527,000

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

(1) \$230,217,000 of the general fund—state appropriation for fiscal year 2016, \$212,760,000 of the general fund—state appropriation for fiscal year 2017, \$12,000,000 of the education legacy trust account—state appropriation, and \$135,000,000 of the Washington opportunity pathways account—state appropriation are provided solely for student financial aid payments under the state need grant, implementation of Second Engrossed Substitute Senate Bill No. 5954 (college affordability program), and state work study programs including up to four percent administrative allowance for the state work study program.

(2) Changes made to the state need grant program in the 2011-2013 fiscal biennium are continued in the 2015-2017 fiscal biennium. For the 2015-2017 fiscal biennium, awards given to private institutions shall be the same amount as the prior year.

(3) Changes made to the state work study program in the 2009-2011 and 2011-2013 fiscal biennia are continued in the 2015-2017 fiscal biennium including maintaining the increased required employer share of wages; adjusted employer match rates; discontinuation of nonresident student eligibility for the program; and revising distribution methods to institutions by taking into consideration other factors such as off-campus job development, historical utilization trends, and student need.

(4) Within the funds appropriated in this section, eligibility for the state need grant includes students with family incomes at or below 70 percent of the state median family income (MFI), adjusted for family size, and shall include students enrolled in three to five credit-bearing quarter credits, or the equivalent semester credits. Awards for students with incomes between 51 and 70 percent of the state median shall be prorated at the following percentages of the award amount granted to those with incomes below 51 percent of the MFI: 70 percent for students with family incomes between 51 and 55 percent MFI; 65 percent for students with family incomes between 56 and 60 percent MFI; 60 percent for students with family incomes between 61 and 65 percent MFI; and 50 percent for students with family incomes between 66 and 70 percent MFI.

(5)(a) Students who are eligible for the college bound scholarship shall be given priority for the state need grant program. These eligible college bound students whose family incomes are in the 0-65 percent median family income ranges must be awarded the maximum state need grant for which they

are eligible under state policies and may not be denied maximum state need grant funding due to institutional policies or delayed awarding of college bound scholarship students. The council shall provide directions to institutions to maximize the number of college bound scholarship students receiving the maximum state need grant for which they are eligible with a goal of 100 percent coordination. Institutions shall identify all college bound scholarship students to receive state need grant priority. If an institution is unable to identify all college bound scholarship students at the time of initial state aid packaging, the institution should reserve state need grant funding sufficient to cover the projected enrollments of college bound scholarship students.

(b) In calculating the college bound award, public institutions of higher education are subject to the conditions and limitations in RCW 28B.15.102 and shall not utilize college bound funds to offset tuition costs from rate increases in excess of levels authorized in section 603, chapter 50, Laws of 2011.

(6) \$21,670,000 of the education legacy trust account—state appropriation and \$40,000,000 of the opportunity pathways account—state appropriation are provided solely for the college bound scholarship program, implementation of Second Engrossed Substitute Senate Bill No. 5954 (college affordability program), and may support scholarships for summer session.

(7) \$2,236,000 of the general fund—state appropriation for fiscal year 2016 and \$2,236,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the passport to college program. The maximum scholarship award is up to \$5,000. The board shall contract with a nonprofit organization to provide support services to increase student completion in their postsecondary program and shall, under this contract, provide a minimum of \$500,000 in fiscal years 2016 and 2017 for this purpose.

(8) \$20,000,000 of the general fund—state appropriation for fiscal year 2016 and \$21,000,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to meet state match requirements associated with the opportunity scholarship program. The legislature will evaluate subsequent appropriations to the opportunity scholarship program based on the extent that additional private contributions are made, program spending patterns, and fund balance.

(9) \$3,825,000 of the general fund—state appropriation for fiscal year 2016 and \$3,825,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for expenditure into the health professionals loan repayment and scholarship program account. These amounts and \$1,720,000 appropriated from the health professionals loan repayment and scholarship program account must be used to increase the number of licensed primary care health professionals to serve in licensed primary care health professional critical shortage areas. The office of student financial assistance and the department of health shall prioritize a portion of any nonfederal balances in the health professional loan repayment and scholarship fund for conditional loan repayment contracts with psychiatrists and with advanced registered nurse practitioners for work at one of the state-operated psychiatric hospitals. The office and department shall designate the state hospitals as health professional shortage areas if necessary for this purpose. The office shall coordinate with the department of social and health services to effectively incorporate three conditional loan repayments into the department's advanced psychiatric professional recruitment and retention strategies. The office may use these targeted amounts for other program participants should there be any remaining amounts after eligible psychiatrists and advanced registered nurse practitioners have been served. The office shall also work to prioritize loan repayments to professionals working at health care delivery sites that demonstrate a commitment to serving uninsured clients.

(10) \$56,000 of the general fund—state appropriation for fiscal year 2016 and \$42,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the council to design and implement a program that provides customized information to high-achieving (as determined by local school districts), low-income, high school students. "Low-income" means students who are from low-income families as defined by the education data center in RCW 43.41.400. For the purposes of designing, developing, and implementing the program, the council shall partner with a national entity that offers aptitude tests and shall consult with institutions of higher education with a physical location in Washington. The council shall implement the program no later than fall 2016, giving consideration to spring mailings in order to capture early action decisions offered by institutions of higher education and nonprofit baccalaureate degree-granting institutions. The information packet for students must include at a minimum:

(a) Materials that help students to choose colleges;

(b) An application guidance booklet;

(c) Application fee waivers, if available, for four-year institutions of higher education and independent nonprofit baccalaureate degree-granting institutions in the state that enable students receiving a packet to apply without paying application fees;

(d) Information on college affordability and financial aid that includes information on the net cost of attendance for each four-year institution of higher education and each nonprofit baccalaureate degree-granting institution, and information on merit and need-based aid from federal, state, and institutional sources; and

(e) A personally addressed cover letter signed by the governor and the president of each four-year institution of higher education and nonprofit baccalaureate degree-granting institution in the state.

NEW SECTION. Sec. 614. FOR THE WORK FORCE TRAINING AND EDUCATION COORDINATING BOARD

General Fund—State Appropriation (FY 2016)	\$1,646,000
General Fund—State Appropriation (FY 2017)	\$1,668,000
General Fund—Federal Appropriation	\$55,142,000
General Fund—Private/Local Appropriation	\$72,000
TOTAL APPROPRIATION	\$58,528,000

The appropriations in this section are subject to the following conditions and limitations: For the 2015-2017 fiscal biennium the board shall not designate recipients of the Washington award for vocational excellence or recognize them at award ceremonies as provided in RCW 28C.04.535.

NEW SECTION. Sec. 615. FOR THE DEPARTMENT OF EARLY LEARNING

General Fund—State Appropriation (FY 2016)	\$89,572,000
General Fund—State Appropriation (FY 2017)	\$103,257,000
General Fund—Federal Appropriation	\$290,204,000
Opportunity Pathways Account—State	\$80,000,000
Education Legacy Trust Account—State	\$28,250,000
Home Visiting Services Account—State	\$4,868,000
Home Visiting Services Account—Federal	\$25,250,000
TOTAL APPROPRIATION	\$621,401,000

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

(1) \$44,800,000 of the general fund—state appropriation for fiscal year 2016, \$44,800,000 of the general fund—state appropriation for fiscal year 2017, \$24,250,000 of the education

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legacy trust account—state appropriation, and \$80,000,000 of the opportunity pathways account appropriation are provided solely for the early childhood education and assistance program. These amounts shall support at least 11,691 slots in fiscal year 2016 and 11,691 slots in fiscal year 2017. Of these amounts, \$10,284,000 is a portion of the biennial amount of state maintenance of effort dollars required to receive federal child care and development fund grant dollars.

(2) \$200,000 of the general fund—state appropriation for fiscal year 2016 and \$200,000 of the general fund—state appropriation for fiscal year 2017 are provided solely to develop and provide culturally relevant supports for parents, family, and other caregivers.

(3) The department is the lead agency for and recipient of the federal child care and development fund grant. Amounts within this grant shall be used to fund child care licensing, quality initiatives, agency administration, and other costs associated with child care subsidies. The department shall transfer a portion of this grant to the department of social and health services to fund the child care subsidies paid by the department of social and health services on behalf of the department of early learning.

(4) \$1,434,000 of the general fund—state appropriation for fiscal year 2016 is provided solely for expenditure into the home visiting services account. This funding is intended to meet federal maintenance of effort requirements and to secure private matching funds. Additional amounts are provided separately in part II of this act. The division of behavioral health and recovery must transfer these amounts into the home visiting services account.

(5)(a) \$153,717,000 of the general fund—federal appropriation is provided solely for the working connections child care program under RCW 43.215.135.

(b) In addition to groups that were given prioritized access to the working connections child care program effective March 1, 2011, the department shall also give prioritized access into the program to families in which a parent of a child in care is a minor who is not living with a parent or guardian and who is a full-time student in a high school that has a school-sponsored on-site child care center.

(6) Within available amounts, the department in consultation with the office of financial management and the department of social and health services shall report enrollments and active caseload for the working connections child care program to the legislative fiscal committees and the legislative-executive WorkFirst oversight task force on an agreed upon schedule. The report shall also identify the number of cases participating in both temporary assistance for needy families and working connections child care. The department must also report on the number of children served through contracted slots.

(7) \$1,194,000 of the general fund—state appropriation for fiscal year 2016, \$1,926,000 of the general fund—state appropriation for fiscal year 2017, and \$13,424,000 of the general fund—federal appropriation are provided solely for the seasonal child care program. If federal sequestration cuts are realized, cuts to the seasonal child care program must be proportional to other federal reductions made within the department.

(8) \$4,674,000 of the general fund—state appropriation for fiscal year 2016, \$2,522,000 of the general fund—state appropriation for fiscal year 2017 and \$2,152,000 of the general fund—federal appropriation are provided solely for the early childhood intervention prevention services (ECLIPSE) program. The department shall contract for ECLIPSE services to provide therapeutic child care and other specialized treatment services to abused, neglected, at-risk, and/or drug-affected children. Priority for services shall be given to children referred from the

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department of social and health services children's administration. Of the amounts appropriated in this subsection, \$60,000 per fiscal year may be used by the department for administering the ECLIPSE program, if needed.

(9) \$47,000 of the general fund—state appropriation for fiscal year 2016 and \$46,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for implementation of Engrossed Substitute House Bill No. 1126 (fatality review). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse.

(10) \$28,637,000 of the general fund—state appropriation for fiscal year 2016, \$47,143,000 of the general fund—state appropriation for fiscal year 2017, and \$26,206,000 of the general fund—federal appropriation are provided solely for the implementation of Engrossed Second Substitute House Bill No. 1491 (early care and education system). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse. Of the amounts provided in this subsection:

(a) \$60,817,000 is for quality rating and improvement system activities, including but not limited to: Level two activities, technical assistance, coaching, rating, and quality improvement awards. The department shall place a 10 percent administrative overhead cap on any contract entered into with the University of Washington.

(b) \$10,895,000 is for degree and retention incentives and scholarship and tuition reimbursements.

(c) \$14,192,000 is for level 2 payments and tiered reimbursement for child care licensed family home and center providers. Additional amounts for licensed family home providers are provided separately in fiscal year 2016 as part of a collective bargaining agreement part IX of this act.

(11) \$1,808,000 of the general fund—state appropriation for fiscal year 2016 and \$1,728,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for reducing barriers for low-income providers to participate in the early achievers program consistent with Engrossed Second Substitute House Bill No. 1491 (early care and education system). If the bill is not enacted by July 10, 2015, the amounts provided in this subsection shall lapse. Of the amounts provided in this subsection:

(a) \$2,000,000 is for need-based grants. Additional amounts for child care licensed family home providers are provided separately as part of a collective bargaining agreement part IX of this act.

(b) \$1,336,000 is for the creation of a substitute pool.

(c) \$200,000 is for the development of materials and assessments in provider and family home languages.

(12) \$300,000 of the general fund—state appropriation for fiscal year 2016 and \$300,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for a contract with a nonprofit entity experienced in the provision of promoting early literacy for children through pediatric office visits.

(13) \$4,000,000 of the education legacy trust account—state appropriation is provided solely for early intervention assessment and services.

(14) Information and technology investments and proposed projects for time capture, payroll, payment processes, and eligibility and authorization systems within the department are subject to technical oversight by the office of the chief information officer. The department must collaborate with the office of the chief information officer to develop a strategic business and technology architecture plan for a child care attendance and billing system that supports a statewide architecture.

(15)(a)(i) The department of early learning is required to provide to the education research and data center, housed at the office of financial management, data on all state-funded early childhood programs. These programs include the early support for infants and toddlers, early childhood education and assistance program (ECEAP), and the working connections and seasonal subsidized childcare programs including license exempt facilities or family, friend, and neighbor care. The data provided by the department to the education research data center must include information on children who participate in these programs, including their name and date of birth, and dates the child received services at a particular facility.

(ii) ECEAP early learning professionals must enter any new qualifications into the department's professional development registry during the 2015-16 school year. By October 2017, the department must provide updated ECEAP early learning professional data to the education research data center.

(iii) The department must request federally funded head start programs to voluntarily provide data to the department and the education research data center that is equivalent to what is being provided for state-funded programs.

(iv) The education research and data center must provide an updated report on early childhood program participation and K-12 outcomes to the house of representatives appropriations committee and the senate ways and means committee using available data by November 2015 for the school year ending in 2014 and again in March 2016 for the school year ending in 2015.

(b) The department, in consultation with the department of social and health services, must withhold payment for services to early childhood programs that do not report on the name, date of birth, and the dates a child received services at a particular facility.

(16) The department shall work with state and local law enforcement, federally recognized tribal governments, and tribal law enforcement to develop a process for expediting fingerprinting and data collection necessary to conduct background checks for tribal early learning and child care providers.

NEW SECTION. Sec. 616. FOR THE STATE SCHOOL FOR THE BLIND

General Fund—State Appropriation (FY 2016)	\$6,409,000
General Fund—State Appropriation (FY 2017)	\$6,535,000
General Fund—Private/Local Appropriation	\$34,000
TOTAL APPROPRIATION	\$12,978,000

The appropriations in this section are subject to the following conditions and limitations: Funding provided in this section is sufficient for the school to offer to students enrolled in grades nine through twelve for full-time instructional services at the Vancouver campus with the opportunity to participate in a minimum of one thousand eighty hours of instruction and the opportunity to earn twenty-four high school credits.

NEW SECTION. Sec. 617. FOR THE WASHINGTON STATE CENTER FOR CHILDHOOD DEAFNESS AND HEARING LOSS

General Fund—State Appropriation (FY 2016)	\$9,953,000
General Fund—State Appropriation (FY 2017)	\$10,086,000
TOTAL APPROPRIATION	\$20,039,000

The appropriations in this section are subject to the following conditions and limitations: Funding provided in this section is sufficient for the center to offer to students enrolled in grades nine through twelve for full-time instructional services at the Vancouver campus with the opportunity to participate in a minimum of one thousand eighty hours of instruction and the opportunity to earn twenty-four high school credits.

NEW SECTION. Sec. 618. FOR THE WASHINGTON STATE ARTS COMMISSION

General Fund—State Appropriation (FY 2016)	\$1,118,000
General Fund—State Appropriation (FY 2017)	\$1,148,000
General Fund—Federal Appropriation	\$2,100,000
General Fund—Private/Local Appropriation	\$18,000
TOTAL APPROPRIATION	\$4,384,000

NEW SECTION. Sec. 619. FOR THE WASHINGTON STATE HISTORICAL SOCIETY

General Fund—State Appropriation (FY 2016)	\$2,352,000
General Fund—State Appropriation (FY 2017)	\$2,412,000
TOTAL APPROPRIATION	\$4,764,000

The appropriations in this section are subject to the following conditions and limitations: \$150,000 of the general fund—state appropriation for fiscal year 2016 and \$150,000 of the general fund—state appropriation for fiscal year 2017 are provided solely for the restoration of the Washington women's history consortium created in RCW 27.34.360. These amounts must be used for staff, professional archiving, public programs and exhibits, and information technology investments to enable the society to restore its central database of women's history.

NEW SECTION. Sec. 620. FOR THE EASTERN WASHINGTON STATE HISTORICAL SOCIETY

General Fund—State Appropriation (FY 2016)	\$1,714,000
General Fund—State Appropriation (FY 2017)	\$1,808,000
TOTAL APPROPRIATION	\$3,522,000

The appropriations in this section are subject to the following conditions and limitations: The eastern Washington state historical society shall develop a plan for creating a performance-based partnership agreement between the state of Washington and the not-for-profit Northwest museum of arts and culture for implementation in the 2017-2019 fiscal biennium. The plan at minimum shall include strategies to increase nonstate revenues for the operation of the museum and estimate the minimum amount of state funding necessary to preserve, maintain, and protect state-owned facilities and assets. The plan shall be submitted to the office of financial management and the fiscal committees of the legislature by October 1, 2016.

PART VII

SPECIAL APPROPRIATIONS

NEW SECTION. Sec. 701. FOR THE STATE TREASURER—BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR DEBT SUBJECT TO THE DEBT LIMIT

General Fund—State Appropriation (FY 2016)	\$1,067,157,000
General Fund—State Appropriation (FY 2017)	\$1,133,037,000

State Building Construction Account—State Appropriation	\$6,462,000
Debt-Limit Reimbursable Bond Retire Account—State Appropriation	\$1,430,000
TOTAL APPROPRIATION	\$2,208,086,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriations are for expenditure into the debt-limit general fund bond retirement account.

NEW SECTION. Sec. 702. FOR THE STATE TREASURER—BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR GENERAL OBLIGATION DEBT TO BE REIMBURSED BY ENTERPRISE ACTIVITIES

Accident Account—State Appropriation	\$2,081,000
Medical Aid Account—State Appropriation	\$2,081,000
TOTAL APPROPRIATION	\$4,162,000

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2015 3RD SPECIAL SESSION

NEW SECTION. Sec. 703. FOR THE STATE TREASURER—BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR GENERAL OBLIGATION DEBT TO BE REIMBURSED AS PRESCRIBED BY STATUTE

General Fund—State Appropriation (FY 2016)	\$16,129,000
General Fund—State Appropriation (FY 2017)	\$13,847,000
Nondebt-Limit Reimbursable Bond Retirement	
Account—State	
Appropriation	\$180,685,000
TOTAL APPROPRIATION	\$210,661,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriations are for expenditure into the nondebt-limit general fund bond retirement account.

NEW SECTION. Sec. 704. FOR THE STATE TREASURER—BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALE EXPENSES

General Fund—State Appropriation (FY 2016)	\$1,400,000
General Fund—State Appropriation (FY 2017)	\$1,400,000
State Building Construction Account—State	
Appropriation	\$1,301,000
Columbia River Basin Water Supply Develop	
Account—State Appropriation	\$6,000
Columbia River Basin Taxable Bond Water Supply	
Develop Account—State Appropriation	\$11,000
State Taxable Building Construction Account—State	
Appropriation	\$53,000
TOTAL APPROPRIATION	\$4,171,000

NEW SECTION. Sec. 705. FOR THE OFFICE OF FINANCIAL MANAGEMENT—INFORMATION TECHNOLOGY INVESTMENT POOL

General Fund—State Appropriation (FY 2016)	\$17,000,000
General Fund—State Appropriation (FY 2017)	\$8,000,000
General Fund—Federal Appropriation	\$60,168,000
General Fund—Private/Local Appropriation	\$148,000
Other Appropriated Funds	\$807,000
TOTAL APPROPRIATION	\$86,123,000

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

(1) The appropriations in this section are provided solely for deposit to the information technology investment revolving account, hereby created in the custody of the state treasurer. Only the director of financial management or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. Funds in the account are provided solely for the information technology projects shown in LEAP omnibus document IT-2015, dated June 28, 2015, which is hereby incorporated by reference. To facilitate the transfer of moneys from other funds and accounts that are associated with projects contained in LEAP omnibus document IT-2015, dated June 28, 2015, the state treasurer is directed to transfer moneys from other funds and accounts in an amount not to exceed \$807,000 to the information technology investment revolving account in accordance with schedules provided by the office of financial management.

(2) Agencies may apply to the office of financial management to receive funds from the information technology investment revolving account.

(a) When selecting projects for allocations from the account, sufficient funding must be reserved within the account to

implement the following projects shown in LEAP omnibus document IT-2015 dated June 28, 2015:

- (i) Public Disclosure Commission:
 - (A) PC Lease Program
 - (B) Customer Serv/Case Mgmt System
 - (C) Cloud Based Communication Svcs
- (ii) Department of Social and Health Services:
 - (A) Align Funding with ICD-10 Imp.
 - (B) ESAR Phase II and III
 - (C) Interface with New EBT Vendor
- (iii) Health Care Authority:
 - (A) ProviderOne O&M
 - (B) ProviderOne Stabilization
 - (C) ProviderOne Enhancements
 - (D) ProviderOne Contract Compliance
 - (E) ProviderOne Phase Two

(b) For the remaining projects shown in LEAP omnibus document IT-2015, preference must be given to projects that utilize a commercial off-the-shelf or software as a service technology solution.

(3) Allocations and allotments may be made only during discrete stages of projects, which at a minimum must include a planning stage, procurement stage, and implementation and integration stage. At least fourteen days prior to an allocation or allotment of funds to an agency, the office of financial management, jointly with the office of the chief information officer, must deliver to the legislative fiscal committees the following information for each project receiving an allocation from the account:

(a) A technology budget using a method similar to the state capital budget, identifying project costs, funding sources, and anticipated deliverables through each stage of the investment and across fiscal periods and biennia from project initiation to implementation. If the project affects more than one agency, a technology budget must be prepared for each agency;

(b) The technology implementation plan that includes:

- (i) An organizational chart of the project management team that identifies team members and their roles and responsibilities;
- (ii) The office of the chief information officer staff assigned to the project;
- (iii) An implementation schedule covering activities, critical milestones, and deliverables at each stage of the project for the life of the project at each agency affected by the project; and
- (iv) Performance measures used to determine that the project is on time, within budget, and meeting expectations for quality of work product.

(c) A letter from the office of the chief information officer certifying that:

- (i) The project is consistent with the state's enterprise architecture and other policies developed by the office of the chief information officer;
- (ii) The agency has the organizational capacity, preparedness, and leadership to implement the project successfully;
- (iii) The agency has adequately assessed and minimized the risks inherent with the project;
- (iv) The project has the management, staffing, and oversight resources needed for the cost, complexity, and risks associated with the project;
- (v) The project has implementation schedules and performance measures for timeliness, deliverables, quality, and budget;

(vi) The agency has an adequate risk management plan that also enables the office of the chief information officer to assess, intervene, and take necessary action when performance measures are not being met; and

(vii) For any investment that does not use commercial off-the-shelf or software as a service technology solution, the proposed project represents the best business solution and should not be delayed.

(4) For any project that exceeds two million dollars in total funds to complete or requires more than one biennium to complete:

(a) Quality assurance for the project must report independently to the office of the chief information officer;

(b) The office of the chief information officer must review, and if necessary, revise the proposed project to ensure it is flexible and adaptable to advances in technology; and

(c) The agency must consult with the contracting division of the department of enterprise services for a review of all contracts and agreements related to the project's information technology procurements.

(5) The office of the chief information officer may suspend or terminate a project at any time if the office of the chief information officer determines that the project is not meeting or is not expected to meet anticipated performance measures. Once suspension or termination occurs, the agency shall not make additional expenditures on the project without approval of the state chief information officer. If a project is terminated, the office of financial management must terminate the agency's allocation from the information technology investment revolving account and the agency shall return any remaining funds to the account to be reallocated to other projects by the office of financial management.

(6) Any cost to administer or implement this section for projects contained in LEAP omnibus document IT-2015, dated June 28, 2015, must be paid from the information technology investment revolving account. For any other information technology project made subject to the conditions, limitations, and review of this section, the cost to implement this section must be paid from the funds for that project.

NEW SECTION. Sec. 706. FOR THE OFFICE OF FINANCIAL MANAGEMENT—EMERGENCY FUND

General Fund—State Appropriation (FY 2016)	\$850,000
General Fund—State Appropriation (FY 2017)	\$850,000
TOTAL APPROPRIATION	\$1,700,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are for the governor's emergency fund for the critically necessary work of any agency.

NEW SECTION. Sec. 707. FOR THE OFFICE OF FINANCIAL MANAGEMENT—EDUCATION TECHNOLOGY REVOLVING ACCOUNT

General Fund—State Appropriation (FY 2016)	\$8,000,000
General Fund—State Appropriation (FY 2017)	\$8,000,000
TOTAL APPROPRIATION	\$16,000,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for expenditure into the education technology revolving account for the purpose of covering ongoing operational and equipment replacement costs incurred by the K-20 educational network program in providing telecommunication services to network participants.

NEW SECTION. Sec. 708. FOR THE OFFICE OF FINANCIAL MANAGEMENT—O'BRIEN BUILDING IMPROVEMENT

General Fund—State Appropriation (FY 2016)	\$2,945,000
General Fund—State Appropriation (FY 2017)	\$2,944,000
TOTAL APPROPRIATION	\$5,889,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for expenditure into the enterprise services account for

payment of principal, interest, and financing expenses associated with the certificate of participation for the O'Brien building improvement, project number 20081007.

NEW SECTION. Sec. 709. FOR THE OFFICE OF FINANCIAL MANAGEMENT—CHERBERG BUILDING REHABILITATION

General Fund—State Appropriation (FY 2016)	\$602,000
General Fund—State Appropriation (FY 2017)	\$606,000
TOTAL APPROPRIATION	\$1,208,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for expenditure into the enterprise services account for payment for the principal, interest, and financing expenses associated with the certificate of participation for the Cherberg building improvements, project number 2002-1-005.

NEW SECTION. Sec. 710. FOR THE OFFICE OF FINANCIAL MANAGEMENT—CANCER RESEARCH ENDOWMENT FUND MATCH TRANSFER ACCOUNT

General Fund—State Appropriation (FY 2016)	\$5,000,000
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The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for expenditure into the cancer research endowment fund match transfer account under Substitute Senate Bill No. 6096 (cancer research). If the bill is not enacted by July 10, 2015, the appropriation in this section shall lapse.

NEW SECTION. Sec. 711. FOR THE STATE TREASURER—COUNTY PUBLIC HEALTH ASSISTANCE

General Fund—State Appropriation (FY 2016)	\$36,386,000
General Fund—State Appropriation (FY 2017)	\$36,386,000
TOTAL APPROPRIATION	\$72,772,000

The appropriations in this section are subject to the following conditions and limitations: The state treasurer shall distribute the appropriations to the following counties and health districts in the amounts designated to support public health services, including public health nursing:

Health District	FY 2016	FY 2017	2015-17 Biennium
Adams County Health District	\$121,213	\$121,213	\$242,426
Asotin County Health District	\$159,890	\$159,890	\$319,780
Benton-Franklin Health District	\$1,614,337	\$1,614,337	\$3,228,674
Chelan-Douglas Health District	\$399,634	\$399,634	\$799,268
Clallam County Health and Human Services Department	\$291,401	\$291,401	\$582,802
Clark County Health District	\$1,767,341	\$1,767,341	\$3,534,682
Skamania County Health Department	\$111,327	\$111,327	\$222,654
Columbia County Health District	\$119,991	\$119,991	\$239,982
Cowlitz County Health Department	\$477,981	\$477,981	\$955,962
Garfield County Health District	\$93,154	\$93,154	\$186,308
Grant County Health District	\$297,761	\$297,761	\$595,522
Grays Harbor Health Department	\$335,666	\$335,666	\$671,332
Island County Health Department	\$255,224	\$255,224	\$510,448
Jefferson County	\$184,080	\$184,080	\$368,160

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Health District	FY 2016	FY 2017	2015-17 Biennium
Health and Human Services			
Seattle-King County Department of Public Health	\$12,685,521	\$12,685,521	\$25,371,042
Bremerton-Kitsap County Health District	\$997,476	\$997,476	\$1,994,952
Kittitas County Health Department	\$198,979	\$198,979	\$397,958
Klickitat County Health Department	\$153,784	\$153,784	\$307,568
Lewis County Health Department	\$263,134	\$263,134	\$526,268
Lincoln County Health Department	\$113,917	\$113,917	\$227,834
Mason County Department of Health Services	\$227,448	\$227,448	\$454,896
Okanogan County Health District	\$169,882	\$169,882	\$339,764
Pacific County Health Department	\$169,075	\$169,075	\$338,150
Tacoma-Pierce County Health Department	\$4,143,169	\$4,143,169	\$8,286,338
San Juan County Health and Community Services	\$126,569	\$126,569	\$253,138
Skagit County Health Department	\$449,745	\$449,745	\$899,490
Snohomish Health District	\$3,433,291	\$3,433,291	\$6,866,582
Spokane County Health District	\$2,877,318	\$2,877,318	\$5,754,636
Northeast Tri-County Health District	\$249,303	\$249,303	\$498,606
Thurston County Health Department	\$1,046,897	\$1,046,897	\$2,093,794
Wahkiakum County Health Department	\$93,181	\$93,181	\$186,362
Walla Walla County-City Health Department	\$302,173	\$302,173	\$604,346
Whatcom County Health Department	\$1,214,301	\$1,214,301	\$2,428,602
Whitman County Health Department	\$189,355	\$189,355	\$378,710
Yakima Health District	\$1,052,482	\$1,052,482	\$2,104,964
TOTAL APPROPRIATIONS	\$36,386,000	\$36,386,000	\$72,772,000

NEW SECTION. Sec. 712. FOR THE STATE TREASURER—COUNTY CLERK LEGAL FINANCIAL OBLIGATION GRANTS

General Fund—State Appropriation (FY 2016)	\$541,000
General Fund—State Appropriation (FY 2017)	\$441,000
TOTAL APPROPRIATION	\$982,000

The appropriations in this section are subject to the following conditions and limitations: By October 1st of each fiscal year, the state treasurer shall distribute the appropriations to the following county clerk offices in the amounts designated as grants for the

collection of legal financial obligations pursuant to RCW 2.56.190:

County Clerk	FY 16	FY 17
Adams County Clerk	\$2,103	\$1,714
Asotin County Clerk	\$2,935	\$2,392
Benton County and Franklin County Clerk	\$18,231	\$14,858
Chelan County Clerk	\$7,399	\$6,030
Clallam County Clerk	\$5,832	\$4,753
Clark County Clerk	\$32,635	\$26,597
Columbia County Clerk	\$384	\$313
Cowlitz County Clerk	\$16,923	\$13,792
Douglas County Clerk	\$3,032	\$2,471
Ferry County Clerk	\$422	\$344
Franklin County Clerk	\$5,486	\$4,471
Garfield County Clerk	\$243	\$198
Grant County Clerk	\$10,107	\$8,237
Grays Harbor County Clerk	\$8,659	\$7,057
Island County Clerk	\$3,059	\$2,493
Jefferson County Clerk	\$1,859	\$1,515
King County Court Clerk	\$119,290	\$97,266
Kitsap County Clerk	\$22,242	\$18,127
Kittitas County Clerk	\$3,551	\$2,894
Klickitat County Clerk	\$2,151	\$1,753
Lewis County Clerk	\$10,340	\$8,427
Lincoln County Clerk	\$724	\$590
Mason County Clerk	\$5,146	\$4,194
Okanogan County Clerk	\$3,978	\$3,242
Pacific County Clerk	\$2,411	\$1,965
Pend Orielle County Clerk	\$611	\$498
Pierce County Clerk	\$77,102	\$62,837
San Juan County Clerk	\$605	\$493
Skagit County Clerk	\$11,059	\$9,013
Skamania County Clerk	\$1,151	\$938
Snohomish County Clerk	\$38,143	\$31,086
Spokane County Clerk	\$44,825	\$36,578
Stevens County Clerk	\$2,984	\$2,432
Thurston County Clerk	\$22,204	\$18,096
Wahkiakum County Clerk	\$400	\$326
Walla Walla County Clerk	\$4,935	\$4,022
Whatcom County Clerk	\$20,728	\$16,893
Whitman County Clerk	\$2,048	\$1,669
Yakima County Clerk	\$25,063	\$20,426

TOTAL APPROPRIATIONS \$541,000 \$441,000

NEW SECTION. Sec. 713. BELATED CLAIMS

The agencies and institutions of the state may expend moneys appropriated in this act, upon approval of the office of financial management, for the payment of supplies and services furnished to the agency or institution in prior fiscal biennia.

NEW SECTION. Sec. 714. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS—CONTRIBUTIONS TO RETIREMENT SYSTEMS

The appropriations in this section are subject to the following conditions and limitations: The appropriations for the law enforcement officers' and firefighters' retirement system shall be made on a monthly basis consistent with chapter 41.45 RCW, and the appropriations for the judges and judicial retirement systems shall be made on a quarterly basis consistent with chapters 2.10 and 2.12 RCW.

(1) There is appropriated for state contributions to the law enforcement officers' and firefighters' retirement system:

General Fund—State Appropriation (FY 2016)	\$65,350,000
General Fund—State Appropriation (FY 2017)	\$68,450,000
TOTAL APPROPRIATION	\$133,800,000

(2) There is appropriated for contributions to the judicial retirement system:

General Fund—State Appropriation (FY 2016)	\$3,500,000
General Fund—State Appropriation (FY 2017)	\$3,300,000
Department of Retirement Systems Expense Account—State Appropriation	\$12,000,000
TOTAL APPROPRIATION	\$18,800,000

(3) There is appropriated for contributions to the judges' retirement system:

General Fund—State Appropriation (FY 2016)	\$501,000
General Fund—State Appropriation (FY 2017)	\$499,000
TOTAL APPROPRIATION	\$1,000,000

NEW SECTION. Sec. 715. FOR THE OFFICE OF FINANCIAL MANAGEMENT—LEAN MANAGEMENT STRATEGIES AND EFFICIENCY SAVINGS

General Fund—State Appropriation (FY 2016)	(\$12,500,000)
General Fund—State Appropriation (FY 2017)	(\$12,500,000)
TOTAL APPROPRIATION	(\$25,000,000)

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

(1) The legislature is committed to making continuous improvement part of the culture of state government.

(2) The office of financial management shall develop a plan to achieve at least the amount of savings specified in this section. Based on this plan, the office of financial management must reduce allotments for affected state agencies by at least \$12,500,000 from the state general fund appropriations for fiscal year 2016 and \$12,500,000 from the state general fund appropriations for fiscal year 2017 in this act to reflect savings resulting from application of lean management and other performance management strategies. The allotment reductions shall be placed in unallotted status and remain unexpended. Allotments shall not be reduced pursuant to this section for institutions of higher education.

(3) The office of the chief information officer must integrate lean principles into all major information technology initiatives.

(4) The office of financial management must compile and transmit a progress report to the appropriate fiscal committees of the legislature at least every six months, beginning January 1, 2016.

NEW SECTION. Sec. 716. FOR THE OFFICE OF FINANCIAL MANAGEMENT—STATE EFFICIENCY AND RESTRUCTURING REPAYMENT

General Fund—State Appropriation (FY 2016)	\$5,078,000
General Fund—State Appropriation (FY 2017)	\$5,078,000
TOTAL APPROPRIATION	\$10,156,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for expenditure into the cleanup settlement account on July 1, 2015, and July 1, 2016, as repayment of moneys that were transferred to the state efficiency and restructuring account.

NEW SECTION. Sec. 717. FOR THE OFFICE OF FINANCIAL MANAGEMENT—COMMON SCHOOL CONSTRUCTION ACCOUNT

General Fund—State Appropriation (FY 2016)	\$600,000
General Fund—State Appropriation (FY 2017)	\$600,000
TOTAL APPROPRIATION	\$1,200,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for expenditure into the common school construction account—state on July 1, 2015, and July 1, 2016, for an interest payment pursuant to RCW 90.38.130.

NEW SECTION. Sec. 718. FOR THE OFFICE OF FINANCIAL MANAGEMENT—NATURAL RESOURCES REAL PROPERTY REPLACEMENT ACCOUNT

General Fund—State Appropriation (FY 2016)	\$300,000
General Fund—State Appropriation (FY 2017)	\$300,000
TOTAL APPROPRIATION	\$600,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for expenditure into the natural resources real property replacement account—state on July 1, 2015, and July 1, 2016, for an interest payment pursuant to RCW 90.38.130.

NEW SECTION. Sec. 719. FOR THE OFFICE OF FINANCIAL MANAGEMENT—EXTRAORDINARY CRIMINAL JUSTICE COSTS

General Fund—State Appropriation (FY 2016)	\$400,000
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The appropriation in this section is subject to the following conditions and limitations: The director of financial management shall distribute \$246,000 to Jefferson county and \$154,000 to Mason county for extraordinary criminal justice costs pursuant to RCW 43.330.190.

NEW SECTION. Sec. 720. FOR THE OFFICE OF FINANCIAL MANAGEMENT—COUNTY CRIMINAL JUSTICE ASSISTANCE ACCOUNT

General Fund—State Appropriation (FY 2016)	\$227,000
General Fund—State Appropriation (FY 2017)	\$227,000
TOTAL APPROPRIATION	\$454,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section, or so much thereof as may be necessary, are provided solely for expenditure into the county criminal justice assistance account—state. The treasurer shall make quarterly distributions from the county criminal justice assistance account of the amounts provided in this section in accordance with RCW 82.14.310 for the purposes of reimbursing local jurisdictions for increased costs incurred as a result of the mandatory arrest of repeat offenders pursuant to chapter 35, Laws of 2013 2nd sp. sess. The appropriations and distributions made under this section constitute appropriate reimbursement for costs for any new programs or increased level of services for the purposes of RCW 43.135.060.

NEW SECTION. Sec. 721. FOR THE OFFICE OF FINANCIAL MANAGEMENT—MUNICIPAL CRIMINAL JUSTICE ASSISTANCE ACCOUNT

General Fund—State Appropriation (FY 2016)	\$133,000
General Fund—State Appropriation (FY 2017)	\$133,000
TOTAL APPROPRIATION	\$266,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section, or so much thereof as may be necessary, are appropriated for expenditure into the municipal criminal justice assistance account. The treasurer shall make quarterly distributions from the municipal criminal justice assistance account of the amounts provided in this section in accordance with RCW 82.14.320 and 82.14.330, for the purposes of reimbursing local jurisdictions for increased costs incurred as a result of the mandatory arrest of repeat offenders pursuant to chapter 35, Laws of 2013 2nd sp. sess. The appropriations and distributions made under this section constitute appropriate reimbursement for costs for any new programs or increased level of services for the purposes of RCW 43.135.060.

NEW SECTION. Sec. 722. FOR THE OFFICE OF FINANCIAL MANAGEMENT—LOCAL GOVERNMENT MARIJUANA ENFORCEMENT

General Fund—State Appropriation (FY 2016)	\$6,000,000
General Fund—State Appropriation (FY 2017)	\$6,000,000
TOTAL APPROPRIATION	\$12,000,000

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The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for distribution to local governments pursuant to Second Engrossed Second Substitute House Bill No. 2136 (marijuana revenue). If the bill is not enacted by July 10, 2015, the amounts provided in this section shall lapse.

NEW SECTION. Sec. 723. FOR THE OFFICE OF FINANCIAL MANAGEMENT—COMMUNICATION SERVICES REFORM

General Fund—State Appropriation (FY 2016)	\$5,000,000
General Fund—State Appropriation (FY 2017)	\$5,000,000
TOTAL APPROPRIATION	\$10,000,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for expenditure into the universal communications services fund to fund the temporary universal communications services program.

NEW SECTION. Sec. 724. FOR THE OFFICE OF FINANCIAL MANAGEMENT—OUTDOOR EDUCATION AND RECREATION ACCOUNT

General Fund—State Appropriation (FY 2016)	\$500,000
General Fund—State Appropriation (FY 2017)	\$500,000
TOTAL APPROPRIATION	\$1,000,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for expenditure into the outdoor education and recreation account for the purposes of Engrossed Substitute Senate Bill No. 5843 (outdoor recreation).

NEW SECTION. Sec. 725. FOR THE OFFICE OF FINANCIAL MANAGEMENT—EMERGENCY DROUGHT RESPONSE

General Fund—State Appropriation (FY 2016)	\$14,000,000
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The appropriation in this section is subject to the following conditions and limitations:

(1) The appropriation in this section is provided solely for expenditure into the state drought preparedness account established in RCW 43.83B.430.

(2) The appropriation in this section shall be reduced by any expenditures for this purpose under Substitute Senate Bill No. 6125 (emergency drought response).

NEW SECTION. Sec. 726. FOR THE OFFICE OF FINANCIAL MANAGEMENT—FAMILY ASSESSMENT RESPONSE

General Fund—State Appropriation (FY 2016)	\$1,458,000
General Fund—State Appropriation (FY 2017)	\$4,915,000
TOTAL APPROPRIATION	\$6,373,000

The appropriation in this section is subject to the following conditions and limitations: The appropriations in this section are provided solely for expenditure into the child and family reinvestment account to support the implementation and maintenance of the family assessment response within the department of social and health services.

NEW SECTION. Sec. 727. FOR THE OFFICE OF FINANCIAL MANAGEMENT—PARKLAND TRUST REVOLVING ACCOUNT

General Fund—State Appropriation (FY 2016)	\$418,000
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The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for expenditure into the parkland trust revolving account—state.

NEW SECTION. Sec. 728. A new section is added to 2015 1st sp.s. c 10 (uncodified) to read as follows: TRANSPORTATION—WASHINGTON FEDERATION OF STATE EMPLOYEES

Motor Vehicle Account—State Appropriation	\$13,990,000
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State Patrol Highway Account—State	Appropriation	\$1,093,000	
State Patrol Highway Account—Federal	Appropriation	\$23,000	
Puget Sound Ferry Operations Account—State	Appropriation	\$55,000	
Highway Safety Account—State	Appropriation	\$2,273,000	
Motorcycle Safety Education Account—State	Appropriation	\$41,000	
State Wildlife Account—State	Appropriation	\$34,000	
Ignition Interlock Device Revolving	Account—State	Appropriation	\$9,000
Department of Licensing Services	Account—State	Appropriation	\$74,000
Aeronautics Account—State	Appropriation	\$11,000	
High Occupancy Toll Lanes Operations	Account—State	Appropriation	\$8,000
State Route Number 520 Corridor	Account—State	Appropriation	\$86,000
Multimodal Transportation Account—State	Appropriation	\$26,000	
Tacoma Narrows Toll Bridge Account—State	Appropriation	\$42,000	
TOTAL APPROPRIATION		\$17,765,000	

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

(1) An agreement has been reached between the governor and the Washington federation of state employees general government under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for employees funded in the 2015-2017 omnibus transportation appropriations act, a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective January 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications, assignment pay for targeted job classifications, hazard pay for designated night crews, and geographic pay for designed areas. Appropriations for state agencies are increased by the amounts specified in LEAP Transportation Document 713 - 2015T to fund the provisions of this agreement.

(2) This section represents the results of the 2015-2017 collective bargaining process required under chapter 41.80 RCW. Provisions of the collective bargaining agreement contained in this section are described in general terms. Only major economic terms are included in the descriptions. These descriptions do not contain the complete contents of the agreement. The collective bargaining agreement contained in this section may also be funded by expenditures from nonappropriated accounts. If positions are funded with lidded grants or dedicated fund sources with insufficient revenue, additional funding from other sources is not provided. Appropriations for state agencies are increased by the amounts specified in LEAP Transportation Document 713 - 2015T to fund the provisions of this agreement.

NEW SECTION. Sec. 729. A new section is added to 2015 1st sp.s. c 10 (uncodified) to read as follows: TRANSPORTATION—GENERAL WAGE INCREASE—STATE EMPLOYEES

Motor Vehicle Account—State	Appropriation	\$5,854,000
State Patrol Highway Account—State	Appropriation	\$819,000
State Patrol Highway Account—Federal	Appropriation	\$22,000

State Patrol Highway Account—Private/Local Appropriation	\$5,000
Puget Sound Ferry Operations Account—State Appropriation	\$488,000
Highway Safety Account—State Appropriation	\$696,000
Highway Safety Account—Federal Appropriation	\$128,000
Motorcycle Safety Education Account—State Appropriation	\$8,000
State Wildlife Account—State Appropriation	\$21,000
Department of Licensing Services Account—State Appropriation	\$13,000
Aeronautics Account—State Appropriation	\$48,000
High Occupancy Toll Lanes Operations Account—State Appropriation	\$15,000
State Route Number 520 Corridor Account—State Appropriation	\$13,000
Multimodal Transportation Account—State Appropriation	\$237,000
Tacoma Narrows Toll Bridge Account—State Appropriation	\$42,000
Rural Arterial Trust Account—State Appropriation	\$32,000
County Arterial Preservation Account—State Appropriation	\$38,000
Transportation Improvement Account—State Appropriation	\$87,000
TOTAL APPROPRIATION	\$8,566,000

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

(1) Funding provided for state agency employee compensation for employees funded in the 2015-2017 omnibus transportation appropriations act who are not represented or who bargain under statutory authority other than chapter 41.80 or 47.64 RCW or RCW 41.56.473 or 41.56.475 is sufficient for general wage increases.

(2) Funding is provided for a three percent general wage increase effective July 1, 2015, for all classified employees, as specified in subsection (1) of this section. Also included are employees in the Washington management service and exempt employees under the jurisdiction of the director of the office of financial management. The appropriations are also sufficient to fund a three percent salary increase effective July 1, 2015, for executive, legislative, and judicial branch employees exempt from merit system rules whose maximum salaries are not set by the commission on salaries for elected officials.

(3) Funding is provided for a general wage increase of one and eight-tenths percent or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016, for all classified employees, as specified in subsection (1) of this section. Also included are employees in the Washington management service and exempt employees under the jurisdiction of the director of the office of financial management. The appropriations are also sufficient to fund a one and eight-tenths percent salary increase effective July 1, 2016, for executive, legislative, and judicial branch employees exempt from merit system rules whose maximum salaries are not set by the commission on salaries for elected officials. Appropriations for state agencies are increased by the amounts specified in LEAP Transportation Document 713 - 2015T to fund the provisions of this section.

NEW SECTION. Sec. 730. A new section is added to 2015 1st sp.s. c 10 (uncodified) to read as follows:**TRANSPORTATION—WPEA GENERAL GOVERNMENT**

Motor Vehicle Account—State Appropriation	\$64,000
State Patrol Highway Account—State Appropriation	\$867,000

State Patrol Highway Account—Federal Appropriation	\$103,000
TOTAL APPROPRIATION	\$1,034,000

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

(1) An agreement has been reached between the governor and the Washington public employees association under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium and funded in the 2015-2017 omnibus transportation appropriations act. Funding is provided for employees funded in the 2015-2017 omnibus transportation appropriations act, a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective January 1, 2016. Appropriations for state agencies are increased by the amounts specified in LEAP Transportation Document 713 - 2015T to fund the provisions of this agreement.

(2) This section represents the results of the 2015-2017 collective bargaining process required under chapter 41.80 RCW. Provisions of the collective bargaining agreement contained in this section are described in general terms. Only major economic terms are included in the descriptions. These descriptions do not contain the complete contents of the agreement. The collective bargaining agreement contained in this section may also be funded by expenditures from nonappropriated accounts. If positions are funded with lidded grants or dedicated fund sources with insufficient revenue, additional funding from other sources is not provided. Appropriations for state agencies are increased by the amounts specified in LEAP Transportation Document 713 - 2015T to fund the provisions of this agreement.

NEW SECTION. Sec. 731. A new section is added to 2015 1st sp.s. c 10 (uncodified) to read as follows:**TRANSPORTATION—THE COALITION OF UNIONS AGREEMENT**

State Patrol Highway Account—State Appropriation	\$181,000
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The appropriation in this section is subject to the following conditions and limitations: Appropriations for state agencies are increased by the amounts specified in LEAP Transportation Document 713 - 2015T to fund the provisions of this agreement.

NEW SECTION. Sec. 732. A new section is added to 2015 1st sp.s. c 10 (uncodified) to read as follows:**TRANSPORTATION—TARGETED COMPENSATION INCREASES—NONREPRESENTED JOB CLASS SPECIFIC**

Motor Vehicle Account—State Appropriation	\$36,000
State Patrol Highway Account—State Appropriation	\$26,000
State Patrol Highway Account—Federal Appropriation	\$14,000
Puget Sound Ferry Operations Account—State Appropriation	\$12,000
Highway Safety Account—Federal Appropriation	\$4,000
Aeronautics Account—State Appropriation	\$4,000
Tacoma Narrows Toll Bridge Account—State Appropriation	\$8,000
Transportation Improvement Account—State Appropriation	\$4,000
TOTAL APPROPRIATION	\$108,000

The appropriations in this section are subject to the following conditions and limitations: Funding is provided for salary adjustments for targeted job classifications for employees funded in the 2015-2017 omnibus transportation appropriations act, as specified by the office of financial management, of classified state employees, except those represented by a collective bargaining unit under chapters 41.80 and 47.64 RCW and RCW

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41.56.473 and 41.56.475. Appropriations for state agencies are increased by the amounts specified in LEAP Transportation Document 713 - 2015T to fund the provisions of this agreement.

NEW SECTION. Sec. 733. A new section is added to 2015 1st sp.s. c 10 (uncodified) to read as follows:**TRANSPORTATION—COLLECTIVE**

BARGAINING AGREEMENTS—PTE LOCAL 17

State Patrol Highway Account—State Appropriation	\$3,973,000
State Patrol Highway Account—Federal Appropriation	\$361,000
State Patrol Highway Account—Private/Local Appropriation	\$192,000
Motor Vehicle Account—State Appropriation	\$1,567,000
Highway Safety Account—State Appropriation	\$1,019,000
Aeronautics Account—State Appropriation	\$7,000
Puget Sound Ferry Operations Account—State Appropriation	\$42,000
State Route Number 520 Corridor Account—State Appropriation	\$5,000
Multimodal Transportation Account—State Appropriation	\$97,000
Tacoma Narrows Toll Bridge Account—State Appropriation	\$16,000
TOTAL APPROPRIATION	\$7,279,000

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

(1) An agreement has been reached between the governor and the professional and technical employees local seventeen under chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for the negotiated three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus a flat twenty dollars per month, whichever is greater, effective July 1, 2016. The agreement also includes targeted job classification specific increases.

(2) This section represents the results of the 2015-2017 collective bargaining process required under chapter 41.80 RCW. Provisions of the collective bargaining agreement contained in this section are described in general terms. Only major economic terms are included in the descriptions. These descriptions do not contain the complete contents of the agreement. The collective bargaining agreement contained in this section may also be funded by expenditures from nonappropriated accounts. If positions are funded with lidded grants or dedicated fund sources with insufficient revenue, additional funding from other sources is not provided. Appropriations for state agencies are increased by the amounts specified in LEAP Transportation Document 713 - 2015T to fund the provisions of this agreement.

NEW SECTION. Sec. 734. A new section is added to 2015 1st sp.s. c 10 (uncodified) to read as follows:**TRANSPORTATION—COMPENSATION—REPRESENTED EMPLOYEES—INSURANCE BENEFITS**

Motor Vehicle Account—State Appropriation	(\$771,000)
State Patrol Highway Account—State Appropriation	(\$481,000)
State Patrol Highway Account—Federal Appropriation	(\$11,000)
State Patrol Highway Account—Private/Local Appropriation	(\$5,000)
Motorcycle Safety Education Account—State Appropriation	(\$3,000)
High Occupancy Toll Lanes Operations Account—State Appropriation	(\$1,000)
State Wildlife Account—State Appropriation	(\$3,000)

Highway Safety Account—State Appropriation	(\$263,000)
Puget Sound Ferry Operations Account—State Appropriation	(\$471,000)
State Route Number 520 Corridor Account—State Appropriation	(\$4,000)
Department of Licensing Services Account—State Appropriation	(\$3,000)
Multimodal Transportation Account—State Appropriation	(\$6,000)
Tacoma Narrows Toll Bridge Account—State Appropriation	(\$3,000)
TOTAL APPROPRIATION	(\$2,025,000)

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

Collective bargaining agreements were reached for the 2015-2017 fiscal biennium between the governor and the employee representatives under the provisions of chapters 41.80 and 41.56 RCW. Appropriations in this act for state agencies are sufficient to implement the provisions of the 2015-2017 collective bargaining agreements and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan must not exceed \$840 per eligible employee for fiscal year 2016. For fiscal year 2017, the monthly employer funding rate must not exceed \$894 per eligible employee.

(b) Except as provided by the parties' health care agreement, in order to achieve the level of funding provided for health benefits, the public employees' benefits board must require any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or other changes to benefits consistent with RCW 41.05.065. The board shall collect a twenty-five dollar per month surcharge payment from members who use tobacco products and a surcharge payment of not less than fifty dollars per month from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in another employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment. The surcharge payments shall be collected in addition to the member premium payment.

(c) The health care authority must deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts must not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, must provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2016 and 2017, the subsidy must be up to \$150.00 per month. Appropriations for state agencies are increased by the amounts specified in LEAP Transportation Document 713 - 2015T to fund the provisions of this agreement.

(3) All savings resulting from reduced claim costs or other factors identified after June 1, 2015, must be reserved for funding employee health benefits in the 2017-2019 fiscal biennium.

NEW SECTION. Sec. 735. A new section is added to 2015 1st sp.s. c 10 (uncodified) to read as

follows: **TRANSPORTATION—COMPENSATION—NONREPRESENTED EMPLOYEES—INSURANCE BENEFITS**

Aeronautics Account—State Appropriation	(\$3,000)
Motor Vehicle Account—State Appropriation	(\$241,000)
State Patrol Highway Account—State Appropriation	(\$55,000)
High Occupancy Toll Lanes Operations Account—State Appropriation	(\$1,000)
Rural Arterial Trust Account—State Appropriation	(\$1,000)
Highway Safety Account—State Appropriation	(\$29,000)
Highway Safety Account—Federal Appropriation	(\$7,000)
Puget Sound Ferry Operations Account—State Appropriation	(\$18,000)
Transportation Improvement Account—State Appropriation	(\$3,000)
State Route Number 520 Corridor Account—State Appropriation	(\$1,000)
County Arterial Preservation Account—State Appropriation	(\$1,000)
Department of Licensing Services Account—State Appropriation	(\$1,000)
Multimodal Transportation Account—State Appropriation	(\$8,000)
Tacoma Narrows Toll Bridge Account—State Appropriation	(\$1,000)
TOTAL APPROPRIATION	(\$370,000)

The appropriations in this section are subject to the following conditions and limitations: Appropriations for state agencies in this act are sufficient for nonrepresented state employee health benefits for state agencies, including institutions of higher education, and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan must not exceed \$840 per eligible employee for fiscal year 2016. For fiscal year 2017, the monthly employer funding rate must not exceed \$894 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board must require any of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or other changes to benefits consistent with RCW 41.05.065. The board shall collect a twenty-five dollar per month surcharge payment from members who use tobacco products and a surcharge payment of not less than fifty dollars per month from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in another employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment. The surcharge payments shall be collected in addition to the member premium payment.

(c) The health care authority must deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts must not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, must provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2016 and 2017, the subsidy must be up to \$150.00 per month.

Appropriations for state agencies are increased by the amounts specified in LEAP Transportation Document 713 - 2015T to fund the provisions of this agreement.

(3) All savings resulting from reduced claim costs or other factors identified after June 1, 2015, must be reserved for funding employee health benefits in the 2017-2019 fiscal biennium.

NEW SECTION. Sec. 736. TRANSPORTATION COMPENSATION

2015 1st sp. sess. c 10 s 501 (uncodified) is repealed.

**PART VIII
OTHER TRANSFERS AND APPROPRIATIONS**

NEW SECTION. Sec. 801. FOR THE STATE TREASURER—STATE REVENUES FOR DISTRIBUTION

General Fund Appropriation for fire insurance premium distributions.	\$9,286,000
General Fund Appropriation for public utility district excise tax distributions	\$56,598,000
General Fund Appropriation for prosecuting attorney distributions	\$6,345,000
General Fund Appropriation for boating safety and education distributions	\$4,000,000
General Fund Appropriation for other tax distributions	\$80,000
General Fund Appropriation for habitat conservation program distributions	\$3,608,000
Death Investigations Account Appropriation for distribution to counties for publicly funded autopsies	\$3,135,000
Aquatic Lands Enhancement Account Appropriation for harbor improvement revenue distribution	\$140,000
Timber Tax Distribution Account Appropriation for distribution to "timber" counties	\$95,716,000
County Criminal Justice Assistance Appropriation	
When making the fiscal year 2016 and 2017 distributions to Grant county, the state treasurer shall reduce the amount by \$140,000 each year and distribute the remainder to the county. This is the second and third of three reductions that have been made to reimburse the state for a nonqualifying extraordinary criminal justice act payment made to Grant county in fiscal year 2013	\$86,648,000
Municipal Criminal Justice Assistance Appropriation	\$33,601,000
City-County Assistance Account Appropriation for local government financial assistance distribution	\$23,630,000
Liquor Excise Tax Account Appropriation for liquor excise tax distribution	\$50,125,000
Streamlined Sales and Use Tax Mitigation Account Appropriation for distribution to local taxing jurisdictions to mitigate the unintended revenue redistribution effect of the sourcing law changes	\$47,558,000
Columbia River Water Delivery Account Appropriation for the Confederated Tribes of the Colville Reservation	\$7,911,000
Columbia River Water Delivery Account Appropriation for the Spokane Tribe of Indians	\$5,165,000
Liquor Revolving Account Appropriation for liquor profits distribution	\$98,876,000
TOTAL APPROPRIATION	\$711,160,000

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

NEW SECTION. Sec. 802. FOR THE STATE TREASURER—FOR THE COUNTY CRIMINAL JUSTICE ASSISTANCE ACCOUNT

Impaired Driver Safety Account Appropriation \$2,156,000

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The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2015-2017 fiscal biennium in accordance with RCW 82.14.310. This funding is provided to counties for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); chapter 215, Laws of 1998 (DUI provisions); and chapter . . . (SSB 5105), Laws of 2015 (DUI penalties).

NEW SECTION. Sec. 803. FOR THE STATE TREASURER—MUNICIPAL CRIMINAL JUSTICE ASSISTANCE ACCOUNT

Impaired Driver Safety Account Appropriation \$1,437,000

The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2015-2017 fiscal biennium to all cities ratably based on population as last determined by the office of financial management. The distributions to any city that substantially decriminalizes or repeals its criminal code after July 1, 1990, and that does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), shall be made to the county in which the city is located. This funding is provided to cities for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); chapter 215, Laws of 1998 (DUI provisions); and chapter . . . (SSB 5105), Laws of 2015 (DUI penalties).

NEW SECTION. Sec. 804. FOR THE STATE TREASURER—FEDERAL REVENUES FOR DISTRIBUTION

General Fund Appropriation for federal flood control funds distribution	\$70,000
General Fund Appropriation for federal grazing fees distribution	\$834,000
Forest Reserve Fund Appropriation for federal forest reserve fund distribution	\$20,153,000
TOTAL APPROPRIATION	\$21,057,000

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

NEW SECTION. Sec. 805. FOR THE STATE TREASURER—TRANSFERS

State Treasurer's Service Account: For transfer to the state general fund, \$10,000,000 for fiscal year 2016 and \$10,000,000 for fiscal year 2017 \$20,000,000

General Fund: For transfer to the streamlined sales and use tax account, \$23,864,000 for fiscal year 2016 and \$23,694,000 for fiscal year 2017 \$47,558,000

Dedicated Marijuana Account: For transfer to the state general fund in an amount not to exceed the amount determined pursuant to RCW 69.50.540, \$27,246,000 for fiscal year 2016 and \$76,538,000 for fiscal year 2017 \$103,784,000

Dedicated Marijuana Fund Account for distribution to the basic health plan trust account in an amount not to exceed the amount determined pursuant to RCW 69.50.540, \$53,507,000 for fiscal year 2016 and \$125,201,000 for fiscal year 2017 \$178,708,000

Tobacco Settlement Account: For transfer to the state general fund, in an amount not to exceed the actual amount of the annual base payment to the tobacco settlement account \$180,000,000

Tobacco Settlement Account: For transfer to the state general fund, in an amount not to exceed the annual strategic contribution payment to the tobacco settlement account for fiscal year 2016 \$26,000,000

Tobacco Settlement Account: For transfer to the state general fund, in an amount not to exceed the annual strategic contribution payment to the tobacco settlement account for fiscal year 2017 \$25,400,000

Life Sciences Discovery Fund: For transfer to the state general fund for fiscal year 2016 \$11,000,000

Energy Freedom Account: For transfer to the state general fund for fiscal year 2016, an amount not to exceed the actual ending cash balance of the fund \$3,300,000

Aquatic Lands Enhancement Account: For transfer to the marine resources stewardship trust account, \$125,000 for fiscal year 2016 \$125,000

State Toxics Control Account: For transfer to the clean up settlement account as repayment of the loan provided in section 3022(2) chapter 2, Laws of 2012, 2nd sp. sess. (ESB 6074 2012 supplemental capital budget), \$643,000 for fiscal year 2016 and \$643,000 for fiscal year 2017 \$1,286,000

Aquatic Lands Enhancement Account: For transfer to the clean up settlement account as repayment of the loan provided in section 3022(2) chapter 2, Laws of 2012, 2nd sp. sess. (ESB 6074 2012 supplemental capital budget), \$643,000 for fiscal year 2016 and \$643,000 for fiscal year 2017 \$1,286,000

Home Security Fund Account: For transfer to the transitional housing operating and rent account, \$7,500,000 for fiscal year 2016 \$7,500,000

Public Works Assistance Account: For transfer to the state general fund, \$36,500,000 for fiscal year 2016 and \$36,500,000 for fiscal year 2017 \$73,000,000

Criminal Justice Treatment Account: For transfer to the state general fund \$5,652,000 for fiscal year 2016 and \$5,651,000 for fiscal year 2017 \$11,303,000

Liquor Revolving Account: For transfer to the state general fund, \$3,000,000 for fiscal year 2016 and \$3,000,000 for fiscal year 2017 \$6,000,000

Flood Control Assistance Account: For transfer to the state general fund, \$1,000,000 for fiscal year 2016 and \$1,000,000 for fiscal year 2017 \$2,000,000

Law Enforcement Officers' and Firefighters' Plan 2 Retirement Fund: For transfer to the local law enforcement officers' and firefighters' retirement system benefits improvement account for fiscal year 2016 \$15,779,000

It is the intent of the legislature to continue to transfer the excess balance from the criminal justice treatment account to the state general fund in the 2017-2019 fiscal biennium, consistent with policy in this omnibus appropriations act and in an amount not to exceed the projected fund balance.

It is the intent of the legislature to continue to transfer the excess balance from the state treasurer's service account to the state general fund in the 2017-2019 fiscal biennium, consistent with policy in this omnibus appropriations act and in an amount not to exceed the projected fund balance.

NEW SECTION. Sec. 806. FOR THE GAMBLING COMMISSION

State Lottery Account: For transfer to gambling revolving account \$1,000,000

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

(1) The commission shall maintain working capital reserves in the gambling revolving account of no more than five percent of projected expenses in the account.

(2) The commission shall not approve any electronic raffle systems to conduct fifty-fifty raffles until the legislature has reviewed all impacts to the state lottery.

PART IX MISCELLANEOUS

NEW SECTION. Sec. 901. EXPENDITURE AUTHORIZATIONS

The appropriations contained in this act are maximum expenditure authorizations. Pursuant to RCW 43.88.037, moneys disbursed from the treasury on the basis of a formal loan agreement shall be recorded as loans receivable and not as expenditures for accounting purposes. To the extent that moneys are disbursed on a loan basis, the corresponding appropriation shall be reduced by the amount of loan moneys disbursed from the treasury during the 2013-2015 fiscal biennium.

NEW SECTION. Sec. 902. EMERGENCY FUND ALLOCATIONS

Whenever allocations are made from the governor's emergency fund appropriation to an agency that is financed in whole or in part by other than general fund moneys, the director of financial management may direct the repayment of such allocated amount to the general fund from any balance in the fund or funds which finance the agency. An appropriation is not necessary to effect such repayment.

NEW SECTION. Sec. 903. STATUTORY APPROPRIATIONS

In addition to the amounts appropriated in this act for revenues for distribution, state contributions to the law enforcement officers' and firefighters' retirement system plan 2 and bond retirement and interest including ongoing bond registration and transfer charges, transfers, interest on registered warrants, and certificates of indebtedness, there is also appropriated such further amounts as may be required or available for these purposes under any statutory formula or under chapters 39.94, 39.96, and 39.98 RCW or any proper bond covenant made under law.

NEW SECTION. Sec. 904. BOND EXPENSES

In addition to such other appropriations as are made by this act, there is hereby appropriated to the state finance committee from legally available bond proceeds in the applicable construction or building funds and accounts such amounts as are necessary to pay the expenses incurred in the issuance and sale of the subject bonds.

NEW SECTION. Sec. 905. VOLUNTARY RETIREMENT AND SEPARATION

As a management tool to reduce costs and make more effective use of resources, while improving employee productivity and morale, agencies may implement either a voluntary retirement or separation program, or both that is cost neutral or results in cost savings (including costs to the state pension systems) over a two-year period following the commencement of the program, provided that such a program is approved by the director of financial management. Agencies participating in this authorization may offer voluntary retirement and/or separation incentives and options according to procedures and guidelines established by the office of financial management, in consultation with the department of retirement systems. The

options may include, but are not limited to, financial incentives for voluntary separation or retirement. An employee does not have a contractual right to a financial incentive offered under this section. Offers shall be reviewed and monitored jointly by the office of financial management and the department of retirement systems. Agencies are required to submit a report by the date established by the office of financial management in the guidelines required in this section, to the legislature and the office of financial management on the outcome of their approved incentive program. The report should include information on the details of the program including the incentive payment amount for each participant, the total cost to the state, and the projected or actual net dollar savings over the two year period.

The department of retirement systems may collect from employers the actuarial cost of any incentive provided under this program, or any other incentive to retire provided by employers to members of the state's pension systems, for deposit in the appropriate pension account.

NEW SECTION. Sec. 906. COLLECTIVE BARGAINING AGREEMENTS NOT IMPAIRED

Nothing in this act prohibits the expenditure of any funds by an agency or institution of the state for benefits guaranteed by any collective bargaining agreement in effect on the effective date of this section.

NEW SECTION. Sec. 907. COLLECTIVE BARGAINING AGREEMENTS

The following sections represent the results of the 2015-2017 collective bargaining process required under the provisions of chapters 41.80, 41.56 and 74.39A RCW. Provisions of the collective bargaining agreements contained in sections 908 through 937 of this act are described in general terms. Only major economic terms are included in the descriptions. These descriptions do not contain the complete contents of the agreements. The collective bargaining agreements contained in Part IX of this act may also be funded by expenditures from nonappropriated accounts. If positions are funded with lidded grants or dedicated fund sources with insufficient revenue, additional funding from other sources is not provided.

NEW SECTION. Sec. 908. COLLECTIVE BARGAINING AGREEMENT—WFSE

An agreement has been reached between the governor and the Washington federation of state employees general government under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications, assignment pay for targeted job classifications, hazard pay for designated night crews, and geographic pay for designated areas.

NEW SECTION. Sec. 909. COLLECTIVE BARGAINING AGREEMENT—WPEA

An agreement has been reached between the governor and the Washington public employees association general government under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications.

NEW SECTION. Sec. 910. COLLECTIVE BARGAINING AGREEMENT—COALITION OF UNIONS

An agreement has been reached between the governor and the coalition of unions under the provisions of chapter 41.80 RCW

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for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications and annual payments for board certified psychiatrists and physicians.

NEW SECTION. Sec. 911. COLLECTIVE BARGAINING AGREEMENT—WAFWP

An agreement has been reached between the governor and the Washington association of fish and wildlife professionals under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications.

NEW SECTION. Sec. 912. COLLECTIVE BARGAINING AGREEMENT—PTE LOCAL 17

An agreement has been reached between the governor and the professional and technical employees local 17 under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications.

NEW SECTION. Sec. 913. COLLECTIVE BARGAINING AGREEMENT—SEIU 1199NW

An agreement has been reached between the governor and the service employees international union healthcare 1199nw under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase effective July 1, 2016. The agreement also includes and funding is provided for additional geographic location pay premiums to address recruitment and retention issues and increased training reimbursement.

NEW SECTION. Sec. 914. COLLECTIVE BARGAINING AGREEMENT—TEAMSTERS LOCAL 117

An agreement has been reached between the governor and the international brotherhood of teamsters local 117 through an interest arbitration decision as provided in a memorandum of understanding between the parties and under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for the awarded five and one-half percent general wage increase effective July 1, 2015, and a four and three-tenths percent general wage increase effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications, supplemental shift premiums for LPNs, payment for overtime exempt employees in specified job classifications when on standby status, and the elimination of geographic location premium pay.

NEW SECTION. Sec. 915. COLLECTIVE BARGAINING AGREEMENT—WFSE HIGHER EDUCATION COMMUNITY COLLEGE COALITION

An agreement has been reached between the governor and the Washington federation of state employees community college coalition under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one

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and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications.

NEW SECTION. Sec. 916. COLLECTIVE BARGAINING AGREEMENT—WPEA HIGHER EDUCATION COMMUNITY COLLEGE COALITION

An agreement has been reached between the governor and the Washington public employees association community college coalition under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications.

NEW SECTION. Sec. 917. COLLECTIVE BARGAINING AGREEMENT—WSP TROOPERS ASSOCIATION

An agreement has been reached between the governor and the Washington state patrol troopers association through an interest arbitration decision under the provisions of chapter 41.56 RCW for the 2015-2017 fiscal biennium. Funding is provided for the awarded seven percent general wage increase effective July 1, 2015, and a three percent general wage increase effective July 1, 2016. Funding is also provided for a three percent specialty pay for breath alcohol concentration technicians.

NEW SECTION. Sec. 918. COLLECTIVE BARGAINING AGREEMENT—WSP LIEUTENANTS ASSOCIATION

An agreement has been reached between the governor and the Washington state patrol lieutenants association through an interest arbitration decision under the provisions of chapter 41.56 RCW for the 2015-2017 fiscal biennium. Funding is provided for the awarded five percent general wage increase effective July 1, 2015, and a five percent general wage increase effective July 1, 2016. Funding is also provided to increase annual clothing allowance and increase in accumulated holiday credits.

NEW SECTION. Sec. 919. COLLECTIVE BARGAINING AGREEMENT—YAKIMA VALLEY COMMUNITY COLLEGE—WPEA

An agreement has been reached between Yakima Valley Community College and the Washington public employees association under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications, an hourly increase in shift differential pay, and a one-time settlement incentive pay of two and one-half percent of anticipated salary per year.

NEW SECTION. Sec. 920. COLLECTIVE BARGAINING AGREEMENT—HIGHLINE COLLEGE—WPEA

An agreement has been reached between Highline college and the Washington public employees association under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1,

2016. The agreement also includes and funding is provided for two additional personal leave days per year, an hourly increase in shift differential pay, and a one-time signing incentive.

NEW SECTION. Sec. 921. COLLECTIVE BARGAINING AGREEMENT—THE EVERGREEN STATE COLLEGE—WFSE

An agreement has been reached between The Evergreen State College and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications, assignment pay for specified job classes, additional steps to the vacation accrual schedules, and a rate re-opener if specified conditions exist.

NEW SECTION. Sec. 922. COLLECTIVE BARGAINING AGREEMENT—WESTERN WASHINGTON UNIVERSITY—WFSE

An agreement has been reached between the Western Washington University and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase effective July 1, 2016. The agreement also includes and funding is provided for implementation of the salary survey to twenty-five percent of the prevailing wage, and for increases to targeted job classifications.

NEW SECTION. Sec. 923. COLLECTIVE BARGAINING AGREEMENT—WESTERN WASHINGTON UNIVERSITY—PSE

An agreement has been reached between the Western Washington University and the public schools employees under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase effective July 1, 2016. The agreement also includes and funding is provided for implementation of the salary survey to twenty-five percent of the prevailing wage, and for increases to targeted job classifications.

NEW SECTION. Sec. 924. COLLECTIVE BARGAINING AGREEMENT—EASTERN WASHINGTON UNIVERSITY—WFSE

An agreement has been reached between Eastern Washington University and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase or a one percent general wage increase plus eleven cents per hour, whichever is greater, effective July 1, 2016. The agreement also includes and funding is provided for salary adjustments for targeted job classifications, a wage increase for employees earning less than fifteen dollars per hour, and a one hundred fifty dollar signing bonus.

NEW SECTION. Sec. 925. COLLECTIVE BARGAINING AGREEMENT—CENTRAL WASHINGTON UNIVERSITY—WFSE

An agreement has been reached between Central Washington University and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a two percent increase in base wages effective July 1, 2015, and a one and eight-tenths percent increase in base wages effective July 1, 2016. The agreement also includes and funding is provided for a two and

one-half of one percent salary adjustment for targeted job classifications, an extension of call back pay to law enforcement officers, an increase in law enforcement officer footwear reimbursement, and an increase in the hourly rate for shift premium.

NEW SECTION. Sec. 926. COLLECTIVE BARGAINING AGREEMENT—CENTRAL WASHINGTON UNIVERSITY—PSE

An agreement has been reached between Central Washington University and the public schools employees under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a two percent increase in base wages effective July 1, 2015, and a one and eight-tenths percent increase in base wages effective July 1, 2016. The agreement also includes and funding is provided for a two and one-half of one percent salary adjustment for targeted job classifications and an increase in standby pay rate.

NEW SECTION. Sec. 927. COLLECTIVE BARGAINING AGREEMENT—UNIVERSITY OF WASHINGTON—WFSE

An agreement has been reached between the University of Washington and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a two percent general wage increase effective July 1, 2016. The agreement also includes and funding is provided for market adjustments for targeted job classifications, an adjustment to the minimum pay step, and targeted incentive and longevity pay for police management staff.

NEW SECTION. Sec. 928. COLLECTIVE BARGAINING AGREEMENT—UNIVERSITY OF WASHINGTON—SEIU 925

An agreement has been reached between the University of Washington and the service employees Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a two percent general wage increase effective July 1, 2016. The agreement also includes and funding is provided for salary and market adjustments for targeted job classifications, and an adjustment to the minimum pay rate.

NEW SECTION. Sec. 929. COLLECTIVE BARGAINING AGREEMENT—WASHINGTON STATE UNIVERSITY—WFSE

An agreement has been reached between the Washington State University and the Washington federation of state employees under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase effective July 1, 2016.

NEW SECTION. Sec. 930. COLLECTIVE BARGAINING AGREEMENT—WASHINGTON STATE UNIVERSITY—PSE

An agreement has been reached between the Washington State University and the public schools employees under the provisions of chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016.

NEW SECTION. Sec. 931. COLLECTIVE BARGAINING AGREEMENT—WASHINGTON STATE UNIVERSITY—WSU POLICE GUILD

An agreement has been reached between the Washington State University and the WSU Police Guild under the provisions of

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chapter 41.80 RCW for the 2015-2017 fiscal biennium. Funding is provided for a three percent general wage increase effective July 1, 2015, and a one and eight-tenths percent general wage increase effective July 1, 2016.

NEW SECTION. Sec. 932. COMPENSATION—REPRESENTED EMPLOYEES—SUPER COALITION—INSURANCE BENEFITS

An agreement has been reached for the 2015-2017 fiscal biennium between the governor and the health care super coalition under the provisions of chapter 41.80 RCW. Appropriations in this act for state agencies, including institutions of higher education, are sufficient to implement the provisions of the 2015-2017 collective bargaining agreement and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan shall not exceed \$840 per eligible employee for fiscal year 2016. For fiscal year 2017, the monthly employer funding rate shall not exceed \$894 per eligible employee.

(b) Except as provided by the parties' health care agreement, in order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or make other changes to benefits consistent with RCW 41.05.065. The board shall collect a twenty-five dollar per month surcharge payment from members who use tobacco products and a surcharge payment of not less than fifty dollars per month from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in another employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment. The surcharge payments shall be collected in addition to the member premium payment.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2016 and 2017, the subsidy shall be up to \$150.00 per month.

(3) All savings resulting from reduced claim costs or other factors identified after June 1, 2015, must be reserved for funding employee health benefits in the 2017-2019 fiscal biennium.

NEW SECTION. Sec. 933. COMPENSATION—REPRESENTED EMPLOYEES OUTSIDE SUPER COALITION—INSURANCE BENEFITS

Appropriations for state agencies in this act are sufficient for represented employees outside the super coalition for health benefits, and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan shall not exceed

\$840 per eligible employee for fiscal year 2016. For fiscal year 2017, the monthly employer funding rate shall not exceed \$894 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or make other changes to benefits consistent with RCW 41.05.065. The board shall collect a twenty-five dollar per month surcharge payment from members who use tobacco products and a surcharge payment of not less than fifty dollars per month from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in another employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment. The surcharge payments shall be collected in addition to the member premium payment.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2016 and 2017, the subsidy shall be up to \$150.00 per month.

(3) All savings resulting from reduced claim costs or other factors identified after June 1, 2015, must be reserved for funding employee health benefits in the 2017-2019 fiscal biennium.

NEW SECTION. Sec. 934. COLLECTIVE BARGAINING AGREEMENT FOR NONSTATE EMPLOYEES—LANGUAGE ACCESS PROVIDERS WFSE

An agreement has been reached between the governor and the Washington federation of state employees for the language access providers under the provisions of chapter 41.56 RCW for the 2015-2017 fiscal biennium. The state will no longer pay for mileage related to appointments in exchange for a general rate increase of three dollars and fifty cents per hour, which results in no increased expenditures. In addition, funding is provided for a rate increase of one dollar and ten cents per hour effective July 1, 2015, and a rate increase of ninety cents per hour effective July 1, 2016.

NEW SECTION. Sec. 935. COLLECTIVE BARGAINING AGREEMENT FOR NONSTATE EMPLOYEES—SEIU HEALTHCARE 775NW HOMECARE WORKERS

An agreement has been reached between the governor and the service employees international union healthcare 775nw under the provisions of chapter 74.39A and 41.56 RCW for the 2015-2017 fiscal biennium. Funding is provided for increases to wages and pay differentials, contributions to a retirement benefit, and contributions to health care. Funding is also provided for increased contributions for training related obligations.

NEW SECTION. Sec. 936. COLLECTIVE BARGAINING AGREEMENT FOR NONSTATE EMPLOYEES—SEIU LOCAL 925 CHILDCARE WORKERS

An agreement has been reached between the governor and the service employees international union local 925 through an interest arbitration decision and under the provisions of chapter 41.56 RCW for the 2015-2017 fiscal biennium. Funding is provided for the awarded base rate increases and a two percent enhanced rate for license-exempt providers who complete additional training. The agreement also includes an increased non-standard hours bonus with an increased cap, increased health care funding, and an extension of tiered reimbursement rates.

NEW SECTION. Sec. 937. COLLECTIVE BARGAINING AGREEMENT FOR NONSTATE EMPLOYEES—WSRCC ADULT FAMILY HOMES

An agreement has been reached between the governor and the Washington state residential care council through an interest arbitration award and under the provisions of chapter 41.56 RCW for the 2015-2017 fiscal biennium. Funding is provided for the awarded five percent daily rate increase effective July 1, 2015, and a five percent daily rate increase effective July 1, 2016. Funding is also provided for a five-year meaningful home-based activities pilot program.

NEW SECTION. Sec. 938. COMPENSATION—NONREPRESENTED EMPLOYEES—INSURANCE BENEFITS

Appropriations for state agencies in this act are sufficient for nonrepresented state employee health benefits for state agencies, including institutions of higher education, and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan, shall not exceed \$840 per eligible employee for fiscal year 2016. For fiscal year 2017, the monthly employer funding rate shall not exceed \$894 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require or make any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or make other changes to benefits consistent with RCW 41.05.065. The board shall collect a twenty-five dollar per month surcharge payment from members who use tobacco products and a surcharge payment of not less than fifty dollars per month from members who cover a spouse or domestic partner where the spouse or domestic partner has chosen not to enroll in another employer-based group health insurance that has benefits and premiums with an actuarial value of not less than 95 percent of the actuarial value of the public employees' benefits board plan with the largest enrollment. The surcharge payments shall be collected in addition to the member premium payment.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2016 and 2017, the subsidy shall be up to \$150 per month.

(3) Technical colleges, school districts, and educational service districts shall remit to the health care authority for deposit

into the public employees' and retirees' insurance account established in RCW 41.05.120 the following amounts:

(a) For each full-time employee, \$65.25 per month beginning September 1, 2015, and \$70.45 beginning September 1, 2016; and

(b) For each part-time employee, who at the time of the remittance is employed in an eligible position as defined in RCW 41.32.010 or 41.40.010 and is eligible for employer fringe benefit contributions for basic benefits, \$65.25 each month beginning September 1, 2015, and \$70.45 beginning September 1, 2016, prorated by the proportion of employer fringe benefit contributions for a full-time employee that the part-time employee receives. The remittance requirements specified in this subsection (3) shall not apply to employees of a technical college, school district, or educational service district who purchase insurance benefits through contracts with the health care authority.

(4) All savings resulting from reduced claim costs or other factors identified after June 1, 2015, must be reserved for funding employee health benefits in the 2017-2019 fiscal biennium.

NEW SECTION. Sec. 939. GENERAL WAGE INCREASES

(1) Appropriations for state agencies in this act are sufficient to provide for increases to state agency employee compensation for employees who are not represented or who bargain under statutory authority other than chapter 41.80 or 47.64 RCW, or RCW 41.56.473 or 41.56.475 is sufficient for general wage increases.

(2) Funding is provided for a three percent general wage increase effective July 1, 2015, for all classified employees, as specified in subsection (1) of this section, employees in the Washington management service, and exempt employees under the jurisdiction of the office of financial management. The appropriations are also sufficient to fund a three percent salary increase effective July 1, 2015, for executive, legislative, and judicial branch employees exempt from merit system rules, whose maximum salaries are not set by the commission on salaries for elected officials.

(3) Funding is provided for a general wage increase of one and eight-tenths percent or a one percent general wage increase plus twenty dollars per month, whichever is greater, effective July 1, 2016, for all classified employees, as specified in subsection (1) of this section, employees in the Washington management service, and exempt employees under the jurisdiction of the office of financial management. The appropriations are also sufficient to fund a one and eight-tenths percent salary increase effective July 1, 2016, for executive, legislative, and judicial branch employees exempt from merit system rules whose maximum salaries are not set by the commission on salaries for elected officials.

NEW SECTION. Sec. 940. INITIATIVE 732 COST-OF-LIVING INCREASES

Part 9 of this act authorizes general wage increases for general government state employees covered by Initiative Measure No. 732. The general wage increases are inclusive of the annual cost-of-living adjustments required under Initiative Measure No. 732.

NEW SECTION. Sec. 941. TARGETED COMPENSATION INCREASES

Funding is provided within agency appropriations for salary adjustments for targeted job classifications as specified by the office of financial management of classified state employees, except those represented by a collective bargaining unit under chapters 41.80 and 47.64 RCW and RCW 41.56.473 and 41.56.475.

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NEW SECTION. Sec. 942. COMPENSATION—REVISE PENSION CONTRIBUTION RATES

The appropriations for school districts and state agencies, including institutions of higher education are subject to the following conditions and limitations: Appropriations are adjusted to reflect changes to agency appropriations to reflect pension contribution rates adopted by the pension funding council and the law enforcement officers' and firefighters' retirement system plan 2 board.

NEW SECTION. Sec. 943. ACQUISITION OF INFORMATION TECHNOLOGY PROJECTS THROUGH FINANCIAL CONTRACTS

(1) Financial contracts for the acquisition of the information technology projects authorized in this section must be approved jointly by the office of the financial management and the office of the chief information officer. Information technology projects funded under this section shall meet the following requirements:

(a) The project reduces costs and achieves economies of scale by leveraging statewide investments in systems and data and other common or enterprise-wide solutions within and across state agencies;

(b) The project begins or continues replacement of legacy information technology systems and replacing these systems with modern and more efficient information technology systems;

(c) The project improves the ability of an agency to recover from major disaster;

(d) The project provides future savings and efficiencies for an agency through reduced operating costs, improved customer service, or increased revenue collections; and

(e) Preference for project approval must be given to an agency that has prior approval from the office of the chief information officer, an approved business plan, and where the primary hurdle to project funding is the lack of funding capacity.

(2) The following state agencies may enter into financial contracts to finance expenditures for the acquisition and implementation of the following information technology projects for up to the respective amounts indicated, plus financing expenses and required reserves pursuant to chapter 39.94 RCW: \$75,000,000 for the department of revenue to continue replacement of the taxpayer legacy system.

(3) 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.

NEW SECTION. Sec. 944. IT PROJECT OVERSIGHT AND BUDGETING TASK FORCE

(1) The IT project oversight and budgeting task force is created. It is comprised of the chairs and ranking minority members, or their designees, of the house of representatives appropriations committee and the senate ways and means committee, and one member each from the two largest caucuses of the senate and the two largest caucuses of the house of representatives. The director of financial management and the state chief information officer, or their designees, are members of the task force. The task force is chaired jointly by the chair of the house of representatives appropriations committee and the chair of the senate ways and means committee. The task force is staffed by the house of representatives office of program research and senate committee services. The task force shall coordinate its activities with the technology services board created in RCW 43.41A.070 and use board members, their experience and expertise as a resource in task force activities.

(2) The task force will review the current IT project development, project oversight, and budgeting processes in Washington state, as well as processes used in other states and large private sector organizations. The task force will review options to increase enterprise wide IT solutions, improve project development and oversight processes in Washington, and to better integrate these processes with the budget process. The committee will also review budgeting for IT projects and make recommendations regarding how budgeting for IT spending in Washington might be more efficient. In its review, the task force should consider options such as a separate IT budget as a subset of the operating budget or a more long-term planning process like the 10- year capital budget project planning process.

(3) The task force will report on any findings and recommendations it develops by December 2015 to the house of representatives appropriations committee, the house of representatives general government and information technology committee, the senate ways and means committee, the senate government operating and security committee, and the governor.

(4) This section expires on December 31, 2015.

Sec. 945. RCW 28B.15.069 and 2013 2nd sp.s. c 4 s 959 are each amended to read as follows:

(1) The building fee for each academic year shall be a percentage of total tuition fees. This percentage shall be calculated by the office of financial management and be based on the actual percentage the building fee is of total tuition for each tuition category in the 1994-95 academic year, rounded up to the nearest half percent.

(2) The governing boards of each institution of higher education, except for the technical colleges, shall charge to and collect from each student a services and activities fee. A governing board may increase the existing fee annually, consistent with budgeting procedures set forth in RCW 28B.15.045, by a percentage not to exceed the annual percentage increase in student tuition fees for resident undergraduate students: PROVIDED, That such percentage increase shall not apply to that portion of the services and activities fee previously committed to the repayment of bonded debt. These rate adjustments may exceed the fiscal growth factor. For the ~~((2013-2015))~~ 2015-2017 fiscal biennium, each governing board is authorized to increase the services and activities fees by amounts judged reasonable and necessary by the services and activities fee committee and the governing board consistent with the budgeting procedures set forth in RCW 28B.15.045. The services and activities fee committee provided for in RCW 28B.15.045 may initiate a request to the governing board for a fee increase.

(3) Tuition and services and activities fees consistent with subsection (2) of this section shall be set by the state board for community and technical colleges for community college summer school students unless the community college charges fees in accordance with RCW 28B.15.515.

(4) Subject to the limitations of RCW 28B.15.910, each governing board of a community college may charge such fees for ungraded courses, noncredit courses, community services courses, and self-supporting courses as it, in its discretion, may determine, consistent with the rules of the state board for community and technical colleges.

(5) The governing board of a college offering an applied baccalaureate degree program under RCW 28B.50.810 may charge tuition fees for those courses above the associate degree level at rates consistent with rules adopted by the state board for community and technical colleges, not to exceed tuition fee rates at the regional universities.

Sec. 946. RCW 28B.50.140 and 2014 c 158 s 1 are each amended to read as follows:

Each board of trustees:

(1) Shall operate all existing community and technical colleges in its district;

(2) Shall create comprehensive programs of community and technical college education and training and maintain an open-door policy in accordance with the provisions of RCW 28B.50.090(3);

(3) Shall employ for a period to be fixed by the board a college president for each community and technical college and, may appoint a president for the district, and fix their duties and compensation, which may include elements other than salary. Compensation under this subsection shall not affect but may supplement retirement, health care, and other benefits that are otherwise applicable to the presidents as state employees. The board shall also employ for a period to be fixed by the board members of the faculty and such other administrative officers and other employees as may be necessary or appropriate and fix their salaries and duties. Except for increments provided with local resources during the 2015-2017 fiscal biennium, compensation and salary increases under this subsection shall not exceed the amount or percentage established for those purposes in the state appropriations act by the legislature as allocated to the board of trustees by the state board for community and technical colleges. The state board for community and technical colleges shall adopt rules defining the permissible elements of compensation under this subsection;

(4) May establish, in accordance with RCW 28B.77.080, new facilities as community needs and interests demand. However, the authority of boards of trustees to purchase or lease major off-campus facilities shall be subject to the approval of the student achievement council pursuant to RCW 28B.77.080;

(5) May establish or lease, operate, equip and maintain dormitories, food service facilities, bookstores and other self-supporting facilities connected with the operation of the community and technical college;

(6) May, with the approval of the college board, borrow money and issue and sell revenue bonds or other evidences of indebtedness for the construction, reconstruction, erection, equipping with permanent fixtures, demolition and major alteration of buildings or other capital assets, and the acquisition of sites, rights-of-way, easements, improvements or appurtenances, for dormitories, food service facilities, and other self-supporting facilities connected with the operation of the community and technical college in accordance with the provisions of RCW 28B.10.300 through 28B.10.330 where applicable;

(7) May establish fees and charges for the facilities authorized hereunder, including reasonable rules and regulations for the government thereof, not inconsistent with the rules of the college board; each board of trustees operating a community and technical college may enter into agreements, subject to rules of the college board, with owners of facilities to be used for housing regarding the management, operation, and government of such facilities, and any board entering into such an agreement may:

(a) Make rules for the government, management and operation of such housing facilities deemed necessary or advisable; and

(b) Employ necessary employees to govern, manage and operate the same;

(8) May receive such gifts, grants, conveyances, devises and bequests of real or personal property from private sources, as may be made from time to time, in trust or otherwise, whenever the terms and conditions thereof will aid in carrying out the community and technical college programs as specified by law and the rules of the state college board; sell, lease or exchange,

invest or expend the same or the proceeds, rents, profits and income thereof according to the terms and conditions thereof; and adopt rules to govern the receipt and expenditure of the proceeds, rents, profits and income thereof;

(9) May establish and maintain night schools whenever in the discretion of the board of trustees it is deemed advisable, and authorize classrooms and other facilities to be used for summer or night schools, or for public meetings and for any other uses consistent with the use of such classrooms or facilities for community and technical college purposes;

(10) May make rules for pedestrian and vehicular traffic on property owned, operated, or maintained by the district;

(11) Shall prescribe, with the assistance of the faculty, the course of study in the various departments of the community and technical college or colleges under its control, and publish such catalogues and bulletins as may become necessary;

(12) May grant to every student, upon graduation or completion of a course of study, a suitable diploma, degree, or certificate under the rules of the state board for community and technical colleges that are appropriate to their mission. The purposes of these diplomas, certificates, and degrees are to lead individuals directly to employment in a specific occupation or prepare individuals for a bachelor's degree or beyond. Technical colleges may only offer transfer degrees that prepare students for bachelor's degrees in professional fields, subject to rules adopted by the college board. In adopting rules, the college board, where possible, shall create consistency between community and technical colleges and may address issues related to tuition and fee rates; tuition waivers; enrollment counting, including the use of credits instead of clock hours; degree granting authority; or any other rules necessary to offer the associate degrees that prepare students for transfer to bachelor's degrees in professional areas. Only colleges under RCW 28B.50.810 may award baccalaureate degrees. The board, upon recommendation of the faculty, may also confer honorary associate of arts degrees, or if it is authorized to award baccalaureate degrees may confer honorary bachelor of applied science degrees, upon persons other than graduates of the community college, in recognition of their learning or devotion to education, literature, art, or science. No degree may be conferred in consideration of the payment of money or the donation of any kind of property;

(13) Shall enforce the rules prescribed by the state board for community and technical colleges for the government of community and technical colleges, students and teachers, and adopt such rules and perform all other acts not inconsistent with law or rules of the state board for community and technical colleges as the board of trustees may in its discretion deem necessary or appropriate to the administration of college districts: **PROVIDED**, That such rules shall include, but not be limited to, rules relating to housing, scholarships, conduct at the various community and technical college facilities, and discipline: **PROVIDED, FURTHER**, That the board of trustees may suspend or expel from community and technical colleges students who refuse to obey any of the duly adopted rules;

(14) May, by written order filed in its office, delegate to the president or district president any of the powers and duties vested in or imposed upon it by this chapter. Such delegated powers and duties may be exercised in the name of the district board;

(15) May perform such other activities consistent with this chapter and not in conflict with the directives of the college board;

(16) Notwithstanding any other provision of law, may offer educational services on a contractual basis other than the tuition and fee basis set forth in chapter 28B.15 RCW for a special fee to private or governmental entities, consistent with rules adopted by the state board for community and technical colleges;

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PROVIDED, That the whole of such special fee shall go to the college district and be not less than the full instructional costs of such services including any salary increases authorized by the legislature for community and technical college employees during the term of the agreement: PROVIDED FURTHER, That enrollments generated hereunder shall not be counted toward the official enrollment level of the college district for state funding purposes;

(17) Notwithstanding any other provision of law, may offer educational services on a contractual basis, charging tuition and fees as set forth in chapter 28B.15 RCW, counting such enrollments for state funding purposes, and may additionally charge a special supplemental fee when necessary to cover the full instructional costs of such services: PROVIDED, That such contracts shall be subject to review by the state board for community and technical colleges and to such rules as the state board may adopt for that purpose in order to assure that the sum of the supplemental fee and the normal state funding shall not exceed the projected total cost of offering the educational service: PROVIDED FURTHER, That enrollments generated by courses offered on the basis of contracts requiring payment of a share of the normal costs of the course will be discounted to the percentage provided by the college;

(18) Shall be authorized to pay dues to any association of trustees that may be formed by the various boards of trustees; such association may expend any or all of such funds to submit biennially, or more often if necessary, to the governor and to the legislature, the recommendations of the association regarding changes which would affect the efficiency of such association;

(19) May participate in higher education centers and consortia that involve any four-year public or independent college or university in accordance with RCW 28B.77.080;

(20) Shall perform any other duties and responsibilities imposed by law or rule of the state board; and

(21) May confer honorary associate of arts degrees upon persons who request an honorary degree if they were students at the college in 1942 and did not graduate because they were ordered into an internment camp. The honorary degree may also be requested by a representative of deceased persons who meet these requirements. For the purposes of this subsection, "internment camp" means a relocation center to which persons were ordered evacuated by Presidential Executive Order 9066, signed on February 19, 1942.

Sec. 947. RCW 28B.115.070 and 2011 1st sp.s. c 11 s 207 are each amended to read as follows:

After June 1, 1992, the department, in consultation with the office and the department of social and health services, shall:

(1) Determine eligible credentialed health care professions for the purposes of the loan repayment and scholarship program authorized by this chapter. Eligibility shall be based upon an assessment that determines that there is a shortage or insufficient availability of a credentialed profession so as to jeopardize patient care and pose a threat to the public health and safety. The department shall consider the relative degree of shortages among professions when determining eligibility. The department may add or remove professions from eligibility based upon the determination that a profession is no longer in shortage. Should a profession no longer be eligible, participants or eligible students who have received scholarships shall be eligible to continue to receive scholarships or loan repayments until they are no longer eligible or until their service obligation has been completed;

(2) Determine health professional shortage areas for each of the eligible credentialed health care professions.

(3) For the 2015-2017 fiscal biennium, consideration for eligibility shall also be given to registered nursing students who

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have been accepted into an eligible nursing education program and have declared an intention to teach nursing upon completion of the nursing education program.

Sec. 948. RCW 28C.04.535 and 2013 2nd sp.s. c 4 s 964 are each amended to read as follows:

Except for the ~~((2013-14 and 2014-15))~~ 2015-16 and 2016-17 school years, the Washington award for vocational excellence shall be granted annually. The workforce training and education coordinating board shall notify the students receiving the award, their vocational instructors, local chambers of commerce, the legislators of their respective districts, and the governor, after final selections have been made. The workforce training and education coordinating board, in conjunction with the governor's office, shall prepare appropriate certificates to be presented to the selected students. Awards shall be presented in public ceremonies at times and places determined by the workforce training and education coordinating board in cooperation with the office of the governor.

Sec. 949. RCW 38.52.540 and 2013 2nd sp.s. c 4 s 966 are each amended to read as follows:

(1) The enhanced 911 account is created in the state treasury. All receipts from the state enhanced 911 excise taxes imposed by RCW 82.14B.030 must be deposited into the account. Moneys in the account must be used only to support the statewide coordination and management of the enhanced 911 system, for the implementation of wireless enhanced 911 statewide, for the modernization of enhanced 911 emergency communications systems statewide, and to help supplement, within available funds, the operational costs of the system, including adequate funding of counties to enable implementation of wireless enhanced 911 service and reimbursement of radio communications service companies for costs incurred in providing wireless enhanced 911 service pursuant to negotiated contracts between the counties or their agents and the radio communications service companies. For the 2013-2015 and the 2015-2017 fiscal ~~((biennium))~~ biennia, the account may be used for a criminal history system upgrade in the Washington state patrol and for activities and programs in the military department. A county must show just cause, including but not limited to a true and accurate accounting of the funds expended, for any inability to provide reimbursement to radio communications service companies of costs incurred in providing enhanced 911 service.

(2) Funds generated by the enhanced 911 excise tax imposed by RCW 82.14B.030(5) may not be distributed to any county that has not imposed the maximum county enhanced 911 excise tax allowed under RCW 82.14B.030(1). Funds generated by the enhanced 911 excise tax imposed by RCW 82.14B.030(6) may not be distributed to any county that has not imposed the maximum county enhanced 911 excise tax allowed under RCW 82.14B.030(2).

(3) The state enhanced 911 coordinator, with the advice and assistance of the enhanced 911 advisory committee, is authorized to enter into statewide agreements to improve the efficiency of enhanced 911 services for all counties and shall specify by rule the additional purposes for which moneys, if available, may be expended from this account.

Sec. 950. RCW 41.26.802 and 2013 2nd sp.s. c 4 s 969 are each amended to read as follows:

(1) By September 30, 2011, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer five million dollars to the local public safety enhancement account.

~~(2) ((By September 30, 2015, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's~~

~~revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer twenty million dollars to the local public safety enhancement account.~~

~~(3))~~ By September 30, 2017, and by September 30 of each odd-numbered year thereafter, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer the lesser of one-third of the increase, or fifty million dollars, to the local public safety enhancement account.

(3) It is the intent of the legislature to fund the portion of the distribution in 2017 dedicated to the local law enforcement officers' and firefighters' retirement system benefits improvement account through alternate means, which may include transfers from the law enforcement officers' and firefighters' plan 2 retirement fund.

Sec. 951. RCW 41.50.110 and 2011 1st sp.s. c 50 s 936 and 2011 1st sp.s. c 47 s 22 are each reenacted and amended to read as follows:

(1) Except as provided by RCW 41.50.255 and subsection (6) of this section, all expenses of the administration of the department, the expenses of administration of the retirement systems, and the expenses of the administration of the office of the state actuary created in chapters 2.10, 2.12, 28B.10, 41.26, 41.32, 41.40, 41.34, 41.35, 41.37, 43.43, and 44.44 RCW shall be paid from the department of retirement systems expense fund.

(2) In order to reimburse the department of retirement systems expense fund on an equitable basis the department shall ascertain and report to each employer, as defined in RCW 28B.10.400, 41.26.030, 41.32.010, 41.35.010, 41.37.010, or 41.40.010, the sum necessary to defray its proportional share of the entire expense of the administration of the retirement system that the employer participates in during the ensuing biennium or fiscal year whichever may be required. Such sum is to be computed in an amount directly proportional to the estimated entire expense of the administration as the ratio of monthly salaries of the employer's members bears to the total salaries of all members in the entire system. It shall then be the duty of all such employers to include in their budgets or otherwise provide the amounts so required.

(3) The department shall compute and bill each employer, as defined in RCW 28B.10.400, 41.26.030, 41.32.010, 41.35.010, 41.37.010, or 41.40.010, at the end of each month for the amount due for that month to the department of retirement systems expense fund and the same shall be paid as are its other obligations. Such computation as to each employer shall be made on a percentage rate of salary established by the department. However, the department may at its discretion establish a system of billing based upon calendar year quarters in which event the said billing shall be at the end of each such quarter.

(4) The director may adjust the expense fund contribution rate for each system at any time when necessary to reflect unanticipated costs or savings in administering the department.

(5) An employer who fails to submit timely and accurate reports to the department may be assessed an additional fee related to the increased costs incurred by the department in processing the deficient reports. Fees paid under this subsection shall be deposited in the retirement system expense fund.

(a) Every six months the department shall determine the amount of an employer's fee by reviewing the timeliness and accuracy of the reports submitted by the employer in the preceding six months. If those reports were not both timely and accurate the department may prospectively assess an additional fee under this subsection.

(b) An additional fee assessed by the department under this subsection shall not exceed fifty percent of the standard fee.

(c) The department shall adopt rules implementing this section.

(6) Expenses other than those under RCW 41.34.060(~~(3))~~ (4) shall be paid pursuant to subsection (1) of this section.

(7) During the 2009-2011 and 2011-2013 fiscal biennia, the legislature may transfer from the department of retirement systems' expense fund to the state general fund such amounts as reflect the excess fund balance of the fund. During the 2015-2017 fiscal biennium, state contributions to the judicial retirement system may be made in part by appropriations from the department of retirement systems expense fund.

Sec. 952. RCW 41.60.050 and 2013 2nd sp.s. c 4 s 970 are each amended to read as follows:

The legislature shall appropriate from the personnel service fund for the payment of administrative costs of the productivity board. However, during the (~~2011-2013 and~~) 2013-2015 and 2015-2017 fiscal biennia, the operations of the productivity board shall be suspended.

Sec. 953. RCW 43.08.190 and 2013 2nd sp.s. c 4 s 973 are each amended to read as follows:

There is hereby created a fund within the state treasury to be known as the "state treasurer's service fund." Such fund shall be used solely for the payment of costs and expenses incurred in the operation and administration of the state treasurer's office.

Moneys shall be allocated monthly and placed in the state treasurer's service fund equivalent to a maximum of one percent of the trust and treasury average daily cash balances from the earnings generated under the authority of RCW 43.79A.040 and 43.84.080 other than earnings generated from investment of balances in funds and accounts specified in RCW 43.79A.040(4)(c). The allocation shall precede the distribution of the remaining earnings as prescribed under RCW 43.79A.040 and 43.84.092. The state treasurer shall establish a uniform allocation rate for all funds and accounts; except that the state treasurer may negotiate a different allocation rate with any state agency that has independent authority over funds not statutorily required to be held in the state treasury or in the custody of the state treasurer. In no event shall the rate be less than the actual costs incurred by the state treasurer's office. If no rate is separately negotiated, the default rate for any funds held shall be the rate set for funds held pursuant to statute.

During the (~~2009-2011 fiscal biennium and the 2011-2013 and~~) 2013-2015 and 2015-2017 fiscal biennia, the legislature may transfer from the state treasurer's service fund to the state general fund such amounts as reflect the excess fund balance of the fund.

Sec. 954. RCW 43.09.475 and 2013 2nd sp.s. c 4 s 974 are each amended to read as follows:

The performance audits of government account is hereby created in the custody of the state treasurer. Revenue identified in RCW 82.08.020(5) and 82.12.0201 shall be deposited in the account. Money in the account shall be used to fund the performance audits and follow-up performance audits under RCW 43.09.470 and shall be expended by the state auditor in accordance with chapter 1, Laws of 2006. Only the state auditor or the state auditor's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. During the (~~2011-2013 and the~~) 2013-2015 and 2015-2017 fiscal biennia, the performance audits of government account may be appropriated for (~~(fraud investigations in the state auditor's office and the department of social and health services, audit and collection functions in the department of revenue,))~~ the joint legislative audit and review committee, the legislative evaluation and accountability program committee, the office of financial management, the superintendent of public instruction,

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and audits of school districts. In addition, during the ~~((2011-2013 and))~~ 2013-2015 and 2015-2017 fiscal biennia the account may be used to fund the office of financial management's contract for the compliance audit of the state auditor. In addition, during the 2015-2017 fiscal biennium, the legislature may transfer from the performance audits of government account to the state general fund such amounts as reflect the excess fund balance of the fund.

Sec. 955. RCW 43.43.839 and 2014 c 221 s 916 are each amended to read as follows:

The fingerprint identification account is created in the custody of the state treasurer. All receipts from incremental charges of fingerprint checks requested for noncriminal justice purposes and electronic background requests shall be deposited in the account. Receipts for fingerprint checks by the federal bureau of investigation may also be deposited in the account. Expenditures from the account may be used only for the cost of record checks. Only the chief of the state patrol or the chief's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW. No appropriation is required for expenditures prior to July 1, 1997. After June 30, 1997, the account shall be subject to appropriation. During the 2009-2011 fiscal biennium, the legislature may transfer from the fingerprint identification account to the state general fund such amounts as reflect the excess fund balance of the account. During the 2013-2015 fiscal biennium, funds in the account may be used for expenditures that support the criminal records management division of the state patrol. During the 2015-2017 fiscal biennium, funds in the account may be used for expenditures related to the upgrade of the state patrol's criminal history system.

Sec. 956. RCW 43.79.480 and 2013 2nd sp.s. c 4 s 980 are each amended to read as follows:

(1) Moneys received by the state of Washington in accordance with the settlement of the state's legal action against tobacco product manufacturers, exclusive of costs and attorneys' fees, shall be deposited in the tobacco settlement account created in this section except as these moneys are sold or assigned under chapter 43.340 RCW.

(2) The tobacco settlement account is created in the state treasury. Moneys in the tobacco settlement account may only be transferred to the state general fund, and to the tobacco prevention and control account for purposes set forth in this section. The legislature shall transfer amounts received as strategic contribution payments as defined in RCW 43.350.010 to the life sciences discovery fund created in RCW 43.350.070. ~~((During the 2009-2011 and 2011-2013 fiscal biennia, the legislature may transfer less than the entire strategic contribution payments, and may transfer amounts attributable to strategic contribution payments into the basic health plan stabilization account.))~~ During the 2013-2015 and 2015-2017 fiscal ~~((biennium))~~ biennia, the legislature may transfer less than the entire strategic contribution payments, and may transfer amounts attributable to strategic contribution payments into the state general fund.

(3) The tobacco prevention and control account is created in the state treasury. The source of revenue for this account is moneys transferred to the account from the tobacco settlement account, investment earnings, donations to the account, and other revenues as directed by law. Expenditures from the account are subject to appropriation. ~~((During the 2009-2011 fiscal biennium, the legislature may transfer from the tobacco prevention and control account to the state general fund such amounts as represent the excess fund balance of the account.))~~

Sec. 957. RCW 43.101.200 and 2013 2nd sp.s. c 4 s 982 are each amended to read as follows:

(1) All law enforcement personnel, except volunteers, and reserve officers whether paid or unpaid, initially employed on or after January 1, 1978, shall engage in basic law enforcement training which complies with standards adopted by the commission pursuant to RCW 43.101.080. For personnel initially employed before January 1, 1990, such training shall be successfully completed during the first fifteen months of employment of such personnel unless otherwise extended or waived by the commission and shall be requisite to the continuation of such employment. Personnel initially employed on or after January 1, 1990, shall commence basic training during the first six months of employment unless the basic training requirement is otherwise waived or extended by the commission. Successful completion of basic training is requisite to the continuation of employment of such personnel initially employed on or after January 1, 1990.

(2) Except as otherwise provided in this chapter, the commission shall provide the aforementioned training together with necessary facilities, supplies, materials, and the board and room of noncommuting attendees for seven days per week, except during the 2013-2015 and 2015-2017 fiscal ~~((biennium))~~ biennia when the employing, county, city, or state law enforcement agency shall reimburse the commission for twenty-five percent of the cost of training its personnel. Additionally, to the extent funds are provided for this purpose, the commission shall reimburse to participating law enforcement agencies with ten or less full-time commissioned patrol officers the cost of temporary replacement of each officer who is enrolled in basic law enforcement training: PROVIDED, That such reimbursement shall include only the actual cost of temporary replacement not to exceed the total amount of salary and benefits received by the replaced officer during his or her training period.

Sec. 958. RCW 43.101.220 and 2014 c 221 s 918 are each amended to read as follows:

(1) The corrections personnel of the state and all counties and municipal corporations initially employed on or after January 1, 1982, shall engage in basic corrections training which complies with standards adopted by the commission. The training shall be successfully completed during the first six months of employment of the personnel, unless otherwise extended or waived by the commission, and shall be requisite to the continuation of employment.

(2) The commission shall provide the training required in this section, together with facilities, supplies, materials, and the room and board for noncommuting attendees, except during the 2013-2015 and 2015-2017 fiscal ~~((biennium))~~ biennia, when the employing county, municipal corporation, or state agency shall reimburse the commission for twenty-five percent of the cost of training its personnel.

(3)(a) Subsections (1) and (2) of this section do not apply to the Washington state department of corrections prisons division. The Washington state department of corrections is responsible for identifying training standards, designing curricula and programs, and providing the training for those corrections personnel employed by it. In doing so, the secretary of the department of corrections shall consult with staff development experts and correctional professionals both inside and outside of the agency, to include soliciting input from labor organizations.

(b) The commission and the department of corrections share the responsibility of developing and defining training standards and providing training for community corrections officers employed within the community corrections division of the department of corrections.

Sec. 959. RCW 43.155.050 and 2013 2nd sp.s. c 4 s 983 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. During the 2011-2013 and 2013-2015 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. During the 2013-2015 fiscal biennium, the legislature may transfer from the public works assistance account to the education legacy trust account such amounts as specified by the legislature. During the 2015-2017 fiscal biennium, the legislature may appropriate moneys from the account for activities related to the growth management act and the voluntary stewardship program. During the 2015-2017 fiscal biennium, the legislature may transfer from the public works assistance account to the state general fund such amounts as specified by the legislature. In the 2017-2019 fiscal biennium the legislature intends to allocate seventy-three million dollars of future loan repayments paid into the public works assistance account to support basic education.

Sec. 960. RCW 43.320.110 and 2011 2nd sp.s. c 9 s 909 are each amended to read as follows:

There is created a local fund known as the "financial services regulation fund" which shall consist of all moneys received by the divisions of the department of financial institutions, except for the division of securities which shall deposit thirteen percent of all moneys received, except as provided in RCW 43.320.115, and which shall be used for the purchase of supplies and necessary equipment; the payment of salaries, wages, and utilities; the establishment of reserves; and other incidental costs required for the proper regulation of individuals and entities subject to regulation by the department. The state treasurer shall be the custodian of the fund. Disbursements from the fund shall be on authorization of the director of financial institutions or the director's designee. In order to maintain an effective expenditure and revenue control, the fund shall be subject in all respects to chapter 43.88 RCW, but no appropriation is required to permit expenditures and payment of obligations from the fund.

During the ~~((2011-2013))~~ 2015-2017 fiscal biennium, the legislature may transfer from the financial services regulation fund to the state general fund such amounts as reflect the excess fund balance of the fund. During the 2015-2017 fiscal biennium, moneys from the financial services regulation fund may be appropriated for the family prosperity account program at the department of commerce and for the operations of the department of revenue.

Sec. 961. RCW 43.325.040 and 2013 2nd sp.s. c 4 s 984 are each amended to read as follows:

(1) The energy freedom account is created in the state treasury. All receipts from appropriations made to the account and any loan payments of principal and interest derived from loans made under the energy freedom account must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for financial assistance for further funding for projects consistent with this chapter or otherwise authorized by the legislature. During the 2015-2017 fiscal biennium, the legislature may appropriate moneys from the account to fund the state energy office in the department of commerce.

(2) The green energy incentive account is created in the state treasury as a subaccount of the energy freedom account. All receipts from appropriations made to the green energy incentive account shall be deposited into the account, and may be spent only after appropriation. Expenditures from the account may be used only for:

(a) Refueling projects awarded under this chapter;

(b) Pilot projects for plug-in hybrids, including grants provided for the electrification program set forth in RCW 43.325.110; and

(c) Demonstration projects developed with state universities as defined in RCW 28B.10.016 and local governments that result in the design and building of a hydrogen vehicle fueling station.

(3)(a) The energy recovery act account is created in the state treasury. State and federal funds may be deposited into the account and any loan payments of principal and interest derived from loans made from the energy recovery act account must be deposited into the account. Moneys in the account may be spent only after appropriation.

(b) Expenditures from the account may be used only for loans, loan guarantees, and grants that encourage the establishment of innovative and sustainable industries for renewable energy and energy efficiency technology, including but not limited to:

(i) Renewable energy projects or programs that require interim financing to complete project development and implementation;

(ii) Companies with innovative, near-commercial or commercial, clean energy technology; and

(iii) Energy efficiency technologies that have a viable repayment stream from reduced utility costs.

(c) The director shall establish policies and procedures for processing, reviewing, and approving applications for funding under this section. When developing these policies and procedures, the department must consider the clean energy leadership strategy developed under section 2, chapter 318, Laws of 2009.

(d) The director shall enter into agreements with approved applicants to fix the term and rates of funding provided from this account.

(e) The policies and procedures of this subsection (3) do not apply to assistance awarded for projects under RCW 43.325.020(3).

(4) Any state agency receiving funding from the energy freedom account is prohibited from retaining greater than three percent of any funding provided from the energy freedom account for administrative overhead or other deductions not directly associated with conducting the research, projects, or other end products that the funding is designed to produce unless this provision is waived in writing by the director.

(5) Any university, institute, or other entity that is not a state agency receiving funding from the energy freedom account is prohibited from retaining greater than fifteen percent of any funding provided from the energy freedom account for administrative overhead or other deductions not directly

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associated with conducting the research, projects, or other end products that the funding is designed to produce.

(6) Subsections (2), (4), and (5) of this section do not apply to assistance awarded for projects under RCW 43.325.020(3).

(7) During the 2013-2015 ~~and 2015-2017~~ fiscal (~~biennium~~) biennia, the legislature may transfer from the energy freedom account to the state general fund such amounts as reflect the excess fund balance of the account.

Sec. 962. RCW 43.330.250 and 2014 c 112 s 114 are each amended to read as follows:

(1) The economic development strategic reserve account is created in the state treasury to be used only for the purposes of this section.

(2) Only the governor, with the recommendation of the director of the department of commerce, may authorize expenditures from the account.

(3) During the 2009-2011 and 2011-2013 fiscal biennia, moneys in the account may also be transferred into the state general fund.

(4) Expenditures from the account may be made to prevent closure of a business or facility, to prevent relocation of a business or facility in the state to a location outside the state, or to recruit a business or facility to the state. Expenditures may be authorized for:

(a) Workforce development;

(b) Public infrastructure needed to support or sustain the operations of the business or facility;

(c) Other lawfully provided assistance, including, but not limited to, technical assistance, environmental analysis, relocation assistance, and planning assistance. Funding may be provided for such assistance only when it is in the public interest and may only be provided under a contractual arrangement ensuring that the state will receive appropriate consideration, such as an assurance of job creation or retention; and

(d) The joint center for aerospace technology innovation.

(5) The funds shall not be expended from the account unless:

(a) The circumstances are such that time does not permit the director of the department of commerce or the business or facility to secure funding from other state sources;

(b) The business or facility produces or will produce significant long-term economic benefits to the state, a region of the state, or a particular community in the state;

(c) The business or facility does not require continuing state support;

(d) The expenditure will result in new jobs, job retention, or higher incomes for citizens of the state;

(e) The expenditure will not supplant private investment; and

(f) The expenditure is accompanied by private investment.

(6) No more than three million dollars per year may be expended from the account for the purpose of assisting an individual business or facility pursuant to the authority specified in this section.

(7) If the account balance in the strategic reserve account exceeds fifteen million dollars at any time, the amount in excess of fifteen million dollars shall be transferred to the education construction account.

(8) During the 2015-2017 fiscal biennium, the legislature may appropriate moneys from the account to fund economic development programs at the department of commerce.

Sec. 963. RCW 43.350.070 and 2011 c 5 s 916 are each amended to read as follows:

The life sciences discovery fund is created in the custody of the state treasurer. Only the board or the board's designee may authorize expenditures from the fund. Expenditures from the fund may be made only for purposes of this chapter. Administrative

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expenses of the authority, including staff support, may be paid only from the fund. Revenues to the fund consist of transfers made by the legislature from strategic contribution payments deposited in the tobacco settlement account under RCW 43.79.480, moneys received pursuant to contribution agreements entered into pursuant to RCW 43.350.030, moneys received from gifts, grants, and bequests, and interest earned on the fund. During the (~~2009-2011~~) 2015-2017 fiscal biennium, the legislature may transfer to other state funds or accounts such amounts as represent the excess balance of the life sciences discovery fund. Moneys from the life sciences discovery fund shall not be used for new awards after July 1, 2015.

Sec. 964. RCW 46.66.080 and 2013 2nd sp.s. c 4 s 985 are each amended to read as follows:

(1) The Washington auto theft prevention authority account is created in the state treasury, subject to appropriation. All revenues from the traffic infraction surcharge in RCW 46.63.110(7)(b) and all receipts from gifts, grants, bequests, devises, or other funds from public and private sources to support the activities of the auto theft prevention authority must be deposited into the account. Expenditures from the account may be used only for activities relating to motor vehicle theft, including education, prevention, law enforcement, investigation, prosecution, and confinement. During the 2011-2013 (~~and~~), 2013-2015, and 2015-2017 fiscal biennia, the legislature may appropriate moneys from the Washington auto theft prevention authority account for criminal justice purposes and community building and may transfer funds to the state general fund such amounts as reflect the excess fund balance of the account.

(2) The authority shall allocate moneys appropriated from the account to public agencies for the purpose of establishing, maintaining, and supporting programs that are designed to prevent motor vehicle theft, including:

(a) Financial support to prosecution agencies to increase the effectiveness of motor vehicle theft prosecution;

(b) Financial support to a unit of local government or a team consisting of units of local governments to increase the effectiveness of motor vehicle theft enforcement;

(c) Financial support for the procurement of equipment and technologies for use by law enforcement agencies for the purpose of enforcing motor vehicle theft laws; and

(d) Financial support for programs that are designed to educate and assist the public in the prevention of motor vehicle theft.

(3) The costs of administration shall not exceed ten percent of the moneys in the account in any one year so that the greatest possible portion of the moneys available to the authority is expended on combating motor vehicle theft.

(4) Prior to awarding any moneys from the Washington auto theft prevention authority account for motor vehicle theft enforcement, the auto theft prevention authority must verify that the financial award includes sufficient funding to cover proposed activities, which include, but are not limited to: (a) State, municipal, and county offender and juvenile confinement costs; (b) administration costs; (c) law enforcement costs; (d) prosecutor costs; and (e) court costs, with a priority being given to ensuring that sufficient funding is available to cover state, municipal, and county offender and juvenile confinement costs.

(5) Moneys expended from the Washington auto theft prevention authority account under subsection (2) of this section shall be used to supplement, not supplant, other moneys that are available for motor vehicle theft prevention.

(6) Grants provided under subsection (2) of this section constitute reimbursement for purposes of RCW 43.135.060(1).

Sec. 965. RCW 61.24.172 and 2014 c 164 s 5 are each amended to read as follows:

The foreclosure fairness account is created in the custody of the state treasurer. All receipts received under RCW 61.24.174 must be deposited into the account. Only the director of the department of commerce or the director's designee may authorize expenditures from the account. Funding to agencies and organizations under this section must be provided by the department through an interagency agreement or other applicable contract instrument. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. Expenditures from the account must be used as follows: (1) No less than seventy-one percent must be used for the purposes of providing housing counseling activities to benefit borrowers, except that this amount may be less than seventy-one percent only if necessary to meet the funding level specified for the office of the attorney general under subsection (2) of this section and the department under subsection (4) of this section; (2) up to six percent, or six hundred fifty-five thousand dollars per biennium, whichever amount is greater, to the office of the attorney general to be used by the consumer protection division to enforce this chapter; (3) up to two percent to the office of civil legal aid to be used for the purpose of contracting with qualified legal aid programs for legal representation of homeowners in matters relating to foreclosure. Funds provided under this subsection (3) must be used to supplement, not supplant, other federal, state, and local funds; (4) up to eighteen percent, or one million four hundred thousand dollars per biennium, whichever amount is greater, to the department to be used for implementation and operation of the foreclosure fairness act; and (5) up to three percent to the department of financial institutions to conduct homeowner prepurchase and postpurchase outreach and education programs as defined in RCW 43.320.150.

The department shall enter into interagency agreements to contract with the Washington state housing finance commission and other appropriate entities to implement the foreclosure fairness act.

During fiscal year 2016, the department of commerce may expend funds from the account to review deed of trust and foreclosure laws.

Sec. 966. RCW 66.08.170 and 2011 1st sp.s. c 50 s 959 are each amended to read as follows:

There shall be a fund, known as the "liquor revolving fund", which shall consist of all license fees, permit fees, penalties, forfeitures, and all other moneys, income, or revenue received by the board. The state treasurer shall be custodian of the fund. All moneys received by the board or any employee thereof, except for change funds and an amount of petty cash as fixed by the board within the authority of law shall be deposited each day in a depository approved by the state treasurer and transferred to the state treasurer to be credited to the liquor revolving fund. During the 2009-2011 fiscal biennium, the legislature may transfer funds from the liquor revolving account [fund] to the state general fund and may direct an additional amount of liquor profits to be distributed to local governments. Neither the transfer of funds nor the additional distribution of liquor profits to local governments during the 2009-2011 fiscal biennium may reduce the excess fund distributions that otherwise would occur under RCW 66.08.190. During the 2011-2013 fiscal biennium, the state treasurer shall transfer from the liquor revolving fund to the state general fund forty-two million five hundred thousand dollars for fiscal year 2012 and forty-two million five hundred thousand dollars for fiscal year 2013. The transfer during the 2011-2013 fiscal biennium may not reduce the excess fund distributions that otherwise would occur under RCW 66.08.190. Sales to licensees are exempt from any liquor price increases that may result from the transfer of funds from the liquor revolving fund to the state general fund during the 2011-2013 fiscal biennium.

Disbursements from the revolving fund shall be on authorization of the board or a duly authorized representative thereof. In order to maintain an effective expenditure and revenue control the liquor revolving fund shall be subject in all respects to chapter 43.88 RCW but no appropriation shall be required to permit expenditures and payment of obligations from such fund. During the 2013-2015 and 2015-2017 fiscal biennia, the legislature may transfer from the liquor revolving fund to the state general fund such amounts as reflect the excess fund balance of the account.

Sec. 967. RCW 69.50.540 and 2015 3rd sp.s. c ... (2E2SHB 2136) s 206 are each amended to read as follows:

The legislature must annually appropriate moneys in the dedicated marijuana account created in RCW 69.50.530 as follows:

(1) For the purposes listed in this subsection (1), the legislature must appropriate to the respective agencies amounts sufficient to make the following expenditures on a quarterly basis:

(a) Beginning July 1, 2015, one hundred twenty-five thousand dollars to the department of social and health services to design and administer the Washington state healthy youth survey, analyze the collected data, and produce reports, in collaboration with the office of the superintendent of public instruction, department of health, department of commerce, family policy council, and state liquor and cannabis board. The survey must be conducted at least every two years and include questions regarding, but not necessarily limited to, academic achievement, age at time of substance use initiation, antisocial behavior of friends, attitudes toward antisocial behavior, attitudes toward substance use, laws and community norms regarding antisocial behavior, family conflict, family management, parental attitudes toward substance use, peer rewarding of antisocial behavior, perceived risk of substance use, and rebelliousness. Funds disbursed under this subsection may be used to expand administration of the healthy youth survey to student populations attending institutions of higher education in Washington;

(b) Beginning July 1, 2015, fifty thousand dollars to the department of social and health services for the purpose of contracting with the Washington state institute for public policy to conduct the cost-benefit evaluation and produce the reports described in RCW 69.50.550. This appropriation ends after production of the final report required by RCW 69.50.550;

(c) Beginning July 1, 2015, five thousand dollars to the University of Washington alcohol and drug abuse institute for the creation, maintenance, and timely updating of web-based public education materials providing medically and scientifically accurate information about the health and safety risks posed by marijuana use;

(d) An amount not less than one million two hundred fifty thousand dollars to the state liquor and cannabis board for administration of this chapter as appropriated in the omnibus appropriations act;

(e) Twenty-three thousand seven hundred fifty dollars to the department of enterprise services provided solely for the state building code council established under RCW 19.27.070, to develop and adopt fire and building code provisions related to marijuana processing and extraction facilities. The distribution under this subsection (1)(e) is for fiscal year 2016 only;

(2) From the amounts in the dedicated marijuana account after appropriation of the amounts identified in subsection (1) of this section, the legislature must appropriate for the purposes listed in this subsection (2) as follows:

(a)(i) Up to fifteen percent to the department of social and health services division of behavioral health and recovery for the development, implementation, maintenance, and evaluation of programs and practices aimed at the prevention or reduction of maladaptive substance use, substance-use disorder, substance

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abuse or substance dependence, as these terms are defined in the Diagnostic and Statistical Manual of Mental Disorders, among middle school and high school age students, whether as an explicit goal of a given program or practice or as a consistently corresponding effect of its implementation, mental health services for children and youth, and services for pregnant and parenting women; PROVIDED, That:

(A) Of the funds appropriated under (a)(i) of this subsection for new programs and new services, at least eighty-five percent must be directed to evidence-based or research-based programs and practices that produce objectively measurable results and, by September 1, 2020, are cost-beneficial; and

(B) Up to fifteen percent of the funds appropriated under (a)(i) of this subsection for new programs and new services may be directed to proven and tested practices, emerging best practices, or promising practices.

(ii) In deciding which programs and practices to fund, the secretary of the department of social and health services must consult, at least annually, with the University of Washington's social development research group and the University of Washington's alcohol and drug abuse institute.

(iii) For the fiscal year beginning July 1, 2016, the legislature must appropriate a minimum of twenty-seven million seven hundred eighty-six thousand dollars, and for each subsequent fiscal year thereafter, the legislature must appropriate a minimum of twenty-five million five hundred thirty-six thousand dollars under this subsection (2)(a);

(b)(i) Up to ten percent to the department of health for the following, subject to (b)(ii) of this subsection (2):

(A) Creation, implementation, operation, and management of a marijuana education and public health program that contains the following:

(I) A marijuana use public health hotline that provides referrals to substance abuse treatment providers, utilizes evidence-based or research-based public health approaches to minimizing the harms associated with marijuana use, and does not solely advocate an abstinence-only approach;

(II) A grants program for local health departments or other local community agencies that supports development and implementation of coordinated intervention strategies for the prevention and reduction of marijuana use by youth; and

(III) Media-based education campaigns across television, internet, radio, print, and out-of-home advertising, separately targeting youth and adults, that provide medically and scientifically accurate information about the health and safety risks posed by marijuana use; ~~(and)~~

(B) The Washington poison control center; and

(C) During the 2015-2017 fiscal biennium, the funds appropriated under this subsection (2)(b) may be used for prevention activities that target youth and populations with a high incidence of tobacco use.

(ii) For the fiscal year beginning July 1, 2016, the legislature must appropriate a minimum of seven million five hundred thousand dollars and for each subsequent fiscal year thereafter, the legislature must appropriate a minimum of nine million seven hundred fifty thousand dollars under this subsection (2)(b);

(c)(i) Up to six-tenths of one percent to the University of Washington and four-tenths of one percent to Washington State University for research on the short and long-term effects of marijuana use, to include but not be limited to formal and informal methods for estimating and measuring intoxication and impairment, and for the dissemination of such research.

(ii) For the fiscal year beginning July 1, 2016, the legislature must appropriate a minimum of two hundred seven thousand dollars and for each subsequent fiscal year, the legislature must

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appropriate a minimum of one million twenty-one thousand dollars to the University of Washington, ~~(and)~~ For the fiscal year beginning July 1, 2016, the legislature must appropriate a minimum of one hundred thirty-eight thousand dollars and for each subsequent fiscal year thereafter, a minimum of six hundred eighty-one thousand dollars to Washington State University under this subsection (2)(c);

(d) Fifty percent to the state basic health plan trust account to be administered by the Washington basic health plan administrator and used as provided under chapter 70.47 RCW;

(e) Five percent to the Washington state health care authority to be expended exclusively through contracts with community health centers to provide primary health and dental care services, migrant health services, and maternity health care services as provided under RCW 41.05.220;

(f)(i) Up to three-tenths of one percent to the office of the superintendent of public instruction to fund grants to building bridges programs under chapter 28A.175 RCW.

(ii) For the fiscal year beginning July 1, 2016, and each subsequent fiscal year, the legislature must appropriate a minimum of five hundred eleven thousand dollars to the office of the superintendent of public instruction under this subsection (2)(f); and

(g) At the end of each fiscal year, the treasurer must transfer any amounts in the dedicated marijuana account that are not appropriated pursuant to subsection (1) of this section and this subsection (2) into the general fund, except as provided in (g)(i) of this subsection (2).

(i) Beginning in fiscal year 2018, if marijuana excise tax collections deposited into the general fund in the prior fiscal year exceed twenty-five million dollars, then each fiscal year the legislature must appropriate an amount equal to thirty percent of all marijuana excise taxes deposited into the general fund the prior fiscal year to the treasurer for distribution to counties, cities, and towns as follows:

(A) Thirty percent must be distributed to counties, cities, and towns where licensed marijuana retailers are physically located. Each jurisdiction must receive a share of the revenue distribution under this subsection (2)(g)(i)(A) based on the proportional share of the total revenues generated in the individual jurisdiction from the taxes collected under RCW 69.50.535, from licensed marijuana retailers physically located in each jurisdiction. For purposes of this subsection (2)(g)(i)(A), one hundred percent of the proportional amount attributed to a retailer physically located in a city or town must be distributed to the city or town.

(B) Seventy percent must be distributed to counties, cities, and towns ratably on a per capita basis. Counties must receive sixty percent of the distribution, which must be disbursed based on each county's total proportional population. Funds may only be distributed to jurisdictions that do not prohibit the siting of any state licensed marijuana producer, processor, or retailer.

(ii) Distribution amounts allocated to each county, city, and town must be distributed in four installments by the last day of each fiscal quarter.

(iii) By September 15th of each year, the state liquor and cannabis board must provide the state treasurer the annual distribution amount, if any, for each county and city as determined in (g)(i) of this subsection (2).

(iv) The total share of marijuana excise tax revenues distributed to counties and cities in (g)(i) of this subsection (2) may not exceed fifteen million dollars in fiscal years 2018 and 2019 and twenty million dollars per fiscal year thereafter.

For the purposes of this section, "marijuana products" means "useable marijuana," "marijuana concentrates," and

"marijuana-infused products" as those terms are defined in RCW 69.50.101.

Sec. 968. RCW 70.96A.350 and 2013 2nd sp.s. c 4 s 990 are each amended to read as follows:

(1) The criminal justice treatment account is created in the state treasury. Moneys in the account may be expended solely for: (a) Substance abuse treatment and treatment support services for offenders with an addiction or a substance abuse problem that, if not treated, would result in addiction, against whom charges are filed by a prosecuting attorney in Washington state; (b) the provision of drug and alcohol treatment services and treatment support services for nonviolent offenders within a drug court program; and (c) the administrative and overhead costs associated with the operation of a drug court ~~(- and (d) during the 2011-2013 biennium, the legislature may appropriate up to three million dollars from the account in order to offset reductions in the state general fund for treatment services provided by counties)).~~ This amount is not subject to the requirements of subsections (5) through (9) of this section. During the 2013-2015 fiscal biennium, the legislature may transfer from the criminal justice treatment account to the state general fund amounts as reflect the state savings associated with the implementation of the medicaid expansion of the federal affordable care act. During the 2015-2017 fiscal biennium, the legislature may transfer from the criminal justice treatment account to the state general fund amounts as reflect the state savings associated with the implementation of the medicaid expansion of the federal affordable care act and the excess fund balance of the account. Moneys in the account may be spent only after appropriation.

(2) For purposes of this section:

(a) "Treatment" means services that are critical to a participant's successful completion of his or her substance abuse treatment program, but does not include the following services: Housing other than that provided as part of an inpatient substance abuse treatment program, vocational training, and mental health counseling; and

(b) "Treatment support" means transportation to or from inpatient or outpatient treatment services when no viable alternative exists, and child care services that are necessary to ensure a participant's ability to attend outpatient treatment sessions.

(3) Revenues to the criminal justice treatment account consist of: (a) Funds transferred to the account pursuant to this section; and (b) any other revenues appropriated to or deposited in the account.

(4)(a) For the fiscal biennium beginning July 1, 2003, the state treasurer shall transfer eight million nine hundred fifty thousand dollars from the general fund into the criminal justice treatment account, divided into eight equal quarterly payments. For the fiscal year beginning July 1, 2005, and each subsequent fiscal year, the state treasurer shall transfer eight million two hundred fifty thousand dollars from the general fund to the criminal justice treatment account, divided into four equal quarterly payments. For the fiscal year beginning July 1, 2006, and each subsequent fiscal year, the amount transferred shall be increased on an annual basis by the implicit price deflator as published by the federal bureau of labor statistics.

(b) In each odd-numbered year, the legislature shall appropriate the amount transferred to the criminal justice treatment account in (a) of this subsection to the division of alcohol and substance abuse for the purposes of subsection (5) of this section.

(5) Moneys appropriated to the division of alcohol and substance abuse from the criminal justice treatment account shall be distributed as specified in this subsection. The department shall serve as the fiscal agent for purposes of distribution. Until

July 1, 2004, the department may not use moneys appropriated from the criminal justice treatment account for administrative expenses and shall distribute all amounts appropriated under subsection (4)(b) of this section in accordance with this subsection. Beginning in July 1, 2004, the department may retain up to three percent of the amount appropriated under subsection (4)(b) of this section for its administrative costs.

(a) Seventy percent of amounts appropriated to the division from the account shall be distributed to counties pursuant to the distribution formula adopted under this section. The division of alcohol and substance abuse, in consultation with the department of corrections, the Washington state association of counties, the Washington state association of drug court professionals, the superior court judges' association, the Washington association of prosecuting attorneys, representatives of the criminal defense bar, representatives of substance abuse treatment providers, and any other person deemed by the division to be necessary, shall establish a fair and reasonable methodology for distribution to counties of moneys in the criminal justice treatment account. County or regional plans submitted for the expenditure of formula funds must be approved by the panel established in (b) of this subsection.

(b) Thirty percent of the amounts appropriated to the division from the account shall be distributed as grants for purposes of treating offenders against whom charges are filed by a county prosecuting attorney. The division shall appoint a panel of representatives from the Washington association of prosecuting attorneys, the Washington association of sheriffs and police chiefs, the superior court judges' association, the Washington state association of counties, the Washington defender's association or the Washington association of criminal defense lawyers, the department of corrections, the Washington state association of drug court professionals, substance abuse treatment providers, and the division. The panel shall review county or regional plans for funding under (a) of this subsection and grants approved under this subsection. The panel shall attempt to ensure that treatment as funded by the grants is available to offenders statewide.

(6) The county alcohol and drug coordinator, county prosecutor, county sheriff, county superior court, a substance abuse treatment provider appointed by the county legislative authority, a member of the criminal defense bar appointed by the county legislative authority, and, in counties with a drug court, a representative of the drug court shall jointly submit a plan, approved by the county legislative authority or authorities, to the panel established in subsection (5)(b) of this section, for disposition of all the funds provided from the criminal justice treatment account within that county. The funds shall be used solely to provide approved alcohol and substance abuse treatment pursuant to RCW 70.96A.090, treatment support services, and for the administrative and overhead costs associated with the operation of a drug court.

(a) No more than ten percent of the total moneys received under subsections (4) and (5) of this section by a county or group of counties participating in a regional agreement shall be spent on the administrative and overhead costs associated with the operation of a drug court.

(b) No more than ten percent of the total moneys received under subsections (4) and (5) of this section by a county or group of counties participating in a regional agreement shall be spent for treatment support services.

(7) Counties are encouraged to consider regional agreements and submit regional plans for the efficient delivery of treatment under this section.

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(8) Moneys allocated under this section shall be used to supplement, not supplant, other federal, state, and local funds used for substance abuse treatment.

(9) Counties must meet the criteria established in RCW 2.28.170(3)(b).

(10) The authority under this section to use funds from the criminal justice treatment account for the administrative and overhead costs associated with the operation of a drug court expires June 30, 2015.

Sec. 969. RCW 70.105D.070 and 2013 2nd sp.s. c 19 s 7033 and 2013 2nd sp.s. c 4 s 992 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)(a) Moneys collected under RCW 82.21.030 must be deposited as follows: Fifty-six percent to the state toxics control account under subsection (3) of this section and forty-four percent to the local toxics control account under subsection (4) of this section. When the cumulative amount of deposits made to the state and local toxics control accounts under this section reaches the limit during a fiscal year as established in (b) of this subsection, the remainder of the moneys collected under RCW 82.21.030 during that fiscal year must be deposited into the environmental legacy stewardship account created in RCW 70.105D.170.

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

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

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

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

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

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

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

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

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

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

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

(i) Programs authorized under chapter 70.146 RCW;

(j) A public participation program;

(k) Public funding to assist potentially liable persons to pay for the costs of remedial action in compliance with clean-up standards under RCW 70.105D.030(2)(e) but only when the amount and terms of such funding are established under a settlement agreement under RCW 70.105D.040(4) and when the director has found that the funding will achieve both: (i) A

substantially more expeditious or enhanced cleanup than would otherwise occur; and (ii) the prevention or mitigation of unfair economic hardship;

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

(m) State agriculture and health programs for the safe use, reduction, recycling, or disposal of pesticides;

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

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

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

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

(i) The facility is located within a redevelopment opportunity zone designated under RCW 70.105D.150;

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

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

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

(s) Appropriations to the local toxics control account or the environmental legacy stewardship account created in RCW 70.105D.170, if the legislature determines that priorities for spending exceed available funds in those accounts;

(t) During the 2013-2015 ~~and 2015-2017~~ fiscal (~~biennium~~) biennia, the department of ecology's water quality, shorelands, environmental assessment, administration, and air quality programs;

(u) During the 2013-2015 fiscal biennium, actions at the state conservation commission to improve water quality for shellfish; (~~and~~)

(v) During the 2013-2015 ~~and 2015-2017~~ fiscal (~~biennium~~) biennia, actions at the University of Washington for reducing ocean acidification;

(w) For the 2013-2015 fiscal biennium, moneys in the state toxics control account may be spent on projects in section 3159, chapter 19, Laws of 2013 2nd sp. sess. and for transfer to the local toxics control account; (~~and~~)

(x) For the 2013-2015 fiscal biennium, moneys in the state toxics control account may be transferred to the radioactive mixed waste account; and

(y) For the 2015-2017 fiscal biennium, forest practices regulation at the department of natural resources.

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

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

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

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

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

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

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

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

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

(vii) Appropriations to the state toxics control account or the environmental legacy stewardship account created in RCW 70.105D.170, if the legislature determines that priorities for spending exceed available funds in those accounts.

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

(c) During the 2013-2015 fiscal biennium, the local toxics control account may also be used for local government storm water planning and implementation activities.

(d) During the 2013-2015 fiscal biennium, the legislature may transfer from the local toxics control account to the state general fund, such amounts as reflect the excess fund balance in the account.

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

(i) Enter into an extended grant agreement with a local government conducting remedial actions at a facility where those actions extend over multiple biennia and the total eligible cost of those actions exceeds twenty million dollars. The agreement is subject to the following limitations:

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

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

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

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

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

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

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

(vi) The director may alter grant matching requirements to create incentives for local governments to expedite cleanups when one of the following conditions exists:

(A) Funding would prevent or mitigate unfair economic hardship imposed by the clean-up liability;

(B) Funding would create new substantial economic development, public recreational opportunities, or habitat restoration opportunities that would not otherwise occur; or

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

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

(d) [(f)] To expedite multiparty clean-up efforts, the department may purchase remedial action cost-cap insurance. For the 2013-2015 fiscal biennium, moneys in the local toxics control account may be spent on projects in sections 3024, 3035, 3036, and 3059, chapter 19, Laws of 2013 2nd sp. sess.

(5) Except for unanticipated receipts under RCW 43.79.260 through 43.79.282, moneys in the state and local toxics control accounts may be spent only after appropriation by statute.

(6) No moneys deposited into either the state or local toxics control account may be used for: Natural disasters where there is no hazardous substance contamination; high performance buildings; solid waste incinerator facility feasibility studies, construction, maintenance, or operation; or after January 1, 2010, for projects designed to address the restoration of Puget Sound, funded in a competitive grant process, that are in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310. However, this subsection does not prevent an appropriation from the state toxics control account to the department of revenue to enforce compliance with the hazardous substance tax imposed in chapter 82.21 RCW.

(7) Except during the 2011-2013 fiscal biennium, one percent of the moneys collected under RCW 82.21.030 shall be allocated only for public participation grants to persons who may be adversely affected by a release or threatened release of a hazardous substance and to not-for-profit public interest organizations. The primary purpose of these grants is to facilitate the participation by persons and organizations in the investigation and remedying of releases or threatened releases of hazardous substances and to implement the state's solid and hazardous waste management priorities. No grant may exceed sixty thousand dollars. Grants may be renewed annually. Moneys appropriated for public participation that are not expended at the close of any biennium revert to the state toxics control account.

(8) The department shall adopt rules for grant or loan issuance and performance. To accelerate both remedial action and economic recovery, the department may expedite the adoption of rules necessary to implement chapter 1, Laws of 2013 2nd sp. sess. using the expedited procedures in RCW 34.05.353. The department shall initiate the award of financial assistance by August 1, 2013. To ensure the adoption of rules will not delay financial assistance, the department may administer the award of financial assistance through interpretive guidance pending the adoption of rules through July 1, 2014.

(9) Except as provided under subsection (3)(k) and (q) of this section, nothing in chapter 1, Laws of 2013 2nd sp. sess. effects

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[affects] the ability of a potentially liable person to receive public funding.

(10) During the 2013-2015 fiscal biennium the local toxics control account may also be used for the centennial clean water program and for storm water grants.

Sec. 970. RCW 74.13.621 and 2013 2nd sp.s. c 4 s 996 are each amended to read as follows:

(1) Within existing resources, the department shall establish an oversight committee to monitor, guide, and report on kinship care recommendations and implementation activities. The committee shall:

(a) Draft a kinship care definition that is restricted to persons related by blood, marriage, or adoption, including marriages that have been dissolved, or for a minor defined as an "Indian child" under the federal Indian child welfare act (25 U.S.C. Sec. 1901 et seq.), the definition of "extended family member" under the federal Indian child welfare act, and a set of principles. If the committee concludes that one or more programs or services would be more efficiently and effectively delivered under a different definition of kin, it shall state what definition is needed, and identify the program or service in the report. It shall also provide evidence of how the program or service will be more efficiently and effectively delivered under the different definition. The department shall not adopt rules or policies changing the definition of kin without authorizing legislation;

(b) Monitor and provide consultation on the implementation of recommendations contained in the 2002 kinship care report, including but not limited to the recommendations relating to legal and respite care services and resources;

(c) Partner with nonprofit organizations and private sector businesses to guide a public education awareness campaign; and

(d) Assist with developing future recommendations on kinship care issues.

(2) The department shall consult with the oversight committee on its efforts to better collaborate and coordinate services to benefit kinship care families.

(3) The oversight committee must consist of a minimum of thirty percent kinship caregivers, who shall represent a diversity of kinship families. Statewide representation with geographic, ethnic, and gender diversity is required. Other members shall include representatives of the department, representatives of relevant state agencies, representatives of the private nonprofit and business sectors, child advocates, representatives of Washington state Indian tribes as defined under the federal Indian welfare act (25 U.S.C. Sec. 1901 et seq.), and representatives of the legal or judicial field. Birth parents, foster parents, and others who have an interest in these issues may also be included.

(4) To the extent funding is available, the department may reimburse nondepartmental members of the oversight committee for costs incurred in participating in the meetings of the oversight committee.

(5) The kinship care oversight committee shall update the legislature and governor annually on committee activities, with the first update due by January 1, 2006.

(6) This section expires June 30, (~~2015~~) 2017.

Sec. 971. RCW 77.12.203 and 2014 c 55 s 1 are each amended to read as follows:

(1) Except as provided in subsection (5) of this section and notwithstanding RCW 84.36.010 or other statutes to the contrary, the director must pay by April 30th of each year on game lands, regardless of acreage, in each county, if requested by an election under RCW 77.12.201, an amount in lieu of real property taxes equal to that amount paid on similar parcels of open space land taxable under chapter 84.34 RCW or the greater of seventy cents per acre per year or the amount paid in 1984 plus an additional

amount for control of noxious weeds equal to that which would be paid if such lands were privately owned. This amount may not be assessed or paid on department buildings, structures, facilities, game farms, fish hatcheries, water access sites, tidelands, or public fishing areas.

(2) "Game lands," as used in this section and RCW 77.12.201, means those tracts, regardless of acreage, owned in fee by the department and used for wildlife habitat and public recreational purposes. All lands purchased for wildlife habitat, public access, or recreation purposes with federal funds in the Snake River drainage basin are considered game lands regardless of acreage.

(3) This section does not apply to lands transferred after April 23, 1990, to the department from other state agencies.

(4) The county must distribute the amount received under this section in lieu of real property taxes to all property taxing districts except the state in appropriate tax code areas the same way it would distribute local property taxes from private property. The county must distribute the amount received under this section for weed control to the appropriate weed district.

(5) For the (~~2011-2013 and~~) 2013-2015 and 2015-2017 fiscal biennia, the director must pay by April 30th of each year on game lands in each county, if requested by an election under RCW 77.12.201, an amount in lieu of real property taxes and must be distributed as follows:

County

Adams	1,909
Asotin	36,123
Chelan	24,757
Columbia	7,795
Ferry	6,781
Garfield	4,840
Grant	37,443
Kittitas	143,974
Klickitat	21,906
Lincoln	13,535
Okanogan	151,402
Pend Oreille	3,309
Yakima	126,225

These amounts may not be assessed or paid on department buildings, structures, facilities, game farms, fish hatcheries, water access sites, tidelands, or public fishing areas.

Sec. 972. RCW 79.64.040 and 2014 c 32 s 4 are each amended to read as follows:

(1) The board shall determine the amount deemed necessary in order to achieve the purposes of this chapter and shall provide by rule for the deduction of this amount from the moneys received from all leases, sales, contracts, licenses, permits, easements, and rights-of-way issued by the department and affecting state lands and aquatic lands, provided that no deduction shall be made from the proceeds from agricultural college lands.

(2) Moneys received as deposits from successful bidders, advance payments, and security under RCW 79.15.100, 79.15.080, and 79.11.150 prior to December 1, 1981, which have not been subjected to deduction under this section are not subject to deduction under this section.

(3) Except as otherwise provided in subsection (5) of this section, the deductions authorized under this section shall not exceed twenty-five percent of the moneys received by the department in connection with any one transaction pertaining to state lands and aquatic lands other than second-class tide and shore lands and the beds of navigable waters, and fifty percent of the moneys received by the department pertaining to second-class tide and shore lands and the beds of navigable waters.

(4) In the event that the department sells logs using the contract harvesting process described in RCW 79.15.500 through 79.15.530, the moneys received subject to this section are the net proceeds from the contract harvesting sale.

(5) During the ~~((2011-2013 and))~~ 2013-2015 fiscal ~~((biennia))~~ biennium, the twenty-five percent limitation on deductions set in subsection (3) of this section may be increased up to thirty percent by the board. During the 2015-2017 fiscal biennium, the board may increase the twenty-five percent limitation up to thirty-two percent.

Sec. 973. RCW 79.64.110 and 2012 c 166 s 6 are each amended to read as follows:

(1) Any moneys derived from the lease of state forest lands or from the sale of valuable materials, oils, gases, coal, minerals, or fossils from those lands, or the appraised value of these resources when transferred to a public agency under RCW 79.22.060, except as provided in RCW 79.22.060(4), must be distributed as follows:

(a) For state forest lands acquired through RCW 79.22.040 or by exchange for lands acquired through RCW 79.22.040:

(i) The expense incurred by the state for administration, reforestation, and protection, not to exceed twenty-five percent, which rate of percentage shall be determined by the board, must be returned to the forest development account created in RCW 79.64.100. During the 2015-2017 fiscal biennium, the board may increase the twenty-five percent limitation up to twenty-seven percent.

(ii) Any balance remaining must be paid to the county in which the land is located or, for counties participating in a land pool created under RCW 79.22.140, to each participating county proportionate to its contribution of asset value to the land pool as determined by the board. Payments made under this subsection are to be paid, distributed, and prorated, except as otherwise provided in this section, to the various funds in the same manner as general taxes are paid and distributed during the year of payment.

(iii) Any balance remaining, paid to a county with a population of less than sixteen thousand, must first be applied to the reduction of any indebtedness existing in the current expense fund of the county during the year of payment.

(iv) With regard to moneys remaining under this subsection (1)(a), within seven working days of receipt of these moneys, the department shall certify to the state treasurer the amounts to be distributed to the counties. The state treasurer shall distribute funds to the counties four times per month, with no more than ten days between each payment date.

(b) For state forest lands acquired through RCW 79.22.010 or by exchange for lands acquired through RCW 79.22.010, except as provided in RCW 79.64.120:

(i) Fifty percent shall be placed in the forest development account.

(ii) Fifty percent shall be prorated and distributed to the state general fund, to be dedicated for the benefit of the public schools, to the county in which the land is located or, for counties participating in a land pool created under RCW 79.22.140, to each participating county proportionate to its contribution of asset value to the land pool as determined by the board, and according to the relative proportions of tax levies of all taxing districts in the county. The portion to be distributed to the state general fund shall be based on the regular school levy rate under RCW 84.52.065 and the levy rate for any maintenance and operation special school levies. With regard to the portion to be distributed to the counties, the department shall certify to the state treasurer the amounts to be distributed within seven working days of receipt of the money. The state treasurer shall distribute funds to the counties four times per month, with no more than ten days

between each payment date. The money distributed to the county must be paid, distributed, and prorated to the various other funds in the same manner as general taxes are paid and distributed during the year of payment.

(2) A school district may transfer amounts deposited in its debt service fund pursuant to this section into its capital projects fund as authorized in RCW 28A.320.330.

Sec. 974. RCW 79.105.150 and 2013 2nd sp.s. c 4 s 1002 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 2013-2015 ~~and~~ 2015-2017 fiscal ~~((biennium))~~ biennia, the aquatic lands enhancement account may be used to support the shellfish program, the ballast water program, hatcheries, the Puget Sound toxic sampling program and steelhead mortality research at the department of fish and wildlife, the knotweed program at the department of agriculture, actions at the University of Washington for reducing ocean acidification, which may include the creation of a center on ocean acidification, and the Puget SoundCorps program. During the 2013-2015 fiscal biennium, the legislature may transfer from the aquatic lands enhancement account to the geoduck aquaculture research account for research related to shellfish aquaculture. During the 2015-2017 fiscal biennium, the legislature may transfer moneys from the aquatic lands enhancement account to the marine resources stewardship trust account.

(2) In providing grants for aquatic lands enhancement projects, the recreation and conservation funding board shall:

(a) Require grant recipients to incorporate the environmental benefits of the project into their grant applications;

(b) Utilize the statement of environmental benefits, consideration, except as provided in RCW 79.105.610, of whether the applicant is a Puget Sound partner, as defined in RCW 90.71.010, whether a project is referenced in the action agenda developed by the Puget Sound partnership under RCW 90.71.310, and except as otherwise provided in RCW 79.105.630, and effective one calendar year following the development and statewide availability of model evergreen community management plans and ordinances under RCW 35.105.050, whether the applicant is an entity that has been recognized, and what gradation of recognition was received, in the evergreen community recognition program created in RCW 35.105.030 in its prioritization and selection process; and

(c) Develop appropriate outcome-focused performance measures to be used both for management and performance assessment of the grants.

(3) To the extent possible, the department should coordinate its performance measure system with other natural resource-related agencies as defined in RCW 43.41.270.

(4) The department shall consult with affected interest groups in implementing this section.

(5) After January 1, 2010, any project designed to address the restoration of Puget Sound may be funded under this chapter only if the project is not in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310.

Sec. 975. RCW 82.08.160 and 2014 c 221 s 923 are each amended to read as follows:

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(1) On or before the twenty-fifth day of each month, all taxes collected under RCW 82.08.150 during the preceding month must be remitted to the state department of revenue, to be deposited with the state treasurer. Except as provided in subsections (2), (3), ~~((and))~~ (4), and (5) of this section, upon receipt of such moneys the state treasurer must credit sixty-five percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) and one hundred percent of the sums collected and remitted under RCW 82.08.150 (3) and (4) to the state general fund and thirty-five percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) to a fund which is hereby created to be known as the "liquor excise tax fund."

(2) During the 2012 fiscal year, 66.19 percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) must be deposited in the state general fund and the remainder collected and remitted under RCW 82.08.150 (1) and (2) must be deposited in the liquor excise tax fund.

(3) During fiscal year 2013, all funds collected under RCW 82.08.150 (1), (2), (3), and (4) must be deposited into the state general fund.

(4) During the 2013-2015 fiscal biennium, seventy-seven and one-half percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) must be deposited in the state general fund, and the remainder collected and remitted under RCW 82.08.150 (1) and (2) must be deposited in the liquor excise tax fund. The amendments in this section are curative, clarifying, and remedial and apply retroactively to July 1, 2013.

(5) During the 2015-2017 fiscal biennium, the liquor excise tax fund may be appropriated for the local government fiscal note program in the department of commerce. It is the intent of the legislature to continue these policies in the 2017-2019 fiscal biennium.

Sec. 976. RCW 82.08.170 and 2012 2nd sp.s. c 5 s 4 are each amended to read as follows:

(1) Except as provided in subsections (4) and (5) of this section, during the months of January, April, July, and October of each year, the state treasurer must make the transfers required under subsections (2) and (3) of this section from the liquor excise tax fund and then the apportionment and distribution of all remaining moneys in the liquor excise tax fund to the counties, cities, and towns in the following proportions: (a) Twenty percent of the moneys in the liquor excise tax fund must be divided among and distributed to the counties of the state in accordance with the provisions of RCW 66.08.200; and (b) eighty percent of the moneys in the liquor excise tax fund must be divided among and distributed to the cities and towns of the state in accordance with the provisions of RCW 66.08.210.

(2) Each fiscal quarter and prior to making the twenty percent distribution to counties under subsection (1)(a) of this section, the treasurer shall transfer to the liquor revolving fund created in RCW 66.08.170 sufficient moneys to fund the allotments from any legislative appropriations for county research and services as provided under chapter 43.110 RCW.

(3) During the months of January, April, July, and October of each year, the state treasurer must transfer two million five hundred thousand dollars from the liquor excise tax fund to the state general fund.

(4) During calendar year 2012, the October distribution under subsection (1) of this section and the July and October transfers under subsections (2) and (3) of this section must not be made. During calendar year 2013, the January, April, and July distributions under subsection (1) of this section and transfers under subsections (2) and (3) of this section must not be made.

(5) During the 2015-2017 fiscal biennium, the liquor excise tax fund may be appropriated for the local government fiscal note

program in the department of commerce. It is the intent of the legislature to continue this policy in the 2017-2019 fiscal biennium.

Sec. 977. RCW 83.100.230 and 2012 1st sp.s. c 10 s 7 are each amended to read as follows:

The education legacy trust account is created in the state treasury. Money in the account may be spent only after appropriation. Expenditures from the account may be used only for support of the common schools, and for expanding access to higher education through funding for new enrollments and financial aid, and other educational improvement efforts. During the 2015-2017 biennium appropriations from the account may be made for support of early learning programs.

Sec. 978. RCW 86.26.007 and 2013 2nd sp.s. c 4 s 1005 are each amended to read as follows:

The flood control assistance account is hereby established in the state treasury. At the beginning of the 2005-2007 fiscal biennium, the state treasurer shall transfer three million dollars from the general fund to the flood control assistance account. Each biennium thereafter the state treasurer shall transfer four million dollars from the general fund to the flood control assistance account, except that during the 2011-2013 fiscal biennium, the state treasurer shall transfer one million dollars from the general fund to the flood control assistance account. Moneys in the flood control assistance account may be spent only after appropriation for purposes specified under this chapter. During the 2013-2015 fiscal biennium and the 2015-2017 fiscal biennium, the legislature may transfer from the flood control assistance account to the state general fund such amounts as reflect the excess fund balance of the account.

Sec. 979. RCW 88.02.650 and 2011 c 171 s 135 are each amended to read as follows:

(1) General fees for vessel registrations collected by the director must be deposited in the general fund. Except as provided in subsection (2) of this section, any amount above one million one hundred thousand dollars per fiscal year must be allocated to counties by the state treasurer for boating safety/education and law enforcement programs. Eligibility for boating safety/education and law enforcement program allocations is contingent upon approval of the local boating safety program by the state parks and recreation commission. Fund allocation must be based on the numbers of registered vessels by county of moorage. Each benefiting county is responsible for equitable distribution of such allocation to other jurisdictions with approved boating safety programs within the county. Any fees not allocated to counties due to the absence of an approved boating safety program must be allocated to the state parks and recreation commission for awards to local governments to offset law enforcement and boating safety impacts of boaters recreating in jurisdictions other than where registered. Jurisdictions receiving funds under this section shall deposit the funds into an account dedicated solely for supporting the jurisdiction's boating safety programs. These funds may not replace existing local funds used for boating safety programs.

(2) During the 2015-2017 fiscal biennium, if 2015 Engrossed Senate Bill No. 5416 is enacted before August 1, 2015, any amount above one million three hundred fifty thousand dollars per fiscal year must be allocated to counties by the state treasurer for boating safety, education, and law enforcement programs.

NEW SECTION. Sec. 980. Section 961 (RCW 43.325.040) of this act expires June 30, 2016.

Sec. 981. 2014 c 221 s 924 (uncodified) is amended to read as follows:

**CHILD WELFARE DISPROPORTIONALITY
ADVISORY COMMITTEE EXPIRATION**

This act expires June 30, ~~((2015))~~ 2017.

Sec. 982. 2014 c 221 s 925 (uncodified) is amended to read as follows:

**CHILD WELFARE DISPROPORTIONALITY
ADVISORY COMMITTEE EXPIRATION**

Section 63 of this act expires June 30, ~~((2015))~~ 2017.

**PART XI
GENERAL GOVERNMENT**

Sec. 1101. 2014 c 221 s 101 (uncodified) is amended to read as follows:

FOR THE HOUSE OF REPRESENTATIVES

General Fund—State Appropriation (FY 2014)	\$30,923,000
General Fund—State Appropriation (FY 2015)	(\$30,810,000)
	\$30,740,000
Motor Vehicle Account—State Appropriation	\$1,765,000
TOTAL APPROPRIATION	\$63,498,000
	<u>\$63,428,000</u>

The appropriations in this section are subject to the following conditions and limitations: A joint select task force on nuclear energy is created to study the generation of energy in the region through the use of nuclear power. The task force must report any findings and recommendations to the legislature by December 1, 2014.

(1) In its deliberations, the task force must consider the greatest amount of environmental benefit for each dollar spent based on the life-cycle cost of any nuclear power technology. Life-cycle costs must include the storage and disposal of any nuclear wastes.

(2) The task force must consist of eight members that serve on the legislative standing committees with primary jurisdiction over energy issues. The president of the senate shall appoint two members from the majority caucus, two members from the minority caucus, and an alternate. The speaker of the house of representatives shall appoint two members from each caucus and an alternate.

(3) The members of the task force shall select from among their members a chair and other officers as the task force deems appropriate.

(4) The task force must hold no more than four meetings, with two of those meetings in Richland, Washington.

(5) The task force must be staffed by senate committee services and the office of program research of the house of representatives.

(6) The task force terminates December 15, 2014.

Sec. 1102. 2014 c 221 s 102 (uncodified) is amended to read as follows:

FOR THE SENATE

General Fund—State Appropriation (FY 2014)	\$21,240,000
General Fund—State Appropriation (FY 2015)	(\$23,216,000)
	\$23,144,000
Motor Vehicle Account—State Appropriation	\$1,514,000
TOTAL APPROPRIATION	\$45,970,000
	<u>\$45,898,000</u>

The appropriations in this section are subject to the following conditions and limitations: A joint select task force on nuclear energy is created to study the generation of energy in the region through the use of nuclear power. The task force must report any findings and recommendations to the legislature by December 1, 2014.

(1) In its deliberations, the task force must consider the greatest amount of environmental benefit for each dollar spent based on the life-cycle cost of any nuclear power technology.

Life-cycle costs must include the storage and disposal of any nuclear wastes.

(2) The task force must consist of eight members that serve on the legislative standing committees with primary jurisdiction over energy issues. The president of the senate shall appoint two members from the majority caucus, two members from the minority caucus, and an alternate. The speaker of the house of representatives shall appoint two members from each caucus and an alternate.

(3) The members of the task force shall select from among their members a chair and other officers as the task force deems appropriate.

(4) The task force must hold no more than four meetings, with two of those meetings in Richland, Washington.

(5) The task force must be staffed by senate committee services and the office of program research of the house of representatives.

(6) The task force terminates December 15, 2014.

Sec. 1103. 2014 c 221 s 105 (uncodified) is amended to read as follows:

**FOR THE JOINT LEGISLATIVE SYSTEMS
COMMITTEE**

General Fund—State Appropriation (FY 2014)	\$8,062,000
General Fund—State Appropriation (FY 2015)	(\$7,976,000)
	\$7,971,000
TOTAL APPROPRIATION	\$16,038,000
	<u>\$16,033,000</u>

Sec. 1104. 2014 c 221 s 107 (uncodified) is amended to read as follows:

FOR THE STATUTE LAW COMMITTEE

General Fund—State Appropriation (FY 2014)	\$3,896,000
General Fund—State Appropriation (FY 2015)	(\$4,053,000)
	\$4,046,000
TOTAL APPROPRIATION	\$7,949,000
	<u>\$7,942,000</u>

Sec. 1105. 2014 c 221 s 108 (uncodified) is amended to read as follows:

**FOR THE OFFICE OF LEGISLATIVE SUPPORT
SERVICES**

General Fund—State Appropriation (FY 2014)	\$3,558,000
General Fund—State Appropriation (FY 2015)	(\$3,820,000)
	\$3,816,000
TOTAL APPROPRIATION	\$7,378,000
	<u>\$7,374,000</u>

Sec. 1106. 2014 c 221 s 109 (uncodified) is amended to read as follows:

FOR THE SUPREME COURT

General Fund—State Appropriation (FY 2014)	\$7,028,000
General Fund—State Appropriation (FY 2015)	(\$6,813,000)
	\$6,870,000
TOTAL APPROPRIATION	\$13,841,000
	<u>\$13,898,000</u>

Sec. 1107. 2014 c 221 s 110 (uncodified) is amended to read as follows:

FOR THE LAW LIBRARY

General Fund—State Appropriation (FY 2014)	\$1,484,000
General Fund—State Appropriation (FY 2015)	(\$1,457,000)
	\$1,484,000
TOTAL APPROPRIATION	\$2,941,000
	<u>\$2,968,000</u>

Sec. 1108. 2014 c 221 s 111 (uncodified) is amended to read as follows:

FOR THE COMMISSION ON JUDICIAL CONDUCT

General Fund—State Appropriation (FY 2014)	\$1,071,000
General Fund—State Appropriation (FY 2015)	(\$997,000)
	\$1,006,000

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TOTAL APPROPRIATION \$2,068,000
\$2,077,000

Sec. 1109. 2014 c 221 s 112 (uncodified) is amended to read as follows:

FOR THE COURT OF APPEALS

General Fund—State Appropriation (FY 2014) \$15,865,000
General Fund—State Appropriation (FY 2015) ((15,811,000))
\$15,870,000

TOTAL APPROPRIATION \$31,676,000
\$31,735,000

Sec. 1110. 2014 c 221 s 113 (uncodified) is amended to read as follows:

FOR THE ADMINISTRATOR FOR THE COURTS

General Fund—State Appropriation (FY 2014) \$51,403,000
General Fund—State Appropriation (FY 2015) ((50,987,000))
\$51,179,000

General Fund—Federal Appropriation \$2,123,000
General Fund—Private/Local Appropriation \$657,000
Judicial Information Systems Account—State Appropriation ((53,517,000))
\$53,204,000

Judicial Stabilization Trust Account—State Appropriation \$6,691,000
TOTAL APPROPRIATION \$165,378,000
\$165,257,000

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

(1) \$1,500,000 of the judicial information systems account—state appropriation is provided solely for development and implementation of the information network hub project.

(2) \$2,138,000 of the judicial information systems account—state appropriation is provided solely for replacement of computer equipment, including servers, routers, and storage system upgrades.

(3) The distributions made under this subsection and distributions from the county criminal justice assistance account made pursuant to section 801 of this act constitute appropriate reimbursement for costs for any new programs or increased level of service for purposes of RCW 43.135.060.

(4) \$1,199,000 of the judicial information systems account—state appropriation is provided solely for replacing computer equipment at state courts and state judicial agencies.

(5) \$108,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the implementation of chapter 210, Laws of 2013 (Senate Bill No. 5052) (superior court judges Whatcom county). The funds provided in this subsection shall be expended only if the fourth superior court judge position in Whatcom county is appointed and serving on the bench.

(6) \$108,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the implementation of chapter 142, Laws of 2013 (House Bill No. 1175) (superior court judges Benton/Franklin counties). The funds provided in this subsection shall be expended only if the seventh superior court judge position in Benton and Franklin counties jointly is appointed and serving on the bench.

(7) \$16,606,000 of the judicial information systems account—state appropriation is provided solely for continued implementation of the superior court case management system project. The administrative office of the courts, in consultation with the judicial information systems committee and the office of the chief information officer shall develop a revised superior court case management steering committee charter to implement the next phases of the superior court case management system.

The steering committee members shall be appointed by the judicial information systems committee and shall consist of two members representing each of the following groups: Court administrators, superior court judges, county clerks, and the administrative office of the courts. The revised charter shall insure that voting members of the steering committee represent the administrative office of the courts and those courts that have implemented, or have committed to implement, the statewide superior court vendor solution as selected by the judicial information systems committee. The revised charter shall also insure that the superior court case management system project steering committee continues to provide contract oversight in collaboration with the judicial information system committee through the implementation period. Oversight responsibilities of the steering committee throughout the various phases of the project must include, but are not limited to, vendor management, contract and deliverable management, assuring reasonable satisfaction of the business and technical needs at the local level, receipt of stakeholder feedback, and communication between the various stakeholder groups and the judicial information systems committee. Issues of significant scope, schedule or budget changes, and risk mitigation strategies must be escalated to the judicial information systems committee for consideration. In the event that a majority of the steering committee members cannot reach a decision, the issue must be escalated to the judicial information systems committee for consideration. The superior court case management system project steering committee may solicit input from user groups as deemed appropriate. The revised charter shall be approved by the judicial information systems committee.

(8) \$1,399,000 of the general fund—state appropriation for fiscal year 2014 and \$1,399,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for school districts for petitions to juvenile court for truant students as provided in RCW 28A.225.030 and 28A.225.035. The administrator for the courts shall develop an interagency agreement with the superintendent of public instruction to allocate the funding provided in this subsection. Allocation of this money to school districts shall be based on the number of petitions filed. This funding includes amounts school districts may expend on the cost of serving petitions filed under RCW 28A.225.030 by certified mail or by personal service or for the performance of service of process for any hearing associated with RCW 28A.225.030.

(9)(a) \$7,313,000 of the general fund—state appropriation for fiscal year 2014 and \$7,313,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for distribution to county juvenile court administrators to fund the costs of processing truancy, children in need of services, and at-risk youth petitions. The administrator for the courts, in conjunction with the juvenile court administrators, shall develop an equitable funding distribution formula. The formula shall neither reward counties with higher than average per-petition processing costs nor shall it penalize counties with lower than average per-petition processing costs.

(b) Each fiscal year during the 2013-2015 fiscal biennium, each county shall report the number of petitions processed and the total actual costs of processing truancy, children in need of services, and at-risk youth petitions. Counties shall submit the reports to the administrator for the courts no later than 45 days after the end of the fiscal year. The administrator for the courts shall electronically transmit this information to the chairs and ranking minority members of the house of representatives and senate fiscal committees no later than 60 days after a fiscal year

ends. These reports are deemed informational in nature and are not for the purpose of distributing funds.

(10) \$274,000 of the general fund—state appropriation for fiscal year 2014 and \$274,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the office of public guardianship to continue guardianship services for those low-income incapacitated persons who were receiving services on June 30, 2013.

(11) \$1,426,000 of the judicial information systems account—state appropriation is provided solely for the content management system for the appellate courts.

(12) The administrative office of the courts and the judicial information systems committee shall develop statewide superior court data collection and exchange standards. Upon implementation, these standards must be met by each superior court in order to continue to receive judicial information systems account funding or equipment and services funded by the account. For those courts that do not use the statewide superior court vendor solution as chosen by the judicial information systems committee, judicial information systems account funds may not be allocated for (a) the costs to meet the data collection and exchange standards developed by administrative office of the courts and judicial information systems committee, and (b) the costs to develop and implement local court case management systems.

(13) \$200,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the office of public guardianship for the purpose of providing guardianship services to low income and indigent alleged or actual incapacitated persons.

Sec. 1111. 2014 c 221 s 114 (uncodified) is amended to read as follows:

FOR THE OFFICE OF PUBLIC DEFENSE

General Fund—State Appropriation (FY 2014)	\$30,912,000
General Fund—State Appropriation (FY 2015)	(((\$35,475,000))
	\$35,865,000
Judicial Stabilization Trust Account—State Appropriation	\$3,648,000
General Fund—Federal Appropriation	\$304,000
TOTAL APPROPRIATION	\$70,339,000
	<u>\$70,729,000</u>

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

(1) The amounts provided include funding for expert and investigative services in death penalty personal restraint petitions.

(2) \$3,378,000 of the general fund—state appropriation for fiscal year 2015 is provided solely to expand the parents representation program into Asotin, Columbia, Garfield, King, Whatcom, and Whitman counties.

(3) \$225,000 of the general fund—state appropriation for fiscal year 2014 and \$1,721,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for parents representation program costs related to increased parental rights termination filings from the department of social and health services permanency initiative.

(4) \$50,000 of the general fund—state appropriation for fiscal year 2014 and \$50,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the immigration consequences advisement program at the Washington defenders association.

Sec. 1112. 2014 c 221 s 115 (uncodified) is amended to read as follows:

FOR THE OFFICE OF CIVIL LEGAL AID

General Fund—State Appropriation (FY 2014)	\$10,910,000
General Fund—State Appropriation (FY 2015)	\$12,105,000

General Fund—Private/Local Appropriation (FY 2015)	\$115,000
Judicial Stabilization Trust Account—State Appropriation	\$1,453,000
TOTAL APPROPRIATION	\$24,468,000
	<u>\$24,583,000</u>

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

(1) An amount not to exceed \$40,000 of the general fund—state appropriation for fiscal year 2014 and an amount not to exceed \$40,000 of the general fund—state appropriation for fiscal year 2015 may be used to provide telephonic legal advice and assistance to otherwise eligible persons who are sixty years of age or older on matters authorized by RCW 2.53.030(2) (a) through (k) regardless of household income or asset level.

(2) \$48,000 of the general fund—state appropriation for fiscal year 2014 and \$956,000 of the general fund—state appropriation for fiscal year 2015 is provided solely to implement Engrossed Second Substitute Senate Bill No. 6126 (representation of children in dependency matters) and to fund the cost of legal services. The office is authorized to include in its contracts with counties provisions to reduce reimbursement levels, impose case funding limits or other measures to remain within appropriated amounts. If the bill is not enacted by June 30, 2014, the amounts provided in this subsection shall lapse.

Sec. 1113. 2014 c 221 s 116 (uncodified) is amended to read as follows:

FOR THE OFFICE OF THE GOVERNOR

General Fund—State Appropriation (FY 2014)	\$5,565,000
General Fund—State Appropriation (FY 2015)(((\$5,225,000))	\$5,136,000
Economic Development Strategic Reserve Account—State Appropriation	\$4,000,000
TOTAL APPROPRIATION	\$14,790,000
	<u>\$14,701,000</u>

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

(1) \$4,000,000 of the economic development strategic reserve account appropriation is provided solely for efforts to assist with currently active industrial recruitment efforts that will bring new jobs to the state or will retain headquarter locations of major companies currently housed in the state.

(2) \$684,000 of the general fund—state appropriation for fiscal year 2014 and \$684,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the office of the education ombudsman.

(3) \$258,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5802 (greenhouse gas emissions). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(4) \$35,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for the implementation of Second Substitute House Bill No. 1709 (foreign language interpreters). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

((6)) (5) Within appropriated funds, the office of the education ombuds shall develop a scope of work and proposed plan for a task force on success for students with special needs that will: (a) Define and assess barriers that students placed or qualified to be placed in special education and students with a plan for accommodation under section 504 of the federal rehabilitation act of 1973 face in earning a high school diploma and fully accessing the educational program provided by the public schools; and (b) outline recommendations for systemic changes and successful models for education and service

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delivery, including improved coordination of early learning through postsecondary education and career preparation. With input from interested parents, educators, state agencies, and organizations representing students placed or qualified to be placed in special education and students with a section 504 plan, the office of the education ombuds shall invite representative individuals to participate in the task force. The office of the education ombuds shall submit the scope of work and proposed task force plan to the education and fiscal committees of the legislature by December 1, 2014, along with a request for additional funds necessary to implement the plan. To the extent possible within appropriated funds, the office of the education ombuds may convene the task force and commence its work before June 30, 2015.

Sec. 1114. 2014 c 221 s 117 (uncodified) is amended to read as follows:

FOR THE LIEUTENANT GOVERNOR

General Fund—State Appropriation (FY 2014)	\$654,000
General Fund—State Appropriation (FY 2015) (((\$657,000))	\$655,000
General Fund—Private/Local Appropriation	\$90,000
TOTAL APPROPRIATION	\$1,401,000
	\$1,399,000

Sec. 1115. 2014 c 221 s 118 (uncodified) is amended to read as follows:

FOR THE PUBLIC DISCLOSURE COMMISSION

General Fund—State Appropriation (FY 2014)	\$2,084,000
General Fund—State Appropriation (FY 2015)(((\$2,044,000))	\$2,042,000
TOTAL APPROPRIATION	\$4,128,000
	\$4,126,000

Sec. 1116. 2014 c 221 s 119 (uncodified) is amended to read as follows:

FOR THE SECRETARY OF STATE

General Fund—State Appropriation (FY 2014)	\$11,813,000
General Fund—State Appropriation (FY 2015)(((\$9,440,000))	\$9,422,000
General Fund—Federal Appropriation	\$7,428,000
General Fund—Private/Local Appropriation	\$20,000
Public Records Efficiency, Preservation, and Access	
Account—State Appropriation	(((\$8,336,000))
	\$7,526,000
Charitable Organization Education Account—State	
Appropriation	\$364,000
Local Government Archives Account—State	
Appropriation	\$8,485,000
Election Account—Federal Appropriation	\$12,006,000
Washington State Heritage Center Account—State	
Appropriation	(((\$8,860,000))
	\$8,784,000
TOTAL APPROPRIATION	\$66,752,000
	\$65,848,000

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

(1) \$3,767,000 of the general fund—state appropriation for fiscal year 2014 is provided solely to reimburse counties for the state's share of primary and general election costs and the costs of conducting mandatory recounts on state measures. Counties shall be reimbursed only for those odd-year election costs that the secretary of state validates as eligible for reimbursement.

(2)(a) \$1,847,000 of the general fund—state appropriation for fiscal year 2014 and \$1,926,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for contracting with a nonprofit organization to produce gavel-to-gavel television coverage of state government

deliberations and other events of statewide significance during the 2013-2015 fiscal biennium. The funding level for each year of the contract shall be based on the amount provided in this subsection. The nonprofit organization shall be required to raise contributions or commitments to make contributions, in cash or in kind, in an amount equal to forty percent of the state contribution. The office of the secretary of state may make full or partial payment once all criteria in this subsection have been satisfactorily documented.

(b) The legislature finds that the commitment of on-going funding is necessary to ensure continuous, autonomous, and independent coverage of public affairs. For that purpose, the secretary of state shall enter into a contract with the nonprofit organization to provide public affairs coverage.

(c) The nonprofit organization shall prepare an annual independent audit, an annual financial statement, and an annual report, including benchmarks that measure the success of the nonprofit organization in meeting the intent of the program.

(d) No portion of any amounts disbursed pursuant to this subsection may be used, directly or indirectly, for any of the following purposes:

(i) Attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, by any county, city, town, or other political subdivision of the state of Washington, or by the congress, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency;

(ii) Making contributions reportable under chapter 42.17 RCW; or

(iii) Providing any: (A) Gift; (B) honoraria; or (C) travel, lodging, meals, or entertainment to a public officer or employee.

(3) Any reductions to funding for the Washington talking book and Braille library may not exceed in proportion any reductions taken to the funding for the library as a whole.

(4) It is the intent of the legislature to consider during the 2014 legislative session funding for the publication and distribution of a primary election voters pamphlet.

(5) \$771,000 of the general fund—state appropriation for fiscal year 2014 and \$772,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the state library to purchase statewide on-line access to the information technology academy to allow public access to on-line courses and learning resources through public libraries.

(6) The legislature finds that the volume of state records retained in paper format continues to grow, increasing the records storage costs for the state. The secretary of state shall convene a work group to study methods for retaining records in electronic formats and for shorter periods of time, with the goal of reducing the volume of stored paper records by ten percent by the end of 2016, and an additional ten percent by the end of 2018. The following state agencies shall participate in the work group, which shall report to the appropriate committees of the legislature by December 31, 2014, and December 31, 2015:

- (a) Office of the secretary of state;
- (b) Office of the attorney general;
- (c) Office of the state auditor;
- (d) Office of financial management;
- (e) Department of corrections;
- (f) Department of social and health services;
- (g) Department of health; and
- (h) Department of transportation.

Sec. 1117. 2014 c 221 s 120 (uncodified) is amended to read as follows:

FOR THE GOVERNOR'S OFFICE OF INDIAN AFFAIRS

General Fund—State Appropriation (FY 2014)	\$249,000
General Fund—State Appropriation (FY 2015) ((\$250,000))	
	\$249,000
TOTAL APPROPRIATION	\$499,000
	<u>\$498,000</u>

The appropriations in this section are subject to the following conditions and limitations: The office shall assist the department of enterprise services on providing the government-to-government training sessions for federal, state, local, and tribal government employees. The training sessions shall cover tribal historical perspectives, legal issues, tribal sovereignty, and tribal governments. Costs of the training sessions shall be recouped through a fee charged to the participants of each session. The department of enterprise services shall be responsible for all of the administrative aspects of the training, including the billing and collection of the fees for the training.

Sec. 1118. 2014 c 221 s 122 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER

State Treasurer's Service Account—State Appropriation	
	(\$14,872,000)
	<u>\$15,226,000</u>

The appropriation in this section is subject to the following conditions and limitations: \$150,000 of the state treasurer's service account—state appropriation is provided solely for legal fees related to additional legal assistance due to changes in federal financial regulations and an increase in complex and high profile litigation.

Sec. 1119. 2014 c 221 s 125 (uncodified) is amended to read as follows:

FOR THE ATTORNEY GENERAL

General Fund—State Appropriation (FY 2014)	\$11,019,000
General Fund—State Appropriation (FY 2015)	\$10,803,000
General Fund—Federal Appropriation	\$7,114,000
New Motor Vehicle Arbitration Account—State Appropriation	\$990,000
Legal Services Revolving Account—State Appropriation	(\$205,174,000)
	\$207,294,000
Tobacco Prevention and Control Account—State Appropriation	\$271,000
Medicaid Fraud Penalty Account—State Appropriation	(\$2,333,000)
	\$2,404,000
Public Services Revolving Account—State Appropriation	\$2,106,000
TOTAL APPROPRIATION	\$239,810,000
	<u>\$242,001,000</u>

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

(1) The attorney general shall report each fiscal year on actual legal services expenditures and actual attorney staffing levels for each agency receiving legal services. The report shall be submitted to the office of financial management and the fiscal committees of the senate and house of representatives no later than ninety days after the end of each fiscal year. As part of its by agency report to the legislative fiscal committees and the office of financial management, the office of the attorney general shall include information detailing the agency's expenditures for its agency-wide overhead and a breakdown by division of division administration expenses.

(2) Prior to entering into any negotiated settlement of a claim against the state that exceeds five million dollars, the attorney general shall notify the director of financial management and the

chairs of the senate committee on ways and means and the house of representatives committee on appropriations.

(3) The attorney general shall annually report to the fiscal committees of the legislature all new *cy pres* awards and settlements and all new accounts, disclosing their intended uses, balances, the nature of the claim or account, proposals, and intended timeframes for the expenditure of each amount. The report shall be distributed electronically and posted on the attorney general's web site. The report shall not be printed on paper or distributed physically.

(4) The executive ethics board shall: (a) Develop a statewide plan, with performance measures, to provide overall direction and accountability in all executive branch agencies and statewide elected offices; (b) coordinate and work with the commission on judicial conduct and the legislative ethics board; (c) assess and evaluate each agency's ethical culture through employee and stakeholder surveys, review Washington state quality award feedback reports, and publish an annual report on the results to the public; and (d) solicit outside evaluations, studies, and recommendations for improvements from academics, nonprofit organizations, the public disclosure commission, or other entities with expertise in ethics, integrity, and the public sector.

(5) \$424,000 of the legal services revolving account—state appropriation is provided solely for replacement of a portion of the agency's personal computers. The amount provided in this subsection is conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer and section 945 of this act, personal computer acquisition and replacement.

(6) \$609,000 of the legal services revolving account—state appropriation is provided solely for upgrades to software programs. The amount provided in this subsection is conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(7) \$150,000 of the legal services revolving account—state appropriation is provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5405 (extended foster care). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(8) \$50,000 of the general fund—state appropriation for fiscal year 2014 and \$50,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the implementation of Engrossed Substitute House Bill No. 1341 (wrongful imprisonment). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(9) \$189,000 of the legal services revolving account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1420 (transportation improvement projects). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(10) \$2,093,000 of the public service revolving account—state appropriation is provided solely for the work of the public counsel section of the office of the attorney general.

(11) \$353,000 of the general fund—state appropriation for fiscal year 2014 and \$353,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a grant to the Washington coalition of crime victim advocates to provide training, certification, and technical assistance for crime victim service center advocates.

(12) \$69,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for implementation of Substitute House Bill No. 2171 (veterans, military personnel). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

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(13) \$182,000 of the general fund—state appropriation for fiscal year 2015, \$13,000 of the public service revolving account—state appropriation, \$54,000 of the medicaid fraud penalty account—state appropriation, and \$3,128,000 of the legal services revolving account—state appropriation are provided solely for the purposes of salary adjustments addressing recruitment and retention issues for assistant attorneys general in the first six years of their employment with the attorney general's office.

Sec. 1120. 2014 c 221 s 126 (uncodified) is amended to read as follows:

FOR THE CASELOAD FORECAST COUNCIL

General Fund—State Appropriation (FY 2014)	\$1,260,000
General Fund—State Appropriation (FY 2015)(((\$1,230,000))	
	\$1,273,000
TOTAL APPROPRIATION	\$2,490,000
	<u>\$2,533,000</u>

Sec. 1121. 2014 c 221 s 127 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF COMMERCE

General Fund—State Appropriation (FY 2014)	\$61,546,000
General Fund—State Appropriation (FY 2015)	(((\$63,394,000))
	\$63,055,000
General Fund—Federal Appropriation	\$266,732,000
General Fund—Private/Local Appropriation	\$5,595,000
Public Works Assistance Account—State Appropriation	\$3,013,000
Drinking Water Assistance Administrative Account—State Appropriation	\$442,000
Lead Paint Account—State Appropriation	\$147,000
Building Code Council Account—State Appropriation	\$13,000
Home Security Fund Account—State Appropriation	\$25,457,000
Affordable Housing for All Account—State Appropriation	\$11,908,000
Financial Fraud and Identity Theft Crimes Investigation and Prosecution Account—State Appropriation	\$1,166,000
Low-Income Weatherization and Structural Rehabilitation Assistance Account—State Appropriation	\$1,879,000
Community and Economic Development Fee Account—State Appropriation	\$5,298,000
Washington Housing Trust Account—State Appropriation	\$18,481,000
Prostitution Prevention and Intervention Account— State Appropriation	\$98,000
Public Facility Construction Loan Revolving Account—State Appropriation	\$752,000
Washington Community Technology Opportunity Account— Private/Local Appropriation	\$10,000
Liquor Revolving Account—State Appropriation	\$5,605,000
TOTAL APPROPRIATION	\$471,536,000
	<u>\$471,197,000</u>

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

(1) Repayments of outstanding mortgage and rental assistance program loans administered by the department under RCW 43.63A.640 shall be remitted to the department, including any current revolving account balances. The department shall collect payments on outstanding loans, and deposit them into the state general fund. Repayments of funds owed under the program shall be remitted to the department according to the terms included in the original loan agreements.

(2) \$500,000 of the general fund—state appropriation for fiscal year 2014 and \$500,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a grant to resolution Washington to building statewide capacity for alternative dispute resolution centers and dispute resolution programs that guarantee that citizens have access to low-cost resolution as an alternative to litigation.

(3) \$306,000 of the general fund—state appropriation for fiscal year 2014 and \$306,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a grant to the retired senior volunteer program.

(4) The department shall administer its growth management act technical assistance and pass-through grants so that smaller cities and counties receive proportionately more assistance than larger cities or counties.

(5) \$375,000 of the general fund—state appropriation for fiscal year 2014 and \$375,000 of the general fund—state appropriation for fiscal year 2015 are provided solely as pass-through funding to Walla Walla Community College for its water and environmental center.

(6) \$1,800,000 of the home security fund—state appropriation is provided for transitional housing assistance or partial payments for rental assistance under the independent youth housing program.

(7) \$5,000,000 of the home security fund—state appropriation is for the operation, repair, and staffing of shelters in the homeless family shelter program.

(8) \$198,000 of the general fund—state appropriation for fiscal year 2014 and \$396,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington new Americans program.

(9) \$2,949,000 of the general fund—state appropriation for fiscal year 2014 and \$2,949,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for associate development organizations. During the 2013-2015 fiscal biennium, the department shall consider an associate development organization's total resources when making contracting and fund allocation decisions, in addition to the schedule provided in RCW 43.330.086.

(10) \$234,000 of the general fund—state appropriation for fiscal year 2014 and \$233,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington asset building coalitions.

(11) \$5,605,000 of the liquor revolving account—state appropriation is provided solely for the department to contract with the municipal research and services center of Washington.

(12) \$500,000 of the general fund—state appropriation for fiscal year 2014 and \$500,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the purposes of purchasing contracted services to expand and promote the tourism industry in the state of Washington.

(a) The department must contract with the Washington tourism alliance. Expenditure of state moneys is contingent upon the contractor providing a dollar for dollar cash or in-kind match. Funding must be provided for the following services:

(i) Serving as a central point of contact through developing and maintaining a web portal for Washington tourism, operating a call center, and mailing travel guides;

(ii) Promoting Washington as a tourism destination to national and international markets, with emphasis on markets in Europe and Asia;

(iii) Providing information to businesses and local communities on tourism opportunities that could expand local revenues; and

(iv) Conducting tourism-related research, including market research and measuring the return on investment of funded activities.

(b) The department may not use more than 4 percent of the funds to administer, monitor, and report the outcomes of the services. The department must electronically submit performance metrics by January 1, 2014, and report the outcomes of the services by January 1, 2015, to the economic development committees of the legislature.

(c) The department has the authority to designate one or more alternative contractors if necessary due to performance or other significant issues. Such change must only be made after consultation with the Washington tourism alliance, the governor's office, and the chairs and ranking members of the economic development committees of the legislature.

(13) \$72,000 of the prostitution prevention and intervention account is provided solely for implementation of Engrossed Substitute House Bill No. 1291 (sex trade victims). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(14) \$49,000 of the general fund—state appropriation for fiscal year 2014 and \$49,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of House Bill No. 1818 (business and government streamlining). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(15) \$36,000 of the general fund—state appropriation for fiscal year 2014 and \$37,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the department to develop an economic cluster strategy to leverage the state's unique maritime assets, geography, history, and infrastructure. Goals include growing employment, targeted economic activity, environmental considerations, tax revenue to state and local governments, and quality of life associated with the maritime sector by working with the industry to understand workforce needs, parity considerations with Oregon and British Columbia, and tax structure and regulatory barriers. The department will report its findings to the appropriate committees of the legislature no later than December 1, 2014.

(16) \$2,000,000 of the Washington housing trust account—state appropriation is provided solely for the department of commerce for services to homeless families through the Washington families fund.

(17) \$5,000,000 of the home security account—state appropriation is provided solely for the department of commerce to provide emergency assistance to homeless families in the temporary assistance for needy families program.

(18) \$75,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for the economic development commission to retain one current administrative position. The department shall convene a work group, chaired by the current chair of the economic development commission, of representatives of associate development organizations and the economic development commission to recommend: (1) Changes to the economic development commission's purpose and source and amount of funding; (2) objective benchmarks and outcome-based performance measures for evaluating state investments in economic development; (3) high priority regulatory reforms to foster a favorable business climate for long-term private sector job creation and competitiveness; and (4) organizational roles responsibilities and structures to strengthen cohesive planning, streamline execution, and improve outcomes. The work group shall be comprised of representatives from no less than eight associate development organizations representing both urban and rural counties and counties on both sides of the Cascade range. The department shall submit a report of the work

group's recommendation to the fiscal and economic development policy committees of the legislature by December 15, 2013.

(19) \$2,515,000 of the general fund—state appropriation for fiscal year 2014 and \$3,779,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for purposes of creating and operating a community health care and education and innovation center at the Pacific Medical Center in Seattle. Amounts provided in this subsection must be used for lease, maintenance, operations, and other required related expenses for Seattle community colleges allied health programs and other related uses identified by the department of commerce. The department is authorized to enter into a thirty-year lease for the Pacific Medical Center property.

(20) Within the appropriations in this section, the department shall, by December 1, 2013, develop a comprehensive start-up Washington strategy to facilitate the growth of start-ups and enhance the state's competitiveness in recruiting and retaining businesses that start up in Washington. This shall include but is not limited to: Business and occupation tax relief, capital investment, regulatory burdens, workforce and infrastructure needs and support. Start-up businesses interactions with state government and other public entities as a customer shall also be considered.

(21) \$700,000 of the general fund—state appropriation for fiscal year 2014 and \$700,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the department to identify and invest in strategic growth areas, support key sectors, and align existing economic development programs and priorities. The department must consider Washington's position as the most trade dependent state when identifying priority investments. The department must engage states and provinces in the northwest as well as associate development organizations, small business development centers, chambers of commerce, ports, and other partners to leverage the funds provided. For each dollar expended the department must receive a one hundred percent match. The match may be provided by the department through nongeneral fund sources, or any partnering governments or organizations. Sector leads established by the department must include the industries of: (a) Tourism; (b) agriculture, wood products, and other natural resource industries; and (c) clean technology and renewable and nonrenewable energy. The department may establish these sector leads by hiring new staff, expanding the duties of current staff, or working with partner organizations and or other agencies to serve in the role of sector lead. The department must develop performance metrics and milestones. The department must electronically submit the performance metrics and performance-to-date by January 1, 2014, to the economic development committees of the legislature.

(22) The department is authorized to suspend issuing any nonstatutorily required grants or contracts of an amount less than \$1,000,000 per year.

(23) The department is authorized to require an applicant to pay an application fee to cover the cost of reviewing the project and preparing an advisory opinion on whether a proposed electric generation project or conservation resource qualifies to meet mandatory conservation targets.

(24) \$25,000 of the general fund—state appropriation for fiscal year 2014 and \$25,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the economic impact and infrastructure cost study for Covington town center.

(25) The department is directed to work with innovation partnership zone administrators to review the existing grant program, including the criteria for designation as an innovation

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partnership zone and the grant funding criteria. The department shall submit its report to the legislature by December 1, 2013.

(26) Within existing resources, the department shall provide administrative and other indirect support to the developmental disabilities council.

(27) \$306,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the long-term care ombuds program to improve ombuds access to long-term care residents in community-based settings such as adult family homes and assisted living facilities.

(28) \$26,000 of the home security fund—state appropriation is provided solely for the department to establish a pilot program to provide a certification of homeless status for persons who may need a physical or mailing address for purposes of employment. The department must choose one county within which to implement the program, based on the support of local homeless housing and service providers, community leaders, and businesses willing to partner with the department. The department must establish a homeless status form that requires sufficient information to verify a person's homeless status and to provide the address and location of a homeless housing or service provider to be used as the person's own address. The department must develop a procedure for collecting and maintaining the information provided on the homeless status forms and convene regular meetings with homeless housing and service providers, community leaders, homeless persons, and businesses interested in implementing the program. The department must submit a report to the appropriate legislative committees that includes the number of persons who filed a homeless status form, the number of persons who obtained employment with use of the certification, the involvement of partners within the community in implementing the program, and an evaluation and recommendation of the opportunities and impediments for expanding the program statewide. The evaluation and recommendation should include input from statewide homeless housing and service provider networks and business associations.

(29) \$466,000 of the Washington housing trust account—state appropriation is provided solely for the department to provide one-time funding to the Tacoma housing authority to offset expenses associated with remediating units of low-income housing that have been contaminated by the manufacture or use of methamphetamine. The Tacoma housing authority must provide sufficient documentation to verify the costs associated with remediating units of low-income housing that have been contaminated by the manufacture or use of methamphetamine for which they request support. The department may make full or partial payment once sufficient documentation has been provided.

(30) Within existing resources, the department must conduct a data-based evaluation of the effectiveness of the department's international trade services. The report must include comparative data from other states and detail the possible advantages and disadvantages of contracting these services to a nonstate entity. The department must present its findings to the economic development committees of the legislature no later than January 15, 2015.

Sec. 1122. 2014 c 221 s 129 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT	
General Fund—State Appropriation (FY 2014)	\$17,942,000
General Fund—State Appropriation (FY 2015)	(\$17,539,000)
	\$17,401,000
General Fund—Federal Appropriation	\$34,336,000
General Fund—Private/Local Appropriation	\$370,000

Economic Development Strategic Reserve Account—State Appropriation	\$288,000
Personnel Service Fund—State Appropriation	\$8,592,000
Data Processing Revolving Account—State Appropriation	\$6,552,000
Higher Education Personnel Services Account—State Appropriation	\$1,497,000
Performance Audits of Government Account—State Appropriation	\$4,000,000
TOTAL APPROPRIATION	\$91,116,000
	\$90,978,000

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

(1) The office of financial management shall prepare a report outlining alternative methods of procuring health benefits for home care workers, including individual providers and agency providers. In preparing the report, the office of financial management shall consult with the department of social and health services, representatives of individual home care providers, and agency home care providers.

Along with a summary of the current method of providing benefits, the report must include an analysis of the policy and fiscal implications of accessing health benefits through the Washington health benefits exchange. The report must also provide an analysis of a medicaid section 1115 waiver with the federal centers for medicare and medicaid services that would provide additional medicaid matching funds for individual provider home care workers who are provided with health care benefits through a collective bargaining agreement negotiated with the state under chapter 74.39A RCW, but would otherwise be eligible for medicaid under the federal expanded eligibility provisions that take effect January 1, 2014.

The report must be submitted to the appropriate fiscal committees of the legislature by January 6, 2014.

(2) \$350,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5802 (greenhouse gas emissions). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(3) \$536,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for a study of the state's medical and public assistance eligibility systems and infrastructure with the goal of simplifying procedures, improving customer service, and reducing state expenditures. The study must also examine which state entities play various roles in the eligibility and data verification processes in order to determine if eligibility processes can be further streamlined in light of changes related to the federal affordable care act. The study must identify how costs will be allocated between state and federal funding sources and options for maximizing federal participation. The office of financial management shall provide a report on its findings and recommendations to the relevant policy and fiscal committees of the legislature by January 1, 2014.

(4)(a) The legislature finds that the state's nationally recognized student achievement initiative has led to significant improvements at two-year institutions of higher education. With the goal of creating such efficiencies within the four-year institutions of higher education, the office of financial management shall convene, in coordination with the joint committee on higher education and the student achievement council, a technical incentive funding model task force to propose an incentive funding model for the four-year institutions of higher education. The model will provide new incentive funding to four-year institutions of higher education that demonstrate improvement on existing performance measures and control

resident undergraduate tuition growth. Participation in the program is voluntary; however, funding appropriated for this program shall only be available to those institutions that have chosen to participate in the program.

(b) The task force must include the following members:

(i) One representative from the student achievement council;

(ii) One representative from the education data center created in RCW 43.41.400; and

(iii) One representative from each of the four-year institutions of higher education.

(c) The program shall include, but shall not be limited to:

(i) A system for allocating new incentive funding to participating institutions based on an institution's:

(A) Performance in specific metrics;

(B) Control and reduction where possible of resident undergraduate and graduate tuition; and

(C) Efficient utilization of classrooms, laboratories, and online and other high technology instructional methods;

(ii) A methodology for allocating funding for performance as specified in (c)(i)(A) of this subsection that is based on performance metrics reported in the accountability monitoring and reporting system established in RCW 28B.77.090 and that recognizes each institution's unique mission by measuring each institution's performance in these metrics against its past performance;

(iii) A methodology for investing any unallocated incentive funds to the state need grant program created in chapter 28B.92 RCW to expand access to low-income and underserved student populations; and

(iv) A methodology for establishing a baseline level of state funding that:

(A) Fully supports the state's need for an increasing portion of its citizens to gain post-secondary education and qualifications;

(B) Recognizes the acute need of the state's high-technology economy for a sufficient number of graduates in high employer demand programs of study;

(C) Achieves a more equitable share of support between the state and students and their families; and

(D) Provides for funding enhancements based on demonstrated improvements in institutional performance within the educational achievement and tuition reduction incentive program.

(d) The workgroup shall submit a final report containing an incentive funding model to the governor and higher education and fiscal committees of the legislature by December 31, 2013.

(5) \$37,000 of the data processing revolving account—state appropriation is provided solely for the implementation of Engrossed Second Substitute House Bill No. 2192 (state agency permitting). If the bill is not enacted by June 30, 2014, the amounts provided in this subsection shall lapse.

(6) \$262,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the implementation of Substitute House Bill No. 2739 (student success in schools). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

(7) Within amounts provided in this section, the office of the chief information officer must survey and review agency security policies and standards including, but not limited to (a) compliance with employee information technology security training policies; (b) agency standards and policies for decommissioning personal computers; and (c) the security plans of the provider one system and other health information technology systems within the health care authority and the department of social and health services to ensure compliance with federal health information portability and accountability act rules and the council for affordable quality healthcare committee

on operating rules for information exchange. The office must report to the legislature by December 1, 2014, with findings and recommendations from the survey and review.

(8) In conjunction with the office of the chief information officer's prioritization of proposed information technology expenditures, agency budget requests for proposed information technology expenditures shall include the following: The agency's priority ranking of each information technology request; the estimated cost for the current biennium; the estimated total cost of the request over all biennia; and expected timeline to complete the request. The office of the chief information officer and the office of financial management may request agencies to include additional information on proposed information technology expenditure requests.

(9) \$300,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for an analysis of statewide jail needs and how operational costs are incurred among local governments. The analysis must examine, among other things, how regional capacity is currently being utilized at the state and local level including, but not limited to: Historical and current utilization, level of security, ability to provide medical and mental health care, and availability of programming. The analysis must examine the financial impact to counties of providing felon and juvenile detention. In addition, the analysis must include the identification of barriers and solutions for the use of local jails in lieu of prison beds including: For individuals who would otherwise be transferred to department of corrections for a short-term stay; for violator population billing and tracking; and for long-term stays in jail in lieu of prison. A report of findings and recommendations must be provided to the governor and legislative fiscal committees by November 1, 2014.

(10) \$46,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the education data center to:

(a) Collect and publish on its web site by October 1, 2014, short-term and long-term earnings and employment data for completers of higher education degrees, apprenticeships, and certificates awarded by institutions of higher education as defined in RCW 28B.10.016 for each institution;

(b) With the assistance of the legislative evaluation and accountability program committee, make publicly available on its web site a detailed inventory of the data that are contained in the data warehouse. The data center and its contributors shall continue to expand efforts to improve the integrity of the information and web site displays to maximize value and utility. The education data center shall also collaborate with the legislative evaluation and accountability program committee to broadly disseminate meaningful information on the publicly accessible web sites by expanding and increasing interactive web-based reporting; and

(c) In consultation with the state board for community and technical colleges, the workforce training and education coordinating board, representatives of the public four-year institutions of higher education, and the legislative evaluation and accountability program committee, prepare, or contract with an entity to prepare, an economic success metrics report of employment and earnings outcomes for degrees, apprenticeships, and certificates earned at institutions of higher education. The final report shall be published on the education data center web site and delivered to the governor and the higher education and fiscal committees of the legislature by November 1, 2014.

Sec. 1123. 2014 c 221 s 130 (uncodified) is amended to read as follows:

FOR THE OFFICE OF ADMINISTRATIVE HEARINGS
Administrative Hearings Revolving Account—State
Appropriation ~~(\$38,011,000)~~

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\$39,174,000

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

(1) \$151,000 of the administrative hearings revolving account—state appropriation is provided solely for replacement of computer equipment, including servers, routers, and storage system upgrades. The amount provided in this subsection is conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(2) \$137,000 of the administrative hearings revolving account—state appropriation is provided solely for replacement of a portion of the agency's personal computers. The amount provided in this subsection is conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(3) Within the amounts provided in this section, the office shall improve the timeliness of its hearings and report the progress of its efforts to the office of financial management and the fiscal committees of the legislature by November 1, 2014.

Sec. 1124. 2014 c 221 s 134 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF RETIREMENT SYSTEMS—OPERATIONS

Department of Retirement Systems Expense	
Account—State Appropriation	(\$50,599,000)
	<u>\$50,859,000</u>

The appropriation in this section is subject to the following conditions and limitations: \$57,000 of the department of retirement systems expense account—state appropriation is provided solely for the purposes of Senate Bill No. 6201 (optional life annuities for LEOFF 2 members). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

Sec. 1125. 2014 c 221 s 135 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF REVENUE

General Fund—State Appropriation (FY 2014)	\$108,115,000
General Fund—State Appropriation (FY 2015)	(\$105,511,000)
	\$104,861,000
Timber Tax Distribution Account—State Appropriation	\$6,083,000
Waste Reduction/Recycling/Litter Control—State Appropriation	\$131,000
State Toxics Control Account—State Appropriation	\$92,000
Business License Account—State Appropriation	(\$17,043,000)
	\$16,543,000
Data Processing Revolving Account—State Appropriation	\$6,751,000
TOTAL APPROPRIATION	\$243,726,000
	<u>\$242,576,000</u>

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

(1) The department of revenue is authorized to increase the master application fee to nineteen dollars and the renewal fee to eleven dollars consistent with RCW 19.02.075.

(2) \$6,751,000 of the data processing revolving account—state appropriation and \$4,853,000 of the master license fund—state appropriation are provided solely for the replacement of the department's legacy business systems. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project

management oversight standards and policies established by the office of the chief information officer.

(3) \$495,000 of the general fund—state appropriation for fiscal year 2014 and \$431,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the implementation of House Bill No. 1971 or Senate Bill No. 5873 (communications services reform). If neither bill is enacted by June 30, 2013, the amounts provided in the subsection shall lapse.

(4) \$641,000 of the general fund—state appropriation for fiscal year 2014 and \$297,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the implementation of Senate Bill No. 5882 or House Bill No. 2081 (tax preferences and transparency). If neither bill is enacted by June 30, 2013, the amounts provided in the subsection shall lapse.

(5) \$78,000 of the general fund—state appropriation for fiscal year 2014 and \$262,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of Substitute Senate Bill No. 5360 (unpaid wage collection). If the bill is not enacted by June 30, 2014, the amounts provided in this subsection shall lapse.

(6) \$8,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for implementation of Second Engrossed Second Substitute House Bill No. 2493 (land use/horticulture). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

(7) \$14,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for implementation of Engrossed Substitute House Bill No. 1287 (Indian tribes/property tax). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

(8) \$25,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for implementation of Substitute House Bill No. 1634 (property tax levy limit). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

Sec. 1126. 2014 c 221 s 136 (uncodified) is amended to read as follows:

FOR THE BOARD OF TAX APPEALS

General Fund—State Appropriation (FY 2014)	\$1,203,000
General Fund—State Appropriation (FY 2015)	(\$1,174,000)
	\$1,183,000
TOTAL APPROPRIATION	\$2,377,000
	<u>\$2,386,000</u>

Sec. 1127. 2014 c 221 s 140 (uncodified) is amended to read as follows:

FOR THE LIQUOR CONTROL BOARD

Dedicated Marijuana Fund—State Appropriation (FY 2014)	(\$8,136,000)
	\$3,136,000
Dedicated Marijuana Fund—State Appropriation (FY 2015)	\$4,214,000
Liquor Revolving Account—State Appropriation	(\$57,268,000)
	\$60,267,000
General Fund—Federal Appropriation	(\$945,000)
	\$2,370,000
General Fund—Private/Local Appropriation	\$25,000
TOTAL APPROPRIATION	\$66,374,000
	<u>\$70,012,000</u>

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

(1) (a) The liquor control board must work with the department of health and the department of revenue to develop recommendations for the legislature regarding the interaction of medical marijuana regulations and the provisions of Initiative

Measure No. 502. At a minimum, the recommendations must include provisions addressing the following:

- (i) Age limits;
- (ii) Authorizing requirements for medical marijuana;
- (iii) Regulations regarding health care professionals;
- (iv) Collective gardens;
- (v) Possession amounts;
- (vi) Location requirements;
- (vii) Requirements for medical marijuana producing, processing, and retail licensing;
- (viii) Taxation of medical marijuana in relation to recreational marijuana; and
- (ix) The state agency that should be the regulatory body for medical cannabis.

(b) The board must submit its recommendations to the appropriate committees of the legislature by January 1, 2014.

(2) For the purposes of RCW 43.88.110(7), any initial cash deficit in the dedicated marijuana fund must be liquidated over the remainder of the 2013-2015 fiscal biennium.

Sec. 1128. 2014 c 221 s 141 (uncodified) is amended to read as follows:

FOR THE UTILITIES AND TRANSPORTATION COMMISSION

General Fund—Federal Appropriation	\$150,000
General Fund—Private/Local Appropriation	\$11,217,000
Public Service Revolving Account—State Appropriation	\$29,850,000
Pipeline Safety Account—State Appropriation	\$4,407,000
Pipeline Safety Account—Federal Appropriation	((\$1,929,000))
	\$2,649,000
TOTAL APPROPRIATION	\$47,553,000
	<u>\$48,273,000</u>

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

(1) The commission shall work with the Idaho public utilities commission and the public utility commission of Oregon to identify common regulatory functions that can be performed jointly, with the goal of formalizing an agreement that protects essential services while increasing regulatory effectiveness and efficiencies through economies of scale. The commission is authorized to enter into an agreement with such other state public utility commissions to work jointly in administering specified respective regulatory functions.

(2) Up to \$200,000 of the total appropriation is provided for the commission to continue to evaluate the regulatory processes for energy companies and identify and implement administrative actions to improve those processes. The commission shall develop and adopt a schedule for such administrative actions.

Sec. 1129. 2014 c 221 s 143 (uncodified) is amended to read as follows:

FOR THE PUBLIC EMPLOYMENT RELATIONS COMMISSION

General Fund—State Appropriation (FY 2014)	\$1,993,000
General Fund—State Appropriation (FY 2015)((\$2,058,000))	\$2,056,000
Higher Education Personnel Services Account—State Appropriation	\$521,000
Personnel Service Account—State Appropriation	\$3,319,000
TOTAL APPROPRIATION	\$7,891,000
	<u>\$7,889,000</u>

Sec. 1130. 2014 c 221 s 146 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ENTERPRISE SERVICES

General Fund—State Appropriation (FY 2014)	\$3,661,000
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General Fund—State Appropriation (FY 2015)((\$5,863,000))	\$6,001,000
Building Code Council Account—State Appropriation	\$1,223,000
Data Processing Revolving Account—State Appropriation	\$7,062,000
Enterprise Services Account—State Appropriation	\$2,400,000
TOTAL APPROPRIATION	\$20,209,000
	<u>\$20,347,000</u>

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

(1) \$3,287,000 of the general fund—state appropriation for fiscal year 2014 and ((~~\$3,286,000~~)) \$3,444,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the payment of facilities and services charges, utilities and contracts charges, public and historic facilities charges, and capital projects surcharges allocable to the senate, house of representatives, statute law committee, ((~~and~~)) joint legislative systems committee and office of support services. The department shall allocate charges attributable to these agencies among the affected revolving funds. The department shall maintain an interagency agreement with these agencies to establish performance standards, prioritization of preservation and capital improvement projects, and quality assurance provisions for the delivery of services under this subsection. The legislative agencies named in this subsection shall continue to enjoy all of the same rights of occupancy and space use on the capitol campus as historically established.

(2) In accordance with RCW 46.08.172 and 43.135.055, the department is authorized to increase parking fees in fiscal years 2014 and 2015 as necessary to meet the actual costs of conducting business.

(3) The building code council account appropriation is provided solely for the operation of the state building code council as required by statute and modified by the standards established by executive order 10-06. The council shall not consider any proposed code amendment or take any other action not authorized by statute or in compliance with the standards established in executive order 10-06. No member of the council may receive compensation, per diem, or reimbursement for activities other than physical attendance at those meetings of the state building code council or the council's designated committees, at which the opportunity for public comment is provided generally and on all agenda items upon which the council proposes to take action. The building code council shall comply with chapter 19.85 RCW, known as the regulatory fairness act, by including with all proposed substantial code amendments an analysis addressing cost effectiveness, net benefits, payback periods, and life-cycle costs.

(4) The department of enterprise services shall purchase flags needed for ceremonial occasions on the capitol campus in order to fully represent the countries that have an international consulate in Washington state.

(5) Before any agency may purchase a passenger motor vehicle as defined in RCW 43.19.560, the agency must have written approval from the director of the department of enterprise services.

(6) \$2,400,000 of the enterprise services account—state appropriation is provided solely for the implementation of a pilot program to implement a strategy and action plan to modernize the state's enterprise financial and administrative systems. The department, the office of financial management, and the office of the chief information officer, will lead the planning effort and establish advisory committees composed of key stakeholders. The plan will include an assessment of the readiness of state government to conduct a business transformation and system

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replacement project of this scale. The plan shall incorporate the objectives of lean management and should include recommendations on: Project scope, phasing and timeline, expected outcomes and measures of success, product strategy, budget and financing strategy options, risk mitigation, staffing and organization, and strategies to close readiness gaps. The department shall submit the implementation plan to the fiscal committees of the legislature by December 15, 2014.

The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(7) \$7,062,000 of the data processing revolving account—state appropriation is provided solely for the implementation of a pilot program to implement a time, leave, and attendance enterprise system. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(8) From the fee charged to master contract vendors, the department shall transfer to the office of minority and women's business enterprises in equal monthly installments \$2,039,000 in fiscal year 2014 and \$2,038,000 in fiscal year 2015.

(9) The legislature intends to review for purchase parcel number one and surrounding property on McNeil Island. The department shall coordinate with the federal government to obtain an appraisal determining the fair market value and shall provide an estimate to the legislative fiscal committees by October 1, 2013.

~~((+))~~ (10) On a one-time basis, \$2,250,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for incremental costs to facilitate the purchasing of electricity for use in state government operations from in-state alternative power sources consisting of high-efficiency cogeneration from woody biomass that is at least sixty-five percent energy efficient based upon low heat value, coal transition power, and solar energy facilities. This funding shall be provided on a temporary basis to assist state agencies to make purchases from in-state alternative power sources. The department may solicit proposals from local electric utilities that currently serve state operations.

Sec. 1131. 2014 c 221 s 148 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ARCHAEOLOGY AND HISTORIC PRESERVATION

General Fund—State Appropriation (FY 2014)	\$1,271,000
General Fund—State Appropriation (FY 2015) (\$1,258,000)	\$1,257,000
General Fund—Federal Appropriation	\$1,944,000
General Fund—Private/Local Appropriation	\$14,000
TOTAL APPROPRIATION	\$4,487,000
	<u>\$4,486,000</u>

**PART XII
HUMAN SERVICES**

Sec. 1201. 2014 c 221 s 201 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES

(1) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act. Appropriations made in this act to the department of social and health services shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between

sections of this act except as expressly provided in this act, nor shall allotment modifications permit moneys that are provided solely for a specified purpose to be used for other than that purpose.

(2) The department of social and health services shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(3)(a) The health care authority and the department are authorized to develop an integrated health care program designed to slow the progression of illness and disability and better manage medicaid expenditures for the aged and disabled population. Under the Washington medicaid integration partnership (WMIP) and the medicare integrated care project (MICP), the health care authority and the department may combine and transfer such medicaid funds appropriated under sections 204, 206, 208, and 213 of this act as may be necessary to finance a unified health care plan for the WMIP and the MICP program enrollment. The WMIP pilot projects shall not exceed a daily enrollment of 6,000 persons, nor expand beyond one county during the 2013-2015 fiscal biennium. The amount of funding assigned from each program may not exceed the average per capita cost assumed in this act for individuals covered by that program, actuarially adjusted for the health condition of persons enrolled, times the number of clients enrolled. In implementing the WMIP and the MICP, the health care authority and the department may: (i) Withhold from calculations of "available resources" as set forth in RCW 71.24.025 a sum equal to the capitated rate for enrolled individuals; and (ii) employ capitation financing and risk-sharing arrangements in collaboration with health care service contractors licensed by the office of the insurance commissioner and qualified to participate in both the medicaid and medicare programs.

(b) If Washington has been selected to participate in phase two of the federal demonstration project for persons dually-eligible for both medicare and medicaid, the department and the authority may initiate the MICP. Participation in the project shall be limited to persons who are eligible for both medicare and medicaid and to counties in which the county legislative authority has agreed to the terms and conditions under which it will operate. The purpose of the project shall be to demonstrate and evaluate ways to improve care while reducing state expenditures for persons enrolled both in medicare and medicaid. To that end, prior to initiating the project, the department and the authority shall assure that state expenditures shall be no greater on either a per person or total basis than the state would otherwise incur. Individuals who are solely eligible for medicaid may also participate if their participation is agreed to by the health care authority, the department, and the county legislative authority.

(4) The legislature finds that medicaid payment rates, as calculated by the department pursuant to the appropriations in this act, bear a reasonable relationship to the costs incurred by

efficiently and economically operated facilities for providing quality services and will be sufficient to enlist enough providers so that care and services are available to the extent that such care and services are available to the general population in the geographic area. The legislature finds that cost reports, payment data from the federal government, historical utilization, economic data, and clinical input constitute reliable data upon which to determine the payment rates.

(5) The department shall to the maximum extent practicable use the same system for delivery of spoken-language interpreter services for social services appointments as the one established for medical appointments in section 213 of this act. When contracting directly with an individual to deliver spoken language interpreter services, the department shall only contract with language access providers who are working at a location in the state and who are state-certified or state-authorized, except that when such a provider is not available, the department may use a language access provider who meets other certifications or standards deemed to meet state standards, including interpreters in other states.

(6) The department shall facilitate enrollment under the medicaid expansion for clients applying for or receiving state funded services from the department and its contractors. Prior to open enrollment, the department shall coordinate with the health care authority to provide referrals to the Washington health benefit exchange for clients that will be ineligible for the medicaid expansion but are enrolled in coverage that will be eliminated in the transition to the medicaid expansion.

(7)(a) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act. However, after May 1, ~~((2014))~~ 2015, unless specifically prohibited by this act, the department may transfer general fund—state appropriations for fiscal year ~~((2014))~~ 2015 among programs after approval by the director of financial management. However, the department shall not transfer state moneys that are provided solely for a specified purpose except as expressly provided in (b) of this subsection.

(b) To the extent that transfers under (a) of this subsection are insufficient to fund actual expenditures in excess of fiscal year ~~((2014))~~ 2015 caseload forecasts and utilization assumptions in the long-term care, foster care, adoptions support, medicaid personal care, and child support programs, the department may transfer state moneys that are provided solely for a specified purpose. The department shall not transfer funds, and the director of financial management shall not approve the transfer, unless the transfer is consistent with the objective of conserving, to the maximum extent possible, the expenditure of state funds. The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any allotment modifications or transfers under this subsection. The written notification shall include a narrative explanation and justification of the changes, along with expenditures and allotments by budget unit and appropriation, both before and after any allotment modifications or transfers.

Sec. 1202. 2014 c 221 s 202 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—CHILDREN AND FAMILY SERVICES PROGRAM

General Fund—State Appropriation (FY 2014)	\$297,837,000
General Fund—State Appropriation (FY 2015)	((298,132,000))
	\$302,918,000
General Fund—Federal Appropriation	((495,189,000))
	\$493,075,000

General Fund—Private/Local Appropriation	((1,354,000))
	\$2,241,000
Home Security Fund Account—State Appropriation	\$10,741,000
Domestic Violence Prevention Account—State Appropriation	\$1,240,000
Child and Family Reinvestment Account—State Appropriation	((2,647,000))
	\$1,812,000
TOTAL APPROPRIATION	\$1,107,140,000
	\$1,109,864,000

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

(1) Within amounts provided for the foster care and adoption support programs, the department shall control reimbursement decisions for foster care and adoption support cases such that the aggregate average cost per case for foster care and for adoption support does not exceed the amounts assumed in the projected caseload expenditures.

(2) \$668,000 of the general fund—state appropriation for fiscal year 2014 and \$668,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to contract for the operation of one pediatric interim care center. The center shall provide residential care for up to thirteen children through two years of age. Seventy-five percent of the children served by the center must be in need of special care as a result of substance abuse by their mothers. The center shall also provide on-site training to biological, adoptive, or foster parents. The center shall provide at least three months of consultation and support to the parents accepting placement of children from the center. The center may recruit new and current foster and adoptive parents for infants served by the center. The department shall not require case management as a condition of the contract.

(3) \$538,500 of the general fund—state appropriation for fiscal year 2014, \$539,500 of the general fund—state appropriation for fiscal year 2015, \$656,000 of the general fund—private/local appropriation, and \$253,000 of the general fund—federal appropriation are provided solely for children's administration to contract with an educational advocacy provider with expertise in foster care educational outreach. The amounts in this subsection are provided solely for contracted education coordinators to assist foster children in succeeding in K-12 and higher education systems and to assure a focus on education during the transition to performance based contracts. Funding shall be prioritized to regions with high numbers of foster care youth and/or regions where backlogs of youth that have formerly requested educational outreach services exist. The department shall utilize private matching funds to maintain educational advocacy services.

(4) \$10,741,000 of the home security fund—state appropriation is provided solely for the department to contract for services pursuant to RCW 13.32A.030 and 74.15.220. The department shall contract and collaborate with service providers in a manner that maintains the availability and geographic representation of secure and semi-secure crisis residential centers and HOPE centers. To achieve efficiencies and increase utilization, the department shall allow the co-location of these centers, except that a youth may not be placed in a secure facility or the secure portion of a co-located facility except as specifically authorized by chapter 13.32A RCW. The reductions to appropriations in this subsection related to semi-secure crisis residential centers reflect a reduction to the number of beds for semi-secure crisis residential centers and not a reduction in rates. Any secure crisis residential center or semi-secure crisis residential center bed reduction shall not be based solely upon bed utilization. The department is to exercise its discretion in

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reducing the number of beds but to do so in a manner that maintains availability and geographic representation of semi-secure and secure crisis residential centers.

(5) \$125,000 of the general fund—state appropriation for fiscal year 2014 and \$125,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a community-based organization that has innovated, developed, and replicated a foster care delivery model that includes a licensed hub home. The community-based organization will provide training and technical assistance to the children's administration to develop five hub home models in region 2 that will improve child outcomes, support foster parents, and encourage the least restrictive community placements for children.

(6) \$73,000 of the general fund—state appropriation for fiscal year 2014, \$20,000 of the general fund—state appropriation for fiscal year 2015, and \$31,000 of the general fund—federal appropriation are provided solely for implementation of Second Substitute House Bill No. 1566 (youth in out-of-home care). ~~((If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.))~~

(7) \$88,000 of the general fund—state appropriation for fiscal year 2014, \$2,000 of the general fund—state appropriation for fiscal year 2015, and \$28,000 of the general fund—federal appropriation are provided solely for implementation of Engrossed Substitute House Bill No. 1774 (child welfare system). ~~((If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.))~~

(8) \$1,698,000 of the general fund—state appropriation for fiscal year 2014, \$2,788,000 of the general fund—state appropriation for fiscal year 2015, and \$1,894,000 of the general fund—federal appropriation are provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5405 (extended foster care). ~~((If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.))~~

(9) \$579,000 of the general fund—state appropriation for fiscal year 2014, \$579,000 of the general fund—state appropriation for fiscal year 2015, and \$109,000 of the general fund—federal appropriation are provided solely for a receiving care center east of the Cascade mountains.

(10)(a) \$446,000 of the general fund—state appropriation for fiscal year 2014 and \$446,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a contract with a nongovernmental entity or entities to establish one demonstration site in a school district or group of school districts in western Washington.

(b) The children's administration and the nongovernmental entity or entities shall collaboratively select the demonstration site. The demonstration site should be a school district or group of school districts with a significant number of students who are dependent pursuant to chapter 13.34 RCW.

(c) The demonstration site established under this subsection must be selected by September 1, 2013.

(d) The purpose of the demonstration site is to improve the educational outcomes of students who are dependent pursuant to chapter 13.34 RCW by providing individualized education services and monitoring and supporting dependent youths' completion of educational milestones, remediation needs, and special education needs.

(e) The demonstration site established under this subsection must facilitate the educational progress and graduation of dependent youth. The contract must be performance-based with a stated goal of improving the graduation rates of foster youth by two percent per year over five school year periods, starting with the 2014-15 school year and ending with the 2019-20 school year.

The demonstration site must develop and provide services aimed at improving the educational outcomes of foster youth. These services must include:

(i) Direct advocacy for foster youth to eliminate barriers to educational access and success;

(ii) Consultation with department of social and health services case workers to develop educational plans for and with participating youth;

(iii) Monitoring education progress of participating youth;

(iv) Providing participating youth with school and local resources that may assist in educational access and success; and

(v) Coaching youth, caregivers, and social workers to advocate for dependent youth in the educational system.

(f) The contracted nongovernmental entity or entities must report demonstration site outcomes to the department of social and health services and the office of public instruction by June 30, 2014, for the 2013-14 school year, and by June 30, 2015, for the 2014-15 school year.

(g) The children's administration must proactively refer all students fifteen years or older, within the demonstration site area, to the selected nongovernmental entity for educational services.

(h) The children's administration must report quarterly to the legislature on the number of eligible youth and number of youth referred for services beginning at the close of the second quarter of fiscal year 2014 and through the final quarter of fiscal year 2015.

(i) The contracted nongovernmental entity or entities shall report to the legislature by June 30, 2015, on the effectiveness of the demonstration site in increasing graduation rates for dependent youth.

(11) \$50,000 of the general fund—state appropriation for fiscal year 2014, and \$50,000 of the general fund—state appropriation for fiscal year 2015, and \$256,000 of the general fund—federal appropriation are provided solely for implementation of Substitute Senate Bill No. 5315 (Powell fatality team). ~~((If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.))~~

(12) \$670,000 of the general fund—state appropriation for fiscal year 2014 and \$670,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for services provided through children's advocacy centers.

(13)(a) \$22,695,000 of the general fund—state appropriation for fiscal year 2014, \$22,695,000 of the general fund—state appropriation for fiscal year 2015, and \$28,450,000 of the general fund—federal appropriation are provided solely for services for children and families. Prior to approval of contract services pursuant to RCW 74.13B.020, the amounts provided in this section shall be allotted on a monthly basis and expenditures shall not exceed allotments based on a three-month rolling average without approval of the office of financial management following notification to the legislative fiscal committees.

(b) The department shall provide these services to safely reduce the number of children in out-of-home care, the time spent in out-of-home care prior to achieving permanency, and the number of children returning to out-of-home care following permanency.

(14) \$494,000 of the general fund—state appropriation for fiscal year 2014, \$6,332,000 of the general fund—state appropriation for fiscal year 2015, ~~(\$2,647,000)~~ \$1,812,000 of the child and family reinvestment account—state appropriation, and \$9,474,000 of the general fund—federal appropriation, are provided solely for the implementation and operations of the family assessment response program.

~~((16))~~ (15) \$329,000 of the general fund—state appropriation for fiscal year 2015 and \$48,000 of the general

fund—federal appropriation are provided solely for a tiered reimbursement pilot project for family home and center child care providers who participate in the early achievers quality and improvement system. The tiered reimbursement rates shall be consistent with those established by the department of early learning.

~~((17))~~ (16) \$150,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for training, technical assistance, and fidelity oversight for an open source parenting program developed by a university-based child welfare research entity. Expenditure of the amount provided in this subsection is contingent upon the availability of private or local funds necessary for the research entity to develop the open source parenting curriculum. The children's administration must make the open source parenting program available to parents with an open child welfare case beginning January 1, 2015.

~~((18) Effective January 2015, in addition to the youth eligible for extended foster care services under RCW 13.34.267 and 74.13.031, the department is authorized to provide extended foster care services to nonminor dependents who are engaged in employment for eighty hours or more per month. \$83,000 of the general fund—state appropriation for fiscal year 2015 and \$23,000 of the general fund—federal appropriation are provided solely for such services-))~~

(17) \$22,000 of the general fund—state appropriation for fiscal year 2015 and \$6,000 of the general fund—federal appropriation are provided solely for extended foster care services for eligible youth engaged in employment for eighty hours or more per month, pursuant to chapter 122, Laws of 2014.

Sec. 1203. 2014 c 221 s 203 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—JUVENILE REHABILITATION PROGRAM

General Fund—State Appropriation (FY 2014)	\$89,505,000
General Fund—State Appropriation (FY 2015)	(\$88,778,000))
	\$88,063,000
General Fund—Federal Appropriation	\$3,464,000
General Fund—Private/Local Appropriation	\$1,978,000
Washington Auto Theft Prevention Authority Account—State Appropriation	\$196,000
Reinvesting in Youth—State Appropriation	\$383,000
Juvenile Accountability Incentive Account—Federal Appropriation	\$2,801,000
TOTAL APPROPRIATION	\$187,105,000
	<u>\$186,390,000</u>

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

(1) \$331,000 of the general fund—state appropriation for fiscal year 2014 and \$331,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for deposit in the county criminal justice assistance account for costs to the criminal justice system associated with the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county adult court costs associated with the implementation of chapter 338, Laws of 1997 and shall be distributed in accordance with RCW 82.14.310.

(2) \$2,716,000 of the general fund—state appropriation for fiscal year 2014 and \$2,716,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county impacts associated with the implementation of chapter 338, Laws of 1997 and shall be

distributed to counties as prescribed in the current consolidated juvenile services (CJS) formula.

(3) \$3,482,000 of the general fund—state appropriation for fiscal year 2014 and \$3,482,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to implement community juvenile accountability grants pursuant to chapter 338, Laws of 1997 (juvenile code revisions). Funds provided in this subsection may be used solely for community juvenile accountability grants, administration of the grants, and evaluations of programs funded by the grants.

(4) \$1,130,000 of the general fund—state appropriation for fiscal year 2014 and \$1,130,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to implement alcohol and substance abuse treatment programs for locally committed offenders. The juvenile rehabilitation administration shall award these moneys on a competitive basis to counties that submitted a plan for the provision of services approved by the division of alcohol and substance abuse. The juvenile rehabilitation administration shall develop criteria for evaluation of plans submitted and a timeline for awarding funding and shall assist counties in creating and submitting plans for evaluation.

(5) \$3,123,000 of the general fund—state appropriation for fiscal year 2014 and \$3,123,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for grants to county juvenile courts for the following programs identified by the Washington state institute for public policy (institute) in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Functional family therapy, multi-systemic therapy, aggression replacement training and interagency coordination programs, or other programs with a positive benefit-cost finding in the institute's report. County juvenile courts shall apply to the juvenile rehabilitation administration for funding for program-specific participation and the administration shall provide grants to the courts consistent with the per-participant treatment costs identified by the institute.

(6) \$1,537,000 of the general fund—state appropriation for fiscal year 2014 and \$1,537,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for expansion of the following treatments and therapies in juvenile rehabilitation administration programs identified by the Washington state institute for public policy in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Multidimensional treatment foster care, family integrated transitions, and aggression replacement training, or other programs with a positive benefit-cost finding in the institute's report. The administration may concentrate delivery of these treatments and therapies at a limited number of programs to deliver the treatments in a cost-effective manner.

(7)(a) The juvenile rehabilitation administration shall administer a block grant, rather than categorical funding, of consolidated juvenile service funds, community juvenile accountability act grants, the chemical dependency disposition alternative funds, the mental health disposition alternative, and the sentencing disposition alternative for the purpose of serving youth adjudicated in the juvenile justice system. In making the block grant, the juvenile rehabilitation administration shall follow the following formula and will prioritize evidence-based programs and disposition alternatives and take into account juvenile courts program-eligible youth in conjunction with the number of youth served in each approved evidence-based program or disposition alternative: (i) Thirty-seven and one-half percent for the at-risk population of youth ten to seventeen years old; (ii) fifteen percent for moderate and high-risk youth; (iii)

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twenty-five percent for evidence-based program participation; (iv) seventeen and one-half percent for minority populations; (v) three percent for the chemical dependency disposition alternative; and (vi) two percent for the mental health and sentencing dispositional alternatives. Funding for the special sex offender disposition alternative (SSODA) shall not be included in the block grant, but allocated on the average daily population in juvenile courts. Funding for the evidence-based expansion grants shall be excluded from the block grant formula. Funds may be used for promising practices when approved by the juvenile rehabilitation administration and juvenile courts, through the community juvenile accountability act committee, based on the criteria established in consultation with Washington state institute for public policy and the juvenile courts.

(b) The juvenile rehabilitation administration and the juvenile courts shall establish a block grant funding formula oversight committee with equal representation from the juvenile rehabilitation administration and the juvenile courts. The purpose of this committee is to assess the ongoing implementation of the block grant funding formula, utilizing data-driven decision making and the most current available information. The committee will be cochaired by the juvenile rehabilitation administration and the juvenile courts, who will also have the ability to change members of the committee as needed to achieve its purpose. Initial members will include one juvenile court representative from the finance committee, the community juvenile accountability act committee, the risk assessment quality assurance committee, the executive board of the Washington association of juvenile court administrators, the Washington state center for court research, and a representative of the superior court judges association; two representatives from the juvenile rehabilitation administration headquarters program oversight staff, two representatives of the juvenile rehabilitation administration regional office staff, one representative of the juvenile rehabilitation administration fiscal staff and a juvenile rehabilitation administration division director. The committee may make changes to the formula categories other than the evidence-based program and disposition alternative categories if it is determined the changes will increase statewide service delivery or effectiveness of evidence-based program or disposition alternative resulting in increased cost benefit savings to the state. Long-term cost benefit must be considered. Percentage changes may occur in the evidence-based program or disposition alternative categories of the formula should it be determined the changes will increase evidence-based program or disposition alternative delivery and increase the cost benefit to the state. These outcomes will also be considered in determining when evidence-based expansion or special sex offender disposition alternative funds should be included in the block grant or left separate.

(c) The juvenile courts and administrative office of the courts shall be responsible for collecting and distributing information and providing access to the data systems to the juvenile rehabilitation administration and the Washington state institute for public policy related to program and outcome data. The juvenile rehabilitation administration and the juvenile courts will work collaboratively to develop program outcomes that reinforce the greatest cost benefit to the state in the implementation of evidence-based practices and disposition alternatives.

(8) The juvenile courts and administrative office of the courts shall collect and distribute information related to program outcome and provide access to these data systems to the juvenile rehabilitation administration and Washington state institute for public policy. The agreements between administrative office of the courts, the juvenile courts, and the juvenile rehabilitation

administration shall be executed to ensure that the juvenile rehabilitation administration receives the data that the juvenile rehabilitation administration identifies as needed to comply with this subsection. This includes, but is not limited to, information by program at the statewide aggregate level, individual court level, and individual client level for the purpose of the juvenile rehabilitation administration providing quality assurance and oversight for the locally committed youth block grant and associated funds and at times as specified by the juvenile rehabilitation administration as necessary to carry out these functions. The data shall be provided in a manner that reflects the collaborative work the juvenile rehabilitation administration and juvenile courts have developed regarding program outcomes that reinforce the greatest cost benefit to the state in the implementation of evidence-based practices and disposition alternatives.

(9) \$445,000 of the general fund—state appropriation for fiscal year 2014 and \$445,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for funding of the teamchild project.

(10) \$178,000 of the general fund—state appropriation for fiscal year 2014 and \$178,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the juvenile detention alternatives initiative.

(11) \$250,000 of the general fund—state appropriation for fiscal year 2014 and \$250,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a grant program focused on criminal street gang prevention and intervention. The Washington state partnership council on juvenile justice may award grants under this subsection. The council shall give priority to applicants who have demonstrated the greatest problems with criminal street gangs. Applicants composed of, at a minimum, one or more local governmental entities and one or more nonprofit, nongovernmental organizations that have a documented history of creating and administering effective criminal street gang prevention and intervention programs may apply for funding under this subsection.

(12) \$400,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for competitive grants to community-based organizations to provide at-risk youth intervention services, including but not limited to, case management, employment services, educational services, and street outreach intervention programs. Projects funded should focus on preventing, intervening, and suppressing behavioral problems and violence while linking at-risk youth to pro-social activities. The costs of administration may not exceed four percent of appropriated funding for each grant recipient. Each entity receiving funds must report to the juvenile rehabilitation administration on the number and types of youth served, the services provided, and the impact of those services upon the youth and the community.

Sec. 1204. 2014 c 221 s 204 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—MENTAL HEALTH PROGRAM

(1) COMMUNITY SERVICES/REGIONAL SUPPORT NETWORKS

General Fund—State Appropriation (FY 2014)	\$328,527,000
General Fund—State Appropriation (FY 2015)	((329,208,000))
	\$323,005,000
General Fund—Federal Appropriation	((666,113,000))
	\$770,476,000
General Fund—Private/Local Appropriation	\$17,864,000

TOTAL APPROPRIATION	\$1,341,712,000
	\$1,439,872,000

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

(a) \$104,999,000 of the general fund—state appropriation for fiscal year 2014 and \$88,895,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for persons and services not covered by the medicaid program. To the extent possible, levels of regional support network spending shall be maintained in the following priority order: Crisis and commitment services; community inpatient services; and residential care services, including personal care and emergency housing assistance. This is a reduction in flexible nonmedicaid funding of \$4,343,000 for fiscal year 2014 and \$20,446,000 for fiscal year 2015. This reduction reflects offsets in state funding related to services that will now be funded with federal dollars through the affordable care act medicaid expansion. This reduction shall be distributed as follows:

(i) The \$4,343,000 reduction in fiscal year 2014 and \$10,223,000 of the reduction in fiscal year 2015 must be distributed among regional support networks based on a formula that equally weights each regional support networks proportion of individuals who become newly eligible and enroll in medicaid under the expansion provisions of the affordable care act in fiscal year 2014 and each regional support network's spending of flexible nonmedicaid funding on services that would be reimbursable for federal medicaid matching funds if provided to medicaid enrollees in the 2011-2013 fiscal biennium.

(ii) The remaining \$10,223,000 reduction in fiscal year 2015 must be distributed among regional support networks based on each regional support network's proportion of individuals who become newly eligible and enroll in medicaid under the expansion provisions of the affordable care act through fiscal year 2015.

(b) \$6,590,000 of the general fund—state appropriation for fiscal year 2014, \$6,590,000 of the general fund—state appropriation for fiscal year 2015, and \$7,620,000 of the general fund—federal appropriation are provided solely for the department and regional support networks to continue to contract for implementation of high-intensity programs for assertive community treatment (PACT) teams. In determining the proportion of medicaid and nonmedicaid funding provided to regional support networks with PACT teams, the department shall consider the differences between regional support networks in the percentages of services and other costs associated with the teams that are not reimbursable under medicaid. The department may allow regional support networks which have nonmedicaid reimbursable costs that are higher than the nonmedicaid allocation they receive under this section to supplement these funds with local dollars or funds received under section 204(1)(a) of this act. The department and regional support networks shall maintain consistency with all essential elements of the PACT evidence-based practice model in programs funded under this section.

(c) \$5,850,000 of the general fund—state appropriation for fiscal year 2014, \$5,850,000 of the general fund—state appropriation for fiscal year 2015, and \$1,300,000 of the general fund—federal appropriation are provided solely for the western Washington regional support networks to provide either community- or hospital campus-based services for persons who require the level of care previously provided by the program for adaptive living skills (PALS) at western state hospital.

(d) The number of nonforensic beds allocated for use by regional support networks at eastern state hospital shall be 192 per day. The number of nonforensic beds allocated for use by

regional support networks at western state hospital shall be 557 per day.

(e) From the general fund—state appropriations in this subsection, the secretary of social and health services shall assure that regional support networks reimburse the aging and disability services administration for the general fund—state cost of medicaid personal care services that enrolled regional support network consumers use because of their psychiatric disability.

(f) The department is authorized to continue to contract directly, rather than through contracts with regional support networks, for children's long-term inpatient facility services.

(g) \$750,000 of the general fund—state appropriation for fiscal year 2014 and \$750,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to continue performance-based incentive contracts to provide appropriate community support services for individuals with severe mental illness who were discharged from the state hospitals as part of the expanding community services initiative. These funds will be used to enhance community residential and support services provided by regional support networks through other state and federal funding.

(h) \$1,125,000 of the general fund—state appropriation for fiscal year 2014 and \$1,125,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Spokane regional support network to implement services to reduce utilization and the census at eastern state hospital. Such services shall include:

(i) High intensity treatment team for persons who are high utilizers of psychiatric inpatient services, including those with co-occurring disorders and other special needs;

(ii) Crisis outreach and diversion services to stabilize in the community individuals in crisis who are at risk of requiring inpatient care or jail services;

(iii) Mental health services provided in nursing facilities to individuals with dementia, and consultation to facility staff treating those individuals; and

(iv) Services at the sixteen-bed evaluation and treatment facility.

At least annually, the Spokane regional support network shall assess the effectiveness of these services in reducing utilization at eastern state hospital, identify services that are not optimally effective, and modify those services to improve their effectiveness.

(i) \$1,529,000 of the general fund—state appropriation for fiscal year 2014 and \$1,529,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to reimburse Pierce and Spokane counties for the cost of conducting 180-day commitment hearings at the state psychiatric hospitals.

(j) Regional support networks may use local funds to earn additional federal medicaid match, provided the locally matched rate does not exceed the upper-bound of their federally allowable rate range, and provided that the enhanced funding is used only to provide medicaid state plan or waiver services to medicaid clients. Additionally, regional support networks may use a portion of the state funds allocated in accordance with (a) of this subsection to earn additional medicaid match, but only to the extent that the application of such funds to medicaid services does not diminish the level of crisis and commitment, community inpatient, residential care, and outpatient services presently available to persons not eligible for medicaid.

(k) \$3,436,000 of the general fund—state appropriation for fiscal year 2014 and \$2,291,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for mental health services for mentally ill offenders while confined in a county or city jail and for facilitating access to programs that offer mental health services upon release from confinement.

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(l) \$523,000 of the general fund—state appropriation for fiscal year 2014, \$775,000 of the general fund—state appropriation for fiscal year 2015, and \$854,000 of the general fund—federal appropriation are provided solely for implementation of sections 3 through 5 of chapter 289, Laws of 2013 (E2SHB 1114). Regional support networks must use this funding for the development of intensive community programs that allow individuals to be diverted or transitioned from the state hospitals in accordance with plans approved by the department.

(m) \$5,986,000 of the general fund—state appropriation for fiscal year 2014, \$11,592,000 of the general fund—state appropriation for fiscal year 2015, and \$10,160,000 of the general fund—federal appropriation are provided solely for implementation of chapter 335, Laws of 2013 (ESSB 5480). Regional support networks must use this funding for the development of intensive community programs that allow individuals to be diverted or transitioned from the state hospitals in accordance with plans approved by the department.

(n) Due to recent approval of federal medicaid matching funds for the disability lifeline and the alcohol and drug abuse treatment support act programs, the department shall charge regional support networks for only the state share rather than the total cost of community psychiatric hospitalization for persons enrolled in those programs.

(o) The legislature finds that the circumstances of the Chelan-Douglas regional support network (CD-RSN) make it necessary for CD-RSN to undergo restructuring in order to provide mental health services essential to the health and wellness of the citizens within its service area. The legislature intends to provide additional temporary financial relief to the CD-RSN while it undergoes internal restructuring or negotiates a merger with another regional support network.

The department shall negotiate relief for outstanding fiscal year 2013 reimbursements owed by CD-RSN to the state provided that the CD-RSN has a plan in place that is approved by the department by August 1, 2013, that demonstrates how CD-RSN will maintain financial viability and stability or will merge with another regional support network.

For the period of July 1, 2013, through December 31, 2013, the department may alter collection of reimbursement from CD-RSN for overuse of state hospital beds. To receive a reduction to the required reimbursement for overuse of state hospital beds, CD-RSN must continue to prioritize services that reduce its utilization and census at eastern state hospital and be actively implementing an approved plan to maintain financial viability or pursuing a future merger with another regional support network. Up to \$298,000 of the general fund—state appropriation for fiscal year 2014 is for the department to provide payments to regional support networks in eastern Washington which have used less than their allocated or contracted patient days of care at the state hospital to replace the share of the reimbursements from CD-RSN that the regional support networks would have received under RCW 71.24.320.

(p) \$266,000 of the general fund—state appropriation for fiscal year 2014 and \$1,500,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to maintain services for the King county regional support network as it works to transition services to settings that are eligible for federal participation for individuals covered under the medicaid program.

(q) Within the amounts appropriated in this section, funding is provided for the department to develop and phase in intensive mental health services for high needs youth consistent with the settlement agreement in *T.R. v. Dreyfus and Porter*.

(r) \$7,281,000 of the general fund—state appropriation for fiscal year 2015 and \$4,589,000 of the general fund—federal appropriation are provided solely for enhancement of community mental health services. The department must contract these funds for the operation of community programs in which the department determines there is a need for capacity that allows individuals to be diverted or transitioned from the state hospitals including but not limited to: (i) Community hospital or free standing evaluation and treatment services providing short-term detention and commitment services under the involuntary treatment act to be located in the geographic areas of the King regional support network, the Spokane regional support network outside of Spokane county, and the Thurston Mason regional support network; (ii) one new full program of an assertive community treatment team in the King regional support network and two new half programs of assertive community treatment teams in the Spokane regional support network and the Pierce regional support network; and (iii) three new recovery support services programs in the Grays Harbor regional support network, the greater Columbia regional support network, and the north sound regional support network. In contracting for community evaluation and treatment services, the department may not use these resources in facilities that meet the criteria to be classified under federal law as institutions for mental diseases. If the department is unable to come to a contract agreement with a designated regional support network for any of the services identified above, it may consider contracting for that service in another regional support network that has the need for such service.

(2) INSTITUTIONAL SERVICES

General Fund—State Appropriation (FY 2014)	\$137,913,000
General Fund—State Appropriation (FY 2015)	((130,754,000))
	\$131,615,000
General Fund—Federal Appropriation	((158,952,000))
	\$159,021,000
General Fund—Private/Local Appropriation	((58,844,000))
	\$58,012,000
TOTAL APPROPRIATION	\$486,463,000
	\$486,561,000

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

(a) The state psychiatric hospitals may use funds appropriated in this subsection to purchase goods and supplies through hospital group purchasing organizations when it is cost-effective to do so.

(b) \$231,000 of the general fund—state appropriation for fiscal year 2014 and \$231,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a community partnership between western state hospital and the city of Lakewood to support community policing efforts in the Lakewood community surrounding western state hospital. The amounts provided in this subsection (2)(b) are for the salaries, benefits, supplies, and equipment for one full-time investigator, one full-time police officer, and one full-time community service officer at the city of Lakewood.

(c) \$45,000 of the general fund—state appropriation for fiscal year 2014 and \$45,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for payment to the city of Lakewood for police services provided by the city at western state hospital and adjacent areas.

(d) \$20,000,000 of the general fund—state appropriation for fiscal year 2014 and \$20,000,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to maintain staffed capacity to serve an average daily census in forensic wards at western state hospital of 270 patients per day.

(e) \$2,994,000 of the general fund—state appropriation for fiscal year 2014, \$5,266,000 of the general fund—state appropriation for fiscal year 2015, and \$240,000 of the general fund—federal appropriation are provided solely for the state psychiatric hospitals to plan, procure, and implement the core elements of an electronic medical record system that is compliant with the international classification of diseases (ICD-10) by October 1, 2014. These funds must only be used for an electronic medical record system that meets federal criteria for electronic sharing of patient information and clinical care summaries with doctors' offices, hospitals, and health systems which use federally certified electronic health record systems. The procurement and implementation shall be conducted to allow for these services to be expanded to the department of corrections. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(3) SPECIAL PROJECTS

General Fund—State Appropriation (FY 2014)	\$1,612,000
General Fund—State Appropriation (FY 2015)	\$452,000
General Fund—Federal Appropriation	\$6,286,000
TOTAL APPROPRIATION	\$8,350,000

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

(a) \$1,161,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for children's evidence-based mental health services.

(b) \$446,000 of the general fund—state appropriation for fiscal year 2014, \$446,000 of the general fund—state appropriation for fiscal year 2015, and \$178,000 of the general fund—federal appropriation are provided solely for the University of Washington's evidence-based practice institute which supports the identification, evaluation, and implementation of evidence-based or promising practices. The institute must work with the department to develop a plan to seek private, federal, or other grant funding in order to reduce the need for state general funds. The institute and the department must submit this plan to the office of financial management and the fiscal committees of the legislature by December 1, 2013.

(4) PROGRAM SUPPORT

General Fund—State Appropriation (FY 2014)	\$5,807,000
General Fund—State Appropriation (FY 2015)	(\$7,418,000)
	\$7,450,000
General Fund—Federal Appropriation	(((\$10,030,000))
	\$10,032,000
General Fund—Private/Local Appropriation	\$502,000
TOTAL APPROPRIATION	\$23,757,000
	\$23,791,000

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

(a) In accordance with RCW 43.20B.110, 43.135.055, and 71.24.035, the department is authorized to adopt license and certification fees in fiscal years 2014 and 2015 to support the costs of the regulatory program. The department's fee schedule shall have differential rates for providers with proof of accreditation from organizations that the department has determined to have substantially equivalent standards to those of the department, including but not limited to the joint commission on accreditation of health care organizations, the commission on accreditation of rehabilitation facilities, and the council on accreditation. To reflect the reduced costs associated with regulation of accredited programs, the department's fees for organizations with such proof of accreditation must reflect the lower costs of licensing for these programs than for other organizations which are not accredited.

(b) \$74,000 of the general fund—state appropriation for fiscal year 2014, \$74,000 of the general fund—state appropriation for fiscal year 2015, and \$78,000 of the general fund—federal appropriation are provided solely for implementation of chapter 335, Laws of 2013 (ESSB 5480).

(c) \$160,000 of the general fund—state appropriation for fiscal year 2014 and \$80,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of chapter 284, Laws of 2013 (ESSB 5551).

(d) In developing the new medicaid managed care rates under which the public mental health managed care system will operate, the department must seek to estimate the reasonable and necessary cost of efficiently and effectively providing a comparable set of medically necessary mental health benefits to persons of different acuity levels regardless of where in the state they live. The department must report to the office of financial management and to the relevant fiscal and policy committees of the legislature on its proposed new mental health managed care rate-setting approach by August 1, 2013, and again at least sixty days prior to implementation of new capitation rates.

(e) \$349,000 of the general fund—state appropriation for fiscal year 2014, \$212,000 of the general fund—state appropriation for fiscal year 2015, and \$302,000 of the general fund—federal appropriation are provided solely to implement chapter 320, Laws of 2013 (ESHB 1519) and chapter 338, Laws of 2013 (2SSB 5732).

(f) The department shall work cooperatively with the health care authority to explore the feasibility of incentivizing small, rural hospitals to convert, in part or fully, some of their beds to psychiatric treatment beds. No later than December 31, 2014, the department shall report to the appropriate fiscal committees of the legislature on the feasibility of such conversion. The report shall consider rate enhancements and the ability to claim federal medicaid matching funds on converted beds.

(g) \$75,000 of the general fund—state appropriation for fiscal year 2014 and \$21,000 of the general fund—federal appropriation are provided for implementation of section 9, chapter 197, Laws of 2013 (ESHB 1336). The department must utilize these funds for mental health first aid training targeted at teachers and educational staff in accordance with the training model developed by the department of psychology in Melbourne, Australia.

(h) Within the amounts appropriated in this section, funding is provided for the department to continue to develop the child adolescent needs and strengths assessment tool and build workforce capacity to provide evidence based wraparound services for children, consistent with the settlement agreement in *T.R. v. Dreyfus and Porter*.

(i) \$144,000 of the general fund—state appropriation for fiscal year 2014, \$466,000 of the general fund—state appropriation for fiscal year 2015, and \$687,000 of the general fund—federal appropriation are provided solely for the implementation of Engrossed Substitute Senate Bill No. 6312 (mental health, chemical dependency) and Engrossed Substitute House Bill No. 2315 (suicide prevention). ~~((If Substitute Senate Bill No. 6312 (mental health, chemical dependency) is not enacted by June 30, 2014, the amounts provided in this subsection shall lapse.))~~

(j) \$120,000 of the general fund—state appropriation for fiscal year 2014, \$780,000 of the general fund—state appropriation for fiscal year 2015, and \$900,000 of the general fund—federal appropriation are provided solely for contracted actuarial services required for integrating treatment services into managed care contracts in accordance with Second Substitute Senate Bill No. 6312 (mental health, chemical dependency). This includes the development of integrated rates for mental health and chemical dependency services that can be used for contracts with

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behavioral health and recovery organizations effective April 1, 2016, and for integrated physical health and behavioral health contracts with early adopters. The department shall collaborate with the health care authority, the office of the state actuary, and legislative staff on the establishment of these rates. Contracts for these actuarial services must require the contractors to provide information in response to questions from the health care authority, the office of the state actuary, and legislative staff. By November 1, 2014, the department shall provide a preliminary progress report on the rate setting process to the behavioral health task force established in chapter 338, Laws of 2013, and to the appropriate policy and fiscal committees of the legislature. The department shall provide an updated report to the same entities by June 30, 2015.

Sec. 1205. 2014 c 221 s 205 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—DEVELOPMENTAL DISABILITIES PROGRAM

(1) COMMUNITY SERVICES

General Fund—State Appropriation (FY 2014)	\$444,370,000
General Fund—State Appropriation (FY 2015)	(((\$470,359,000))
	\$478,204,000
General Fund—Federal Appropriation	(((\$835,386,000))
	\$841,913,000
General Fund—Private/Local Appropriation	\$535,000
TOTAL APPROPRIATION	\$1,750,650,000
	<u>\$1,765,022,000</u>

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

(a) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b) In accordance with RCW 18.51.050, 18.20.050, 70.128.060, and 43.135.055, the department is authorized to increase nursing facility, assisted living facility, and adult family home fees as necessary to fully support the actual costs of conducting the licensure, inspection, and regulatory programs. The license fees may not exceed the department's annual licensing and oversight activity costs and shall include the department's cost of paying providers for the amount of the license fee attributed to medicaid clients.

(i) The current annual renewal license fee for adult family homes shall be increased to \$225 per bed beginning in fiscal year 2014 and \$225 per bed beginning in fiscal year 2015. A processing fee of \$2,750 shall be charged to each adult family home when the home is initially licensed. This fee is nonrefundable.

(ii) The current annual renewal license fee for assisted living facilities shall be increased to \$106 per bed beginning in fiscal year 2014 and \$106 per bed beginning in fiscal year 2015.

(iii) The current annual renewal license fee for nursing facilities shall be increased to \$359 per bed beginning in fiscal year 2014 and \$359 per bed beginning in fiscal year 2015.

(c) \$13,301,000 of the general fund—state appropriation for fiscal year 2014, \$20,607,000 of the general fund—state appropriation for fiscal year 2015, and \$33,910,000 of the general fund—federal appropriation are provided solely for the implementation of the agreement reached between the governor and the service employees international union healthcare 775nw through an interest arbitration decision under the provisions of chapters 74.39A and 41.56 RCW for the 2013-2015 fiscal biennium.

(d) \$6,244,000 of the general fund—state appropriation for fiscal year 2014 and \$6,244,000 of the general fund—state appropriation for fiscal year 2015 are appropriated solely for the individual and family support program. Within these amounts, the department shall expand the current number of clients receiving services and focus on extending services to individuals with developmental disabilities who are not otherwise receiving paid services from the department.

(e) The department shall reimburse with the exceptional care rate adult family homes that provided care solely to clients with HIV/AIDS on or before January 1, 2000, and continue to provide care solely to clients with HIV/AIDS. The department shall not reduce the exceptional care rate from the rate paid on October 1, 2013.

(f) \$774,000 of the general fund—state appropriation for fiscal year 2015, and \$2,395,000 of the general fund—federal appropriation are provided solely for a payment system that satisfies medicaid requirements regarding time reporting for W-2 providers. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(g) \$1,707,000 of the general fund—state appropriation for fiscal year 2014, \$2,670,000 of the general fund—state appropriation for fiscal year 2015, and \$4,376,000 of the general fund—federal appropriation are provided solely for the homecare agency parity impacts of the service employees international union healthcare 775nw arbitration award.

(h) The department is authorized to establish limited exemption criteria in rule to address RCW 74.39A.325 when a landline phone is not available to the employee.

(i) \$91,000 of the general fund—state appropriation for fiscal year 2015 is provided solely to implement Substitute House Bill No. 2310 (provider safety equipment). ~~(If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.)~~

(j) The department may authorize a one-time waiver of all or any portion of the licensing and processing fees required under RCW 70.128.060 in any case in which the department determines that an adult family home is being relicensed because of exceptional circumstances, such as death or incapacity of a provider, and that to require the full payment of the licensing and processing fees would present a hardship to the applicant. In these situations the department is also granted the authority to waive the required residential administrator training for a period of 120 days if necessary to ensure continuity of care during the relicensing process.

(k) The department of social and health services shall increase the benchmark rates for community residential service businesses providing supported living, group home, and licensed staff residential services for people with developmental disabilities by thirty cents starting July 1, 2014.

(2) INSTITUTIONAL SERVICES

General Fund—State Appropriation (FY 2014)	\$86,005,000
General Fund—State Appropriation (FY 2015)	(((\$84,806,000))
	\$87,062,000
General Fund—Federal Appropriation	(((\$160,310,000))
	\$161,785,000
General Fund—Private/Local Appropriation	\$23,041,000
TOTAL APPROPRIATION	\$354,162,000
	<u>\$357,893,000</u>

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

(a) Individuals receiving services as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(b) \$721,000 of the general fund—state appropriation for fiscal year 2014 and \$721,000 of the general fund—state appropriation for fiscal year 2015 are for the department to fulfill its contracts with the school districts under chapter 28A.190 RCW to provide transportation, building space, and other support services as are reasonably necessary to support the educational programs of students living in residential habilitation centers.

(3) PROGRAM SUPPORT

General Fund—State Appropriation (FY 2014)	\$1,975,000
General Fund—State Appropriation (FY 2015)	(\$2,074,000)
	\$2,290,000
General Fund—Federal Appropriation	(((\$2,102,000))
	\$2,283,000
TOTAL APPROPRIATION	\$6,151,000
	\$6,548,000

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

(a) \$68,000 of the general fund—state appropriation for fiscal year 2015 and \$46,000 of the general fund—federal appropriation are provided solely for the purposes of designing and implementing the community first choice option benefit pursuant to either Engrossed Substitute House Bill No. 2746 (medicaid personal care) or Substitute Senate Bill No. 6387 (eliminating waiting for individuals with developmental disabilities). ~~((If neither of these bills is enacted by June 30, 2014, the amounts provided in this subsection (3)(a) shall lapse.))~~

(b) It is the intent of the legislature to use savings from the community first choice option to make needed investments in home and community-based services for seniors and people with disabilities, including potential investments recommended by the joint legislative executive committee on aging and disability and a development and implementation council that the department of social and health services must convene prior to submitting the proposed community first choice option to the centers for medicare and medicaid services. At a minimum, the final report to the legislature from the joint legislative executive committee on aging and disability must explore the cost and benefit of rate enhancements for providers of long-term services and supports, restoration of hours for in-home clients, additional investment in the family caregiver support program, and additional investment in the individual and family services program or other medicaid services to support individuals with developmental disabilities.

(4) SPECIAL PROJECTS

General Fund—State Appropriation (FY 2014)	\$1,403,000
General Fund—State Appropriation (FY 2015)	\$1,403,000
General Fund—Federal Appropriation	\$1,206,000
TOTAL APPROPRIATION	\$4,012,000

Sec. 1206. 2014 c 221 s 206 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—AGING AND ADULT SERVICES PROGRAM

General Fund—State Appropriation (FY 2014)	\$860,198,000
General Fund—State Appropriation (FY 2015)	(\$913,984,000)
	\$889,962,000
General Fund—Federal Appropriation	(((\$1,898,401,000))
	\$1,876,936,000
General Fund—Private/Local Appropriation	\$33,471,000
Traumatic Brain Injury Account—State Appropriation	\$3,392,000

Skilled Nursing Facility Safety Net Trust Account—State Appropriation	\$110,681,000
TOTAL APPROPRIATION	\$3,820,127,000
	\$3,774,640,000

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

(1) For purposes of implementing chapter 74.46 RCW, the weighted average nursing facility payment rate shall not exceed \$171.35 for fiscal year 2014 and shall not exceed \$178.82 for fiscal year 2015, including the rate add-ons described in (a), (b), and (g) of this subsection. However, if the waiver requested from the federal centers for medicare and medicaid services in relation to the safety net assessment is for any reason disapproved, the weighted average nursing facility payment rate shall not exceed \$162.43 for fiscal year 2014 and shall not exceed \$163.58 for fiscal year 2015. There will be no adjustments for economic trends and conditions in fiscal years 2014 and 2015. The economic trends and conditions factor or factors defined in the biennial appropriations act shall not be compounded with the economic trends and conditions factor or factors defined in any other biennial appropriations acts before applying it to the component rate allocations established in accordance with chapter 74.46 RCW. When no economic trends and conditions factor for either fiscal year is defined in a biennial appropriations act, no economic trends and conditions factor or factors defined in any earlier biennial appropriations act shall be applied solely or compounded to the component rate allocations established in accordance with chapter 74.46 RCW.

(a) For fiscal year 2014 and 2015 within the funds provided, the department shall continue to provide an add-on per medicaid resident day per facility not to exceed \$1.57. The add-on shall be used to increase wages, benefits, and/or staffing levels for certified nurse aides; or to increase wages and/or benefits for dietary aides, housekeepers, laundry aides, or any other category of worker whose statewide average dollars-per-hour wage was less than \$15 in calendar year 2008, according to cost report data. The add-on may also be used to address resulting wage compression for related job classes immediately affected by wage increases to low-wage workers. For fiscal year 2015 within funds provided, the department shall provide an additional add-on per medicaid resident day per facility not to exceed the industry weighted average rate of \$2.44. The add-on shall be used to increase wages, benefits, and/or staffing levels for certified nurse aides; or to increase wages and/or benefits for dietary aides, housekeepers, laundry aides, or any other category of worker whose statewide average dollars-per-hour wage was less than \$17 in calendar year 2012, according to cost report data. The department shall continue reporting requirements and a settlement process to ensure that the funds are spent according to this subsection.

(b) The department shall do a comparative analysis of the facility-based payment rates calculated on July 1, 2014, using the payment methodology defined in chapter 74.46 RCW and as funded in the omnibus appropriations act, excluding the low wage worker add-on found in (a) of this subsection, the rate add-ons for direct care, support services, and therapy care found in (g) of this subsection, the comparative add-on, acuity add-on, and safety net reimbursement, to the facility-based payment rates in effect June 30, 2010. If the facility-based payment rate calculated on July 1, 2014, is smaller than the facility-based payment rate on June 30, 2010, then the difference shall be provided to the individual nursing facilities as an add-on payment per medicaid resident day.

(c) During the comparative analysis performed in subsection (b) of this section, if it is found that the direct care rate for any facility calculated using the payment methodology defined in

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chapter 74.46 RCW and as funded in the omnibus appropriations act, excluding the low wage worker add-on found in (a) of this subsection, the rate add-ons for direct care, support services, and therapy care found in (g) of this subsection, the comparative add-on, acuity add-on, and safety net reimbursement, is greater than the direct care rate in effect on June 30, 2010, then the facility shall receive a ten percent direct care rate add-on to compensate that facility for taking on more acute clients than they have in the past.

(d) The department shall provide a medicaid rate add-on to reimburse the medicaid share of the skilled nursing facility safety net assessment as a medicaid allowable cost. The nursing facility safety net rate add-on may not be included in the calculation of the annual statewide weighted average nursing facility payment rate.

(e) The rate add-on provided in (c) of this subsection is subject to the reconciliation and settlement process provided in RCW 74.46.022(6).

(f) If the waiver requested from the federal centers for medicare and medicaid services in relation to the safety net assessment is for any reason disapproved, (b), (c), (d), (g), and the fiscal year 2015 additional add-on in (a) of this subsection do not apply.

(g) For fiscal year 2015, the department shall provide the following rate add-ons per medicaid resident day:

(i) A direct care rate add-on of \$3.63 per medicaid resident day;

(ii) A support services rate add-on of \$1.12 per medicaid resident day; and

(iii) A therapy care rate add-on of \$0.05 per patient day.

This subsection (1)(g) is subject to the reconciliation and settlement process provided in RCW 74.46.022(6).

(2) In accordance with chapter 74.46 RCW, the department shall issue no additional certificates of capital authorization for fiscal year 2014 and no new certificates of capital authorization for fiscal year 2015 and shall grant no rate add-ons to payment rates for capital improvements not requiring a certificate of need and a certificate of capital authorization for fiscal years 2014 and 2015.

(3) In accordance with RCW 18.51.050, 18.20.050, 70.128.060, and 43.135.055, the department is authorized to increase nursing facility, assisted living facility, and adult family home fees as necessary to fully support the actual costs of conducting the licensure, inspection, and regulatory programs. The license fees may not exceed the department's annual licensing and oversight activity costs and shall include the department's cost of paying providers for the amount of the license fee attributed to medicaid clients.

(a) The current annual renewal license fee for adult family homes shall be increased to \$225 per bed beginning in fiscal year 2014 and \$225 per bed beginning in fiscal year 2015. A processing fee of \$2,750 shall be charged to each adult family home when the home is initially licensed. This fee is nonrefundable.

(b) The current annual renewal license fee for assisted living facilities shall be increased to \$106 per bed beginning in fiscal year 2014 and \$106 per bed beginning in fiscal year 2015.

(c) The current annual renewal license fee for nursing facilities shall be increased to \$359 per bed beginning in fiscal year 2014 and \$359 per bed beginning in fiscal year 2015.

(4) The department is authorized to place long-term care clients residing in nursing homes and paid for with state only funds into less restrictive community care settings while continuing to meet the client's care needs.

(5) \$30,640,000 of the general fund—state appropriation for fiscal year 2014, \$48,633,000 of the general fund—state appropriation for fiscal year 2015, and \$79,273,000 of the general fund—federal appropriation are provided solely for the implementation of the agreement reached between the governor and the service employees international union healthcare 775nw through an interest arbitration decision under the provisions of chapters 74.39A and 41.56 RCW for the 2013-2015 fiscal biennium.

(6) \$1,840,000 of the general fund—state appropriation for fiscal year 2014 and \$1,877,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for operation of the volunteer services program. Funding shall be prioritized towards serving populations traditionally served by long-term care services to include senior citizens and persons with disabilities.

(7) \$2,447,000 of the general fund—state appropriation for fiscal year 2015, and \$7,575,000 of the general fund—federal appropriation are provided solely for a payment system that satisfies medicaid requirements regarding time reporting for W-2 providers. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(8) The department is authorized to establish limited exemption criteria in rule to address RCW 74.39A.325 when a landline phone is not available to the employee.

(9) Within the amounts appropriated in this section, in a report to the appropriate fiscal committees of the legislature that must be submitted by December 1, 2013, the department of social and health services must describe the process for establishing medicaid rates for assisted living and adult family homes. The report must include information about licensing and physical plant standards, contracting provisions, and per capita and biennial expenditures for assisted living and adult family homes.

(10) \$10,800,000 of the general fund—state appropriation for fiscal year 2014, \$17,768,000 of the general fund—state appropriation for fiscal year 2015, and \$28,567,000 of the general fund—federal appropriation are provided solely for the homecare agency parity impacts of the service employees international union healthcare 775nw arbitration award.

(11) \$33,000 of the general fund—state appropriation for fiscal year 2014, \$17,000 of the general fund—state appropriation for fiscal year 2015, and \$50,000 of the general fund—federal appropriation are provided solely for staffing and other expenses associated with the work of the joint legislative executive committee on planning for aging and disability issues that is established by this subsection.

(a) A joint legislative executive committee on aging and disability is established, with members as provided in this subsection.

(i) Four members of the senate, with the leaders of the two largest caucuses each appointing two members. Four members of the house of representatives, with the leaders of the two largest caucuses each appointing two members;

(ii) A member from the office of the governor, appointed by the governor;

(iii) The secretary of the department of social and health services or his or her designee;

(iv) The director of the health care authority or his or her designee; and

(v) The director of the department of retirement systems or his or her designee.

(b) The committee must convene by September 1, 2013. At the first meeting, the committee will select cochairs from among its

members who are legislators. All meetings of the committee are open to the public.

(c) The purpose of the committee is to identify key strategic actions to prepare for the aging of the population in Washington, including state budget and policy options, by conducting at least, but not limited to, the following tasks:

(i) Establish a profile of Washington's current population of older people and people with disabilities and a projection of population growth through 2030;

(ii) Establish an inventory of services and supports currently available to older people and people with disabilities from the health care and long-term services and support systems and other community resources such as housing, transportation, income support, and protection for vulnerable adults;

(iii) Identify state budget and policy options to more effectively use state, federal and private resources to, over time, reduce the growth rate in state expenditures that would otherwise occur by continuing current policy in light of significant population growth;

(iv) Identify strategies to better serve the health care needs of an aging population and people with disabilities, and promote healthy living;

(v) Identify policy options to create financing mechanisms for long-term services and supports that will promote additional private responsibility for individuals and families to meet their needs for service;

(vi) Identify policies to promote financial security in retirement, support people who wish to stay in the workplace longer, and expand the availability of workplace retirement savings plans; and

(vii) Identify policy options to help communities adapt to the aging demographic in planning for housing, land use and transportation.

(d) The committee shall consult with the office of the insurance commissioner, the caseload forecast council, health care authority, and other appropriate entities with specialized knowledge of the needs and growth trends of the aging population and people with disabilities.

(e) Staff support for the committee shall be provided by the office of program research, senate committee services, the office of financial management, and the department of social and health services.

(f) Within existing appropriations, the cost of meetings must be paid jointly by the senate, house of representatives, and the office of financial management. Joint committee expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees. The joint committee members may be reimbursed for travel expenses as authorized under RCW 43.03.050 and 43.03.060, and chapter 44.04 RCW as appropriate. Advisory committee members may not receive compensation or reimbursement for travel and expenses.

(g) The committee shall issue an interim report to the legislature by December 10, 2013, and issue final recommendations to the governor and relevant standing committees of the legislature by December 10, 2014.

(12) \$240,000 of the general fund—state appropriation for fiscal year 2014, \$1,342,000 of the general fund—state appropriation for fiscal year 2015, and \$1,468,000 of the general fund—federal appropriation are provided solely to implement chapter 320, Laws of 2013 (ESHB 1519) and chapter 338, Laws of 2013 (2SSB 5732).

(13) The department shall review the capital add-on rate established by RCW 74.39A.320 for effectiveness in incentivizing assisted living facilities to serve Medicaid eligible clients. Upon completing its review, the department shall submit

its findings along with recommendations for alternatives to the office of financial management and the fiscal committees of the legislature by December 1, 2013. The department is encouraged to engage stakeholders in developing alternatives.

(14) \$239,000 of the general fund—state appropriation for fiscal year 2014, \$160,000 of the general fund—state appropriation for fiscal year 2015, and \$398,000 of the general fund—federal appropriation are provided solely to implement chapter 300, Laws of 2013 (SSB 5630).

(15) \$3,000 of the general fund—state appropriation for fiscal year 2015 is provided solely to implement Substitute House Bill No. 2310 (provider safety equipment). ~~((If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.))~~

(16) \$296,000 of the general fund—state appropriation for fiscal year 2015 and \$296,000 of the general fund—federal appropriation are provided solely for the purposes of designing and implementing the community first choice option benefit pursuant to either Engrossed Substitute House Bill No. 2746 (medicaid personal care) or Substitute Senate Bill No. 6387 (eliminating waiting for individuals with developmental disabilities). ~~((If neither of these bills is enacted by June 30, 2014, the amounts provided in this subsection shall lapse.))~~

(17) \$5,094,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for services and support to individuals who are deaf, hard of hearing, or deaf-blind.

(18) The department may authorize a one-time waiver of all or any portion of the licensing and processing fees required under RCW 70.128.060 in any case in which the department determines that an adult family home is being relicensed because of exceptional circumstances, such as death or incapacity of a provider, and that to require the full payment of the licensing and processing fees would present a hardship to the applicant. In these situations the department is also granted the authority to waive the required residential administrator training for a period of 120 days if necessary to ensure continuity of care during the relicensing process.

(19) It is the intent of the legislature to use savings from the community first choice option to make needed investments in home and community-based services for seniors and people with disabilities, including potential investments recommended by the joint legislative executive committee on aging and disability and the development and implementation council that the department of social and health services must convene prior to submitting the proposed community first choice option to the centers for medicare and medicaid services. At a minimum, the final report to the legislature from the joint legislative executive committee on aging and disability must explore the cost and benefit of rate enhancements for providers of long-term services and supports, restoration of hours for in-home clients, additional investment in the family caregiver support program, and additional investment in the individual and family services program or other medicaid services to support individuals with developmental disabilities.

(20) The department shall reimburse with the exceptional care rate adult family homes that provided care solely to clients with HIV/AIDS on or before January 1, 2000, and continue to provide care solely to clients with HIV/AIDS. The department shall not reduce the exceptional care rate from the rate paid on October 1, 2013.

(21) \$30,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the department to contract with area agencies on aging to convene a work group to include first responders and companies providing life alert or other emergency alert services and to develop a proposal on how vulnerable adults who have life alert services might be made known to first responders in the event of a long-term power or

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telecommunications outage. The work group shall review methods for information sharing to include:

- (a) Protocols and conditions in which information would be shared;
- (b) A process whereby vulnerable life alert and emergency alert customers may provide permission for their information to be shared in the event of an emergency;
- (c) Privacy protections for participants in the program; and
- (d) Liability protections for agencies that collect, maintain, and track information.

The work group shall develop recommendations and provide them to the office of financial management and to the appropriate legislative committees by November 15, 2014.

(22) Within existing appropriations, the department is authorized to implement the fully capitated demonstration project for individuals who are dually eligible for medicare and medicaid. Savings realized from this implementation may be used to offset any general fund—state costs incurred by the department.

Sec. 1207. 2014 c 221 s 207 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—ECONOMIC SERVICES PROGRAM

General Fund—State Appropriation (FY 2014)	\$371,738,000
General Fund—State Appropriation (FY 2015)	(((\$374,979,000))
	\$363,958,000
General Fund—Federal Appropriation (((\$1,235,362,000))	\$1,282,863,000
General Fund—Private/Local Appropriation (((\$36,450,000))	\$25,459,000
Administrative Contingency Account—State Appropriation	\$5,000,000
TOTAL APPROPRIATION	<u>\$2,023,529,000</u>
	<u>\$2,049,018,000</u>

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

(1)(a) \$145,315,000 of the general fund—state appropriation for fiscal year 2014, (((\$146,136,000)) \$130,239,000 of the general fund—state appropriation for fiscal year 2015, \$5,000,000 of the administrative contingency account—state appropriation, and (((\$770,440,000)) \$777,158,000 of the general fund—federal appropriation are provided solely for all components of the WorkFirst program. Within the amounts provided for the WorkFirst program, the department may provide assistance using state-only funds for families eligible for temporary assistance for needy families. The department must create a WorkFirst budget structure that allows for transparent tracking of budget units and subunits of expenditures where these units and subunits are mutually exclusive from other department budget units. The budget structure must include budget units for the following: Cash assistance, child care, WorkFirst activities, and administration of the program. Within these budget units, the department must develop program index codes for specific activities and develop allotments and track expenditures using these codes. The department shall report to the office of financial management and the relevant fiscal and policy committees of the legislature prior to adopting the new structure. The secretary of the department of social and health services, working with WorkFirst partner agencies and in collaboration with the WorkFirst oversight task force, shall develop a plan for maximizing the following outcomes and shall report back to the legislature by November 1, 2013. The outcomes to be measured are: (i) Increased employment; (ii) completion of education or post-secondary training; (iii) completion of barrier removal

activity including drug and alcohol or mental health treatment; (iv) housing stability; (v) child care or education stability for the children of temporary assistance for needy families recipients; (vi) reduced rate of return after exit from the WorkFirst program; and (vii) work participation requirements.

(b) (((\$374,455,000)) \$359,933,000 of the amounts in (a) of this subsection are provided solely for assistance to clients, including grants, diversion cash assistance, and additional diversion emergency assistance including but not limited to assistance authorized under RCW 74.08A.210. The department may use state funds to provide support to working families that are eligible for temporary assistance for needy families but otherwise not receiving cash assistance.

(c) (((\$171,893,000)) \$161,893,000 of the amounts in (a) of this subsection are provided solely for WorkFirst job search, education and training activities, barrier removal services, limited English proficiency services, and tribal assistance under RCW 74.08A.040. The department must allocate this funding based on client outcomes and cost effectiveness measures.

(d) (((\$352,085,000)) \$366,366,000 of the amounts in (a) of this subsection are provided solely for the working connections child care program under RCW 43.215.135. The amounts provided in this subsection (d) are provided conditioned on the department of social and health services and the department of early learning taking additional actions to identify and reduce the backlog of overpayment cases related to public assistance programs, including the working connections child care program. The departments shall collaborate and create a plan to triage overpayment cases in a manner that identifies and prioritizes cases with large overpayments and likelihood of fraudulent activity. The departments shall provide a quarterly report to the appropriate policy and fiscal committees of the legislature detailing the specific actions taken as a result of this subsection (d). The department of social and health services shall also establish an interagency agreement with the state auditor's office to conduct an independent performance audit of the office of fraud and accountability recovery. The audit shall include an analysis of the data reporting elements used by the office, current methods for determining the closing of cases, workload allocation, and issues associated with coordination between the two departments. \$300,000 of the amount provided in this subsection (d) is provided solely for this performance audit.

(e) (((\$168,456,000)) \$169,519,000 of the amounts in (a) of this subsection are provided solely for WorkFirst and working connections child care administration and overhead.

(f) The amounts in (b) through (e) of this subsection shall be expended for the programs and in the amounts specified. However, the department may transfer up to 10 percent of funding between (b) through (e) of this subsection. The department shall provide notification prior to any transfer to the office of financial management and to the appropriate legislative committees and the legislative-executive WorkFirst oversight task force. The approval of the director of financial management is required prior to any transfer under this subsection.

(2) \$1,657,000 of the general fund—state appropriation for fiscal year 2014 and \$1,657,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for naturalization services.

(3) \$2,366,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for employment services for refugees and immigrants, of which \$1,774,000 is provided solely for the department to pass through to statewide refugee and immigrant assistance organizations for limited English proficiency pathway services; and \$2,366,000 of the general fund—state appropriation for fiscal year 2015 is provided solely

for employment services for refugees and immigrants, of which \$1,774,000 is provided solely for the department to pass through to statewide refugee and immigrant assistance organizations for limited English proficiency pathway services.

(4) On December 1, 2013, and annually thereafter, the department must report to the legislature on all sources of funding available for both refugee and immigrant services and naturalization services during the current fiscal year and the amounts expended to date by service type and funding source. The report must also include the number of clients served and outcome data for the clients.

(5) To ensure expenditures remain within available funds appropriated in this section, the legislature establishes the benefit under the state food assistance program, pursuant to RCW 74.08A.120, to be no less than seventy-five percent and no more than one hundred percent of the federal supplemental nutrition assistance program benefit amount.

(6) \$18,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for implementation of section 1, chapter 337, Laws of 2013 (2SSB 5595).

(7) \$4,729,000 of the general fund—state appropriation for fiscal year 2014 and \$4,729,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of the telephone assistance program and the Washington information network 211 organization pursuant to Substitute House Bill No. 1971 (communication services). Of these funds, \$500,000 of the general fund—state appropriation for fiscal year 2014 and \$500,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for operational support of the Washington information network 211 organization. ~~((If Substitute House Bill No. 1971 (communication services) is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.))~~

(8) The department shall review clients receiving services through the aged, blind, or disabled assistance program, to determine whether they would benefit from assistance in becoming naturalized citizens, and thus be eligible to receive federal supplemental security income benefits. Those cases shall be given high priority for naturalization funding through the department.

(9) The department shall continue the interagency agreement with the department of veterans' affairs to establish a process for referral of veterans who may be eligible for veterans' services. This agreement must include out-stationing department of veterans' affairs staff in selected community service office locations in King and Pierce counties to facilitate applications for veterans' services.

(10) \$500,000 of the general fund—state appropriation for fiscal year 2014 ~~((and \$1,500,000 of the general fund—state appropriation for fiscal year 2015 are))~~ is provided solely for implementation of Substitute House Bill No. 2069 (safety net benefits). ~~((If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.))~~

Sec. 1208. 2014 c 221 s 208 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—ALCOHOL AND SUBSTANCE ABUSE PROGRAM

General Fund—State Appropriation (FY 2014)	\$73,021,000
General Fund—State Appropriation (FY 2015)	(\$63,535,000)
	\$57,749,000
General Fund—Federal Appropriation	(\$279,090,000)
	\$283,121,000
General Fund—Private/Local Appropriation	(\$16,301,000)
	\$16,401,000

Criminal Justice Treatment Account—State Appropriation	\$14,284,000
Problem Gambling Account—State Appropriation	\$1,449,000
Dedicated Marijuana Account—State Appropriation (FY 2015)	\$5,166,000
TOTAL APPROPRIATION	\$447,680,000
	\$451,191,000

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

(1) Within the amounts appropriated in this section, the department may contract with the University of Washington and community-based providers for the provision of the parent-child assistance program or other specialized chemical dependency case management providers for pregnant, post-partum, and parenting women. For all contractors: (a) Service and other outcome data must be provided to the department by request; (b) program modifications needed to maximize access to federal medicaid matching funds will be phased in over the course of the 2013-2015 fiscal biennium; and (c) indirect charges for administering the program shall not exceed ten percent of the total contract amount.

(2) Within the amounts appropriated in this section, the department shall continue to provide for chemical dependency treatment services for adult medicaid eligible, pregnant and parenting women, disability lifeline, and alcoholism and drug addiction treatment and support act, and medical care services clients.

(3) In accordance with RCW 70.96A.090 and 43.135.055, the department is authorized to adopt fees for the review and approval of treatment programs in fiscal years 2014 and 2015 as necessary to support the costs of the regulatory program. The department's fee schedule shall have differential rates for providers with proof of accreditation from organizations that the department has determined to have substantially equivalent standards to those of the department, including but not limited to the joint commission on accreditation of health care organizations, the commission on accreditation of rehabilitation facilities, and the council on accreditation. To reflect the reduced costs associated with regulation of accredited programs, the department's fees for organizations with such proof of accreditation must reflect the lower cost of licensing for these programs than for other organizations which are not accredited.

(4) \$3,500,000 of the general fund—federal appropriation (from the substance abuse prevention and treatment federal block grant) is provided solely for the continued funding of existing county drug and alcohol use prevention programs.

(5) \$2,600,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for the department to transition 128 beds from settings that are considered institutions for mental diseases to facilities with no more than 16 beds that are able to claim federal match for services provided to medicaid clients or individuals covered under the department's section 1115 medicaid waiver. The department may conduct a request for proposal process to fulfill this requirement and adopt rates that are comparable to the pilot projects implemented in the 2011-13 fiscal biennium. The department may use these funds to assist with the costs of providers in setting up or converting to 16-bed facilities. This funding may also be used for providers that are developing new capacity for clients who will become eligible for services under the affordable care act medicaid expansion. The number of beds available for pregnant and parenting women must not be reduced.

(6) \$141,000 of the general fund—state appropriation for fiscal year 2014 and \$142,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for transitional funding for the family drug court in Pierce county.

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(7) Within the amounts appropriated in this section, the department shall review differential rates paid for alcohol and substance abuse assessment and treatment services for medicaid and nonmedicaid clients and the impact to providers as previously uninsured clients become eligible for services through the medicaid expansion under the federal patient protection and affordable care act. By December 1, 2014, the department must submit a report to the legislature which provides: (a) The estimated impact on providers for each type of medicaid reimbursable service as newly eligible clients shift from nonmedicaid to medicaid rates; (b) identification of which types of providers will be most significantly impacted by these shifts; (c) identification of the estimated annual costs for increasing rates for each level of service; and (d) a summary of federal requirements that must be considered in determining how any future rate increase must be implemented.

(8) \$33,000 of the general fund—state appropriation for fiscal year 2015 and \$29,000 of the general fund—federal appropriation are provided solely to expand access to a program located in a county with a population over 700,000 that provides case management and coordinating services for low-income women who are pregnant or parenting and have a suspected history of alcohol or drug abuse.

(9) Within existing appropriations, the department shall prioritize the prevention and treatment of intravenous, opiate-based drug use.

Sec. 1209. 2014 c 221 s 209 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—VOCATIONAL REHABILITATION PROGRAM

General Fund—State Appropriation (FY 2014)	\$16,568,000
General Fund—State Appropriation (FY 2015)	((\$11,083,000))
	\$10,960,000
General Fund—Federal Appropriation	\$99,397,000
TOTAL APPROPRIATION	\$127,048,000
	<u>\$126,925,000</u>

~~((The appropriations in this section are subject to the following conditions and limitations: \$5,006,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for services and support to individuals who are deaf, hard of hearing, or deaf blind.))~~

Sec. 1210. 2014 c 221 s 210 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—SPECIAL COMMITMENT PROGRAM

General Fund—State Appropriation (FY 2014)	\$37,796,000
General Fund—State Appropriation (FY 2015)	((\$36,492,000))
	\$36,510,000
TOTAL APPROPRIATION	\$74,288,000
	<u>\$74,306,000</u>

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

(1) The department of social and health services shall transfer the stewardship of McNeil Island to the department of corrections industries program, effective September 1, 2013. The transferred responsibilities shall include marine operations, waste water treatment, water treatment, road maintenance, and any other general island maintenance that is not site specific to the operations of the special commitment center or the Pierce county secure community transition facility. Facility maintenance within the perimeter of the special commitment center shall remain the responsibility of the department of social and health services.

Capital repairs and maintenance necessary to maintain the special commitment center on McNeil Island shall be managed by the department of social and health services. The legislature directs both departments to enter into an interagency agreement by August 1, 2013. The office of financial management shall oversee the negotiations of the interagency agreement. The interagency agreement must describe equipment that will transfer between the departments, warehouse space that will be shared by the departments, and occupancy requirements for any shops outside the perimeter of the special commitment center. The office of financial management will make the final determination on any disagreements between the departments on the details of the interagency agreement.

(2) \$3,042,000 of the general fund—state appropriation for fiscal year 2014 and \$3,024,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for operational costs specific to island operations of the special commitment center and the Pierce county secure community transition facility. The department shall establish an accounting structure that enables it to track and report on costs specific to island operations.

(3) All employees of the department of social and health services engaged in performing the powers, functions, and duties transferred to the department of corrections industries program under this subsection, are transferred to the department of corrections.

(4) All classified employees of the department of social and health services assigned to the department of corrections under this subsection whose positions are within an existing bargaining unit description at the department of corrections shall become a part of the existing bargaining unit at the department of corrections and shall be considered an appropriate inclusion or modification of the existing bargaining unit under the provisions of chapter 41.80 RCW.

(5) By November 1, 2014, the department of social and health services shall provide a report to the office of financial management and the appropriate fiscal and policy committees of the legislature that evaluates the department's costs for certain medical and pharmacy costs for its residents within the special commitment center. The department as part of its evaluation shall consult with the health care authority, the health benefits exchange, and the department of corrections. At a minimum, the report should look at the following items: (a) Obtaining medicaid eligibility for residents; (b) feasibility of obtaining insurance for residents through the health benefit exchange; (c) utilizing multistate consortiums for the purchase of pharmaceuticals to reduce costs; and (d) consolidating contracts for medical inpatient and outpatient services with western state hospital.

Sec. 1211. 2014 c 221 s 211 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—ADMINISTRATION AND SUPPORTING SERVICES PROGRAM

General Fund—State Appropriation (FY 2014)	\$29,773,000
General Fund—State Appropriation (FY 2015)	((\$28,313,000))
	\$28,716,000
General Fund—Federal Appropriation	((\$37,067,000))
	\$37,166,000
General Fund—Private/Local Appropriation	\$654,000
TOTAL APPROPRIATION	\$95,807,000
	<u>\$96,309,000</u>

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

(1) \$395,000 of the general fund—state appropriation for fiscal year 2014, \$228,000 of the general fund—state appropriation for fiscal year 2015, and \$335,000 of the general fund—federal appropriation are provided solely to implement chapter 320, Laws of 2013 (ESHB 1519) and chapter 338, Laws of 2013 (SSSB 5732).

(2) \$300,000 of the general fund—state appropriation for fiscal year 2014 and \$300,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington state mentors program to continue its public-private partnerships to provide technical assistance and training to mentoring programs that serve at-risk youth.

(3) \$82,000 of the general fund—state appropriation for fiscal year 2014, \$44,000 of the general fund—state appropriation for fiscal year 2015, and \$28,000 of the general fund—federal appropriation are provided solely to develop a report on state efforts to prevent and control diabetes. The department, the health care authority, and the department of health shall submit a coordinated report to the governor and the appropriate committees of the legislature by December 31, 2014, on the following:

(a) The financial impacts and reach that diabetes of all types and undiagnosed gestational diabetes are having on the programs administered by each agency and individuals, including children with mothers with undiagnosed gestational diabetes, enrolled in those programs. Items in this assessment must include: (i) The number of lives with diabetes and undiagnosed gestational diabetes impacted or covered by the programs administered by each agency; (ii) the number of lives with diabetes, or at risk for diabetes, and family members impacted by prevention and diabetes control programs implemented by each agency; (iii) the financial toll or impact diabetes and its complications, and undiagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs in comparison to other chronic diseases and conditions; and (iv) the financial toll or impact diabetes and its complications, and diagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs;

(b) An assessment of the benefits of implemented and existing programs and activities aimed at controlling all types of diabetes and preventing the disease. This assessment must also document the amount and source for any funding directed to each agency for the programs and activities aimed at reaching those with diabetes of all types;

(c) A description of the level of coordination existing between the agencies on activities, programmatic activities, and messaging on managing, treating, or preventing all types of diabetes and its complications;

(d) The development or revision of detailed policy-related action plans and budget recommendations for battling diabetes and undiagnosed gestational diabetes that includes a range of actionable items for consideration by the legislature. The plans and budget recommendations must identify proposed action steps to reduce the impact of diabetes, prediabetes, related diabetes complications, and undiagnosed gestational diabetes. The plans and budget recommendations must also identify expected outcomes of the action steps proposed in the following biennium while also establishing benchmarks for controlling and preventing all types of diabetes; and

(e) An estimate of savings, efficiencies, costs, and budgetary savings and resources required to implement the plans and budget recommendations identified in (d) of this subsection (5).

Sec. 1212. 2014 c 221 s 212 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES—PAYMENTS TO OTHER AGENCIES PROGRAM

General Fund—State Appropriation (FY 2014)	\$62,822,000
General Fund—State Appropriation (FY 2015)	((65,716,000))
	\$67,320,000
General Fund—Federal Appropriation	((58,340,000))
	\$56,759,000
TOTAL APPROPRIATION	\$186,878,000
	\$186,901,000

Sec. 1213. 2014 c 221 s 213 (uncodified) is amended to read as follows:

FOR THE STATE HEALTH CARE AUTHORITY

General Fund—State Appropriation (FY 2014)	\$2,144,827,000
General Fund—State Appropriation (FY 2015)	((2,161,903,000))
	\$2,051,987,000
General Fund—Federal Appropriation	((7,908,155,000))
	\$8,622,072,000
General Fund—Private/Local Appropriation	((56,400,000))
	\$63,332,000
Emergency Medical Services and Trauma Care Systems Trust Account—State Appropriation	\$15,082,000
Hospital Safety Net Assessment Fund—State Appropriation	((669,380,000))
	\$618,212,000
Health Benefit Exchange Account—State Appropriation	((16,580,000))
	\$13,296,000
Dedicated Marijuana Account—State Appropriation (FY 2015)	\$2,271,000
State Health Care Authority Administration Account—State Appropriation	((35,328,000))
	\$36,828,000
Medical Aid Account—State Appropriation	\$528,000
Medicaid Fraud Penalty Account—State Appropriation	((21,206,000))
	\$21,118,000
TOTAL APPROPRIATION	\$13,029,389,000
	\$13,589,553,000

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

(1) ~~(((\$1,900,484,000 of the general fund federal appropriation is provided solely)) Sufficient amounts are appropriated in this section to implement the medicaid expansion as defined in the social security act, section 1902(a)(10)(A)(i)(VIII), subject to the conditions and limitations in this subsection. If the federal medical assistance percentage for the medicaid expansion falls below the percentages in section 1905(y) of the social security act as of July 1, 2013, the authority shall ensure that the state does not incur any additional state costs above what would have been incurred had the federal medical assistance percentages remained at the percentages in section 1905(y) as of July 1, 2013. The director is authorized to make any necessary program adjustments to comply with this requirement, including adding or adjusting premiums, modifying benefits, or reducing optional programs. To the extent a waiver is needed to accomplish this, the director shall promptly apply for such waiver. If a necessary waiver is not approved, the medicaid expansion program shall be terminated upon appropriate notification to the legislature and enrollees.~~

(2) The requirements of this subsection apply to the basic health plan. This subsection is null and void and has no further

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effect upon implementation of the medicaid expansion under subsection (1) of this section.

(a) Within amounts appropriated in this section and sections 205 and 206 of this act, the health care authority shall continue to provide an enhanced basic health plan subsidy for foster parents licensed under chapter 74.15 RCW and workers in state-funded home care programs. Under this enhanced subsidy option, foster parents eligible to participate in the basic health plan as subsidized enrollees and home care workers with family incomes below 200 percent of the federal poverty level shall be allowed to enroll in the basic health plan at the minimum premium amount charged to enrollees with incomes below sixty-five percent of the federal poverty level.

(b) The health care authority shall require organizations and individuals that are paid to deliver basic health plan services and that choose to sponsor enrollment in the subsidized basic health plan to pay 133 percent of the premium amount which would otherwise be due from the sponsored enrollees.

(c) The administrator shall take at least the following actions to assure that persons participating in the basic health plan are eligible for the level of assistance they receive: (a) Require submission of (i) income tax returns, and recent pay history, from all applicants, or (ii) other verifiable evidence of earned and unearned income from those persons not required to file income tax returns; (b) check employment security payroll records at least once every twelve months on all enrollees; (c) require enrollees whose income as indicated by payroll records exceeds that upon which their subsidy is based to document their current income as a condition of continued eligibility; (d) require enrollees for whom employment security payroll records cannot be obtained to document their current income at least once every six months; (e) not reduce gross family income for self-employed persons by noncash-flow expenses such as, but not limited to, depreciation, amortization, and home office deductions, as defined by the United States internal revenue service; and (f) pursue repayment and civil penalties from persons who have received excessive subsidies, as provided in RCW 70.47.060(9).

(d) Enrollment in the subsidized basic health plan shall be limited to only include persons who qualify as subsidized enrollees as defined in RCW 70.47.020 and who (a) qualify for services under 1115 medicaid demonstration project number 11-W-00254/10; or (b) are foster parents licensed under chapter 74.15 RCW.

(3) The legislature finds that medicaid payment rates, as calculated by the health care authority pursuant to the appropriations in this act, bear a reasonable relationship to the costs incurred by efficiently and economically operated facilities for providing quality services and will be sufficient to enlist enough providers so that care and services are available to the extent that such care and services are available to the general population in the geographic area. The legislature finds that the cost reports, payment data from the federal government, historical utilization, economic data, and clinical input constitute reliable data upon which to determine the payment rates.

(4) Based on quarterly expenditure reports and caseload forecasts, if the health care authority estimates that expenditures for the medical assistance program will exceed the appropriations, the health care authority shall take steps including but not limited to reduction of rates or elimination of optional services to reduce expenditures so that total program costs do not exceed the annual appropriation authority.

(5) In determining financial eligibility for medicaid-funded services, the health care authority is authorized to disregard recoveries by Holocaust survivors of insurance proceeds or other assets, as defined in RCW 48.104.030.

(6) The legislature affirms that it is in the state's interest for Harborview medical center to remain an economically viable component of the state's health care system.

(7) When a person is ineligible for medicaid solely by reason of residence in an institution for mental diseases, the health care authority shall provide the person with the same benefits as he or she would receive if eligible for medicaid, using state-only funds to the extent necessary.

(8) \$4,261,000 of the general fund—state appropriation for fiscal year 2014, \$4,261,000 of the general fund—state appropriation for fiscal year 2015, and \$8,522,000 of the general fund—federal appropriation are provided solely for low-income disproportionate share hospital payments.

(9) \$400,000 of the general fund—state appropriation for fiscal year 2014, \$200,000 of the general fund—state appropriation for fiscal year 2015, and \$600,000 of the general fund—federal appropriation are provided solely for disproportionate share hospital payments to rural hospitals certified by the centers for medicare and medicaid services as sole community hospitals as of January 1, 2013, with less than one hundred fifty acute care licensed beds in fiscal year 2011 that do not participate in the certified public expenditures program. The authority shall discontinue these payments on January 1, 2015.

(10) \$100,000 of the general fund—state appropriation for fiscal year 2014 and \$50,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for grants to rural hospitals in Clallam county that were certified by the centers for medicare and medicaid services as sole community hospitals as of January 1, 2013, with less than one hundred fifty acute care licensed beds in fiscal year 2011. The authority shall discontinue these payments on January 1, 2015.

(11) \$100,000 of the general fund—state appropriation for fiscal year 2015 and \$100,000 of the general fund—federal appropriation are provided solely for disproportionate share hospital payments beginning on January 1, 2015, to rural hospitals in Lewis county that were certified by the centers for medicare and medicaid services as sole community hospitals as of January 1, 2013, with less than one hundred fifty acute care licensed beds in fiscal year 2011. The authority shall discontinue these payments after June 30, 2015.

(12) \$150,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for grants to rural public hospitals in Grant county that were certified by the centers for medicare and medicaid services as sole community hospitals as of January 1, 2013, with less than one hundred fifty acute care licensed beds in fiscal year 2011. The authority shall discontinue these payments after June 30, 2015.

(13) Within the amounts appropriated in this section, the health care authority shall provide disproportionate share hospital payments to hospitals that provide services to children in the children's health program who are not eligible for services under Title XIX or XXI of the federal social security act due to their citizenship status.

(14) \$6,000,000 of the general fund—federal appropriation is provided solely for supplemental payments to nursing homes operated by public hospital districts. The public hospital district shall be responsible for providing the required nonfederal match for the supplemental payment, and the payments shall not exceed the maximum allowable under federal rules. It is the legislature's intent that the payments shall be supplemental to and shall not in any way offset or reduce the payments calculated and provided in accordance with part E of chapter 74.46 RCW. It is the legislature's further intent that costs otherwise allowable for rate-setting and settlement against payments under chapter 74.46 RCW shall not be disallowed solely because such costs have been

paid by revenues retained by the nursing home from these supplemental payments. The supplemental payments are subject to retrospective interim and final cost settlements based on the nursing homes' as-filed and final medicare cost reports. The timing of the interim and final cost settlements shall be at the health care authority's discretion. During either the interim cost settlement or the final cost settlement, the health care authority shall recoup from the public hospital districts the supplemental payments that exceed the medicaid cost limit and/or the medicare upper payment limit. The health care authority shall apply federal rules for identifying the eligible incurred medicaid costs and the medicare upper payment limit.

(15) The health care authority shall continue the inpatient hospital certified public expenditures program for the 2013-2015 fiscal biennium. The program shall apply to all public hospitals, including those owned or operated by the state, except those classified as critical access hospitals or state psychiatric institutions. The health care authority shall submit reports to the governor and legislature by November 1, 2013, and by November 1, 2014, that evaluate whether savings continue to exceed costs for this program. If the certified public expenditures (CPE) program in its current form is no longer cost-effective to maintain, the health care authority shall submit a report to the governor and legislature detailing cost-effective alternative uses of local, state, and federal resources as a replacement for this program. During fiscal year 2014 and fiscal year 2015, hospitals in the program shall be paid and shall retain one hundred percent of the federal portion of the allowable hospital cost for each medicaid inpatient fee-for-service claim payable by medical assistance and one hundred percent of the federal portion of the maximum disproportionate share hospital payment allowable under federal regulations. Inpatient medicaid payments shall be established using an allowable methodology that approximates the cost of claims submitted by the hospitals. Payments made to each hospital in the program in each fiscal year of the biennium shall be compared to a baseline amount. The baseline amount will be determined by the total of (a) the inpatient claim payment amounts that would have been paid during the fiscal year had the hospital not been in the CPE program based on the reimbursement rates developed, implemented, and consistent with policies approved in the 2013-2015 biennial operating appropriations act and in effect on July 1, 2013, (b) one-half of the indigent assistance disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005, and (c) all of the other disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005 to the extent the same disproportionate share hospital programs exist in the 2013-2015 fiscal biennium. If payments during the fiscal year exceed the hospital's baseline amount, no additional payments will be made to the hospital except the federal portion of allowable disproportionate share hospital payments for which the hospital can certify allowable match. If payments during the fiscal year are less than the baseline amount, the hospital will be paid a state grant equal to the difference between payments during the fiscal year and the applicable baseline amount. Payment of the state grant shall be made in the applicable fiscal year and distributed in monthly payments. The grants will be recalculated and redistributed as the baseline is updated during the fiscal year. The grant payments are subject to an interim settlement within eleven months after the end of the fiscal year. A final settlement shall be performed. To the extent that either settlement determines that a hospital has received funds in excess of what it would have received as described in this subsection, the hospital must repay the excess amounts to the state when requested. \$11,928,000 of the general fund—state appropriation for fiscal year 2014 and

(~~(\$14,821,000)~~) \$21,666,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for state grants for the participating hospitals.

(16) The health care authority shall seek public-private partnerships and federal funds that are or may become available to provide on-going support for outreach and education efforts under the federal children's health insurance program reauthorization act of 2009.

(17) The health care authority shall target funding for maternity support services towards pregnant women with factors that lead to higher rates of poor birth outcomes, including hypertension, a preterm or low birth weight birth in the most recent previous birth, a cognitive deficit or developmental disability, substance abuse, severe mental illness, unhealthy weight or failure to gain weight, tobacco use, or African American or Native American race. The health care authority shall prioritize evidence-based practices for delivery of maternity support services. To the extent practicable, the health care authority shall develop a mechanism to increase federal funding for maternity support services by leveraging local public funding for those services.

(18) \$170,000 of the general fund—state appropriation for fiscal year 2014, \$121,000 of the general fund—state appropriation for fiscal year 2015, and \$292,000 of the general fund—federal appropriation are provided solely to implement Engrossed Substitute House Bill No. 1519 (service coordination organizations) and Second Substitute Senate Bill No. 5732 (behavioral health services). If neither of the bills is enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(19) \$57,000 of the general fund—state appropriation for fiscal year 2014, \$40,000 of the general fund—state appropriation for fiscal year 2015, and \$55,000 of the general fund—federal appropriation are provided solely to develop a report on state efforts to prevent and control diabetes. The authority, the department of social and health services, and the department of health shall submit a coordinated report to the governor and the appropriate committees of the legislature by December 31, 2014, on the following:

(a) The financial impacts and reach that diabetes of all types and undiagnosed gestational diabetes are having on the programs administered by each agency and individuals, including children with mothers with undiagnosed gestational diabetes, enrolled in those programs. Items in this assessment must include: (i) The number of lives with diabetes and undiagnosed gestational diabetes impacted or covered by the programs administered by each agency; (ii) the number of lives with diabetes, or at risk for diabetes, and family members impacted by prevention and diabetes control programs implemented by each agency; (iii) the financial toll or impact diabetes and its complications, and undiagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs in comparison to other chronic diseases and conditions; and (iv) the financial toll or impact diabetes and its complications, and diagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs;

(b) An assessment of the benefits of implemented and existing programs and activities aimed at controlling all types of diabetes and preventing the disease. This assessment must also document the amount and source for any funding directed to each agency for the programs and activities aimed at reaching those with diabetes of all types;

(c) A description of the level of coordination existing between the agencies on activities, programmatic activities, and

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messaging on managing, treating, or preventing all types of diabetes and its complications;

(d) The development or revision of detailed policy-related action plans and budget recommendations for battling diabetes and undiagnosed gestational diabetes that includes a range of actionable items for consideration by the legislature. The plans and budget recommendations must identify proposed action steps to reduce the impact of diabetes, prediabetes, related diabetes complications, and undiagnosed gestational diabetes. The plans and budget recommendations must also identify expected outcomes of the action steps proposed in the following biennium while also establishing benchmarks for controlling and preventing all types of diabetes; and

(e) An estimate of savings, efficiencies, costs, and budgetary savings and resources required to implement the plans and budget recommendations identified in (d) of this subsection (17).

(20) Within the amounts appropriated in this section, the authority shall identify strategies to improve patient adherence to treatment plans for diabetes and implement these strategies as a pilot through one health home program to be identified by the authority. The authority shall report to the governor and the legislature in December 2014 on the progress of strategy implementation. The authority shall report to the governor and legislature in December 2015 on patient outcomes and cost savings derived from new adherence strategies in the health home model and make recommendations for improving the strategies.

(21) Effective January 1, 2014, managed care contracts must incorporate accountability measures that monitor patient health and improved health outcomes, and shall include an expectation that each patient receive a wellness examination that documents the baseline health status and allows for monitoring of health improvements and outcome measures.

(22) \$25,000 of the general fund—state appropriation for fiscal year 2014 and \$25,000 of the general fund—federal appropriation are provided solely for the development of recommendations for funding integrated school nursing and outreach services. The authority shall collaborate with the office of the superintendent of public instruction to develop recommendations for increasing federal financial participation for providing nursing services in schools with the goals of integrating nursing and outreach services and supporting one nurse for every four hundred fifty students in elementary schools and one nurse for every seven hundred fifty students in secondary schools. In developing these recommendations, the authority shall inquire with the federal centers for medicare and medicaid services about state plan amendment or waiver options for receiving additional federal matching funds for school nursing services provided to children enrolled in apple health for kids. The recommendations shall include proposals for funding training and reimbursement for nurses that provide outreach services to help eligible students enroll in apple health for kids and other social services programs. The authority and the office of the superintendent of public instruction shall provide these recommendations to the governor and the legislature by December 1, 2013.

(23) \$430,000 of the general fund—state appropriation for fiscal year 2014 and \$500,000 of the general fund—federal appropriation are provided solely to complete grant requirements for the health information exchange.

(24) \$143,000 of the medicaid fraud penalty account—state appropriation and \$423,000 of the general fund—federal appropriation are provided solely for the rebasing of outpatient and inpatient payment methods.

(25) (~~(\$1,163,000)~~) \$1,075,000 of the medicaid fraud penalty account—state appropriation and (~~(\$9,710,000)~~) \$9,143,000 of

the general fund—federal appropriation are provided solely to implement the conversion to the tenth version of the world health organization's international classification of diseases.

(26) \$111,000 of the general fund—state appropriation for fiscal year 2014, \$35,000 of the general fund—state appropriation for fiscal year 2015, and \$359,000 of the general fund—federal appropriation are provided solely to update the medicaid information technology architecture state self-assessment and to develop the five year road map for the medicaid information technology architecture architect.

(27) \$62,000 of the general fund—state appropriation for fiscal year 2014, \$62,000 of the general fund—state appropriation for fiscal year 2015, and \$126,000 of the general fund—federal appropriation are provided solely to support the Robert Bree collaborative's efforts to disseminate evidence-based best practices for preventing and treating health problems.

(28) Within the amounts appropriated in this section, the authority shall increase reimbursement rates for primary care services provided by independent nurse practitioners to medicare levels for the period from July 1, 2013, to December 31, 2014.

(29) The authority shall seek a medicaid state plan amendment to create a professional services supplemental payment managed care program for professional services delivered to managed care recipients by University of Washington medicine and other public professional providers. This program shall be effective as soon as administratively possible and shall operate concurrently with the existing professional services supplemental payment program. The authority shall apply federal rules for identifying the difference between average commercial rates and fee-for-service medicaid payments. This difference will be multiplied by the number of managed care encounters and incorporated into the managed care plan capitation rates by a certified actuary. The managed care plans will pay the providers the difference attributable to the increased capitation rate. Participating providers shall be solely responsible for providing the local funds required to obtain federal matching funds. Any incremental costs incurred by the authority in the development, implementation, and maintenance of this program shall be the responsibility of the participating providers. Participating providers shall retain the full amount of supplemental payments provided under this program, net of any costs related to the program that are disallowed due to audits or litigation against the state.

(30) Sufficient amounts are appropriated in this section for the authority to provide an adult dental benefit beginning January 1, 2014.

(31) To the extent allowed under federal law, the authority shall require an adult client to enroll in full medicaid coverage instead of family planning-only coverage unless the client is at risk of domestic violence.

(32) The authority shall facilitate enrollment under the medicaid expansion for clients applying for or receiving state funded services from the authority and its contractors. Prior to open enrollment, the authority shall coordinate with the department of social and health services to provide referrals to the Washington health benefit exchange for clients that will be ineligible for the medicaid expansion but are enrolled in coverage that will be eliminated in the transition to the medicaid expansion.

(33) \$90,000 of the general fund—state appropriation for fiscal year 2014, \$90,000 of the general fund—state appropriation for fiscal year 2015, and \$180,000 of the general fund—federal appropriation are provided solely to continue operation by a nonprofit organization of a toll-free hotline that assists families to learn about and enroll in the apple health for kids program.

(34) Within the amounts appropriated in this section, the authority shall reduce premiums for children with family incomes above 200 percent of the federal poverty level in the state-funded children's health program who are not eligible for coverage under the federal children's health insurance program. Premiums in the state and federal children's health insurance program shall be equal.

(35) The appropriations in this section reflect savings and efficiencies by transferring children receiving medical care provided through fee-for-service to medical care provided through managed care.

(36) \$150,000 of the general fund—state appropriation for fiscal year 2014, \$436,000 of the general fund—state appropriation for fiscal year 2015, and \$170,561,000 of the general fund—federal appropriation are provided solely for the provider incentive program and other initiatives related to the health information technology medicaid plan.

(37) \$1,528,000 of the general fund—state appropriation for fiscal year 2014, \$2,206,000 of the general fund—state appropriation for fiscal year 2015, and \$17,912,000 of the general fund—federal appropriation are provided solely to implement phase two of the project to create a single provider payment system that consolidates medicaid medical and social services payments and replaces the social service payment system. The amounts provided in this subsection are conditioned on the authority satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(38) Within the amounts appropriated in this section, the health care authority and the department of social and health services shall implement the state option to provide health homes for enrollees with chronic conditions under section 2703 of the federal affordable care act. The total state match for enrollees who are dually-eligible for both medicare and medicaid and not enrolled in managed care shall be no more than the net savings to the state from the enhanced match rate for its medicaid-only managed care enrollees under section 2703.

(39) The health care authority shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The health care authority may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the health care authority receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(40) Within the amounts appropriated in this section, the authority shall reimburse for primary care services provided by naturopathic physicians.

(41) Within amounts appropriated, the health care authority shall conduct a review of its management and staffing structure to identify efficiencies and opportunities to reduce full time equivalent employees and other administrative costs. A report summarizing the review and the authority's recommendations to reduce costs and full time equivalent employees must be submitted to the governor and legislature by November 1, 2013.

(42) (~~(\$16,580,000)~~) \$1,547,000 of the general fund—state appropriation for fiscal year 2015, \$13,296,000 of the health benefit exchange account—state appropriation, and (~~(\$3,409,000)~~) \$9,703,000 of the general fund—federal appropriation are provided solely to support the operations of the Washington health benefit exchange from January 1, 2015, to June 30, 2015. The Washington state health insurance pool administrator shall transfer \$20,838,000 of pool contributions to the treasurer for deposit into the health benefit exchange account in calendar year 2014. The receipt and use of medicaid funds provided to the health benefit exchange from the health care authority are subject to compliance with state and federal regulations and policies governing the Washington apple health programs, including timely and proper application, eligibility, and enrollment procedures. Within the amounts provided in this subsection, \$321,000 of the health benefit exchange account—state appropriation and \$688,000 of the general fund—federal appropriation are provided solely for print services and postage for modified adjusted gross income medicaid eligibility correspondence sent from the health benefit exchange.

(43) Within the amounts appropriated in this section, the authority shall continue to provide coverage after December 31, 2013, for pregnant teens that qualify under existing pregnancy medical programs, but whose eligibility for pregnancy related services would otherwise end due to the application of the new modified adjusted gross income eligibility standard.

(44) Sufficient amounts are appropriated in this section to restore medicaid coverage under the breast and cervical cancer treatment program.

(45) \$40,000 of the general fund—state appropriation for fiscal year 2014 and \$40,000 of the general fund—federal appropriation are provided solely for the authority to create a new position to provide adequate oversight and assistance to managed care organizations, rural health clinics, and federally qualified health centers under a new administratively streamlined payment methodology. Effective July 1, 2013, or upon obtaining any necessary federal approval, but in no case during the first quarter of a calendar year, the authority shall implement an administratively streamlined payment methodology for federally qualified health centers and rural health clinics. The authority's payments to managed care organizations shall include the full encounter payment comprised of both the standard and enhancement payments for federally qualified health centers and rural health clinics as defined in the medicaid state plan and in accordance with section 1902(bb) of the social security act (42 U.S.C. 1396a(bb)). At no time will a managed care organization be at risk for or have any claim to the supplemental payment portion of the rate which will be reconciled to ensure accurate payment and full pass through of the obligated funds. For any services eligible for encounter payments, as defined in the medicaid state plan, managed care organizations shall be required to pay at least the full published encounter rates directly to each clinic or center, and payments will be reconciled on at least an annual basis between the managed care organization and the authority, with final review and approval by the authority. At the option of any clinic, the enhancement payment can be received from the managed care organization on a per member per month basis for all assigned managed care enrollees in an amount prescribed by the authority. Nothing in this section is intended to disrupt mutually agreeable contractual arrangements between managed care organizations and clinics that impact how the standard payment for services is paid. The authority will require participating managed care organizations to reimburse federally qualified health centers and rural health clinics for clean claims in strict adherence to the timeliness of payment standards established under contract and specified for the medicaid

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fee-for-service program in section 1902(a)(37) of the social security act (42 U.S.C. 1396a(a)(37)), 42 C.F.R. Sec. 447.46, and specified for health carriers in WAC 284-43-321. The authority shall exercise all necessary options under its existing sanctions policy to enforce timely payment of claims. The authority shall ensure necessary staff and resources are identified to actively monitor and enforce the timeliness and accuracy of payments to federally qualified health centers and rural health clinics. By January 1, 2014, and after collaboration with federally qualified health centers, rural health clinics, managed care plans, and the centers for medicare and medicaid services, the authority will produce a report that provides options for a new payment methodology that rewards innovation and outcomes over volume of services delivered, and which maintains the integrity of the rural health clinic and federally qualified health center programs as outlined under federal law. The report will detail necessary federal authority for implementation and provide the benefits and drawbacks of each option.

(46) \$3,605,000 of the general fund—state appropriation for fiscal year 2014 is provided solely to proportionally reduce the amounts that rural health clinics owe the state under the calendar year 2009 recoupment.

(47) Sufficient amounts are appropriated in this section to remove the mental health visit limit and to provide the shingles vaccine and screening, brief intervention, and referral to treatment benefits that are available in the medicaid alternative benefit plan in the current medicaid benefit plan beginning January 1, 2014.

(48) The appropriations in this section reflect savings and efficiencies achieved by modifying dispensing methods of contraceptive drugs. The authority must make arrangements for all medicaid programs offered through managed care plans or fee-for-service programs to require dispensing of contraceptive drugs with a one-year supply provided at one time unless a patient requests a smaller supply or the prescribing physician instructs that the patient must receive a smaller supply. Contracts with managed care plans must allow on-site dispensing of the prescribed contraceptive drugs at family planning clinics. Dispensing practices must follow clinical guidelines for appropriate prescribing and dispensing to ensure the health of the patient while maximizing access to effective contraceptive drugs.

(49)(a) \$75,000 of the general fund—state appropriation for fiscal year 2014 and \$75,000 of the general fund—federal appropriation are provided solely for preparing options with an expert consultant for possible implementation of a targeted premium assistance program and possible implementation of the federal basic health option. \$75,000 of the amounts appropriated in this subsection is provided solely for the development of options related to the targeted premium assistance program. The authority shall develop options for a waiver request to the federal centers for medicare and medicaid services to implement a targeted premium assistance program for the expansion adults, identified in section 1902(a)(10)(A)(i)(VIII) of the social security act, with incomes above one hundred percent of the federal poverty level, and for children covered in the children's health insurance program with incomes above two hundred percent of the federal poverty level, with a goal of providing seamless coverage through the health benefit exchange and improving opportunities for families to be covered in the same health plans. The options must include the possibility of applying premiums for individuals and cost-sharing that may exceed the five percent of family income cap under federal law, and the options must include recommendations to make the targeted premium assistance program cost neutral. The authority shall submit a report on the options to the legislature and the governor by

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January 1, 2014. The authority is encouraged to be creative, use subject matter experts, and exhaust all possible options to achieve cost neutrality. The report shall also include a detailed plan and timeline. \$75,000 of the amounts appropriated in this subsection is provided solely for the development of options related to the federal basic health option. The authority shall prepare options for implementing the federal basic health option as federal guidance becomes available. The authority shall submit a report on the options to the legislature and the governor by January 1, 2014, or ninety days following the release of federal guidance. The report must include a comparison of the premiums and cost-sharing under the federal basic health option with the premium assistance options described in this subsection, options for implementing the federal basic health option in combination with a premium assistance program, a detailed fiscal analysis for each coverage approach, including the estimated costs for system design and implementation, and information about impacted populations.

(b) Where possible, the authority shall leverage the same expert consultants to review each proposal and compare and contrast the approaches to ensure seamless coordination with the health benefit exchange.

(c) The authority shall collaborate with the joint select committee on health care oversight in the development of these options.

(50) \$171,000 of the general fund—state appropriation for fiscal year 2015 and \$145,000 of the general fund—federal appropriation are provided solely to implement Second Substitute Senate Bill No. 6312 (mental health, chemical dependency) and Engrossed Second Substitute House Bill No. 2315 (suicide prevention). If Second Substitute Senate Bill No. 6312 (mental health, chemical dependency) is not enacted by June 30, 2014, the amounts provided in this subsection shall lapse.

(51) \$604,000 of the general fund—state appropriation for fiscal year 2014, \$597,000 of the general fund—state appropriation for fiscal year 2015, and \$18,320,000 of the general fund—federal appropriation are provided solely to implement Engrossed Second Substitute House Bill No. 2572 (health care purchasing, delivery). If the bill is not enacted by June 30, 2014, the amounts provided in this subsection shall lapse.

(52) \$506,000 of the general fund—state appropriation for fiscal year 2015 and \$306,000 of the general fund—federal appropriation are provided solely to implement Substitute House Bill No. 2310 (provider safety equipment). If the bill is not enacted by June 30, 2014, the amounts provided in this subsection shall lapse.

(53) \$390,000 of the general fund—state appropriation for fiscal year 2015 and \$3,510,000 of the general fund—federal appropriation are provided solely for medicaid clients to select the medicaid managed care organization of their choice within the Washington healthplanfinder online marketplace.

(54) \$561,000 of the general fund—state appropriation for fiscal year 2015, \$2,000 of the general fund—local appropriation, and \$693,000 of the general fund—federal appropriation are provided solely for the authority to add autism screenings for children age eighteen months beginning July 1, 2014.

(55) By December 1, 2014, the authority shall report to the legislative fiscal committees with options for reducing payments to hospital owned physician practices or clinics that are higher than the maximum resource based relative value scale fee rates received by nonhospital owned physician practices or clinics for the same procedures. The authority shall include options for exempting certain hospital owned clinics from the reductions and the fiscal impacts of those options. The authority shall not enter into or renew any contracts under RCW 74.60.160 that would

restrict the authority's ability to implement any of these options in the 2015-2017 fiscal biennium.

(56) The appropriations to the authority in this act shall be expended for the purposes and in the amounts specified in this act. To the extent that appropriations in this section are insufficient to fund actual expenditures in excess of caseload forecasts and utilization assumptions, the authority, after May 1, ((2014)) 2015, may transfer general fund—state appropriations for fiscal year ((2014)) 2015 that are provided solely for a specified purpose. The authority shall not transfer funds, and the director of financial management shall not approve the transfer, unless the transfer is consistent with the objective of conserving, to the maximum extent possible, the expenditure of state funds. The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any allotment modifications or transfers under this subsection. The written notification shall include a narrative explanation and justification of changes, along with expenditures and allotments by budget unit and appropriation, both before and after any allotment modifications or transfers.

(57) The authority shall use revenue appropriated from the dedicated marijuana fund for contracts with community health centers under RCW 69.50.540 in lieu of general fund—state payments to community health centers for services provided to medical assistance clients, and it is the intent of the legislature that this policy will be continued in subsequent fiscal biennia.

Sec. 1214. 2014 c 221 s 214 (uncodified) is amended to read as follows:

FOR THE HUMAN RIGHTS COMMISSION

General Fund—State Appropriation (FY 2014)	\$2,059,000
General Fund—State Appropriation (FY 2015)(((\$2,027,000))	\$2,024,000
General Fund—Federal Appropriation	\$2,171,000
TOTAL APPROPRIATION	\$6,257,000
	<u>\$6,254,000</u>

The appropriations in this section are subject to the following conditions and limitations: \$218,000 of the general fund—federal appropriation is provided for additional financial resources from the U.S. department of housing and urban development for the investigation of discrimination cases involving service animals.

Sec. 1215. 2014 c 221 s 216 (uncodified) is amended to read as follows:

FOR THE CRIMINAL JUSTICE TRAINING COMMISSION

General Fund—State Appropriation (FY 2014)	\$14,535,000
General Fund—State Appropriation (FY 2015)	(((\$14,062,000))
	\$15,093,000
General Fund—Private/Local Appropriation (((\$4,380,000))	\$5,134,000
Death Investigations Account—State Appropriation	\$148,000
Municipal Criminal Justice Assistance Account—State Appropriation	\$460,000
24/7 Sobriety Account—State Appropriation	\$10,000
Washington Auto Theft Prevention Authority Account—State Appropriation	\$8,597,000
TOTAL APPROPRIATION	\$42,182,000
	<u>\$43,977,000</u>

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

(1) \$5,000,000 of the general fund—state appropriation for fiscal year 2014 and \$5,000,000 of the general fund—state appropriation for fiscal year 2015, are provided to the Washington association of sheriffs and police chiefs solely to

verify the address and residency of registered sex offenders and kidnapping offenders under RCW 9A.44.130.

(2) ((~~\$408,000~~)) \$429,000 of the general fund—local appropriation is provided solely to purchase ammunition for the basic law enforcement academy. Jurisdictions shall reimburse to the criminal justice training commission the costs of ammunition, based on the average cost of ammunition per cadet, for cadets that they enroll in the basic law enforcement academy.

(3) The criminal justice training commission may not run a basic law enforcement academy class of fewer than 30 students.

(4) \$100,000 of the general fund—state appropriation for fiscal year 2014 and \$100,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a school safety program. The commission, in collaboration with the school safety center advisory committee, shall provide the school safety training for all school administrators and school safety personnel hired after the effective date of this section.

(5) \$96,000 of the general fund—state appropriation for fiscal year 2014 and \$96,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the school safety center within the commission. The safety center shall act as an information dissemination and resource center when an incident occurs in a school district in Washington or in another state, coordinate activities relating to school safety, and review and approve manuals and curricula used for school safety models and training. Through an interagency agreement, the commission shall provide funding for the office of the superintendent of public instruction to continue to develop and maintain a school safety information web site. The school safety center advisory committee shall develop and revise the training program, using the best practices in school safety, for all school safety personnel. The commission shall provide research-related programs in school safety and security issues beneficial to both law enforcement and schools.

(6) \$123,000 of the general fund—state appropriation for fiscal year 2014 and \$123,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the costs of providing statewide advanced driving training with the use of a driving simulator.

(7) \$165,000 of the general fund—state appropriation for fiscal year 2014 and \$165,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for crisis intervention training for peace officers. The commission shall incorporate eight hours of crisis intervention curriculum into its basic law enforcement academy and shall offer an eight-hour in-service crisis intervention training course.

~~(8) ((~~\$35,000~~ of the general fund—state appropriation for fiscal year 2015 is provided solely for a study to collect data on the number of reserve officers statewide. By December 31, 2014, the commission shall report to the legislature on the number of reserve peace officers who are employed at each local law enforcement agency in Washington.~~

~~(9))~~ \$70,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the commission to design and initiate, in partnership with Seattle university criminal justice department, the first year of a five-year study to research the effectiveness of its crisis intervention training. By November 1, 2014, the commission shall provide a report to the office of financial management and the appropriate fiscal and policy committees of the legislature that sets forth the proposed benchmarks and outcomes to be evaluated by the study. The commission shall provide an annual report of its evaluation to date by June 30th of each fiscal year during the study.

Sec. 1216. 2014 c 221 s 217 (uncodified) is amended to read as follows:

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FOR THE DEPARTMENT OF LABOR AND INDUSTRIES

General Fund—State Appropriation (FY 2014)	\$17,216,000
General Fund—State Appropriation (FY 2015)	(((\$17,663,000))
	\$17,553,000
General Fund—Federal Appropriation	\$11,876,000
Asbestos Account—State Appropriation	\$363,000
Electrical License Account—State Appropriation	\$40,072,000
Farm Labor Contractor Account—State Appropriation	\$28,000
Worker and Community Right-to-Know Account—State Appropriation	\$897,000
Public Works Administration Account—State Appropriation	\$7,202,000
Manufactured Home Installation Training Account—State Appropriation	\$350,000
Accident Account—State Appropriation	\$257,709,000
Accident Account—Federal Appropriation	\$13,626,000
Medical Aid Account—State Appropriation	\$277,845,000
Medical Aid Account—Federal Appropriation	\$3,186,000
Plumbing Certificate Account—State Appropriation	\$1,734,000
Pressure Systems Safety Account—State Appropriation	\$4,170,000
TOTAL APPROPRIATION	\$653,937,000
	<u>\$653,827,000</u>

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

(1) Pursuant to RCW 43.135.055, the department is authorized to increase elevator fees by up to 13.1 percent during the 2013-2015 fiscal biennium. This increase is necessary to support expenditures authorized in this section, consistent with chapter 70.87 RCW.

(2) \$1,336,000 of the medical aid account—state appropriation is provided solely for implementation of Substitute Senate Bill No. 5362 (workers' compensation/vocational rehabilitation). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(3) \$279,000 of the public works administration account—state appropriation, \$4,000 of the medical aid account—state appropriation, and \$4,000 of the accident account—state appropriation are provided solely for implementation of Substitute House Bill No. 1420 (transportation improvement projects). ~~((If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.))~~

(4) \$94,000 of the accident account—state appropriation and \$17,000 of the medical aid account—state appropriation are provided solely to implement Substitute Senate Bill No. 5123 (farm internship program). ~~((If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.))~~

(5) \$210,000 of the medical aid account—state appropriation and \$630,000 of the accident account—state appropriation are provided solely for the contract costs and one staff position at the department for the purpose of implementing the logging safety initiative in an effort to reduce the frequency and severity of injuries in manual, or nonmechanized, logging. The department shall reduce \$840,000 of workers compensation funding used for the safety and health investment project to maintain cost neutrality. Additional costs for the implementation of the logging safety initiative shall be accomplished by the department within existing resources to include the assignment of two full-time auditors specifically for this purpose. The department is directed to include \$420,000 of these costs in its calculation of workers' compensation premiums for the forest products industry for 2014,

2015, and 2016 rates. The department shall report to the legislature by December 31, 2014, an approach for using a third party safety certification vendor, accomplishments of the taskforce, accomplishments on this effort to-date, and future plans. The report must identify options for future funding and make recommendations for permanent funding for this program.

(6) \$132,000 of the accident account—state appropriation and \$130,000 of the medical aid account—state appropriation are provided solely to implement Substitute Senate Bill No. 5360 (unpaid wages collection). ~~((If the bill is not enacted by June 30, 2014, the amounts provided in this subsection shall lapse.))~~

Sec. 1217. 2014 c 221 s 218 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF VETERANS AFFAIRS

(1) HEADQUARTERS

General Fund—State Appropriation (FY 2014)	\$1,995,000
General Fund—State Appropriation (FY 2015)	(((\$1,878,000))
	\$1,864,000
Charitable, Educational, Penal, and Reformatory Institutions Account—State Appropriation	\$10,000
TOTAL APPROPRIATION	\$3,883,000
	<u>\$3,869,000</u>

(2) FIELD SERVICES

General Fund—State Appropriation (FY 2014)	\$5,348,000
General Fund—State Appropriation (FY 2015)	(((\$5,305,000))
	\$5,278,000
General Fund—Federal Appropriation	\$3,442,000
General Fund—Private/Local Appropriation	\$4,523,000
Veteran Estate Management Account—Private/Local Appropriation	\$1,098,000
TOTAL APPROPRIATION	\$19,716,000
	<u>\$19,689,000</u>

The appropriations in this subsection are subject to the following conditions and limitations: \$300,000 of the general fund—state appropriation for fiscal year 2014 and \$300,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to provide crisis and emergency relief and education, training, and employment assistance to veterans and their families in their communities through the veterans innovation program.

(3) INSTITUTIONAL SERVICES

General Fund—State Appropriation (FY 2014)	\$239,000
General Fund—State Appropriation (FY 2015)	(((\$156,000))
	\$155,000
General Fund—Federal Appropriation	\$69,188,000
General Fund—Private/Local Appropriation	\$25,447,000
TOTAL APPROPRIATION	\$95,030,000
	<u>\$95,029,000</u>

Sec. 1218. 2014 c 221 s 219 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF HEALTH

General Fund—State Appropriation (FY 2014)	\$59,915,000
General Fund—State Appropriation (FY 2015)	(((\$62,889,000))
	\$60,402,000
General Fund—Federal Appropriation	(((\$534,989,000))
	\$540,482,000
General Fund—Private/Local Appropriation	\$139,011,000
Hospital Data Collection Account—State Appropriation	\$221,000
Health Professions Account—State Appropriation	\$105,228,000
Aquatic Lands Enhancement Account—State Appropriation	\$604,000

Emergency Medical Services and Trauma Care Systems Trust Account—State Appropriation	\$11,194,000
Safe Drinking Water Account—State Appropriation	\$5,233,000
Drinking Water Assistance Account—Federal Appropriation	\$14,697,000
Waterworks Operator Certification—State Appropriation	\$1,554,000
Drinking Water Assistance Administrative Account—State Appropriation	\$336,000
Site Closure Account—State Appropriation	\$158,000
Biotoxin Account—State Appropriation	\$1,323,000
State Toxics Control Account—State Appropriation	\$3,913,000
Medical Test Site Licensure Account—State Appropriation	\$4,722,000
Youth Tobacco Prevention Account—State Appropriation	\$1,512,000
Dedicated Marijuana Account—State Appropriation (FY 2015)	\$1,000
Public Health Supplemental Account—Private/Local Appropriation	\$3,236,000
Accident Account—State Appropriation	\$302,000
Medical Aid Account—State Appropriation	\$50,000
Medicaid Fraud Penalty Account—State Appropriation	\$987,000
TOTAL APPROPRIATION	\$952,074,000
	\$955,081,000

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

(1)(a) The department of health shall not initiate any services that will require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department of health and the state board of health shall not implement any new or amended rules pertaining to primary and secondary school facilities until the rules and a final cost estimate have been presented to the legislature, and the legislature has formally funded implementation of the rules through the omnibus appropriations act or by statute. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation that provides appropriation authority, and an equal amount of appropriated state moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(b) The joint administrative rules review committee shall review the new or amended rules pertaining to primary and secondary school facilities under (a) of this subsection. The review committee shall determine whether (i) the rules are within the intent of the legislature as expressed by the statute that the rule implements, (ii) the rule has been adopted in accordance with all applicable provisions of law, or (iii) that the agency is using a policy or interpretive statement in place of a rule. The rules review committee shall report to the appropriate policy and fiscal committees of the legislature the results of committee's review and any recommendations that the committee deems advisable.

(2) In accordance with RCW 43.70.250 and 43.135.055, the department is authorized to establish and raise fees in fiscal year

2014 as necessary to meet the actual costs of conducting business and the appropriation levels in this section. This authorization applies to fees required for newborn screening, and fees associated with the following professions: Agency affiliated counselors; certified counselors; and certified advisors.

(3) \$150,000 of the state toxics control account—state appropriation is provided solely to provide water filtration systems for low-income households with individuals at high public health risk from nitrate-contaminated wells in the lower Yakima basin.

(4)(a) \$64,000 of the medicaid fraud penalty account—state appropriation is provided solely for the department to integrate the prescription monitoring program into the coordinated care electronic tracking program developed in response to section 213, chapter 7, Laws of 2012, 2nd sp. sess., commonly referred to as the seven best practices in emergency medicine.

(b) The integration must provide prescription monitoring program data to emergency department personnel when the patient registers in the emergency department. Such exchange may be a private or public joint venture, including the use of the state health information exchange.

(c) As part of the integration, the department shall request insurers and third-party administrators that provide coverage to residents of Washington state to provide the following to the coordinated care electronic tracking program:

(i) Any available information regarding the assigned primary care provider, and the primary care provider's telephone and fax numbers. This information is to be used for real-time communication to an emergency department provider when caring for a patient; and

(ii) Information regarding any available care plans or treatment plans for patients with higher utilization of services on a regular basis. This information is to be provided to the treating provider.

(5) \$180,000 of the general fund—state appropriation for fiscal year 2014 and \$150,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington autism alliance to assist autistic individuals and families with autistic children during the transition to federal health reform.

(6) \$6,000 of the general fund—state appropriation for fiscal year 2014 and \$5,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the department to convene a work group to study and recommend language for standardized clinical affiliation agreements for clinical placements associated with the education and training of physicians licensed under chapter 18.71 RCW, osteopathic physicians and surgeons licensed under chapter 18.57 RCW, and nurses licensed under chapter 18.79 RCW. The work group shall develop one recommended standardized clinical affiliation agreement for each profession or one recommended standardized clinical affiliation agreement for all three professions.

(a) When choosing members of the work group, the department shall consult with the health care personnel shortage task force and shall attempt to ensure that the membership of the work group is geographically diverse. The work group must, at a minimum, include representatives of the following:

- (i) Two-year institutions of higher education;
- (ii) Four-year institutions of higher education;
- (iii) The University of Washington medical school;
- (iv) The college of osteopathic medicine at the Pacific Northwest University of Health Sciences;
- (v) The health care personnel shortage task force;
- (vi) Statewide organizations representing hospitals and other facilities that accept clinical placements;
- (vii) A statewide organization representing physicians;

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(viii) A statewide organization representing osteopathic physicians and surgeons;

(ix) A statewide organization representing nurses;

(x) A labor organization representing nurses; and

(xi) Any other groups deemed appropriate by the department in consultation with the health care personnel shortage task force.

(b) The work group shall report its findings to the governor and the appropriate standing committees of the legislature no later than November 15, 2014.

(7) \$65,000 of the general fund—state appropriation for fiscal year 2014 and \$65,000 of the general fund—state appropriation for fiscal year 2015 are for the midwifery licensure and regulatory program to supplement revenue from fees. The department shall charge no more than five hundred twenty-five dollars annually for new or renewed licenses for the midwifery program.

(8) During the 2013-2015 fiscal biennium, each person subject to RCW 43.70.110(3)(c) is required to pay only one surcharge of up to twenty-five dollars annually for the purposes of RCW 43.70.112, regardless of how many professional licenses the person holds.

(9) \$654,000 of the health professions account—state appropriation is provided solely for the implementation of Engrossed Senate Bill No. 5206 (health sciences library). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(10) \$35,000 of the health professions account—state appropriation is provided solely for the implementation of House Bill No. 1003 (health professions licensees). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(11) \$10,000 of the health professions account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1270 (board of denturists). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(12) \$10,000 of the health professions account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1271 (denturism). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(13) \$11,000 of the health professions account—state appropriation is provided solely for the implementation of House Bill No. 1330 (dental hygienists, assistants). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(14) \$34,000 of the health professions account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1376 (suicide assessment training). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(15) \$10,000 of the health professions account—state appropriation is provided solely for the implementation of Engrossed Substitute House Bill No. 1515 (medical assistants). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(16) \$2,185,000 of the health professions account—state appropriation is provided solely for the implementation of Second Substitute House Bill No. 1518 (disciplinary authorities). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(17) \$141,000 of the general fund—private/local appropriation is provided solely for the implementation of Substitute House Bill No. 1525 (birth certificates). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(18) \$220,000 of the health professions account—state appropriation is provided solely for the implementation of House Bill No. 1534 (impaired dentist program). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(19) \$51,000 of the health professions account—state appropriation is provided solely for the implementation of House Bill No. 1609 (board of pharmacy). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(20) \$12,000 of the health professions account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1629 (home care aide continuing education). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(21) \$18,000 of the health professions account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1737 (physician assistants). ~~((If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.))~~

(22) \$77,000 of the general fund—state appropriation for fiscal year 2014 and \$38,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to develop a report on state efforts to prevent and control diabetes. The department, the health care authority, and the department of social and health services shall submit a coordinated report to the governor and the appropriate committees of the legislature by December 31, 2014, on the following:

(a) The financial impacts and reach that diabetes of all types and undiagnosed gestational diabetes are having on the programs administered by each agency and individuals, including children with mothers with undiagnosed gestational diabetes, enrolled in those programs. Items in this assessment must include: (i) The number of lives with diabetes and undiagnosed gestational diabetes impacted or covered by the programs administered by each agency; (ii) the number of lives with diabetes, or at risk for diabetes, and family members impacted by prevention and diabetes control programs implemented by each agency; (iii) the financial toll or impact diabetes and its complications, and undiagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs in comparison to other chronic diseases and conditions; and (iv) the financial toll or impact diabetes and its complications, and diagnosed gestational diabetes and the complications experienced during labor to children of mothers with gestational diabetes places on these programs;

(b) An assessment of the benefits of implemented and existing programs and activities aimed at controlling all types of diabetes and preventing the disease. This assessment must also document the amount and source for any funding directed to each agency for the programs and activities aimed at reaching those with diabetes of all types;

(c) A description of the level of coordination existing between the agencies on activities, programmatic activities, and messaging on managing, treating, or preventing all types of diabetes and its complications;

(d) The development or revision of detailed policy-related action plans and budget recommendations for battling diabetes and undiagnosed gestational diabetes that includes a range of actionable items for consideration by the legislature. The plans and budget recommendations must identify proposed action steps to reduce the impact of diabetes, prediabetes, related diabetes complications, and undiagnosed gestational diabetes. The plans and budget recommendations must also identify expected

outcomes of the action steps proposed in the following biennium while also establishing benchmarks for controlling and preventing all types of diabetes; and

(e) An estimate of savings, efficiencies, costs, and budgetary savings and resources required to implement the plans and budget recommendations identified in (d) of this subsection (23).

(23) Within the general fund—state amounts appropriated in this section, the department of health will develop and administer the certified home care aide examination translated into at least seven languages in addition to the languages in which the examination is available on the effective date of this act. The purpose of offering the examination in additional languages is to encourage an adequate supply of certified home care aides to meet diverse long-term care client needs.

(24)(a) \$350,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the department of health to support Washington's healthiest next generation efforts by partnering with the office of the superintendent of public instruction, department of early learning, and other public and private partners as appropriate to do the following:

(i) Expand programs across Washington that have demonstrated success in increasing physical activity and access to healthy food and drinking water;

(ii) Provide toolkits and mentoring for early learning and school professionals with strategies to encourage children to be active, eat healthy food, and have access to drinking water;

(iii) Enhance performance standards for the early childhood education and assistance program to include best practices on healthy eating and physical activity, nutrition education activities in written curriculum plans, and the incorporation of healthy eating, physical activity, and screen time education into parent education;

(iv) Revise statewide guidelines for schools for quality health and fitness education; and

(v) Establish performance metrics.

(b) The department shall collaborate with the governor or the governor's designee, chairs or designees of the appropriate legislative committees, the state agencies listed in (a) of this subsection, other necessary state or local agencies and private businesses, and community organizations or individuals with expertise in child health, nutrition, and fitness to submit reports to the governor and the appropriate committees of the legislature by December 31, 2014, and June 30, 2015, that include:

(i) An update and a summary of the current and expected impacts of the activities listed in (a) of this subsection;

(ii) An identification and description of other programs designed to prevent childhood obesity, including programs with a focus on reducing child-related health disparities in specific population groups and programs for preventing and stopping tobacco and substance use; and

(iii) An analysis and identification of potential programs, policy, and funding recommendations for consideration by the legislature.

(25) \$68,000 of the health professions account—state appropriation is provided solely to implement Engrossed Substitute House Bill No. 2160 (physical therapists). ~~((If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.))~~

(26) \$251,000 of the health professions account—state appropriation is provided solely to implement Engrossed Substitute House Bill No. 2315 (suicide prevention). ~~((If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.))~~

(27)(a) Within the appropriations provided in this section, the department shall update its hepatitis C strategic plan for the state to include recommended actions pertaining to, at a minimum:

(i) Using prevalence data to determine the number of undiagnosed hepatitis C patients in the state;

(ii) How to best reach undiagnosed patients, with special consideration to people born between 1945 and 1965, and new infections;

(iii) The status of the more than sixty thousand state residents who have already been diagnosed with hepatitis C;

(iv) A framework for improving hepatitis C testing and linkage to medical care; and

(v) A framework for the prevention of hepatitis C.

(b) The department of health shall present its updated strategic hepatitis C plan to the appropriate committees of the legislature by September 15, 2014.

(28) Moneys appropriated in this section are sufficient to maintain and operate the marine biotoxin information hotline and the department shall not suspend or reduce its operation.

(29) \$1,500,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for tobacco, marijuana, and e-cigarette prevention activities that serve youth and populations with a high incidence of smoking. For activities that serve youth, the department must partner with the office of the superintendent of public instruction to fund effective tobacco, marijuana, and e-cigarette prevention programs at middle and high schools. For activities that serve populations with a high incidence of smoking, the department must contract with community based organizations that serve populations that have a high incidence of smoking tobacco, marijuana, or e-cigarettes. The legislature intends to fund tobacco and e-cigarette prevention programs in future biennia based on the Washington state institute for public policy report in section 609 of this act. The department shall work with the institute and shall develop a budget request for the 2015-2017 fiscal biennium based on the institute's report.

Sec. 1219. 2014 c 221 s 220 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF CORRECTIONS

The appropriations to the department of corrections in this act must be expended for the programs and in the amounts specified in this section. However, after May 1, ~~((2014))~~ 2015, after approval by the director of financial management and unless specifically prohibited by this act, the department may transfer general fund—state appropriations for fiscal year ~~((2014))~~ 2015 between programs. The department may not transfer funds, and the director of financial management may not approve the transfer, unless the transfer is consistent with the objective of conserving, to the maximum extent possible, the expenditure of state funds. The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any deviations from appropriation levels. The written notification must include a narrative explanation and justification of the changes, along with expenditures and allotments by budget unit and appropriation, both before and after any allotment modifications or transfers.

(1) ADMINISTRATION AND SUPPORT SERVICES

General Fund—State Appropriation (FY 2014)	\$56,330,000
General Fund—State Appropriation (FY 2015)	((54,430,000))
	\$53,972,000
Data Processing Revolving Account—State Appropriation	\$1,249,000
TOTAL APPROPRIATION	\$112,009,000
	\$111,551,000

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

(a) \$35,000 of the general fund—state appropriation for fiscal year 2014 and \$35,000 of the general fund—state appropriation

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for fiscal year 2015 are provided solely for the support of a statewide council on mentally ill offenders that includes as its members representatives of community-based mental health treatment programs, current or former judicial officers, and directors and commanders of city and county jails and state prison facilities. The council will investigate and promote cost-effective approaches to meeting the long-term needs of adults and juveniles with mental disorders who have a history of offending or who are at-risk of offending, including their mental health, physiological, housing, employment, and job training needs.

(b) \$150,000 of the general fund—state appropriation for fiscal year 2014 and \$75,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the department to contract with a consultant who can facilitate and provide project expertise on the implementation of community and prison based offender programming that follows the risk-needs-responsivity model.

(i) By September 1, 2013, the department shall provide to the consultant an inventory of all existing programming both in prisons and in community operations. The department shall consult with the Washington state institute for public policy (WSIPP) to determine whether programs are evidence-based or research-based using definitions provided by WSIPP and shall include this information on the inventory.

(ii) By March 1, 2014, the consultant shall report to the department, the office of financial management, and legislative fiscal committees on the department's current plans and processes for managing offender programming including processes for phasing-out ineffective programs and implementing evidence-based or research-based programs. All department programs should be considered by the consultant regardless of whether they are included on the most recent list of WSIPP approved identifiable evidence-based practices in (b)(i) of this subsection.

(iii) The WSIPP, in consultation with the department, shall systematically review selected programs to determine the effectiveness of these programs at reducing recidivism or other outcomes. The WSIPP shall conduct a benefit-cost analysis of these programs when feasible and shall report to the legislature by December 1, 2013.

(iv) Based on the report provided by the consultant and the WSIPP review of programs, the department shall work collaboratively with the consultant to develop and complete a written comprehensive implementation plan by June 30, 2014. The implementation plan must clearly identify the types of programs to be included, the recommended locations where the programs will be sited, an implementation timeline, and a phasing of the projected number of participants needed to meet the threshold of available program funds.

(v) Using the written implementation plan as a guide, the department must have programs in place and fully phased-in no later than January 1, 2016.

(vi) The department shall hold the consultant on retainer to assist the department as needed throughout the implementation process. The consultant shall review quarterly the actual implementation compared to the written implementation plan and shall provide a report to the secretary of the department. The department shall provide reports to the office of financial management and legislative fiscal committees as follows:

(A) The written comprehensive implementation plan shall be provided by July 15, 2014; and

(B) Written progress updates shall be provided by December 1, 2014, and by June 1, 2015.

(2) CORRECTIONAL OPERATIONS

General Fund—State Appropriation (FY 2014)\$594,207,000

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General Fund—State	Appropriation (FY 2015)	
		((594,052,000))
		\$599,834,000
General Fund—Federal	Appropriation	((3,356,000))
		\$2,816,000
Washington Auto Theft Prevention Authority Account—State	Appropriation	\$7,582,000
Environmental Legacy Stewardship Account—State	Appropriation	\$105,000
County Criminal Justice Assistance Account—State	Appropriation	\$390,000
TOTAL APPROPRIATION		<u>\$1,199,692,000</u>
		<u>\$1,204,934,000</u>

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

(a) During the 2013-2015 fiscal biennium, when contracts are established or renewed for offender pay phone and other telephone services provided to inmates, the department shall select the contractor or contractors primarily based on the following factors: (i) The lowest rate charged to both the inmate and the person paying for the telephone call; and (ii) the lowest commission rates paid to the department, while providing reasonable compensation to cover the costs of the department to provide the telephone services to inmates and provide sufficient revenues for the activities funded from the institutional welfare betterment account.

(b) \$501,000 of the general fund—state appropriation for fiscal year 2014 and \$501,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the department to maintain the facility, property, and assets at the institution formerly known as the maple lane school in Rochester. The department may not house incarcerated offenders at the maple lane site until specifically directed to do so by the legislature.

(c) By March 31, 2014, the department of corrections shall provide a report to the office of financial management and the appropriate fiscal and policy committees of the legislature that evaluates the department's inmate intake processes and expenditures and makes recommendations for improvements. The evaluation must include an analysis of lean management processes that, if adopted, could improve the efficiency and cost effectiveness of inmate intake.

(d) By December 1, 2013, the department of corrections shall provide a report to the office of financial management and the appropriate fiscal and policy committees of the legislature that evaluates the department's use of partial confinement and work release programs and makes recommendations for improving public safety and decreasing recidivism through increasing participation in partial confinement re-entry and work release programs. In making its recommendations, the department shall identify:

(i) Options for increasing the capacity of work release beds to meet the number of eligible offenders;

(ii) Potential cost savings to the state through contracting for or building new work release capacity;

(iii) Options for expanding eligibility for partial confinement, including creation of a structured re-entry program that includes stable housing, mandatory participation in evidence-based programs, and intensive supervision; and

(iv) Potential cost savings to the state from creation of a structured re-entry program.

(e) By December 1, 2013, the department of corrections shall provide a report to the office of financial management and the appropriate fiscal and policy committees of the legislature that evaluates the department's community parenting alternative

program, and makes recommendations for increasing participation in the program with the goals of increasing public safety and decreasing recidivism. The evaluation shall include recommendations for increasing the placement of eligible offenders into the program and increasing eligibility to other populations. In making its recommendations, the department shall identify the percent of the eligible population currently entering the program, outcomes to-date for program participants, and potential cost savings from increasing placement of offenders into the program.

(f) The department of corrections shall contract with local and tribal governments for the provision of jail capacity to house offenders who violate the terms of their community supervision. A contract shall not have a cost of incarceration in excess of \$85 per day per offender. A contract shall not have a year-to-year increase in excess of three percent per year. The contracts may include rates for the medical care of offenders which exceed the daily cost of incarceration and the limitation on year-to-year increase, provided that medical payments conform to the department's offender health plan, pharmacy formulary, and all off-site medical expenses are preapproved by department utilization management staff.

(g)(i) The legislature finds that it has taken several steps to mitigate the demand for prison capacity including funding evidence-based programming for offenders which is proven to reduce recidivism, funding evidence-based treatment alternatives to incarceration for drug-addicted offenders, standardizing inconsistencies in the drug sentencing grid, and authorizing the department to rent local jail beds. These steps will also assist the department's implementation of additional operational efficiencies by reducing costs related to offender intake, processing, and transportation.

(ii) Up to \$1,119,000 of the general fund—state appropriation for fiscal year 2014 and up to \$1,322,000 of the general fund—state appropriation for fiscal year 2015 may be used by the department to rent jail capacity for short-term offenders. In contracting for jail beds for short-term offenders, the department shall rent capacity from local and tribal governments to house offenders with an earned release date of less than one hundred twenty days remaining on his or her sentence at the time the offender would otherwise be transferred to a state correctional facility. The contracted daily costs for these offenders shall not exceed \$70 per offender including medical costs.

(h) The department of corrections shall issue a competitive solicitation by August 1, 2013, to contract with local jurisdictions for the use of inmate bed capacity in lieu of prison beds operated by the state. The department may contract for up to 300 beds statewide to the extent that it is at no net cost to the department. The department shall calculate and report the average cost per offender per day, inclusive of all services, on an annual basis for a facility that is representative of average medium or lower offender costs. The duration of the contracts may be for up to four years. The department shall not pay a rate greater than \$65 per day per offender for all costs associated with the offender while in the local correctional facility to include programming and health care costs, or the equivalent of \$65 per day per bed including programming and health care costs for full units. The capacity provided at local correctional facilities must be for offenders whom the department of corrections defines as medium or lower security offenders. Programming provided for inmates held in local jurisdictions is included in the rate, and details regarding the type and amount of programming, and any conditions regarding transferring offenders will be negotiated with the department as part of any contract. Local jurisdictions must provide health care to offenders that meet standards set by the department. The local jail will provide all medical care including unexpected emergent

care. The department must utilize a screening process to ensure that offenders with existing extraordinary medical/mental health needs are not transferred to local jail facilities. If extraordinary medical conditions develop for an inmate while at a jail facility the jail may transfer the offender back to the department, subject to terms of the negotiated agreement. Health care costs incurred prior to transfer will be the responsibility of the jail. The department will report to legislative fiscal committees and the office of financial management by November 1, 2013, to provide a status update on implementation.

(i) The department shall convene a work group to develop health care cost containment strategies at local jail facilities. The work group shall identify cost containment strategies in place at the department and at local jail facilities, identify the costs and benefits of implementing strategies in jail health-care facilities, and make recommendations on implementing beneficial strategies. The work group shall submit a report on its findings and recommendations to the fiscal committees of the legislature by October 1, 2013. The work group shall include jail administrators, representatives from health care facilities at the local jail level and the state prisons level, and other representatives as deemed necessary.

(j) \$526,000 of the general fund—state appropriation for fiscal year 2014 and \$781,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to expand the piloted risk-needs-responsivity model to include the use of cognitive behavioral therapy with evidence-based programming at two minimum security prison facilities and at the Monroe correctional complex.

(k) \$23,453,000 of the general fund—state appropriation for fiscal year 2014 and \$24,919,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for offender programming. Pursuant to section 220(1) of this act, the department shall develop and implement a written comprehensive plan for offender programming that prioritizes programs which follow the risk-needs-responsivity model, are evidence-based, and have measurable outcomes. The department is authorized to discontinue ineffective programs and to repurpose underspent funds according to the priorities in the written plan.

(l) \$36,000 of the general fund—state appropriation for fiscal year 2014 and \$36,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of Engrossed Senate Bill No. 5484 (assault in the third-degree). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(m) \$48,000 of the general fund—state appropriation for fiscal year 2014 and \$48,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of Engrossed Substitute House Bill No. 1383 (stalking protection orders). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(n) \$36,000 of the general fund—state appropriation for fiscal year 2014 and \$36,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of Senate Bill No. 5149 (crimes against pharmacies). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(o) \$24,000 of the general fund—state appropriation for fiscal year 2014 and \$24,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of Engrossed Substitute Senate Bill No. 5669 (trafficking). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(p) \$24,000 of the general fund—state appropriation for fiscal year 2014 and \$24,000 of the general fund—state appropriation

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for fiscal year 2015 are provided solely for implementation of Engrossed Senate Bill No. 5053 (vehicle prowling). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(q) \$96,000 of the county criminal justice assistance—state appropriation is provided solely for implementation of Engrossed Senate Bill No. 5105 (rental vouchers for offenders). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(r) \$94,000 of the general fund—state appropriation for fiscal year 2014, and ~~(\$1,494,000)~~ \$1,011,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the department to contract with Yakima county for the use of female inmate bed capacity in lieu of prison beds operated by the state. The department shall rent jail beds through contracts established under (h) of this subsection to house female offenders beginning no later than May 1, 2014.

(s) The department shall assess possible uses for the Yakima county jail facility, including but not limited to, housing for short-term offenders; housing for community supervision violators or absconders; housing for offenders with special program needs such as offenders with mental health issues; and housing for older or infirm offenders. The department shall report to the appropriate policy and fiscal committees of the legislature by December 1, 2014, with findings, cost estimates, and recommendations for the use of the facility.

(3) COMMUNITY SUPERVISION

General Fund—State Appropriation (FY 2014)	\$148,788,000
General Fund—State Appropriation (FY 2015)	(\$151,715,000)
	\$158,506,000
County Criminal Justice Assistance Account—State	\$2,249,000
Ignition Interlock Device Revolving Account—State	\$2,200,000
General Fund—Federal Appropriation	\$298,000
TOTAL APPROPRIATION	<u>\$304,952,000</u>
	<u>\$312,041,000</u>

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

(a) \$1,906,000 of the county criminal justice assistance account—state appropriation and \$2,200,000 of the ignition interlock device revolving account—state appropriation are provided solely for the department to contract for additional residential drug offender sentencing alternative treatment slots. By December 1, 2013, the department shall provide a report to the appropriate fiscal committees of the house of representatives and the senate on the use of the additional treatment slots.

(b) \$4,186,000 of the general fund—state appropriation for fiscal year 2014 and \$6,362,000 of the general fund—state appropriation for fiscal year 2015 must be expended on evidence-based programs that follow the risk-needs-responsivity model. The department is authorized to use up to ten percent of these funds as necessary to secure physical space as needed to maximize program delivery of evidence-based treatment to all high-risk, high-need offenders in community supervision. Funding may be prioritized by the department to any program recognized as evidence-based for adult offenders by the Washington state institute for public policy.

(c) \$15,363,000 of the general fund—state appropriation for fiscal year 2014 and \$16,527,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for offender programming. Pursuant to section 220 (1) of this act, the department shall develop and implement a written comprehensive plan for offender programming that prioritizes

programs which follow the risk-needs-responsivity model, are evidence-based, and have measurable outcomes. The department is authorized to discontinue ineffective programs and to repurpose underspent funds according to the priorities in the written plan.

(d) \$107,000 of the county criminal justice—state appropriation is provided solely for implementation of Engrossed Senate Bill No. 5105 (rental vouchers for offenders). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(4) CORRECTIONAL INDUSTRIES

General Fund—State Appropriation (FY 2014)	\$6,830,000
General Fund—State Appropriation (FY 2015)	(\$7,174,000)
	\$6,336,000
TOTAL APPROPRIATION	\$14,004,000
	<u>\$13,166,000</u>

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

(a) \$3,293,000 of the general fund—state appropriation for fiscal year 2014 and \$3,707,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the stewardship of McNeil island. The department shall assume responsibility of all island maintenance excluding site specific maintenance operations for the special commitment center and the Pierce county secure transitional facility. The department shall as part of its industries program provide job skills to offenders while providing the minimum maintenance and preservation necessary for the state to remain in compliance with the federal deed for McNeil island. The department shall report on efficiencies and potential cost reductions to the office of financial management and legislative fiscal committees by December 15, 2013.

(b)(i) The department of social and health services shall transfer the stewardship of McNeil Island to the department of corrections industries program, effective September 1, 2013. The transferred responsibilities shall include marine operations, waste water treatment, water treatment, road maintenance, and any other general island maintenance that is not site specific to the operations of the special commitment center or the Pierce county secure community transition facility. Facility maintenance within the perimeter of the special commitment center shall remain the responsibility of the department of social and health services. Capital repairs and maintenance necessary to maintain the special commitment center on McNeil Island shall be managed by the department of social and health services. The legislature directs both departments to enter into an interagency agreement by August 1, 2013. The office of financial management shall oversee the negotiations of the interagency agreement. The interagency agreement must describe equipment that will transfer between the departments, warehouse space that will be shared by the departments, and occupancy requirements for any shops outside the perimeter of the special commitment center. The office of financial management will make the final determination on any disagreements between the departments on the details of the interagency agreement.

(ii) All employees of the department of social and health services engaged in performing the powers, functions, and duties transferred to the department of corrections industries program under this subsection, are transferred to the department of corrections.

(iii) All classified employees of department of social and health services assigned to the department of corrections under this subsection whose positions are within an existing bargaining unit description at the department of corrections shall become a part of the existing bargaining unit at the department of

corrections and shall be considered an appropriate inclusion or modification of the existing bargaining unit under the provisions of chapter 41.80 RCW.

(5) INTERAGENCY PAYMENTS

General Fund—State Appropriation (FY 2014)	\$41,667,000
General Fund—State Appropriation (FY 2015)	(\$38,200,000)
	\$37,546,000
TOTAL APPROPRIATION	\$79,867,000
	<u>\$79,213,000</u>

The appropriations in this subsection are subject to the following conditions and limitations: The state prison medical facilities may use funds appropriated in this subsection to purchase goods and supplies through hospital or other group purchasing organizations when it is cost effective to do so.

Sec. 1220. 2014 c 221 s 221 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SERVICES FOR THE BLIND

General Fund—State Appropriation (FY 2014)	\$2,225,000
General Fund—State Appropriation (FY 2015)	(\$2,182,000)
	\$2,181,000
General Fund—Federal Appropriation	\$20,937,000
General Fund—Private/Local Appropriation	\$60,000
TOTAL APPROPRIATION	\$25,404,000
	<u>\$25,403,000</u>

Sec. 1221. 2014 c 221 s 222 (uncodified) is amended to read as follows:

FOR THE EMPLOYMENT SECURITY DEPARTMENT

General Fund—Federal Appropriation	(\$269,546,000)
	\$217,250,000
General Fund—Private/Local Appropriation	\$34,095,000
Unemployment Compensation Administration Account—Federal Appropriation	(\$330,594,000)
	\$308,961,000
Administrative Contingency Account—State Appropriation	\$17,872,000
Employment Service Administrative Account—State Appropriation	\$41,451,000
TOTAL APPROPRIATION	\$693,558,000
	<u>\$619,629,000</u>

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

(1) \$5,000,000 of the unemployment compensation administration account—federal appropriation is from amounts made available to the state by section 903(g) of the social security act (Reed act). This amount is provided solely for continuing current unemployment insurance functions and department services to employers and job seekers.

(2) (~~\$23,585,000~~) \$19,880,000 of the unemployment compensation administration account—federal appropriation is from amounts made available to the state by section 903(g) of the social security act (Reed act). This amount is provided solely for the replacement of the unemployment insurance tax information system for the employment security department. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(3) \$3,735,000 of the unemployment compensation account—federal appropriation is from amounts made available to the state by section 903(g) of the social security act (Reed act). This amount is provided solely for the replacement of call center technology to improve the integration of the telephone and computing systems to increase efficiency and improve customer service.

(4) \$182,000 of the employment services administrative account—state appropriation is provided for costs associated with the second stage of the review and evaluation of the training benefits program as directed in section 15(2), chapter 4, Laws of 2011 (unemployment insurance program). This second stage shall be developed and conducted by the joint legislative audit and review committee and shall consist of further work on the process study and net-impact/cost-benefit analysis components of the evaluation.

(5) \$240,000 of the administrative contingency account—state appropriation is provided solely for the employment security department to contract with a center for workers in King county. The amount appropriated in this subsection shall be used by the contracted center for workers to support initiatives that generate high-skill, high-wage jobs; improve workforce and training systems; improve service delivery for dislocated workers; and build alliances with community and environmental organizations.

(6) The department is prohibited from expending amounts appropriated in this section for implementation of chapter 49.86 RCW.

(7) The employment security department shall collaborate with the workforce training and education coordinating board, the state board for community and technical colleges, the economic service administration, and the local workforce development councils to coordinate a consolidated report on short-term and long-term employment and training related outcomes and funding of WorkFirst and workforce investment act Title IB workforce training programs, including but not limited to the information described in this subsection. The employment security department shall prepare a single report and submit it to the governor and appropriate committees of the legislature by December 1, 2014. Specifically:

(a) The state board for community and technical colleges and the economic services administration shall report jointly on training outcomes for WorkFirst funded programs by activity (basic education, vocational education iBest, life skills, and any other related activities that are provided for WorkFirst clients), including but not limited to:

(i) The number and percent of individuals that complete educational activities;

(ii) The number and percent of individuals employed within one quarter after program completion and their median quarterly hours and wage and median annualized earnings;

(iii) The number and percent of individuals employed within three quarters after program completion and their median quarterly hours and wage and median annualized earnings;

(iv) The number of students enrolled in certificate programs by certificate type;

(v) The number of students who accumulate at least forty-five credits and a college award; and

(vi) The amount of WorkFirst funds spent.

The report shall also include recommendations for improving student retention and completion rates and any other system improvement recommendations.

(b) The employment security department shall work with the workforce training and education coordinating board, the state board for community and technical colleges, and the local workforce development councils to map the flow of federal workforce investment act funds from initial receipt by the employment security department to final expenditure. The report must include:

(i) The total amount spent on direct training provided by the community and technical colleges from workforce investment act funds;

(ii) The total amount spent by the employment security department on direct service provision;

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(iii) The number of students who enroll in certificate programs;

(iv) The number and percent of students who earn certificates; and

(v) The number and percent of students who accumulate at least forty-five credits and an industry recognized credential.

(8) ~~(\$3,809,000)~~ \$7,514,000 of the unemployment compensation administration account—federal appropriation is from amounts made available to the state by section 903(g) of the social security act (Reed act). This amount is provided solely for the replacement of the unemployment insurance benefit system for the employment security department. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(9) \$50,000 of the administrative contingency account—state appropriation is provided solely for the employment security department to convene and provide support to a work group on agricultural and agricultural labor-related issues.

(a) The goals of the work group are the following:

(i) To educate participants on relevant areas of regulation, business practices, and other labor issues of interest to the stakeholders in Washington agriculture;

(ii) To identify labor-related issues of importance to participants, including but not limited to, housing, workplace standards, and agricultural labor supply; and

(iii) To foster substantive, respectful, problem-solving oriented communication among stakeholders in and affected by the agricultural industry on the identified issues.

(b) The work group is charged with finding mutual points of interest and concern and with collaborating to find, where possible, administrative solutions to issues affecting agriculture.

(c) The work group must consist of ten members appointed by the governor with balanced and diverse representation that must include representatives from growers, agricultural industries, farmworker advocates, and labor.

(d) State agencies including the department of agriculture, the employment security department, the department of labor and industries, the department of health, and the commission on Hispanic affairs must each identify a representative to participate on the work group as an ex officio member. The work group may invite other agencies to participate as needed.

(e) The employment security department must coordinate no more than six meetings in 2014, with the final number of meetings to be determined by the work group.

(f) The work group may use a facilitator to assist the group in achieving the goals in (a) of this subsection.

(g) The employment security department must submit a report by December 1, 2014, to the office of financial management and to the appropriate fiscal and policy committees of the legislature. The report must include the following:

(i) The list of work group members;

(ii) The list of issues identified by the work group; and

(iii) Any work plan, recommendations, or actions taken that have been agreed upon by the work group.

(h) Work group members are entitled to be reimbursed for travel expenses under RCW 43.03.050, 43.03.060, and 43.03.049.

**PART XIII
NATURAL RESOURCES**

Sec. 1301. 2014 c 221 s 301 (uncodified) is amended to read as follows:

FOR THE COLUMBIA RIVER GORGE COMMISSION

General Fund—State Appropriation (FY 2014)	\$442,000
General Fund—State Appropriation (FY 2015) ((450,000))	\$445,000
General Fund—Federal Appropriation	\$31,000
General Fund—Private/Local Appropriation ((875,000))	\$871,000
TOTAL APPROPRIATION	\$1,798,000
	<u>\$1,789,000</u>

Sec. 1302. 2014 c 221 s 302 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

General Fund—State Appropriation (FY 2014)	\$25,942,000
General Fund—State Appropriation (FY 2015) ((25,065,000))	\$25,074,000
General Fund—Federal Appropriation	\$102,926,000
General Fund—Private/Local Appropriation	\$16,857,000
Reclamation Account—State Appropriation	\$3,982,000
Flood Control Assistance Account—State Appropriation	\$1,976,000
State Emergency Water Projects Revolving Account—State Appropriation	\$40,000
Waste Reduction/Recycling/Litter Control—State Appropriation ((9,689,000))	\$9,714,000
State Drought Preparedness Account—State Appropriation	\$204,000
State and Local Improvements Revolving Account (Water Supply Facilities)—State Appropriation	\$423,000
Environmental Legacy Stewardship Account—State Appropriation ((44,852,000))	\$44,915,000
Aquatic Algae Control Account—State Appropriation	\$513,000
Water Rights Tracking System Account—State Appropriation	\$46,000
Site Closure Account—State Appropriation	\$553,000
Wood Stove Education and Enforcement Account—State Appropriation	\$608,000
Worker and Community Right-to-Know Account—State Appropriation	\$1,690,000
Water Rights Processing Account—State Appropriation	\$135,000
State Toxics Control Account—State Appropriation ((125,248,000))	\$125,153,000
State Toxics Control Account—Private/Local Appropriation	\$976,000
Local Toxics Control Account—State Appropriation	\$3,745,000
Water Quality Permit Account—State Appropriation ((41,661,000))	\$41,790,000
Underground Storage Tank Account—State Appropriation	\$3,331,000
Biosolids Permit Account—State Appropriation	\$2,136,000
Hazardous Waste Assistance Account—State Appropriation ((6,009,000))	\$6,030,000
Air Pollution Control Account—State Appropriation	\$3,124,000
Oil Spill Prevention Account—State Appropriation ((6,312,000))	\$6,330,000

Air Operating Permit Account—State Appropriation	\$3,137,000
Freshwater Aquatic Weeds Account—State Appropriation	\$1,405,000
Oil Spill Response Account—State Appropriation	\$7,076,000
Water Pollution Control Revolving Account—State Appropriation	(\$352,000)
	\$474,000
Water Pollution Control Revolving Account—Federal Appropriation	(\$1,491,000)
	\$2,102,000
Water Pollution Control Revolving Administration Account—State Appropriation	(\$1,021,000)
	\$728,000
Radioactive Mixed Waste Account—State Appropriation	(\$14,336,000)
	\$14,346,000
TOTAL APPROPRIATION	\$456,861,000
	\$457,481,000

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

(1) \$170,000 of the oil spill prevention account—state appropriation is provided solely for a contract with the University of Washington's sea grant program to continue an educational program targeted to small spills from commercial fishing vessels, ferries, cruise ships, ports, and marinas.

(2) Pursuant to RCW 43.135.055, the department is authorized to increase the following fees as necessary to meet the actual costs of conducting business and the appropriation levels in this section: Wastewater discharge permit, not more than 4.55 percent in fiscal year 2014 and 4.63 percent in fiscal year 2015; mixed waste management service charge authorized in RCW 70.105.280, not more than 1.82 percent in fiscal year 2014 and 0.62 percent in fiscal year 2015; and reasonably available control technology fee.

(3) \$1,981,000 of the state toxics control account—state appropriation is for the department to provide training regarding the benefits of low-impact development including, but not limited to, when the use of low-impact development is appropriate and feasible, and the design, installation, maintenance, and best practices of low-impact development. The department will consult with Washington State University extension low-impact development technical center and others in the development of the low-impact technical training. As appropriate, the department may contract with the Washington State University extension low-impact development technical center, private sector vendors, associations, and others to deliver the technical training. The training must be provided free of cost to phase I and phase II permittees and the private development community including builders, engineers, and other industry professionals. The training must be sequenced geographically and provided in time for local jurisdictions to comply with RCW 90.48.260 and 36.70A.130(5). By August 1, 2013, the department of ecology shall provide the governor and appropriate legislative committees a plan for how low-impact development training funds will be spent during fiscal years 2014 through 2017.

(4) ~~(\$440,000 of the state toxics control account state appropriation is provided solely for administering the water pollution control facilities financial assistance program authorized in chapter 90.50A RCW.~~

(5) \$350,000 of the state toxics control account—state appropriation is provided solely for the Spokane river regional toxics task force to support their efforts to address elevated levels of polychlorinated biphenyls in the Spokane river. Funding will be used to determine the extent of the cleanup required,

implement cleanup actions to meet applicable water quality standards, and prevent recontamination.

~~((6))~~ (5) \$516,000 of the state toxics control account—state appropriation is provided solely for the department to support an ultrafine particulate study to determine how, if at all, the biomass cogeneration facilities in Port Townsend and Port Angeles may impact air quality and the health of citizens in the region.

~~((7))~~ (6) \$65,000 of the water quality permit account—state appropriation is provided solely for the implementation of Engrossed Substitute House Bill No. 1245 (derelict and abandoned vessels). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

~~((8))~~ (7) \$40,000 of the environmental legacy stewardship account—state appropriation is provided solely for the middle snake river watershed, WRIA 35 planning unit in implementing its watershed plan in collaboration with the department.

~~((9))~~ (8)(a) \$14,000,000 of the general fund—state appropriation for fiscal year 2014 and \$14,000,000 of the general fund—state appropriation for fiscal year 2015 are for activities within the water resources program.

(b) Of the amounts provided in (a) of this subsection, \$500,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for processing water right permit applications only if the department of ecology issues at least five hundred water right decisions in fiscal year 2014, and if the department of ecology does not issue at least five hundred water right decisions in fiscal year 2014 the amount provided in this subsection shall lapse and remain unexpended. Permit decisions for the Columbia river basin count toward the five hundred water rights decisions under this subsection. The department of ecology shall submit a report to the office of financial management and the state treasurer by June 30, 2014, that documents whether five hundred water right decisions were issued in fiscal year 2014. For the purposes of this subsection, applications that are voluntarily withdrawn by an applicant do not count towards the five hundred water right decision requirement. For the purposes of water budget-neutral requests under chapter 173-539A WAC, multiple domestic connections authorized within a single water budget-neutral decision are considered one decision for the purposes of this subsection.

~~((10))~~ (9) The department of ecology, in consultation with the office of financial management, shall prepare a facilities plan to reduce the agency's facilities obligation and the agency's cost per FTE for its facilities by 2017 to align with comparable state agencies. The plan must be submitted to the office of financial management and the appropriate legislative fiscal committees by November 1, 2013. The plan must include: (a) An inventory of all currently owned and leased buildings, consistent with the data provided through the state's facilities inventory process prescribed by the office of financial management annually by September 1st; (b) a list of facilities solutions that will reduce costs with an emphasis on consolidation, collocation, and alternative space solutions such as shared workspace and mobile work; and (c) a department-wide coordinated process and plan for regularly evaluating facility needs.

~~((11))~~ (10) \$25,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the protection of groundwater aquifers that are the sole drinking water source as prescribed in RCW 90.54.140 specifically for the protection of artesian groundwater aquifers in a county with a population greater than one million five hundred thousand that are being detrimentally impacted by development. If the amount provided in this subsection is not sufficient for this purpose, the department must use existing funds to implement this subsection.

~~((12))~~ (11) \$50,000 of the environmental legacy stewardship account—state appropriation is provided solely to fund the

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Bertrand watershed improvement district's development of a conceptual groundwater model for water right permitting and mitigation efforts in the Lynden, Everson, Nooksack, and Sumas (LENS) aquifer study area. The conceptual groundwater model shall be developed in cooperation with the WRIA 1 watershed planning joint board.

~~((13))~~ (12) Within the environmental legacy stewardship account—state appropriation in this section, the department must use a portion of the funds to:

(a) Review tetrabromobisphenol A, chemical abstracts service number 79-94-7 and antimony, chemical abstracts service number 7440-36-0 and their use in children's products and furniture as flame retardants. The department must consider available information on the hazards, uses, exposures, potential health and environmental concerns, safer alternatives, existing regulatory programs, and information from other governments or authoritative bodies. By December 31, 2014, the department must provide to the appropriate committees of the legislature a summary of the data reviewed and recommendations on whether to ban or restrict antimony and tetrabromobisphenol A flame retardants in children's products and furniture; and

(b) Test for the presence of flame retardants in children's products and furniture. By December 31, 2014, the department must report to the appropriate legislative committees on test results, available information on hazards, uses, exposures, safer alternatives, existing regulatory programs, potential health and environmental concerns, information from other governmental or authoritative bodies, and recommendations on whether to restrict or ban the flame retardants in children's products and furniture.

~~((14))~~ (13) \$300,000 of the state toxics control account—state appropriation is provided solely for the department to conduct a study of oil shipment through the state. The purpose of the study is to assess public health and safety as well as environmental impacts associated with oil transport. The study must provide data and analysis of statewide risks, gaps, and options for increasing public safety and improving spill prevention and response readiness. The department shall conduct the study in consultation with the department of transportation, the emergency management division of the military department, the utilities and transportation commission, tribes, appropriate local, state, and federal agencies, impacted industry groups, and stakeholders. The department must provide an update to the governor and the legislature by December 1, 2014, and a final report by March 1, 2015.

Sec. 1303. 2014 c 221 s 303 (uncodified) is amended to read as follows:

FOR THE STATE PARKS AND RECREATION COMMISSION

General Fund—State Appropriation (FY 2014)	\$4,271,000
General Fund—State Appropriation (FY 2015)	(\$4,415,000)
	\$4,392,000
General Fund—Federal Appropriation	\$6,001,000
Winter Recreation Program Account—State Appropriation	\$2,463,000
ORV and Nonhighway Vehicle Account—State Appropriation	\$214,000
Snowmobile Account—State Appropriation	\$4,856,000
Aquatic Lands Enhancement Account—State Appropriation	\$363,000
Parks Renewal and Stewardship Account—State Appropriation	\$105,159,000
Parks Renewal and Stewardship Account—Private/Local Appropriation	\$300,000
Waste Reduction/Recycling/Litter Control Account— State Appropriation	\$1,700,000

TOTAL APPROPRIATION	\$129,742,000
	\$129,719,000

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

(1) \$79,000 of the general fund—state appropriation for fiscal year 2014 and \$79,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a grant for the operation of the Northwest weather and avalanche center.

(2) Prior to closing any state park, the commission must notify all affected local governments and relevant nonprofit organizations of the intended closure and provide an opportunity for the notified local governments and nonprofit organizations to elect to acquire, or enter into, a maintenance and operating contract with the commission that would allow the park to remain open.

(3) The commission shall prepare a report on its efforts to increase revenue from all sources, including the discover pass. The report shall also include a status update on the fiscal health of the state parks system, and shall be submitted to the office of financial management and the appropriate committees of the legislature by October 28, 2013.

(4) \$25,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for implementation of Engrossed Second Substitute House Bill No. 2192 (state agency permitting). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

Sec. 1304. 2014 c 221 s 304 (uncodified) is amended to read as follows:

FOR THE RECREATION AND CONSERVATION FUNDING BOARD

General Fund—State Appropriation (FY 2014)	\$833,000
General Fund—State Appropriation (FY 2015)	(\$903,000)
	\$901,000
General Fund—Federal Appropriation	\$3,411,000
General Fund—Private/Local Appropriation	\$124,000
Aquatic Lands Enhancement Account—State Appropriation	\$480,000
Park Land Trust Revolving Account—State Appropriation	\$34,000
State Wildlife Account—State Appropriation	\$33,000
Parks Renewal and Stewardship Account—State Appropriation	\$33,000
Firearms Range Account—State Appropriation	\$37,000
Recreation Resources Account—State Appropriation	\$3,153,000
NOVA Program Account—State Appropriation	\$961,000
TOTAL APPROPRIATION	\$10,002,000
	\$10,000,000

The appropriations in this section are subject to the following conditions and limitations: \$34,000 of the park land trust revolving fund—state appropriation, \$33,000 of the state parks renewal and stewardship account—state appropriation, and \$33,000 of the state wildlife account—state appropriation are provided solely for the recreation and conservation office to contract with a consultant to provide a study that quantifies the economic contribution to the state economy from the state's public lands and that quantifies the economic contribution from statewide outdoor recreation to the state's economy. A report is due to the appropriate committees of the legislature by January 1, 2015.

Sec. 1305. 2014 c 221 s 305 (uncodified) is amended to read as follows:

FOR THE ENVIRONMENTAL AND LAND USE HEARINGS OFFICE

General Fund—State Appropriation (FY 2014)	\$2,210,000
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General Fund—State Appropriation (FY 2015)	(\$2,151,000)
	\$2,029,000
TOTAL APPROPRIATION	\$4,361,000
	<u>\$4,239,000</u>

Sec. 1306. 2014 c 221 s 306 (uncodified) is amended to read as follows:

FOR THE CONSERVATION COMMISSION

General Fund—State Appropriation (FY 2014)	\$6,819,000
General Fund—State Appropriation (FY 2015)	(\$6,708,000)
	\$6,670,000
General Fund—Federal Appropriation	\$2,301,000
State Toxics Control Account—State Appropriation	\$1,050,000
TOTAL APPROPRIATION	\$16,878,000
	<u>\$16,840,000</u>

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

(1) Within the amounts appropriated in this section, the conservation commission, in consultation with conservation districts, must submit to the office of financial management and legislative fiscal committees by December 10, 2013, a report outlining opportunities to minimize districts' overhead costs, including consolidation of conservation districts within counties in which there is more than one district. The report must include details on the anticipated future savings that could be expected from implementing these efficiencies starting on July 1, 2014.

(2) \$300,000 of the general fund—state appropriation for fiscal year 2014 and \$246,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to implement the voluntary stewardship program in Thurston and Chelan counties. These amounts may not be used to fund agency indirect and administrative expenses.

(3) \$1,000,000 of the general fund—federal appropriation is provided solely to implement the voluntary stewardship program statewide. The commission shall place the appropriation in this subsection in unallotted status, and may not allot any of these funds until the federal government has provided funding to the commission for the purpose of implementing the voluntary stewardship program.

(4) The conservation commission must evaluate the current system for the election of conservation district board supervisors and recommend improvements to ensure the highest degree of public involvement in these elections. The commission must engage with stakeholder groups and conservation districts to gather a set of options for improvement to district elections, which must include an option aligning district elections with state and local general elections. The commission must submit a report detailing the options to the office of financial management and appropriate committees of the legislature by December 10, 2013.

(5) \$50,000 of the state toxics control account—state appropriation is provided solely for the Whatcom agricultural district coalition to educate and inform agricultural landowners on regulatory compliance issues relating to groundwater quality issues including nitrates, fecal coliform, and pesticide contamination within WRIA 1 and to organize watershed improvement districts to implement environmental regulatory compliance strategies.

(6) The state conservation commission may provide additional funding to a conservation district if the conservation district conducts elections at such times as and consistent with the general election law, chapter 29A.04 RCW.

Sec. 1307. 2014 c 221 s 307 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF FISH AND WILDLIFE

General Fund—State Appropriation (FY 2014)	\$30,747,000
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General Fund—State Appropriation (FY 2015)	(\$30,094,000)
	\$30,178,000
General Fund—Federal Appropriation	(\$107,198,000)
	\$115,147,000
General Fund—Private/Local Appropriation	(\$58,359,000)
	\$58,322,000
ORV and Nonhighway Vehicle Account—State Appropriation	\$390,000
Aquatic Lands Enhancement Account—State Appropriation	(\$15,873,000)
	\$16,082,000
Recreational Fisheries Enhancement—State Appropriation	(\$2,603,000)
	\$2,609,000
Environmental Legacy Stewardship Account—State Appropriation	\$1,224,000
Warm Water Game Fish Account—State Appropriation	\$2,490,000
Eastern Washington Pheasant Enhancement Account—State Appropriation	\$849,000
Aquatic Invasive Species Enforcement Account—State Appropriation	\$228,000
Aquatic Invasive Species Prevention Account—State Appropriation	\$761,000
State Wildlife Account—State Appropriation	(\$103,229,000)
	\$103,204,000
Special Wildlife Account—State Appropriation	\$2,399,000
Special Wildlife Account—Federal Appropriation	\$500,000
Special Wildlife Account—Private/Local Appropriation	\$3,440,000
Wildlife Rehabilitation Account—State Appropriation	\$259,000
Hydraulic Project Approval Account—State Appropriation	\$966,000
Regional Fisheries Enhancement Salmonid Recovery Account—Federal Appropriation	\$5,001,000
Oil Spill Prevention Account—State Appropriation	\$912,000
Oyster Reserve Land Account—State Appropriation	\$771,000
TOTAL APPROPRIATION	\$368,293,000
	<u>\$376,479,000</u>

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

(1) \$675,000 of the general fund—state appropriation for fiscal year 2014 and \$130,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to pay for emergency fire suppression costs. These amounts may not be used to fund agency indirect and administrative expenses.

(2) Prior to submitting its 2015-2017 biennial operating and capital budget request related to state fish hatcheries to the office of financial management, the department shall contract with the hatchery scientific review group (HSRG) to review this request. This review shall: (a) Determine if the proposed requests are consistent with HSRG recommendations; (b) prioritize the components of the requests based on their contributions to protecting wild salmonid stocks and meeting the recommendations of the HSRG; and (c) evaluate whether the proposed requests are being made in the most cost effective manner. The department shall provide a copy of the HSRG review to the office of financial management with their agency budget proposal.

(3) \$400,000 of the general fund—state appropriation for fiscal year 2014 and \$400,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a state

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match to support the Puget Sound nearshore partnership between the department and the U.S. army corps of engineers.

(4) Within the amounts appropriated in this section, the department shall identify additional opportunities for partnerships in order to keep fish hatcheries operational. Such partnerships shall aim to maintain fish production and salmon recovery with less reliance on state operating funds.

(5) During the 2013-2015 fiscal biennium, the department must retain ownership and continue to occupy the downtown Olympia office building at 600 Capitol Way.

(6) \$1,000,000 of the state wildlife account—state appropriation is provided solely to the department for resources that serve to promote and engage nonlethal deterrence methods relating to wolf and livestock interaction with a priority given to funding cooperative agreements with livestock producers, and of this amount, \$250,000 in fiscal year 2014 is provided solely for compensation for injury or loss of livestock caused by wolves as prescribed in chapter 77.36 RCW.

(7) \$100,000 of the state wildlife account—state appropriation is provided solely for the transfer of trout from the Clarks creek hatchery to the Lakewood hatchery.

(8) \$100,000 of the general fund—state appropriation for fiscal year 2014 and \$100,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the production of steelhead, coho, and Chinook salmon at the Clarks creek hatchery.

(9) \$200,000 of the state wildlife account—state appropriation, \$50,000 of the general fund—state appropriation for fiscal year 2014, and \$50,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the department to increase production of juvenile fall Chinook on the Cowlitz river. The funds provided may be used to match or leverage funds from private or public sources for the same purpose.

(10) \$596,000 of the general fund—state appropriation for fiscal year 2014 and \$596,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for weed assessments and for payments in lieu of real property taxes to counties that elect to receive the payments for department owned game lands within the county.

(11) \$10,000 of the aquatic lands enhancement account—state appropriation is provided solely for development of an aquatic invasive species passport program to improve the efficiency and effectiveness of watercraft inspections by expediting aquatic invasive species watercraft inspections for watercraft at low risk of transmitting invasive species and prioritizing the use of available resources for the inspection of high risk vessels.

(12) Within the amounts appropriated in this section, the department must deploy additional wildlife conflict specialists to provide landowner assistance and address wildlife conflicts, with at least one additional specialist primarily assigned to each of the following areas: Administrative region six of the department; Okanogan and Chelan counties in administrative region two of the department; and Whatcom and Skagit counties in administrative region four of the department.

(13) \$25,000 of the general fund—state appropriation for fiscal year 2014 and \$25,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of House Bill No. 1112 (science and public policy). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(14) Within the amounts appropriated in this section the department shall work with the regional fisheries enhancement groups to identify a revenue source or sources capable of providing long-term funding to support the community-based

salmon restoration work of regional fisheries enhancement groups. The department shall work with the regional fisheries enhancement group coalition to submit a report to the office of financial management and the appropriate legislative committees by December 1, 2013, with the outcomes and recommendations.

(15) \$150,000 of the general fund—state appropriation for fiscal year 2015 is provided solely to conduct a study of the Lake Washington basin sockeye salmon to evaluate the impact of predation on juvenile sockeye by several species of fish that inhabit the lake, and develop management actions by the state to increase the returns of adult sockeye to the lake.

(16) \$30,000 of the aquatic invasive species prevention account—state appropriation and \$20,000 of the aquatic invasive species enforcement account—state appropriation are provided solely to the department for a contract, that includes performance measures and requires reporting on outcomes, with the Pacific northwest economic region nonprofit organization to support regional coordination of invasive species prevention activities in the Pacific northwest.

Sec. 1308. 2014 c 221 s 308 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF NATURAL RESOURCES

General Fund—State Appropriation (FY 2014)	\$48,655,000
General Fund—State Appropriation (FY 2015)	(\$44,694,000))
	\$44,650,000
General Fund—Federal Appropriation	\$26,937,000
General Fund—Private/Local Appropriation	\$2,372,000
Forest Development Account—State Appropriation	\$50,418,000
ORV and Nonhighway Vehicle Account—State Appropriation	\$4,468,000
Surveys and Maps Account—State Appropriation	\$1,667,000
Aquatic Lands Enhancement Account—State Appropriation	\$3,578,000
Snowmobile Account—State Appropriation	\$100,000
Environmental Legacy Stewardship Account—State Appropriation	\$3,948,000
Resources Management Cost Account—State Appropriation	\$116,006,000
Surface Mining Reclamation Account—State Appropriation	\$3,951,000
Disaster Response Account—State Appropriation	\$5,000,000
Forest and Fish Support Account—State Appropriation	\$11,755,000
Aquatic Land Dredged Material Disposal Site Account—State Appropriation	\$462,000
Natural Resources Conservation Areas Stewardship Account—State Appropriation	\$34,000
Marine Resources Stewardship Trust Account—State Appropriation	\$4,122,000
State Toxics Control Account—State Appropriation	\$80,000
Forest Practices Application Account—State Appropriation	\$1,697,000
Air Pollution Control Account—State Appropriation	\$782,000
NOVA Program Account—State Appropriation	\$946,000
Derelict Vessel Removal Account—State Appropriation	\$1,767,000
Agricultural College Trust Management Account—State Appropriation	\$2,699,000
TOTAL APPROPRIATION	\$336,138,000
	\$336,094,000

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

(1) \$1,389,000 of the general fund—state appropriation for fiscal year 2014 and (~~(\$1,323,000)~~) \$1,310,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for deposit into the agricultural college trust management account and are provided solely to manage approximately 70,700 acres of Washington State University's agricultural college trust lands.

(2) \$25,271,000 of the general fund—state appropriation for fiscal year 2014, \$19,099,000 of the general fund—state appropriation for fiscal year 2015, and \$5,000,000 of the disaster response account—state appropriation are provided solely for emergency fire suppression. None of the general fund and disaster response account amounts provided in this subsection may be used to fund agency indirect and administrative expenses. Agency indirect and administrative costs shall be allocated among the agency's remaining accounts and appropriations. The department of natural resources shall submit a quarterly report to the office of financial management and the legislative fiscal committees detailing information on current and planned expenditures from the disaster response account. This work shall be done in coordination with the military department.

(3) \$5,000,000 of the forest and fish support account—state appropriation is provided solely for outcome-based, performance contracts with tribes to participate in the implementation of the forest practices program. Contracts awarded may only contain indirect costs set at or below the rate in the contracting tribe's indirect cost agreement with the federal government. If federal funding for this purpose is reinstated, the amount provided in this subsection shall lapse.

(4) \$518,000 of the forest and fish support account—state appropriation is provided solely for outcome-based performance contracts with nongovernmental organizations to participate in the implementation of the forest practices program. Contracts awarded may only contain indirect cost set at or below a rate of eighteen percent.

(5) \$717,000 of the forest and fish support account—state appropriation is provided solely to fund interagency agreements with the department of ecology and the department of fish and wildlife as part of the adaptive management process.

(6) \$440,000 of the state general fund—state appropriation for fiscal year 2014 and \$440,000 of the state general fund—state appropriation for fiscal year 2015 are provided solely for forest work crews that support correctional camps and are contingent upon continuing operations of Naselle youth camp.

(7) \$2,382,000 of the resource management cost account—state appropriation is for addressing the growing backlog of expired aquatic leases and new aquatic lease applications. The department shall implement a Lean process to improve the lease review process and further reduce the backlog, and submit a report on its progress in addressing the backlog and implementation of the Lean process to the governor and the appropriate committees of the legislature by October 1, 2013.

(8) \$1,948,000 of the environmental legacy stewardship account—state appropriation is provided solely for the department to pay a portion of the costs to complete remedial investigation work at Whitmarsh landfill and Mill site A and perform final-year maintenance of the Olympic view triangle site in Commencement Bay.

(9) \$265,000 of the resources management cost account—state appropriation is provided solely for implementation of Second Substitute House Bill No. 1764 (geoduck diver licenses). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(10) \$425,000 of the derelict vessel removal account—state appropriation is provided solely for implementation of Engrossed

Substitute House Bill No. 1245 (derelict and abandoned vessels). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(11) \$3,700,000 of the marine resources stewardship trust account—state appropriation is provided solely for implementation of priority marine management planning efforts including mapping activities, ecological assessment, data tools, stakeholder engagement, and all other work identified in Engrossed Senate Bill No. 5603 (marine advisory councils) during the 2013-2015 fiscal biennium.

(12) Within the amounts appropriated in this section, the department may purchase an extraordinary sensing device for the express purpose of firefighting and fire prevention.

Sec. 1309. 2014 c 221 s 309 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF AGRICULTURE

General Fund—State Appropriation (FY 2014)	\$15,270,000
General Fund—State Appropriation (FY 2015)	(\$15,950,000)
	\$15,856,000
General Fund—Federal Appropriation	\$22,979,000
General Fund—Private/Local Appropriation	\$192,000
Aquatic Lands Enhancement Account—State Appropriation	\$2,827,000
State Toxics Control Account—State Appropriation	\$5,188,000
Water Quality Permit Account—State Appropriation	\$73,000
TOTAL APPROPRIATION	<u>\$62,479,000</u>
	<u>\$62,385,000</u>

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

(1) \$5,308,445 of the general fund—state appropriation for fiscal year 2014 and \$6,102,905 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementing the food assistance program as defined in RCW 43.23.290.

(2) Pursuant to RCW 43.135.055 and 16.57.220, the department is authorized to institute livestock inspection fees in the 2013-2015 fiscal biennium for calves less than thirty days old.

(3) Pursuant to RCW 43.135.055 and 16.36.150, the department is authorized to establish a fee for the sole purpose of purchasing and operating a database and any other technology or software needed to administer animal disease traceability activities for cattle sold or slaughtered in the state or transported out of the state.

(4) Within the amounts appropriated in this section, the department of agriculture must convene and facilitate a work group with appropriate stakeholders to review fees supporting programs within the department that are also supported with state general fund. In developing strategies to make the program work more self-supporting, the workgroup will consider, at minimum, the length of time since the last fee increase, similar fees that exist in neighboring states, and fee increases that will ensure reasonable competitiveness in the respective industries. The workgroup must submit a report containing recommendations that will make each of the fee supported programs within the department less reliant on state general fund to the office of financial management and legislative fiscal committees by December 1, 2013.

Sec. 1310. 2014 c 221 s 310 (uncodified) is amended to read as follows:

FOR THE WASHINGTON POLLUTION LIABILITY INSURANCE PROGRAM

Pollution Liability Insurance Program Trust Account—State Appropriation	(\$994,000)
	<u>\$1,064,000</u>

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Sec. 1311. 2014 c 221 s 311 (uncodified) is amended to read as follows:

FOR THE PUGET SOUND PARTNERSHIP

General Fund—State Appropriation (FY 2014)	\$2,398,000
General Fund—State Appropriation (FY 2015)(((\$2,427,000))	\$2,426,000
General Fund—Federal Appropriation (((\$11,582,000))	\$15,240,000
Aquatic Lands Enhancement Account—State Appropriation	\$1,920,000
State Toxics Control Account—State Appropriation	\$675,000
TOTAL APPROPRIATION	\$19,002,000
	\$22,659,000

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

(1) \$788,000 of the aquatic lands enhancement account—state appropriation is provided solely for coordinating a study of Puget Sound juvenile steelhead marine survival conducted by the department of fish and wildlife and based on a study plan developed in cooperation with federal, tribal, and nongovernmental entities.

(2) By October 1, 2014, the Puget Sound partnership shall provide the governor a single, prioritized list of state agency 2015-2017 capital and operating budget requests related to Puget Sound restoration.

(3) \$71,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the Puget Sound partnership to collaborate with interested parties to review the roles of local watershed and salmon recovery organizations implementing the action agenda and provide legislative, budgetary, and administrative recommendations to streamline and strengthen Puget Sound recovery efforts. In conducting this work, the partnership must coordinate with the following interested parties: The Hood Canal coordinating council, marine resources committees, including the Northwest straits initiative, regional fisheries enhancement groups, local integrating organizations, lead entities, and other county watershed councils, as well as representatives of federal, state, tribal, and local government agencies. Recommendations must be provided to the appropriate legislative committees by December 1, 2014.

**PART XIV
TRANSPORTATION**

Sec. 1401. 2014 c 221 s 401 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF LICENSING

General Fund—State Appropriation (FY 2014)	\$1,097,000
General Fund—State Appropriation (FY 2015)(((\$1,354,000))	\$1,353,000
Architects' License Account—State Appropriation	\$898,000
Professional Engineers' Account—State Appropriation	\$3,529,000
Real Estate Commission Account—State Appropriation	\$9,885,000
Uniform Commercial Code Account—State Appropriation	\$3,132,000
Real Estate Education Program Account—State Appropriation	\$276,000
Real Estate Appraiser Commission Account—State Appropriation	\$1,700,000
Business and Professions Account—State Appropriation (((\$17,390,000))	\$17,410,000
Funeral and Cemetery Account—State Appropriation	\$5,000

Landscape Architects' License Account—State Appropriation	\$4,000
Appraisal Management Company Account—State Appropriation	\$4,000
Real Estate Research Account—State Appropriation	\$415,000
Wildlife Account—State Appropriation	\$32,000
Geologists' Account—State Appropriation	\$52,000
Derelict Vessel Removal Account—State Appropriation	\$31,000
TOTAL APPROPRIATION	\$39,804,000
	\$39,823,000

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

(1) \$566,000 of the business and professions account—state appropriation is provided solely for the implementation of Engrossed Substitute House Bill No. 1552 (scrap metal theft reduction). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(2) \$166,000 of the business and professions account—state appropriation in fiscal year 2014 only is provided solely for the implementation of Substitute House Bill No. 1779 (esthetics). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(3) \$592,000 of the business and professions account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1822 (debt collection practices). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(4) \$32,000 of the state wildlife account—state appropriation is provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5193 (wolf conflict management). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(5) \$19,000 of the general fund—state appropriation for fiscal year 2014 and \$48,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a pilot identicard program to assist and prepare offenders for release from prison and reentry into the community. The goal of the pilot identicard program is to provide proper state identification to offenders to facilitate access to services, employment, housing, and various other opportunities upon release to the community. By September 1, 2014, the department of licensing, working in conjunction with the department of corrections, must implement the pilot identicard program in accordance with the following:

(a) The pilot program must provide an original, renewal, or replacement identicard to offenders that: (i) Prove their identity as required by RCW 46.20.035; (ii) are under the custody of the department of corrections; (iii) have been sentenced to an incarceration period exceeding one year and one day; and (iv) are incarcerated within the Monroe correctional complex and within two months of release.

(b) For purposes of verifying an offender's identity and eligibility for the program, a valid identification card issued by the department of corrections serves as sufficient proof of identity and residency for an offender to apply for and obtain a Washington state identicard.

(c) For the purposes of the pilot program, the department of licensing must (i) set an expiration date for an identicard issued under the pilot program for the first anniversary of the offender's birthdate after issuance; and (ii) not charge any fee to an applicant for an identicard issued as part of the pilot program.

(d) The department of licensing, in consultation with the department of corrections, must report to the governor and the appropriate committees of the legislature on the results of the

pilot identicard program and any recommendations for improvement by June 30, 2015.

Sec. 1402. 2014 c 221 s 402 (uncodified) is amended to read as follows:

FOR THE STATE PATROL

General Fund—State Appropriation (FY 2014)	\$35,561,000
General Fund—State Appropriation (FY 2015)	((31,337,000))
	\$31,860,000
General Fund—Federal Appropriation	\$15,860,000
General Fund—Private/Local Appropriation	\$3,019,000
Death Investigations Account—State Appropriation	((9,925,000))
	\$9,933,000
Enhanced 911 Account—State Appropriation	\$3,480,000
County Criminal Justice Assistance Account—State Appropriation	\$3,310,000
Municipal Criminal Justice Assistance Account—State Appropriation	\$1,340,000
Fire Service Trust Account—State Appropriation	\$131,000
Disaster Response Account—State Appropriation	\$8,000,000
Fire Service Training Account—State Appropriation	((9,774,000))
	\$9,778,000
Aquatic Invasive Species Enforcement Account—State Appropriation	\$54,000
State Toxics Control Account—State Appropriation	\$513,000
Fingerprint Identification Account—State Appropriation	((12,184,000))
	\$12,185,000
Vehicle License Fraud Account—State Appropriation	\$334,000
TOTAL APPROPRIATION	\$134,822,000
	<u>\$135,358,000</u>

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

(1) \$200,000 of the fire service training account—state appropriation is provided solely for two FTEs in the office of the state director of fire protection to exclusively review K-12 construction documents for fire and life safety in accordance with the state building code. It is the intent of this appropriation to provide these services only to those districts that are located in counties without qualified review capabilities.

(2) \$8,000,000 of the disaster response account—state appropriation is provided solely for Washington state fire service resource mobilization costs incurred in response to an emergency or disaster authorized under RCW 43.43.960 through 43.43.964. The state patrol shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on current and planned expenditures from this account. This work shall be done in coordination with the military department.

(3) \$700,000 of the fire service training account—state appropriation is provided solely for the firefighter apprenticeship training program.

(4) \$3,480,000 of the enhanced 911 account—state appropriation is provided solely for upgrades to the Washington state identification system and the Washington crime information center. Amounts provided in this subsection may not be expended until the office of the chief information officer approves a plan to move the Washington state patrol's servers and data center equipment into the state data center in the 1500 Jefferson building, and the office of the chief information officer certifies that the Washington state patrol has begun the move. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project

management oversight standards and policies established by the office of the chief information officer.

(5) \$154,000 of the fingerprint identification account—state appropriation is provided solely for implementation of Substitute House Bill No. 1612 (firearms offenders). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(6) \$750,000 of the general fund—state appropriation is provided solely for security and traffic control assistance to Pierce county for the United States open in June 2015.

**PART XV
EDUCATION**

Sec. 1501. 2014 c 221 s 501 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

General Fund—State Appropriation (FY 2014)	\$27,273,000
General Fund—State Appropriation (FY 2015)	((26,966,000))
	\$26,873,000
General Fund—Federal Appropriation	\$70,931,000
General Fund—Private/Local Appropriation	\$4,003,000
Performance Audits of Government Account—State Appropriation	\$200,000
TOTAL APPROPRIATION	\$129,373,000
	<u>\$129,280,000</u>

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

(1) A maximum of \$16,996,000 of the general fund—state appropriation for fiscal year 2014 and ~~((17,401,000))~~ \$17,308,000 of the general fund—state appropriation for fiscal year 2015 is for state agency operations.

(a) \$8,961,000 of the general fund—state appropriation for fiscal year 2014 and ~~((8,639,000))~~ \$8,546,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the operation and expenses of the office of the superintendent of public instruction.

(i) Within the amounts provided in this subsection (1)(a), the superintendent shall recognize the extraordinary accomplishments of four students who have demonstrated a strong understanding of the civics essential learning requirements to receive the Daniel J. Evans civic education award.

(ii) Districts shall report to the office of the superintendent of public instruction daily student unexcused absence data by school, using a uniform definition of unexcused absence as established by the superintendent.

(iii) By September of each year, the office of the superintendent of public instruction shall produce an annual status report of the budget provisos in sections 501 and 513 of this act. The status report of each proviso shall include, but not be limited to, the following information: Purpose and objective, number of staff, number of contractors, status of proviso implementation, number of beneficiaries by year, list of beneficiaries, and proviso outcomes and achievements.

(iv) The superintendent of public instruction shall update the program prepared and distributed under RCW 28A.230.150 for the observation of temperance and good citizenship day to include providing an opportunity for eligible students to register to vote at school.

(b) \$1,017,000 of the general fund—state appropriation for fiscal year 2014 and \$1,017,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for activities associated with the implementation of new school finance systems required by chapter 236, Laws of 2010 (K-12

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education funding) and chapter 548, Laws of 2009 (state's education system), including technical staff, systems reprogramming, and workgroup deliberations, including the quality education council and the data governance working group.

(c)(i) \$1,012,000 of the general fund—state appropriation for fiscal year 2014 and \$1,034,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the operation and expenses of the state board of education, including basic education assistance activities. Of these amounts, \$161,000 of the general fund—state appropriation for fiscal year 2014 and \$161,000 of the general fund—state appropriation for fiscal year 2015 are provided for implementation of Initiative Measure No. 1240 (charter schools).

(ii) \$22,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the purpose of implementing provisions of Engrossed Second Substitute Senate Bill No. 6552 (student hour and graduation requirements) related to career and college ready graduation requirements. If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

(d) \$1,325,000 of the general fund—state appropriation for fiscal year 2014 and \$1,477,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to the professional educator standards board for the following:

(i) \$1,050,000 in fiscal year 2014 and \$1,050,000 in fiscal year 2015 are for the operation and expenses of the Washington professional educator standards board;

(ii) \$250,000 of the general fund—state appropriation for fiscal year 2014 and \$250,000 of the general fund—state appropriation for fiscal year 2015 are for mentor stipends provided through the alternative routes to certification program administered by the professional educator standards board, including the pipeline for paraeducators program and the retooling to teach conditional loan programs. Funding within this subsection (1)(d)(ii) is also provided for the recruiting Washington teachers program;

(iii) \$25,000 of the general fund—state appropriation for fiscal year 2014 and \$25,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the professional educator standards board to develop educator interpreter standards and identify interpreter assessments that are available to school districts. Interpreter assessments should meet the following criteria: (A) Include both written assessment and performance assessment; (B) be offered by a national organization of professional sign language interpreters and transliterators; and (C) be designed to assess performance in more than one sign system or sign language. The board shall establish a performance standard, defining what constitutes a minimum assessment result, for each educational interpreter assessment identified. The board shall publicize the standards and assessments for school district use;

(iv) \$24,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the professional educator standards board to: (A) Disseminate information about principles of language acquisition as a critical knowledge and skill for educators in support of instruction for English language learners; and (B) in conjunction with the office of the superintendent of public instruction, revise the model framework and curriculum for high school career and technical education courses related to careers in education to incorporate standards of cultural competence, new research on educator preparation, and curriculum and activities from the recruiting Washington teacher program; and

(v) \$128,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for implementation of Substitute Senate Bill No. 6129 (paraeducator development). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

(e) \$133,000 of the general fund—state appropriation for fiscal year 2014 and \$266,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the implementation of chapter 240, Laws of 2010, including staffing the office of equity and civil rights.

(f) \$50,000 of the general fund—state appropriation for fiscal year 2014 and \$50,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the ongoing work of the education opportunity gap oversight and accountability committee.

(g) \$45,000 of the general fund—state appropriation for fiscal year 2014 and \$45,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the implementation of chapter 380, Laws of 2009 (enacting the interstate compact on educational opportunity for military children).

(h) \$131,000 of the general fund—state appropriation for fiscal year 2014 and \$131,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the implementation of Initiative Measure No. 1240 (charter schools).

(i) \$1,826,000 of the general fund—state appropriation for fiscal year 2014 and \$1,802,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementing a comprehensive data system to include financial, student, and educator data, including development and maintenance of the comprehensive education data and research system (CEDARS).

(j) \$25,000 of the general fund—state appropriation for fiscal year 2014 and \$25,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for project citizen, a program sponsored by the national conference of state legislatures and the center for civic education to promote participation in government by middle school students.

(k) \$1,500,000 of the general fund—state appropriation for fiscal year 2014 and \$1,500,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for collaborative schools for innovation and success authorized under chapter 53, Laws of 2012. The office of the superintendent of public instruction shall award \$500,000 per year in funding for each collaborative school for innovation and success selected for participation in the pilot program during 2012.

(l) \$123,000 of the general fund—state appropriation for fiscal year 2014 and \$123,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of chapter 163, Laws of 2012 (foster care outcomes). The office of the superintendent of public instruction shall annually report each December on the implementation of the state's plan of cross-system collaboration to promote educational stability and improve education outcomes of foster youth.

(m) \$250,000 of the general fund—state appropriation for fiscal year 2014 and \$250,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of chapter 178, Laws of 2012 (open K-12 education resources).

(n) \$93,000 of the general fund—state appropriation for fiscal year 2014 and \$93,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for chapter 185, Laws of 2011 (bullying prevention, which requires the office of the superintendent of public instruction to convene an ongoing workgroup on school bullying and harassment prevention. Within

the amounts provided, \$140,000 is for youth suicide prevention activities.

(o) \$138,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for implementation of House Bill No. 1336 (troubled youth in school). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(p) \$68,000 of the general fund—state appropriation for fiscal year 2014 and \$14,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of House Bill No. 1134 (state-tribal education compacts). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(q) \$62,000 of the general fund—state appropriation for fiscal year 2014 and \$62,000 of the general fund—state appropriation for fiscal year 2015 are for competitive grants to school districts to increase the capacity of high schools to offer AP computer science courses. In making grant allocations, the office of the superintendent of public instruction must give priority to schools and districts in rural areas, with substantial enrollment of low-income students, and that do not offer AP computer science. School districts may apply to receive either or both of the following grants:

(i) A grant to establish partnerships to support computer science professionals from private industry serving on a voluntary basis as coinstructors along with a certificated teacher, including via synchronous video, for AP computer science courses; or

(ii) A grant to purchase or upgrade technology and curriculum needed for AP computer science, as well as provide opportunities for professional development for classroom teachers to have the requisite knowledge and skills to teach AP computer science.

(r) \$27,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for implementation of House Bill No. 1556 (cardiac arrest education).

(s) \$50,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for the development of recommendations for funding integrated school nursing and outreach services. The office of the superintendent of public instruction shall collaborate with the health care authority to develop recommendations for increasing federal financial participation for providing nursing services in schools with the goals of integrating nursing and outreach services and supporting one nurse for every four-hundred fifty students in elementary schools and one nurse for every seven-hundred fifty students in secondary schools. The recommendations shall include proposals for funding training and reimbursement for nurses that provide outreach services to help eligible students enroll in apple health for kids and other social services programs. The authority and the office of the superintendent of public instruction shall provide these recommendations to the governor and the legislature by December 1, 2013.

(t) \$50,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for the office of the superintendent of public instruction to contract with an organization to develop a model plan for evaluating the outcomes of state funded pilot education programs, including guidelines for standard data that must be gathered throughout any education pilot program, as well as guidance for data and evaluation methods depending on the design of the program and the target population. The contract must also include a provision to provide guidance for the evaluation of existing pilot programs.

(u) \$10,000 of the general fund—state appropriation for fiscal year 2014 and \$10,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the superintendent of public instruction to convene a committee for the selection and

recognition of Washington innovative schools. The committee shall select and recognize Washington innovative schools based on the selection criteria established by the office of the superintendent of public instruction, in accordance with chapter 202, Laws of 2011 (innovation schools—recognition) and chapter 260, Laws of 2011 (innovation schools and zones).

(v) \$100,000 of the general fund—state appropriation for fiscal year 2014 and \$100,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Mobius science center to expand mobile outreach of science, technology, engineering, and mathematics (STEM) education to students in rural, tribal, and low-income communities.

(w) \$28,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the office of the superintendent of public instruction to create a clearinghouse of research-based best practices for school districts to provide academic and nonacademic support for students while they are subject to disciplinary action and after their reengagement in school.

(x) \$49,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the office of the superintendent of public instruction, in collaboration with the educational opportunity gap oversight and accountability committee, the professional educator standards board, colleges of education, and representatives from diverse communities and community-based organizations, to develop a content outline for professional development and training in cultural competence for school staff, which educational service districts and school districts are encouraged to use.

(y) \$117,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the office of the superintendent of public instruction to convene a task force to design a performance-based assistance and accountability system for the transitional bilingual instruction program. The office must submit a report with recommendations from the task force to the education and fiscal committees of the legislature by January 15, 2016.

(z) \$134,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the office of the superintendent of public instruction to perform on-going program reviews of alternative learning experience programs and dropout reengagement programs. The amounts provided in this subsection are sufficient for the office of the superintendent of public instruction to conduct ongoing consolidated program reviews of alternative learning experience programs and dropout reengagement programs established under chapter 20, Laws of 2010. The office of the superintendent of public instruction shall include alternative learning education and dropout reengagement programs in its ongoing consolidated program reviews, as well as provide outreach and training to school districts regarding implementation of the programs. Findings from the program reviews will be used to support and prioritize the office of the superintendent of public instruction outreach and education efforts that assist school districts in implementing the programs in accordance with statute and legislative intent, as well as to support financial and performance audit work conducted by the office of the state auditor.

(aa) \$287,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the purpose of implementing provisions of Engrossed Second Substitute Senate Bill No. 6552 (student hour and graduation requirements) related to career and technical education equivalencies. If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

(bb) \$148,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for implementation of Substitute Senate Bill No. 6431 (youth suicide prevention). If the

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bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

(2) \$200,000 of the performance audits of government account—state appropriation is provided solely for a one-time workload increase to address additional audit resolutions and appeals in the alternative learning experience programs.

(3) \$10,277,000 of the general fund—state appropriation for fiscal year 2014 and \$9,565,000 of the general fund—state appropriation for fiscal year 2015 are for statewide programs.

(a) HEALTH AND SAFETY

(i) \$2,541,000 of the general fund—state appropriation for fiscal year 2014 and \$2,541,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a corps of nurses located at educational service districts, as determined by the superintendent of public instruction, to be dispatched to the most needy schools to provide direct care to students, health education, and training for school staff.

(ii) \$135,000 of the general fund—state appropriation for fiscal year 2014 and \$135,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a nonviolence and leadership training program provided by the institute for community leadership.

(b) TECHNOLOGY

\$1,221,000 of the general fund—state appropriation for fiscal year 2014 and \$1,221,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for K-20 telecommunications network technical support in the K-12 sector to prevent system failures and avoid interruptions in school utilization of the data processing and video-conferencing capabilities of the network. These funds may be used to purchase engineering and advanced technical support for the network.

(c) GRANTS AND ALLOCATIONS

(i) \$1,875,000 of the general fund—state appropriation for fiscal year 2014 and \$1,875,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington state achievers scholarship program. The funds shall be used to support community involvement officers that recruit, train, and match community volunteer mentors with students selected as achievers scholars.

(ii) \$1,000,000 of the general fund—state appropriation for fiscal year 2014 and \$1,000,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for contracting with a college scholarship organization with expertise in conducting outreach to students concerning eligibility for the Washington college bound scholarship consistent with chapter 405, Laws of 2007.

(iii) \$1,000,000 of the general fund—state appropriation for fiscal year 2014 and \$1,000,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for dropout prevention, intervention, and reengagement programs, including the jobs for America's graduates (JAG) program and the building bridges statewide program. Starting in school year 2014-15, students in the foster care system or who are homeless shall be given priority by districts offering the jobs for America's graduates program. The office of the superintendent of public instruction shall convene staff representatives from high schools to meet and share best practices for dropout prevention.

(iv) \$2,112,000 of the general fund—state appropriation for fiscal year 2014 and \$1,400,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the implementation of chapter 340, Laws of 2011 and chapter 51, Laws of 2012. This includes the development and implementation of the Washington kindergarten inventory of developing skills (WaKIDS).

(v) \$100,000 of the general fund—state appropriation for fiscal year 2014 and \$100,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to subsidize advanced placement exam fees and international baccalaureate class fees and exam fees for low-income students. To be eligible for the subsidy, a student must be either enrolled or eligible to participate in the federal free or reduced price lunch program, and the student must have maximized the allowable federal contribution. The office of the superintendent of public instruction shall set the subsidy in an amount so that the advanced placement exam fee does not exceed \$15.00 and the combined class and exam fee for the international baccalaureate does not exceed \$14.50.

(vi) \$293,000 of the general fund—state appropriation for fiscal year 2014 and \$293,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the office of the superintendent of public instruction to support district implementation of comprehensive guidance and planning programs consistent with RCW 28A.600.045.

Sec. 1502. 2014 c 221 s 502 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR GENERAL APPORTIONMENT

General Fund—State	Appropriation (FY 2014)	\$5,386,820,000
General Fund—State	Appropriation (FY 2015)	(((\$5,599,423,000))
		\$5,629,941,000
Education Legacy Trust Account—State	Appropriation	(((\$381,563,000))
		\$351,563,000
TOTAL APPROPRIATION		<u>\$11,367,806,000</u>
		<u>\$11,368,324,000</u>

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

(1)(a) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b) For the 2013-14 and 2014-15 school years, the superintendent shall allocate general apportionment funding to school districts as provided in the funding formulas and salary schedules in sections 502 and 503 of this act, excluding (c) of this subsection.

(c) From July 1, 2013, to August 31, 2013, the superintendent shall allocate general apportionment funding to school districts programs as provided in sections 502 and 503, chapter 50, Laws of 2011 1st sp. sess., as amended.

(d) The enrollment of any district shall be the annual average number of full-time equivalent students and part-time students as provided in RCW 28A.150.350, enrolled on the fourth day of school in September and on the first school day of each month October through June, including students who are in attendance pursuant to RCW 28A.335.160 and 28A.225.250 who do not reside within the servicing school district. Any school district concluding its basic education program in May must report the enrollment of the last school day held in May in lieu of a June enrollment.

(2) CERTIFICATED INSTRUCTIONAL STAFF ALLOCATIONS

Allocations for certificated instructional staff salaries for the 2013-14 and 2014-15 school years are determined using formula-generated staff units calculated pursuant to this subsection.

(a) Certificated instructional staff units, as defined in RCW 28A.150.410, shall be allocated to reflect the minimum class size

allocations, requirements, and school prototypes assumptions as provided in RCW 28A.150.260, except that the allocation for guidance counselors in a middle school shall be 1.216 for the 2013-14 and 2014-15 school years and the allocation for guidance counselors in a high school shall be 2.009 for the 2013-14 school year, which enhancements are within the program of basic education. The superintendent shall make allocations to school districts based on the district's annual average full-time equivalent student enrollment in each grade.

(b) Additional certificated instructional staff units provided in this subsection (2) that exceed the minimum requirements in RCW 28A.150.260 are enhancements outside the program of basic education, except as otherwise provided in this section.

(c)(i) The superintendent shall base allocations for each level of prototypical school on the following regular education average class size of full-time equivalent students per teacher, except as provided in (c)(ii) of this subsection:

General education class size:	RCW 28A.150.260	2013-14 School Year	2014-15 School Year
Grade			
Grades K-3		25.23	25.23
Grade 4		27.00	27.00
Grades 5-6		27.00	27.00
Grades 7-8		28.53	28.53
Grades 9-12		28.74	28.74

The superintendent shall base allocations for laboratory science, career and technical education (CTE) and skill center programs average class size as provided in RCW 28A.150.260.

(ii) For each level of prototypical school at which more than fifty percent of the students were eligible for free and reduced-price meals in the prior school year, the superintendent shall allocate funding based on the following average class size of full-time equivalent students per teacher:

(A) General education class size in high poverty schools:	
Grade	RCW 28A.150.260
Grade 2	24.10
Grade 3	24.10
Grade 4	27.00
Grades 5-6	27.00
Grades 7-8	28.53
Grades 9-12	28.74

(B) For grades K-1, class size of 20.85 is provided for high poverty schools for the 2013-14 school year;

(C) For grades K through 1, the superintendent shall, at a minimum, allocate funding to high-poverty schools for the 2014-15 school year based on an average class size of 24.10 full-time equivalent students per teacher. The superintendent shall provide enhanced funding for class size reduction in grades K through 1 to the extent of, and proportionate to, the school's demonstrated actual average class size up to a class size of 20.30 full-time equivalent students per teacher. The office of the superintendent of public instruction shall develop rules to implement the enhanced funding authorized under (ii)(C) of this subsection and shall distribute draft rules for review no later than December 1, 2013. The office of the superintendent of public instruction shall report the draft rules and proposed methodology to the governor and the appropriate policy and fiscal committees of the legislature by December 1, 2013.

(D) The enhancement in this subsection (2)(c)(ii) is within the program of basic education.

(iii) Pursuant to RCW 28A.150.260(4)(a), the assumed teacher planning period, expressed as a percentage of a teacher work day,

is 13.42 percent in grades K-6, and 16.67 percent in grades 7-12; and

(iv) Advanced placement and international baccalaureate courses are funded at the same class size assumptions as general education schools in the same grade; and

(d)(i) Funding for teacher librarians, school nurses, social workers, school psychologists, and guidance counselors is allocated based on the school prototypes as provided in RCW 28A.150.260 and (a) of this subsection and is considered certificated instructional staff, except as provided in (d)(ii) of this subsection.

(ii) Students in approved career and technical education and skill center programs generate certificated instructional staff units to provide for the services of teacher librarians, school nurses, social workers, school psychologists, and guidance counselors at the following combined rate per 1000 student full-time equivalent enrollment:

	2013-14 School Year and 2002	2014-15 School Year
Career and Technical Education	2.36	3.06
Skill Center	2.36	3.06

(3) ADMINISTRATIVE STAFF ALLOCATIONS

(a) Allocations for school building-level certificated administrative staff salaries for the 2013-14 and 2014-15 school years for general education students are determined using the formula generated staff units calculated pursuant to this subsection. The superintendent shall make allocations to school districts based on the district's annual average full-time equivalent enrollment in each grade. The following prototypical school values shall determine the allocation for principals, assistance principals, and other certificated building level administrators:

Prototypical Building:	School
Elementary School	1.253
Middle School	1.353
High School	1.880

(b) Students in approved career and technical education and skill center programs generate certificated school building-level administrator staff units at per student rates that are a multiple of the general education rate in (a) of this subsection by the following factors: Career and Technical Education students 1.025

Skill Center students	1.198
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(4) CLASSIFIED STAFF ALLOCATIONS

Allocations for classified staff units providing school building-level and district-wide support services for the 2013-14 and 2014-15 school years are determined using the formula-generated staff units provided in RCW 28A.150.260, and adjusted based on each district's annual average full-time equivalent student enrollment in each grade, except that the allocation for parent involvement coordinators in an elementary school shall be 0.0825, which enhancement is within the program of basic education.

(5) CENTRAL OFFICE ALLOCATIONS

In addition to classified and administrative staff units allocated in subsections (3) and (4) of this section, classified and administrative staff units are provided for the 2013-14 and 2014-15 school year for the central office administrative costs of operating a school district, at the following rates:

(a) The total central office staff units provided in this subsection (5) are calculated by first multiplying the total number of eligible certificated instructional, certificated administrative, and classified staff units providing school-based or district-wide

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support services, as identified in RCW 28A.150.260(6)(b), by 5.3 percent.

(b) Of the central office staff units calculated in (a) of this subsection, 74.53 percent are allocated as classified staff units, as generated in subsection (4) of this section, and 25.47 percent shall be allocated as administrative staff units, as generated in subsection (3) of this section.

(c) Staff units generated as enhancements outside the program of basic education to the minimum requirements of RCW 28A.150.260, and staff units generated by skill center and career-technical students, are excluded from the total central office staff units calculation in (a) of this subsection.

(d) For students in approved career-technical and skill center programs, central office classified units are allocated at the same staff unit per student rate as those generated for general education students of the same grade in this subsection (5), and central office administrative staff units are allocated at staff unit per student rates that exceed the general education rate established for students in the same grade in this subsection (5) by 1.71 percent in the 2013-14 school year and 0.90 percent in the 2014-15 school year for career and technical education students, and 21.57 percent in the 2013-14 school year and 17.29 percent in the 2014-15 school year for skill center students.

(6) FRINGE BENEFIT ALLOCATIONS

Fringe benefit allocations shall be calculated at a rate of 18.68 percent in the 2013-14 school year and 18.68 percent in the 2014-15 school year for certificated salary allocations provided under subsections (2), (3), and (5) of this section, and a rate of 20.95 percent in the 2013-14 school year and 20.95 percent in the 2014-15 school year for classified salary allocations provided under subsections (4) and (5) of this section.

(7) INSURANCE BENEFIT ALLOCATIONS

Insurance benefit allocations shall be calculated at the maintenance rate specified in section 504 of this act, based on the number of benefit units determined as follows:

(a) The number of certificated staff units determined in subsections (2), (3), and (5) of this section; and

(b) The number of classified staff units determined in subsections (4) and (5) of this section multiplied by 1.152. This factor is intended to adjust allocations so that, for the purposes of distributing insurance benefits, full-time equivalent classified employees may be calculated on the basis of 1440 hours of work per year, with no individual employee counted as more than one full-time equivalent.

(8) MATERIALS, SUPPLIES, AND OPERATING COSTS (MSOC) ALLOCATIONS

Funding is allocated per annual average full-time equivalent student for the materials, supplies, and operating costs (MSOC) incurred by school districts, consistent with the requirements of RCW 28A.150.260.

(a) MSOC funding for general education students are allocated at the following per student rates:

MSOC RATES/STUDENT FTE

MSOC Component	2013-14 SCHOOL YEAR	2014-15 SCHOOL YEAR
Technology	\$77.46	\$89.13
Utilities and Insurance	\$210.46	\$242.17
Curriculum and Textbooks	\$83.17	\$95.69
Other Supplies and Library	\$176.56	\$203.16
Materials		
Instructional Professional Development for Certificated	\$12.86	\$14.80

and Classified Staff		
Facilities Maintenance	\$104.27	\$119.97
Security and Central Office	\$72.24	\$83.12
TOTAL	BASIC \$737.02	\$848.04

EDUCATION

MSOC/STUDENT FTE

(b) Students in approved skill center programs generate per student FTE MSOC allocations of \$1,244.25 for the 2013-14 school year and \$1,260.41 for the 2014-15 school year.

(c) Students in approved exploratory and preparatory career and technical education programs generate a per student MSOC allocation of \$1,399.30 for the 2013-14 school year and \$1,417.48 for the 2014-15 school year.

(d) Students in grades 9-12 generate per student FTE MSOC allocations in addition to the allocation provided in (a) of this subsection at the following rate:

2014-15 School Year			
Technology			\$36.35
Curriculum and Textbooks			\$39.02
Other Supplies and Library Materials			\$82.84
Instructional Professional Development for Certificated and Classified Staff			\$6.04
TOTAL	GRADE 9-12	BASIC	EDUCATION
MSOC/STUDENT FTE			\$164.25

(9) SUBSTITUTE TEACHER ALLOCATIONS

For the 2013-14 and 2014-15 school years, funding for substitute costs for classroom teachers is based on four (4) funded substitute days per classroom teacher unit generated under subsection (2) of this section, at a daily substitute rate of \$151.86.

(10) ALTERNATIVE LEARNING EXPERIENCE PROGRAM FUNDING

(a) Amounts provided in this section from July 1, 2013, to August 31, 2013, are adjusted to reflect provisions of chapter 34, Laws of 2011 1st sp. sess. (allocation of funding for funding for students enrolled in alternative learning experiences).

(b) Amounts provided in this section beginning September 1, 2013, are adjusted to reflect modifications to alternative learning experience courses in Engrossed Substitute Senate Bill No. 5946 (student educational outcomes).

(c) The superintendent of public instruction shall require all districts receiving general apportionment funding for alternative learning experience (ALE) programs as defined in WAC 392-121-182 to provide separate financial accounting of expenditures for the ALE programs offered in district or with a provider, including but not limited to private companies and multidistrict cooperatives, as well as accurate, monthly headcount and FTE enrollment claimed for basic education, including separate counts of resident and nonresident students.

(11) DROPOUT REENGAGEMENT PROGRAM

The superintendent shall adopt rules to require students claimed for general apportionment funding based on enrollment in dropout reengagement programs authorized under RCW 28A.175.100 through 28A.175.115 to meet requirements for at least weekly minimum instructional contact, academic counseling, career counseling, or case management contact, starting with the 2014-15 school year. Districts must also provide separate financial accounting of expenditures for the programs offered by the district or under contract with a provider, as well as accurate monthly headcount and full-time equivalent enrollment claimed for basic education, including separate enrollment counts of resident and nonresident students.

(12) VOLUNTARY FULL DAY KINDERGARTEN PROGRAMS

Funding in this section is sufficient to fund voluntary full day kindergarten programs in qualifying high poverty schools, pursuant to RCW 28A.150.220 and 28A.150.315. Each kindergarten student who enrolls for the voluntary full-day program in a qualifying school shall count as one-half of one full-time equivalent student for purpose of making allocations under this section. Funding in this section provides full-day kindergarten programs for 43.75 percent of kindergarten enrollment in the 2013-14 school year and 43.75 percent in the 2014-15 school year, which enhancement is within the program of basic education.

(13) ADDITIONAL FUNDING FOR SMALL SCHOOL DISTRICTS AND REMOTE AND NECESSARY PLANTS

For small school districts and remote and necessary school plants within any district which have been judged to be remote and necessary by the superintendent of public instruction, additional staff units are provided to ensure a minimum level of staffing support. Additional administrative and certificated instructional staff units provided to districts in this subsection shall be reduced by the general education staff units, excluding career and technical education and skills center enhancement units, otherwise provided in subsections (2) through (5) of this section on a per district basis.

(a) For districts enrolling not more than twenty-five average annual full-time equivalent students in grades K-8, and for small school plants within any school district which have been judged to be remote and necessary by the superintendent of public instruction and enroll not more than twenty-five average annual full-time equivalent students in grades K-8:

(i) For those enrolling no students in grades 7 and 8, 1.76 certificated instructional staff units and 0.24 certificated administrative staff units for enrollment of not more than five students, plus one-twentieth of a certificated instructional staff unit for each additional student enrolled; and

(ii) For those enrolling students in grades 7 or 8, 1.68 certificated instructional staff units and 0.32 certificated administrative staff units for enrollment of not more than five students, plus one-tenth of a certificated instructional staff unit for each additional student enrolled;

(b) For specified enrollments in districts enrolling more than twenty-five but not more than one hundred average annual full-time equivalent students in grades K-8, and for small school plants within any school district which enroll more than twenty-five average annual full-time equivalent students in grades K-8 and have been judged to be remote and necessary by the superintendent of public instruction:

(i) For enrollment of up to sixty average annual full-time equivalent students in grades K-6, 2.76 certificated instructional staff units and 0.24 certificated administrative staff units; and

(ii) For enrollment of up to twenty average annual full-time equivalent students in grades 7 and 8, 0.92 certificated instructional staff units and 0.08 certificated administrative staff units;

(c) For districts operating no more than two high schools with enrollments of less than three hundred average annual full-time equivalent students, for enrollment in grades 9-12 in each such school, other than alternative schools, except as noted in this subsection:

(i) For remote and necessary schools enrolling students in any grades 9-12 but no more than twenty-five average annual full-time equivalent students in grades K-12, four and one-half certificated instructional staff units and one-quarter of a certificated administrative staff unit;

(ii) For all other small high schools under this subsection, nine certificated instructional staff units and one-half of a certificated administrative staff unit for the first sixty average annual

full-time equivalent students, and additional staff units based on a ratio of 0.8732 certificated instructional staff units and 0.1268 certificated administrative staff units per each additional forty-three and one-half average annual full-time equivalent students;

(iii) Districts receiving staff units under this subsection shall add students enrolled in a district alternative high school and any grades nine through twelve alternative learning experience programs with the small high school enrollment for calculations under this subsection;

(d) For each nonhigh school district having an enrollment of more than seventy average annual full-time equivalent students and less than one hundred eighty students, operating a grades K-8 program or a grades 1-8 program, an additional one-half of a certificated instructional staff unit;

(e) For each nonhigh school district having an enrollment of more than fifty average annual full-time equivalent students and less than one hundred eighty students, operating a grades K-6 program or a grades 1-6 program, an additional one-half of a certificated instructional staff unit;

(f)(i) For enrollments generating certificated staff unit allocations under (a) through (e) of this subsection, one classified staff unit for each 2.94 certificated staff units allocated under such subsections;

(ii) For each nonhigh school district with an enrollment of more than fifty average annual full-time equivalent students and less than one hundred eighty students, an additional one-half of a classified staff unit; and

(g) School districts receiving additional staff units to support small student enrollments and remote and necessary plants under this subsection (12) shall generate additional MSOC allocations consistent with the nonemployee related costs (NERC) allocation formula in place for the 2010-11 school year as provided section 502, chapter 37, Laws of 2010 1st sp. sess. (2010 supplemental budget), adjusted annually for inflation.

(14) Any school district board of directors may petition the superintendent of public instruction by submission of a resolution adopted in a public meeting to reduce or delay any portion of its basic education allocation for any school year. The superintendent of public instruction shall approve such reduction or delay if it does not impair the district's financial condition. Any delay shall not be for more than two school years. Any reduction or delay shall have no impact on levy authority pursuant to RCW 84.52.0531 and local effort assistance pursuant to chapter 28A.500 RCW.

(15) The superintendent may distribute funding for the following programs outside the basic education formula during fiscal years 2014 and 2015 as follows:

(a) \$605,000 of the general fund—state appropriation for fiscal year 2014 and \$613,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for fire protection for school districts located in a fire protection district as now or hereafter established pursuant to chapter 52.04 RCW.

(b) \$436,000 of the general fund—state appropriation for fiscal year 2014 and \$436,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for programs providing skills training for secondary students who are enrolled in extended day school-to-work programs, as approved by the superintendent of public instruction. The funds shall be allocated at a rate not to exceed \$500 per full-time equivalent student enrolled in those programs.

(16) \$214,000 of the general fund—state appropriation for fiscal year 2014 and \$216,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for school district emergencies as certified by the superintendent of public instruction. At the close of the fiscal year the superintendent of

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public instruction shall report to the office of financial management and the appropriate fiscal committees of the legislature on the allocations provided to districts and the nature of the emergency.

(17) Funding in this section is sufficient to fund a maximum of 1.6 FTE enrollment for skills center students pursuant to chapter 463, Laws of 2007.

(18) Students participating in running start programs may be funded up to a combined maximum enrollment of 1.2 FTE including school district and institution of higher education enrollment. In calculating the combined 1.2 FTE, the office of the superintendent of public instruction may average the participating student's September through June enrollment to account for differences in the start and end dates for courses provided by the high school and higher education institution. Additionally, the office of the superintendent of public instruction, in consultation with the state board for community and technical colleges, the student achievement council, and the education data center, shall annually track and report to the fiscal committees of the legislature on the combined FTE experience of students participating in the running start program, including course load analyses at both the high school and community and technical college system.

(19) If two or more school districts consolidate and each district was receiving additional basic education formula staff units pursuant to subsection (12) of this section, the following apply:

(a) For three school years following consolidation, the number of basic education formula staff units shall not be less than the number of basic education formula staff units received by the districts in the school year prior to the consolidation; and

(b) For the fourth through eighth school years following consolidation, the difference between the basic education formula staff units received by the districts for the school year prior to consolidation and the basic education formula staff units after consolidation pursuant to subsection (12) of this section shall be reduced in increments of twenty percent per year.

(20)(a) Indirect cost charges by a school district to approved career and technical education middle and secondary programs shall not exceed 15 percent of the combined basic education and career and technical education program enhancement allocations of state funds. Middle and secondary career and technical education programs are considered separate programs for funding and financial reporting purposes under this section.

(b) Career and technical education program full-time equivalent enrollment shall be reported on the same monthly basis as the enrollment for students eligible for basic support, and payments shall be adjusted for reported career and technical education program enrollments on the same monthly basis as those adjustments for enrollment for students eligible for basic support.

Sec. 1503. 2014 c 221 s 503 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR PUPIL TRANSPORTATION

General Fund—State Appropriation (FY 2014)	\$365,048,000
General Fund—State Appropriation (FY 2015)	(\$429,312,000)
	\$445,371,000
TOTAL APPROPRIATION	\$794,360,000
	<u>\$810,419,000</u>

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

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school district programs for the transportation of eligible students as provided in RCW 28A.160.192. Funding in this section for school year 2014-15 constitutes full implementation of RCW 28A.160.192, which enhancement is within the program of basic education. Students are considered eligible only if meeting the definitions provided in RCW 28A.160.160.

(b) For the 2014-15 school year, the superintendent shall allocate funding for approved and operating charter schools as provided in RCW 28A.710.220(3). Per-student allocations for pupil transportation must be calculated using the allocation for the previous school year to the school district in which the charter school is located and the number of eligible students in the district, and must be distributed to the charter school based on the number of eligible students.

(c) From July 1, 2013 to August 31, 2013, the superintendent shall allocate funding to school districts programs for the transportation of students as provided in section 505, chapter 50, Laws of 2011 1st sp. sess., as amended.

(3) \$558,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for pupil transportation expected cost funding formula adjustments as provided under this subsection. School districts whose efficiency rating is at least ninety-five percent and whose actual prior year costs exceed the expected cost allocations provided through the pupil transportation funding formula due to exceptional circumstances may apply to the superintendent of public instruction to receive a supplemental funding adjustments for a one-year period to offset the excess costs in whole or in part. The superintendent shall adopt criteria for review of applications, which may include exceptional issues related to geography, student demographics, or other one-time circumstances that are not otherwise addressed in the expected cost model. Differences in costs related to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for transportation adjustments. School districts that receive adjustments under this subsection are not guaranteed adjustments in future years and must reapply. Adjustments may not exceed the total appropriation provided in this subsection for fiscal year 2015. Adjustments also may not exceed the difference between the district's school year 2013-14 allocation and the district's expected cost allocation.

(4) A maximum of \$892,000 of this fiscal year 2014 appropriation and a maximum of \$892,000 of the fiscal year 2015 appropriation may be expended for regional transportation coordinators and related activities. The transportation coordinators shall ensure that data submitted by school districts for state transportation funding shall, to the greatest extent practical, reflect the actual transportation activity of each district.

(5) The office of the superintendent of public instruction shall provide reimbursement funding to a school district for school bus purchases only after the superintendent of public instruction determines that the school bus was purchased from the list established pursuant to RCW 28A.160.195(2) or a comparable competitive bid process based on the lowest price quote based on similar bus categories to those used to establish the list pursuant to RCW 28A.160.195.

(6) The superintendent of public instruction shall base depreciation payments for school district buses on the pre-sales tax five-year average of lowest bids in the appropriate category of bus. In the final year on the depreciation schedule, the

depreciation payment shall be based on the lowest bid in the appropriate bus category for that school year.

(7) Funding levels in this section reflect waivers granted by the state board of education for four-day school weeks as allowed under RCW 28A.305.141.

(8) The office of the superintendent of public instruction shall annually disburse payments for bus depreciation in August.

Sec. 1504. 2014 c 221 s 504 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR SCHOOL FOOD SERVICE PROGRAMS

General Fund—State Appropriation (FY 2014)	\$7,111,000
General Fund—State Appropriation (FY 2015)	\$7,111,000
General Fund—Federal Appropriation	((501,326,000))
	\$513,326,000
TOTAL APPROPRIATION	<u>\$515,548,000</u>
	<u>\$527,548,000</u>

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

(1) \$7,111,000 of the general fund—state appropriation for fiscal year 2014 and \$7,111,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for state matching money for federal child nutrition programs, and may support the meals for kids program through the following allowable uses:

(a) Elimination of breakfast copays for eligible public school students and lunch copays for eligible public school students in grades kindergarten through third grade who are eligible for reduced price lunch;

(b) Assistance to school districts and authorized public and private nonprofit organizations for supporting summer food service programs, and initiating new summer food service programs in low-income areas;

(c) Reimbursements to school districts for school breakfasts served to students eligible for free and reduced price lunch, pursuant to chapter 287, Laws of 2005; and

(d) Assistance to school districts in initiating and expanding school breakfast programs.

The office of the superintendent of public instruction shall report annually to the fiscal committees of the legislature on annual expenditures in (a), (b), and (c) of this subsection.

Sec. 1505. 2014 c 221 s 505 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR SPECIAL EDUCATION PROGRAMS

General Fund—State Appropriation (FY 2014)	\$693,894,000
General Fund—State Appropriation (FY 2015)	((742,343,000))
	\$735,931,000
General Fund—Federal Appropriation	\$476,122,000
Education Legacy Trust Account—State Appropriation	\$46,151,000
TOTAL APPROPRIATION	<u>\$1,958,510,000</u>
	<u>\$1,952,098,000</u>

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

(1) Funding for special education programs is provided on an excess cost basis, pursuant to RCW 28A.150.390. School districts shall ensure that special education students as a class receive their full share of the general apportionment allocation accruing through sections 502 and 504 of this act. To the extent a school district cannot provide an appropriate education for special education students under chapter 28A.155 RCW through the general apportionment allocation, it shall provide services

through the special education excess cost allocation funded in this section.

(2)(a) The superintendent of public instruction shall ensure that:

(i) Special education students are basic education students first;

(ii) As a class, special education students are entitled to the full basic education allocation; and

(iii) Special education students are basic education students for the entire school day.

(b) The superintendent of public instruction shall continue to implement the full cost method of excess cost accounting, as designed by the committee and recommended by the superintendent, pursuant to section 501(1)(k), chapter 372, Laws of 2006.

(3) Each fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(4)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school district programs for special education students as provided in RCW 28A.150.390, except that the calculation of the base allocation also includes allocations provided under section 502 for parent involvement coordinators in prototypical elementary schools as provided under section 502(4); and guidance counselors in prototypical middle and high schools as provided under section 502(2)(a), which enhancements are within the program of basic education.

(b) From July 1, 2013 to August 31, 2013, the superintendent shall allocate funding to school district programs for special education students as provided in section 507, chapter 50, Laws of 2011 1st sp. sess., as amended.

(5) The following applies throughout this section: The definitions for enrollment and enrollment percent are as specified in RCW 28A.150.390(3). Each district's general fund—state funded special education enrollment shall be the lesser of the district's actual enrollment percent or 12.7 percent.

(6) At the request of any interdistrict cooperative of at least 15 districts in which all excess cost services for special education students of the districts are provided by the cooperative, the maximum enrollment percent shall be calculated in accordance with RCW 28A.150.390(3) (c) and (d), and shall be calculated in the aggregate rather than individual district units. For purposes of this subsection, the average basic education allocation per full-time equivalent student shall be calculated in the aggregate rather than individual district units.

(7) \$17,578,000 of the general fund—state appropriation for fiscal year 2014, ((29,948,000)) \$19,949,000 of the general fund—state appropriation for fiscal year 2015, and \$29,574,000 of the general fund—federal appropriation are provided solely for safety net awards for districts with demonstrated needs for special education funding beyond the amounts provided in subsection (4) of this section. If the federal safety net awards based on the federal eligibility threshold exceed the federal appropriation in this subsection (7) in any fiscal year, the superintendent shall expend all available federal discretionary funds necessary to meet this need. At the conclusion of each school year, the superintendent shall recover safety net funds that were distributed prospectively but for which districts were not subsequently eligible.

(a) For the 2013-14 and 2014-15 school years, safety net funds shall be awarded by the state safety net oversight committee as provided in section 109(1) chapter 548, Laws of 2009 (ESHB 2261).

(b) The office of the superintendent of public instruction shall make award determinations for state safety net funding in August of each school year. Determinations on school district eligibility

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for state safety net awards shall be based on analysis of actual expenditure data from the current school year.

(8) A maximum of \$678,000 may be expended from the general fund—state appropriations to fund 5.43 full-time equivalent teachers and 2.1 full-time equivalent aides at children's orthopedic hospital and medical center. This amount is in lieu of money provided through the home and hospital allocation and the special education program.

(9) The superintendent shall maintain the percentage of federal flow-through to school districts at 85 percent. In addition to other purposes, school districts may use increased federal funds for high-cost students, for purchasing regional special education services from educational service districts, and for staff development activities particularly relating to inclusion issues.

(10) A school district may carry over from one year to the next year up to 10 percent of the general fund—state funds allocated under this program; however, carryover funds shall be expended in the special education program.

(11) \$252,000 of the general fund—state appropriation for fiscal year 2014 and \$252,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for two additional full-time equivalent staff to support the work of the safety net committee and to provide training and support to districts applying for safety net awards.

(12) \$50,000 of the general fund—state appropriation for fiscal year 2014, \$50,000 of the general fund—state appropriation for fiscal year 2015, and \$100,000 of the general fund—federal appropriation shall be expended to support a special education ombudsman program within the office of superintendent of public instruction.

Sec. 1506. 2014 c 221 s 506 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR EDUCATIONAL SERVICE DISTRICTS

General Fund—State Appropriation (FY 2014)	\$8,121,000
General Fund—State Appropriation (FY 2015)	((\$8,124,000))
	\$8,105,000
TOTAL APPROPRIATION	<u>\$16,245,000</u>
	<u>\$16,226,000</u>

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

(1) The educational service districts shall continue to furnish financial services required by the superintendent of public instruction and RCW 28A.310.190 (3) and (4).

(2) Funding within this section is provided for regional professional development related to mathematics and science curriculum and instructional strategies aligned with common core state standards and next generation science standards. Funding shall be distributed among the educational service districts in the same proportion as distributions in the 2007-2009 biennium. Each educational service district shall use this funding solely for salary and benefits for a certificated instructional staff with expertise in the appropriate subject matter and in professional development delivery, and for travel, materials, and other expenditures related to providing regional professional development support.

(3) The educational service districts, at the request of the state board of education pursuant to RCW 28A.310.010 and 28A.305.130, may receive and screen applications for school accreditation, conduct school accreditation site visits pursuant to state board of education rules, and submit to the state board of education post-site visit recommendations for school accreditation. The educational service districts may assess a

cooperative service fee to recover actual plus reasonable indirect costs for the purposes of this subsection.

Sec. 1507. 2014 c 221 s 507 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR LOCAL EFFORT ASSISTANCE

General Fund—State Appropriation (FY 2014)	\$311,882,000
General Fund—State Appropriation (FY 2015)	((\$340,444,000))
	\$344,905,000
TOTAL APPROPRIATION	<u>\$652,326,000</u>
	<u>\$656,787,000</u>

The appropriations in this section are subject to the following conditions and limitations: For purposes of RCW 84.52.0531, the increase per full-time equivalent student is 4.914 percent from the 2012-13 school year to the 2013-14 school year and 4.914 percent from the 2013-14 school year to the 2014-15 school year.

Sec. 1508. 2014 c 221 s 508 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR INSTITUTIONAL EDUCATION PROGRAMS

General Fund—State Appropriation (FY 2014)	\$13,968,000
General Fund—State Appropriation (FY 2015)	((\$13,964,000))
	\$13,631,000
TOTAL APPROPRIATION	<u>\$27,932,000</u>
	<u>\$27,599,000</u>

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

(1) Each general fund—state fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2) State funding provided under this section is based on salaries and other expenditures for a 220-day school year. The superintendent of public instruction shall monitor school district expenditure plans for institutional education programs to ensure that districts plan for a full-time summer program.

(3) State funding for each institutional education program shall be based on the institution's annual average full-time equivalent student enrollment. Staffing ratios for each category of institution shall remain the same as those funded in the 1995-97 biennium.

(4) The funded staffing ratios for education programs for juveniles age 18 or less in department of corrections facilities shall be the same as those provided in the 1997-99 biennium.

(5) \$569,000 of the general fund—state appropriation for fiscal year 2014 and (~~(\$569,000)~~) \$685,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to maintain at least one certificated instructional staff and related support services at an institution whenever the K-12 enrollment is not sufficient to support one full-time equivalent certificated instructional staff to furnish the educational program. The following types of institutions are included: Residential programs under the department of social and health services for developmentally disabled juveniles, programs for juveniles under the department of corrections, programs for juveniles under the juvenile rehabilitation administration, and programs for juveniles operated by city and county jails.

(6) Ten percent of the funds allocated for each institution may be carried over from one year to the next.

Sec. 1509. 2014 c 221 s 509 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS

General Fund—State Appropriation (FY 2014)	\$9,539,000
General Fund—State Appropriation (FY 2015)	(\$9,685,000)
	\$9,807,000
TOTAL APPROPRIATION	<u>\$19,224,000</u>
	<u>\$19,346,000</u>

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

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school district programs for highly capable students as provided in RCW 28A.150.260(10)(c). In calculating the allocations, the superintendent shall assume the following: (i) Additional instruction of 2.1590 hours per week per funded highly capable program student; (ii) fifteen highly capable program students per teacher; (iii) 36 instructional weeks per year; (iv) 900 instructional hours per teacher; and (v) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(b) From July 1, 2013, to August 31, 2013, the superintendent shall allocate funding to school districts programs for highly capable students as provided in section 511, chapter 50, Laws of 2011 1st sp. sess., as amended.

(3) \$85,000 of the general fund—state appropriation for fiscal year 2014 and \$85,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the centrum program at Fort Worden state park.

Sec. 1510. 2014 c 221 s 511 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—EDUCATION REFORM PROGRAMS

General Fund—State Appropriation (FY 2014)	\$114,340,000
General Fund—State Appropriation (FY 2015)	(\$101,537,000)
	\$118,375,000
General Fund—Federal Appropriation	(\$217,806,000)
	\$220,106,000
General Fund—Private/Local Appropriation	\$4,002,000
Education Legacy Trust Account—State Appropriation	\$1,597,000
TOTAL APPROPRIATION	<u>\$439,282,000</u>
	<u>\$458,420,000</u>

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

(1)(a) \$38,031,000 of the general fund—state appropriation for fiscal year 2014, ~~(\$22,806,000)~~ \$39,644,000 of the general fund—state appropriation for fiscal year 2015, \$1,350,000 of the education legacy trust account—state appropriation, and ~~(\$15,868,000)~~ \$18,168,000 of the general fund—federal appropriation are provided solely for development and implementation of the Washington state assessment system, including: (i) Development and implementation of retake assessments for high school students who are not successful in one or more content areas and (ii) development and implementation of alternative assessments or appeals procedures to implement the certificate of academic achievement. The superintendent of public instruction shall report quarterly on the progress on development and implementation of alternative assessments or appeals procedures. Within these amounts, the superintendent of public instruction shall contract for the early return of 10th grade student assessment results, on or around June

10th of each year. State funding to districts shall be limited to one collection of evidence payment per student, per content-area assessment.

(b) The superintendent of public instruction shall modify the statewide student assessment system and implement assessments developed with a multistate consortium beginning in the 2014-15 school year to assess student proficiency on the standards adopted under RCW 28A.655.071 and including the provisions of House Bill No. 1450.

(c) Within the amounts provided in this section, the superintendent of public instruction shall develop and administer the biology collection of evidence.

(d) Within the amounts provided in this section, the superintendent of public instruction shall create an alternative assessment for students with the most significant cognitive challenges that is aligned to the common core state standards.

(2) \$356,000 of the general fund—state appropriation for fiscal year 2014 and \$356,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington state leadership and assistance for science education reform (LASER) regional partnership activities coordinated at the Pacific science center, including instructional material purchases, teacher and principal professional development, and school and community engagement events.

(3) \$5,851,000 of the general fund—state appropriation for fiscal year 2014 and \$3,935,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of a new performance-based evaluation for certificated educators and other activities as provided in chapter 235, Laws of 2010 (education reform) and chapter 35, Laws of 2012 (certificated employee evaluations).

(4)(a) \$44,879,000 of the general fund—state appropriation for fiscal year 2014 and \$48,746,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the following bonuses for teachers who hold valid, unexpired certification from the national board for professional teaching standards and who are teaching in a Washington public school, subject to the following conditions and limitations:

(i) For national board certified teachers, a bonus of \$5,090 per teacher in the 2013-14 and 2014-15 school years;

(ii) An additional \$5,000 annual bonus shall be paid to national board certified teachers who teach in either: (A) High schools where at least 50 percent of student headcount enrollment is eligible for federal free or reduced price lunch, (B) middle schools where at least 60 percent of student headcount enrollment is eligible for federal free or reduced price lunch, or (C) elementary schools where at least 70 percent of student headcount enrollment is eligible for federal free or reduced price lunch;

(iii) The superintendent of public instruction shall adopt rules to ensure that national board certified teachers meet the qualifications for bonuses under (a)(ii) of this subsection for less than one full school year receive bonuses in a pro-rated manner. All bonuses in (a)(i) and (ii) of this subsection will be paid in July of each school year. Bonuses in (a)(i) and (ii) of this subsection shall be reduced by a factor of 40 percent for first year NBPTS certified teachers, to reflect the portion of the instructional school year they are certified; and

(iv) During the 2013-14 and 2014-15 school years, and within available funds, certificated instructional staff who have met the eligibility requirements and have applied for certification from the national board for professional teaching standards may receive a conditional loan of two thousand dollars or the amount set by the office of the superintendent of public instruction to contribute toward the current assessment fee, not including the initial up-front candidacy payment. The fee shall be an advance

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on the first annual bonus under RCW 28A.405.415. The conditional loan is provided in addition to compensation received under a district's salary schedule and shall not be included in calculations of a district's average salary and associated salary limitation under RCW 28A.400.200. Recipients who fail to receive certification after three years are required to repay the conditional loan. The office of the superintendent of public instruction shall adopt rules to define the terms for initial grant of the assessment fee and repayment, including applicable fees. To the extent necessary, the superintendent may use revenues from the repayment of conditional loan scholarships to ensure payment of all national board bonus payments required by this section in each school year.

(5) \$477,000 of the general fund—state appropriation for fiscal year 2014 and \$477,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the leadership internship program for superintendents, principals, and program administrators.

(6) \$950,000 of the general fund—state appropriation for fiscal year 2014 and \$950,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington reading corps. The superintendent shall allocate reading corps members to low-performing schools and school districts that are implementing comprehensive, proven, research-based reading programs. Two or more schools may combine their Washington reading corps programs.

(7) \$810,000 of the general fund—state appropriation for fiscal year 2014 and \$810,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the development of a leadership academy for school principals and administrators. The superintendent of public instruction shall contract with an independent organization to operate a state-of-the-art education leadership academy that will be accessible throughout the state. Semiannually the independent organization shall report on amounts committed by foundations and others to support the development and implementation of this program. Leadership academy partners shall include the state level organizations for school administrators and principals, the superintendent of public instruction, the professional educator standards board, and others as the independent organization shall identify.

(8) \$2,000,000 of the general fund—state appropriation for fiscal year 2014 and \$2,000,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a statewide information technology (IT) academy program. This public-private partnership will provide educational software, as well as IT certification and software training opportunities for students and staff in public schools.

(9) \$1,277,000 of the general fund—state appropriation for fiscal year 2014 and \$1,277,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for secondary career and technical education grants pursuant to chapter 170, Laws of 2008. If equally matched by private donations, \$300,000 of the 2014 appropriation and \$300,000 of the 2015 appropriation shall be used to support FIRST robotics programs. Of the amounts in this subsection, \$100,000 of the fiscal year 2014 appropriation and \$100,000 of the fiscal year 2015 appropriation are provided solely for the purpose of statewide supervision activities for career and technical education student leadership organizations.

(10) \$125,000 of the general fund—state appropriation for fiscal year 2014 and \$125,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for (a) staff at the office of the superintendent of public instruction to coordinate and promote efforts to develop integrated math,

science, technology, and engineering programs in schools and districts across the state; and (b) grants of \$2,500 to provide twenty middle and high school teachers each year with professional development training for implementing integrated math, science, technology, and engineering programs in their schools.

(11) \$135,000 of the general fund—state appropriation for fiscal year 2014 and \$135,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for science, technology, engineering and mathematics lighthouse projects, consistent with chapter 238, Laws of 2010.

(12) \$1,000,000 of the general fund—state appropriation for fiscal year 2014 and \$3,000,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a beginning educator support program. School districts and/or regional consortia may apply for grant funding. The superintendent shall implement this program in 5 to 15 school districts and/or regional consortia. The program provided by a district and/or regional consortia shall include: A paid orientation; assignment of a qualified mentor; development of a professional growth plan for each beginning teacher aligned with professional certification; release time for mentors and new teachers to work together; and teacher observation time with accomplished peers. \$250,000 may be used to provide statewide professional development opportunities for mentors and beginning educators.

(13) \$250,000 of the general fund—state appropriation for fiscal year 2014 and \$250,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for advanced project lead the way courses at ten high schools. To be eligible for funding in 2014, a high school must have offered a foundational project lead the way course during the 2012-13 school year. The 2014 funding must be used for one-time start-up course costs for an advanced project lead the way course, to be offered to students beginning in the 2013-14 school year. To be eligible for funding in 2015, a high school must have offered a foundational project lead the way course during the 2013-14 school year. The 2015 funding must be used for one-time start-up course costs for an advanced project lead the way course, to be offered to students beginning in the 2014-15 school year. The office of the superintendent of public instruction and the education research and data center at the office of financial management shall track student participation and long-term outcome data.

(14) \$300,000 of the general fund—state appropriation for fiscal year 2014 and \$300,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for annual start-up grants for aerospace and manufacturing technical programs housed at four skill centers. The grants are provided for start-up equipment and curriculum purchases. To be eligible for funding, the skill center must agree to provide regional high schools with access to a technology laboratory, expand manufacturing certificate and course offerings at the skill center, and provide a laboratory space for local high school teachers to engage in professional development in the instruction of courses leading to student employment certification in the aerospace and manufacturing industries. Once a skill center receives a start-up grant, it is ineligible for additional start-up funding in the following school year. The office of the superintendent of public instruction shall administer the grants in consultation with the center for excellence for aerospace and advanced materials manufacturing.

(15) \$150,000 of the general fund—state appropriation for fiscal year 2014 and \$150,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for annual

start-up grants to six high schools to implement the aerospace assembler program. Participating high schools must agree to offer the aerospace assembler training program to students by spring semester of school year 2013-14. Once a high school receives a start-up grant, it is ineligible for additional start-up funding in the following school year. The office of the superintendent of public instruction and the education research and data center at the office of financial management shall track student participation and long-term outcome data.

(16) \$10,000,000 of the general fund—state appropriation for fiscal year 2014 and \$5,027,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the provision of training for teachers in the performance-based teacher principal evaluation program. Of the amounts appropriated in this subsection, \$5,000,000 for fiscal year 2014 is a one-time appropriation, and \$27,000 for fiscal year 2015 is a one-time appropriation provided solely for the office of the superintendent of public instruction to include foundational elements of cultural competence that are aligned with standards developed by the professional educator standards board within the content of the training.

(17) \$3,600,000 of the general fund—state appropriation for fiscal year 2014 and \$6,681,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5329 (persistently failing schools). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(18) \$100,000 of the general fund—state appropriation for fiscal year 2014 and \$100,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to promote the financial literacy of students. The effort will be coordinated through the financial literacy public-private partnership.

(19) \$109,000 of the general fund—state appropriation for fiscal year 2014 and \$99,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the office of the superintendent of public instruction to implement a youth dropout prevention program that incorporates partnerships between community-based organizations, schools, food banks and farms or gardens. The office of the superintendent of public instruction shall select one school district that must partner with an organization that is operating an existing similar program and that also has the ability to serve at least 40 students. Of the amount appropriated in this subsection, up to \$10,000 may be used by the office of the superintendent of public instruction for administration of the program.

(20) \$1,827,000 of the general fund—state appropriation for fiscal year 2014 and \$2,194,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to implement Engrossed Substitute Senate Bill No. 5946 (strengthening student educational outcomes). If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(21) \$1,110,000 of the general fund—state appropriation for fiscal year 2014 and \$1,061,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for chapter 184, Laws of 2013 (Second Substitute House Bill No. 1642) (academic acceleration). Of the amount appropriated in this section, forty-nine thousand is provided as one-time funding.

(22) \$44,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for Substitute Senate Bill No. 6074 (homeless student educational outcomes). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

(23) \$83,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for Second Substitute Senate

Bill No. 6163 (expanded learning). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

(24) \$21,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for Senate Bill No. 6424 (biliteracy seal). If the bill is not enacted by June 30, 2014, the amount provided in this subsection shall lapse.

Sec. 1511. 2014 c 221 s 512 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR TRANSITIONAL BILINGUAL PROGRAMS

General Fund—State Appropriation (FY 2014)	\$97,796,000
General Fund—State Appropriation (FY 2015)	(\$110,084,000)
	\$109,788,000
General Fund—Federal Appropriation	\$72,116,000
TOTAL APPROPRIATION	\$279,996,000
	<u>\$279,700,000</u>

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

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2)(a) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school districts for transitional bilingual programs under RCW 28A.180.010 through 28A.180.080, including programs for exited students, as provided in RCW 28A.150.260(10)(b) and the provisions of this section. In calculating the allocations, the superintendent shall assume the following averages: (i) Additional instruction of 4.7780 hours per week per transitional bilingual program student in grades kindergarten through twelve in school years 2013-14 and 2014-15; (ii) additional instruction of 3.0000 hours per week in school year 2013-14 for the head count number of students who have exited the transitional bilingual instruction program within the previous school year based on their performance on the English proficiency assessment; (iii) additional instruction of 3.0000 hours per week in school year 2014-15 for the head count number of students who have exited the transitional bilingual instruction program within the previous two years based on their performance on the English proficiency assessment; (iv) fifteen transitional bilingual program students per teacher; (v) 36 instructional weeks per year; (vi) 900 instructional hours per teacher; and (vii) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(b) From July 1, 2013, to August 31, 2013, the superintendent shall allocate funding to school districts for transitional bilingual instruction programs as provided in section 514, chapter 50, Laws of 2011 1st sp. sess., as amended.

(3) The superintendent may withhold allocations to school districts in subsection (2) of this section solely for the central provision of assessments as provided in RCW 28A.180.090 (1) and (2) up to the following amounts: 1.70 percent for school year 2013-14 and ~~((4.53))~~ 1.52 percent for school year 2014-15.

(4) The general fund—federal appropriation in this section is for migrant education under Title I Part C and English language acquisition, and language enhancement grants under Title III of the elementary and secondary education act.

(5) \$35,000 of the general fund—state appropriation for fiscal year 2014 and \$35,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to track current and former transitional bilingual program students.

Sec. 1512. 2014 c 221 s 513 (uncodified) is amended to read as follows:

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FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—FOR THE LEARNING ASSISTANCE PROGRAM

General Fund—State Appropriation (FY 2014)	\$194,728,000
General Fund—State Appropriation (FY 2015)	((214,877,000))
	\$217,428,000
General Fund—Federal Appropriation	\$450,534,000
TOTAL APPROPRIATION	<u>\$860,139,000</u>
	\$862,690,000

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

(1) The general fund—state appropriations in this section are subject to the following conditions and limitations:

(a) The appropriations include such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(b)(i) For the 2013-14 and 2014-15 school years, the superintendent shall allocate funding to school districts for learning assistance programs as provided in RCW 28A.150.260(10)(a), except that the allocation for the additional instructional hours shall be enhanced as provided in this section, which enhancements are within the program of the basic education. In calculating the allocations, the superintendent shall assume the following averages: (A) Additional instruction of 2.3975 hours per week per funded learning assistance program student for the 2013-14 school year and the 2014-15 school year; (B) fifteen learning assistance program students per teacher; (C) 36 instructional weeks per year; (D) 900 instructional hours per teacher; and (E) the district's average staff mix and compensation rates as provided in sections 503 and 504 of this act.

(ii) From July 1, 2013, to August 31, 2013, the superintendent shall allocate funding to school districts for learning assistance programs as provided in section 515, chapter 50, Laws of 2011 1st sp. sess., as amended.

(c) A school district's funded students for the learning assistance program shall be the sum of the district's full-time equivalent enrollment in grades K-12 for the prior school year multiplied by the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch in the prior school year. Starting with the allocation for the 2014-15 school year, the prior school year's October headcount enrollment for free and reduced price lunch shall be as reported in the comprehensive education data and research system.

(2) Allocations made pursuant to subsection (1) of this section shall be adjusted to reflect ineligible applications identified through the annual income verification process required by the national school lunch program, as recommended in the report of the state auditor on the learning assistance program dated February, 2010.

(3) The general fund—federal appropriation in this section is provided for Title I Part A allocations of the no child left behind act of 2001.

(4) A school district may carry over from one year to the next up to 10 percent of the general fund—state funds allocated under this program; however, carryover funds shall be expended for the learning assistance program.

Sec. 1513. 2014 c 221 s 514 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

(1) Amounts distributed to districts by the superintendent through part V of this act are for allocations purposes only, unless specified by part V of this act, and do not entitle a particular district, district employee, or student to a specific service, beyond

what has been expressly provided in statute. Part V of this act restates the requirements of various sections of Title 28A RCW. If any conflict exists, the provisions of Title 28A RCW control unless this act explicitly states that it is providing an enhancement. Any amounts provided in part V of this act in excess of the amounts required by Title 28A RCW provided in statute, are not within the program of basic education unless clearly stated by this act.

(2) To the maximum extent practicable, when adopting new or revised rules or policies relating to the administration of allocations in part V of this act that result in fiscal impact, the office of the superintendent of public instruction shall attempt to seek legislative approval through the budget request process.

(3) Appropriations made in this act to the office of the superintendent of public instruction shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act, except as expressly provided in subsection (4) of this section.

(4) The appropriations to the office of the superintendent of public instruction in this act shall be expended for the programs and amounts specified in this act. However, after May 1, ~~((2014))~~ 2015, unless specifically prohibited by this act and after approval by the director of financial management, the superintendent of public instruction may transfer state general fund appropriations for fiscal year ~~((2014))~~ 2015 among the following programs to meet the apportionment schedule for a specified formula in another of these programs: General apportionment; employee compensation adjustments; pupil transportation; special education programs; institutional education programs; transitional bilingual programs; highly capable; and learning assistance programs.

(5) The director of financial management shall notify the appropriate legislative fiscal committees in writing prior to approving any allotment modifications or transfers under this section.

(6) As required by RCW 28A.710.110, the office of the superintendent of public instruction shall transmit the charter school authorizer oversight fee for the charter school commission to the charter school oversight account.

Sec. 1514. 2014 c 221 s 515 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE CHARTER SCHOOL COMMISSION

General Fund—State Appropriation (FY 2014)	\$466,000
General Fund—State Appropriation (FY 2015)	((556,000))
	\$59,000
Charter School Oversight Account—State Appropriation	((17,000))
	\$29,000
TOTAL APPROPRIATION	<u>\$1,039,000</u>
	\$1,054,000

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

(1) \$125,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for the office of the attorney general costs related to *League of Women Voters v. State of Washington*.

(2) \$137,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for charter school evaluation and oversight.

**PART XVI
HIGHER EDUCATION**

Sec. 1601. 2014 c 221 s 604 (uncodified) is amended to read as follows:

FOR THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

General Fund—State Appropriation (FY 2014)	\$569,679,000
General Fund—State Appropriation (FY 2015)	(((\$554,963,000))
	\$552,642,000
Community/Technical College Capital Projects	
Account—State Appropriation	\$17,548,000
Education Legacy Trust Account—State Appropriation	\$95,197,000
TOTAL APPROPRIATION	\$1,237,387,000
	\$1,235,066,000

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

(1) \$33,261,000 of the general fund—state appropriation for fiscal year 2014 and \$33,261,000 of the general fund—state appropriation for fiscal year 2015 are provided solely as special funds for training and related support services, including financial aid, as specified in RCW 28C.04.390. Funding is provided to support at least 7,170 full-time equivalent students in fiscal year 2014 and at least 7,170 full-time equivalent students in fiscal year 2015.

(2) \$5,450,000 of the education legacy trust account—state appropriation is provided solely for administration and customized training contracts through the job skills program. The state board shall make an annual report by January 1st of each year to the governor and to the appropriate policy and fiscal committees of the legislature regarding implementation of this section, listing the scope of grant awards, the distribution of funds by educational sector and region of the state, and the results of the partnerships supported by these funds.

(3) \$100,000 of the general fund—state appropriation for fiscal year 2014 and \$100,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the aerospace center of excellence currently hosted by Everett community college to:

(a) Increase statewide communications and outreach between industry sectors, industry organizations, businesses, K-12 schools, colleges, and universities;

(b) Enhance information technology to increase business and student accessibility and use of the center's web site; and

(c) Act as the information entry point for prospective students and job seekers regarding education, training, and employment in the industry.

(4) \$181,000 of the general fund—state appropriation for fiscal year 2014 and \$181,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the opportunity center for employment and education internet technology integration project at north Seattle community college.

(5) \$255,000 of the general fund—state appropriation for fiscal year 2014 and \$255,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of a maritime industries training program at south Seattle community college.

(6) \$5,250,000 of the general fund—state appropriation for fiscal year 2014 and \$5,250,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the student achievement initiative.

(7) \$500,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for implementation of Second Substitute Senate Bill No. 5624 (STEM or career and tech ed). If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(8) \$350,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for a pilot project to embed the year up model within community college campuses.

(9) \$13,000 of the general fund—state appropriation for fiscal year 2014 and \$168,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the implementation of Substitute Senate Bill No. 6129 (paraeducator development). If the bill is not enacted by June 30, 2014, the amounts provided in this subsection shall lapse.

(10) \$410,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the mathematics engineering science achievement community college programs.

(11) Community and technical colleges are not required to send mass mailings of course catalogs to residents of their districts. Community and technical colleges shall consider lower cost alternatives, such as mailing postcards or brochures that direct individuals to online information and other ways of acquiring print catalogs.

(12) The state board for community and technical colleges shall not use funds appropriated in this section to support intercollegiate athletics programs.

Sec. 1602. 2014 c 221 s 605 (uncodified) is amended to read as follows:

FOR THE UNIVERSITY OF WASHINGTON

General Fund—State Appropriation (FY 2014)	\$247,063,000
General Fund—State Appropriation (FY 2015)	(((\$239,472,000))
	\$237,607,000
Geoduck Aquaculture Research Account—State	
Appropriation	\$300,000
Education Legacy Trust Account—State Appropriation	\$13,998,000
Economic Development Strategic Reserve Account— State	
Appropriation	\$3,000,000
Biotoxin Account—State Appropriation	\$390,000
Accident Account—State Appropriation	\$6,702,000
Medical Aid Account—State Appropriation	\$6,528,000
Aquatic Land Enhancement Account—State Appropriation	\$700,000
State Toxics Control Account—State Appropriation	\$1,120,000
TOTAL APPROPRIATION	\$519,273,000
	\$517,408,000

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

(1) \$300,000 of the geoduck aquaculture research account—state appropriation is provided solely for the University of Washington sea grant program to commission scientific research studies that examine possible negative and positive effects, including the cumulative effects and the economic contribution, of evolving shellfish aquaculture techniques and practices on Washington's economy and marine ecosystems. The research conducted for the studies is not intended to be a basis for an increase in the number of shellfish harvesting permits available and should be coordinated with any research efforts related to ocean acidification. The University of Washington must submit an annual report detailing any findings and outline the progress of the study, consistent with RCW 43.01.036, to the appropriate legislative committees by December 1st of each year.

(2) \$52,000 of the general fund—state appropriation for fiscal year 2014 and \$52,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the center for international trade in forest products in the college of forest resources.

(3) \$4,459,000 of the general fund—state appropriation for fiscal year 2014 and \$4,459,000 of the general fund—state

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appropriation for fiscal year 2015 are provided solely for the expansion of computer science and engineering enrollments. The university will work with the education research and data center to establish program baselines and demonstrate enrollment increases. By September 1, 2014, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year, including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2012-2013 academic year baseline.

(4) \$3,000,000 of the general fund—state appropriation for fiscal year 2014 and \$3,000,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for creation of a clean energy institute. The institute shall integrate physical sciences and engineering with a research focus on energy storage and solar energy.

(5) \$3,000,000 of the economic development strategic reserve account appropriation is provided solely to support the joint center for aerospace innovation technology.

(6) Within existing resources the University of Washington may: (a) Form and implement an integrated innovation institute and research, planning, and outreach initiatives at the Olympic national resources center; and (b) accredit a four-year undergraduate forestry program from the society of American foresters. Accreditation may occur in conjunction with reaccreditation of the master of forest resources program.

(7) \$700,000 of the aquatic lands enhancement account—state appropriation and \$1,120,000 of the state toxics control account—state appropriation are provided solely for the center on ocean acidification and related work necessary to implement the recommendations of the governor's blue ribbon task force on ocean acidification. The university shall provide staffing for this purpose.

(8) \$1,000,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the institute of protein design to support the commercialization of translational projects.

(9) \$400,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the University of Washington-Tacoma to develop a law school.

(10) The University of Washington shall not use funds appropriated in this section to support intercollegiate athletics programs.

Sec. 1603. 2014 c 221 s 606 (uncodified) is amended to read as follows:

FOR WASHINGTON STATE UNIVERSITY	
General Fund—State Appropriation (FY 2014)	\$156,867,000
General Fund—State Appropriation (FY 2015)	((154,106,000))
	\$153,044,000
Education Legacy Trust Account—State Appropriation	\$33,995,000
TOTAL APPROPRIATION	<u>\$344,968,000</u>
	<u>\$343,906,000</u>

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

(1) Within existing resources, Washington State University shall establish an accredited forestry program.

(2) \$2,856,000 of the general fund—state appropriation for fiscal year 2014 and \$2,857,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the expansion of computer science and engineering enrollments. The university will work with the education research and data center

to establish program baselines and demonstrate enrollment increases. By September 1, 2014, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year, including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2012-2013 academic year baseline.

(3) \$25,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for the Ruckelshaus center to collaborate with local governments, the media, and representatives of the public regarding public record requests made to local government. The center shall facilitate meetings and discussions and report to the appropriate committees of the legislature. The report shall include information on:

(a) Recommendations related to balancing open public records with concerns of local governments related to interfering with the work of the local government;

(b) Resources necessary to accommodate requests;

(c) Potential harassment of government employees;

(d) Potential safety concerns of people named in the record;

(e) Potentially assisting criminal activity; and

(f) Other issues brought forward by the participants.

The center shall report to the appropriate committees of the legislature by December 15, 2013.

(4) \$300,000 of the general fund—state appropriation for fiscal year 2014 and \$300,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington State University agricultural research center to conduct public outreach and education related to nonlethal methods of mitigating conflicts between livestock and large wild carnivores. Of the amounts provided in this subsection, \$200,000 of the general fund—state appropriation for fiscal year 2014 and \$200,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to the center to conduct a detailed analysis of such methods. The amounts appropriated in this subsection may not be subject to an administrative fee or charge, and must be used for costs directly associated with the research and analysis.

(5) \$2,400,000 of the general fund—state appropriation for fiscal year 2014 and \$3,600,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for expansion of medical education and biomedical research in Spokane.

(6) \$250,000 of the general fund—state appropriation for fiscal year 2014 and \$500,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for state match requirements related to the federal aviation administration grant.

(7) Washington State University shall not use funds appropriated in this section to support intercollegiate athletic programs.

Sec. 1604. 2014 c 221 s 607 (uncodified) is amended to read as follows:

FOR EASTERN WASHINGTON UNIVERSITY	
General Fund—State Appropriation (FY 2014)	\$31,386,000
General Fund—State Appropriation (FY 2015)	((31,808,000))
	\$31,525,000
Education Legacy Trust Account—State Appropriation	\$14,941,000
TOTAL APPROPRIATION	<u>\$78,135,000</u>
	<u>\$77,852,000</u>

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

(1) At least \$200,000 of the general fund—state appropriation for fiscal year 2014 and at least \$200,000 of the general fund—state appropriation for fiscal year 2015 shall be expended on the Northwest autism center.

(2) \$1,000,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the expansion of engineering enrollments. The university will work with the education research and data center to establish program baselines and demonstrate enrollment increases. By September 1, 2015, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year, including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2013-2014 academic year baseline.

(3) Eastern Washington University shall not use funds appropriated in this section to support intercollegiate athletics programs.

Sec. 1605. 2014 c 221 s 608 (uncodified) is amended to read as follows:

FOR CENTRAL WASHINGTON UNIVERSITY

General Fund—State Appropriation (FY 2014)	\$29,733,000
General Fund—State Appropriation (FY 2015)	(((\$29,487,000))
	\$29,239,000

Education Legacy Trust Account—State Appropriation	\$19,076,000
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TOTAL APPROPRIATION	\$78,296,000
	<u>\$78,048,000</u>

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

(1) \$25,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for the college of education to conduct a study identifying the duties encompassed in a state-funded teacher's typical work day. The study must include an estimate of the percent of a teacher's typical day that is spent on teaching related duties and the percentage of the teacher's day that is spent on duties that are not directly related to teaching. The university shall submit a report to the appropriate committees of the legislature by December 1, 2013.

(2) Amounts appropriated in this section are sufficient for the university to develop a plan to create an online degree granting entity that awards degrees based on an alternative credit model. The university shall submit a final plan by December 1, 2013, to the higher education committees of the legislature.

(3) Central Washington University shall not use funds appropriated in this section to support intercollegiate athletics programs.

(4) \$1,000,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the expansion of computer science and engineering enrollments. The university will work with the education research and data center to establish program baselines and demonstrate enrollment increases. By September 1, 2015, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year, including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2013-2014 academic year baseline.

Sec. 1606. 2014 c 221 s 609 (uncodified) is amended to read as follows:

FOR THE EVERGREEN STATE COLLEGE

General Fund—State Appropriation (FY 2014)	\$18,351,000
General Fund—State Appropriation (FY 2015)	(((\$17,371,000))
	\$17,230,000

Education Legacy Trust Account—State Appropriation	\$5,450,000
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TOTAL APPROPRIATION	\$41,172,000
	<u>\$41,031,000</u>

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

(1) \$100,000 of the general fund—state appropriation for fiscal year 2014 and \$50,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington state institute for public policy to conduct a comprehensive retrospective outcome evaluation and return on investment analysis of the early learning childhood program pursuant to Senate Bill No. 5904 (high quality early learning). This evaluation is due December 15, 2014. If the bill is not enacted by June 30, 2013, the amount provided in this subsection shall lapse.

(2) \$50,000 of the general fund—state appropriation for fiscal year 2014 and \$50,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington state institute for public policy to develop a risk assessment instrument for patients committed for involuntary treatment in Washington state.

(3) \$58,000 of the general fund—state appropriation for fiscal year 2014 and \$27,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the Washington state institute for public policy to prepare an inventory of evidence-based and research-based effective practices, activities, and programs for use by school districts in the learning assistance program pursuant to Engrossed Second Substitute Senate Bill No. 5946 (student educational outcomes), including partnerships with community-based organizations that deliver academic and nonacademic supports to students who are significantly at-risk of not being successful in school, such as one-to-one services to overcome barriers of success at school and school-wide afterschool academic support. The initial inventory is due by August 1, 2014, and shall be updated every two years thereafter. If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.

(4) \$50,000 of the general fund—state appropriation for fiscal year 2014 are provided solely for the Washington state institute for public policy to provide expertise to the department of corrections on the implementation of programming that follows the risk needs responsivity model. In consultation with the department of corrections, the institute will systematically review selected programs for outcome measures.

(5) The Washington state institute for public policy shall examine the drug offender sentencing alternative for offenders sentenced to residential treatment in the community. The institute shall examine its effectiveness on recidivism and conduct a benefit-cost analysis. The institute shall report its findings by December 1, 2014.

(6) \$75,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for Washington state institute for public policy to complete a comprehensive assessment of the utilization and capacity needs of crisis mental health services provided by the department of social and health services. The study shall include, but not be limited to:

(a) An update to statewide utilization and capacity figures for evaluation and treatment facilities, inpatient psychiatric beds, and

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regional support network-funded crisis facilities, including an estimate of the effect of the implementation of chapter 280, Laws of 2010 and chapter 335, Laws of 2013 on the capacity of the involuntary commitment system. The department shall work with the institute as needed on data collection procedures necessary to identify commitments associated with newly implemented standards;

(b) A longitudinal study of outcomes and public costs for adults receiving regional support network-funded crisis response services compared to adults evaluated for involuntary commitment who are not subsequently committed, and adults who receive a seventy-two hour involuntary commitment. Outcomes may include subsequent jail bookings or convictions, use of publicly funded medical care, and deaths; and

(c) A review of practices in other states regarding third-party initiation of a civil commitment petition, and an assessment of the comparative effectiveness of this change compared to other alternative practices for which comprehensive studies are available.

A preliminary report must be provided by December 1, 2015, and a final report by December 1, 2016.

(7) \$50,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for Washington state institute for public policy to conduct a comprehensive study of tobacco and e-cigarette prevention programs that will yield the highest public health benefit and reduce tobacco use. In conducting this study, the institute shall identify: (a) The most effective population-based approaches and what targeted populations will yield the greatest return on investment; and (b) other state models, including the "Friday night light" program in California, that yield the greatest likelihood of reducing state health care costs. The institute shall work with the department of health to determine which programs can be brought to scale most efficiently. The institute shall report its findings to the appropriate committees of the legislature by December 31, 2014.

(8) Funding provided in this section is sufficient for The Evergreen State College to continue operations of the Longhouse Center and the Northwest Indian applied research institute.

(9) Notwithstanding other provisions in this section, the board of directors for the Washington state institute for public policy may adjust due dates for projects included on the institute's 2013-2015 work plan as necessary to efficiently manage workload.

(10) The Evergreen State College shall not use funds appropriated in this section to support intercollegiate athletics programs.

Sec. 1607. 2014 c 221 s 610 (uncodified) is amended to read as follows:

FOR WESTERN WASHINGTON UNIVERSITY

General Fund—State Appropriation (FY 2014)	\$44,521,000
General Fund—State Appropriation (FY 2015)	(((\$43,341,000))
	\$43,005,000
Education Legacy Trust Account—State Appropriation	\$12,895,000
TOTAL APPROPRIATION	\$100,757,000
	\$100,421,000

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

(1) \$1,497,000 of the general fund—state appropriation for fiscal year 2014 and \$1,498,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the expansion of computer science and engineering enrollments. The university will work with the education research and data center to establish program baselines and demonstrate enrollment

increases. By September 1, 2014, and each September 1st thereafter, the university shall provide a report that provides the specific detail on how these amounts were spent in the preceding fiscal year, including but not limited to the cost per student, student completion rates, and the number of low-income students enrolled in each program, any process changes or best-practices implemented by the college, and how many students are enrolled in computer science and engineering programs above the 2012-2013 academic year baseline.

(2) Western Washington University shall not use funds appropriated in this section to support intercollegiate athletics programs.

Sec. 1608. 2014 c 221 s 611 (uncodified) is amended to read as follows:

FOR THE STUDENT ACHIEVEMENT COUNCIL—POLICY COORDINATION AND ADMINISTRATION

General Fund—State Appropriation (FY 2014)	\$5,320,000
General Fund—State Appropriation (FY 2015)	(((\$5,287,000))
	\$5,258,000
General Fund—Federal Appropriation	\$4,811,000
TOTAL APPROPRIATION	\$15,418,000
	\$15,389,000

The appropriations in this section are subject to the following conditions and limitations: The student achievement council is authorized to increase or establish fees for initial degree authorization, degree authorization renewal, degree authorization reapplication, new program applications, and new site applications pursuant to RCW 28B.85.060.

Sec. 1609. 2014 c 221 s 612 (uncodified) is amended to read as follows:

FOR THE STUDENT ACHIEVEMENT COUNCIL—OFFICE OF STUDENT FINANCIAL ASSISTANCE

General Fund—State Appropriation (FY 2014)	\$245,124,000
General Fund—State Appropriation (FY 2015)	(((\$244,666,000))
	\$244,643,000
General Fund—Federal Appropriation	\$11,639,000
General Fund—Private/Local Appropriation	\$334,000
Education Legacy Trust Account—State Appropriation	(((\$79,651,000))
	\$78,560,000
Washington Opportunity Pathways Account—State Appropriation	\$141,000,000
TOTAL APPROPRIATION	\$722,414,000
	\$721,300,000

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

(1) \$237,454,000 of the general fund—state appropriation for fiscal year 2014, \$237,455,000 of the general fund—state appropriation for fiscal year 2015, \$6,000,000 of the education legacy trust account—state appropriation, and \$141,000,000 of the Washington opportunity pathways account—state appropriation are provided solely for student financial aid payments under the state need grant and state work study programs including up to four percent administrative allowance for the state work study program. Of the amounts provided in this subsection, \$100,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the council to develop an alternative financial aid application system to implement Senate Bill No. 6523 (higher education opportunities).

(2) Changes made to the state need grant program in the 2011-2013 fiscal biennium are continued in the 2013-2015 fiscal biennium including aligning increases in awards given to private

institutions with the annual tuition increases for public research institutions or the private institution's average annual tuition increase experience of 3.5 percent per year, whichever is less. For the 2015-2017 fiscal biennium, it is the intent of the legislature to reconsider grant awards for students at private four-year institutions.

(3) Changes made to the state work study program in the 2009-2011 and 2011-2013 fiscal biennia are continued in the 2013-2015 fiscal biennium including maintaining the increased required employer share of wages; adjusted employer match rates; discontinuation of nonresident student eligibility for the program; and revising distribution methods to institutions by taking into consideration other factors such as off-campus job development, historical utilization trends, and student need.

(4) Within the funds appropriated in this section, eligibility for the state need grant shall include students with family incomes at or below 70 percent of the state median family income (MFI), adjusted for family size, and shall include students enrolled in three to five credit-bearing quarter credits, or the equivalent semester credits. Awards for all students shall be adjusted by the estimated amount by which Pell grant increases exceed projected increases in the noninstructional costs of attendance. Awards for students with incomes between 51 and 70 percent of the state median shall be prorated at the following percentages of the award amount granted to those with incomes below 51 percent of the MFI: 70 percent for students with family incomes between 51 and 55 percent MFI; 65 percent for students with family incomes between 56 and 60 percent MFI; 60 percent for students with family incomes between 61 and 65 percent MFI; and 50 percent for students with family incomes between 66 and 70 percent MFI.

(5)(a) Students who are eligible for the college bound scholarship shall be given priority for the state need grant program if the students have applied by the institution's priority financial aid deadline and have completed their financial aid file in a timely manner. These eligible college bound students whose family incomes are in the 0-65 median family income ranges shall be awarded the maximum state need grant for which they are eligible under state policies and may not be denied maximum state need grant funding due to institutional policies or delayed awarding of college bound scholarship students.

(b) In calculating the college bound award, public institutions of higher education shall be subject to the conditions and limitations in RCW 28B.15.102 and shall not utilize college bound funds to offset tuition costs from rate increases in excess of levels authorized in section 603, chapter 50, Laws of 2011 and those assumed in section 602 or 603 of this act.

(6) (~~(\$48,297,000)~~) \$47,206,000 of the education legacy trust account—state appropriation is provided solely for the college bound scholarship program and may support scholarships for summer session. This amount assumes that college bound scholarship recipients will receive priority for state need grant awards in fiscal year 2014 and fiscal year 2015. If this policy of prioritization is not fully achieved, it is the intent of this legislation to provide supplemental appropriations in the 2014 supplemental operating budget.

(7) \$2,236,000 of the general fund—state appropriation for fiscal year 2014 and \$2,236,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for the passport to college program. The maximum scholarship award shall be \$5,000. The board shall contract with a nonprofit organization to provide support services to increase student completion in their postsecondary program and shall, under this contract, provide a minimum of \$500,000 in fiscal years 2014 and 2015 for this purpose.

(8) \$25,354,000 of the education legacy trust account—state appropriation is provided solely to meet state match requirements associated with the opportunity scholarship program.

(9) In developing the skilled and educated workforce report pursuant to RCW 28B.77.080(3), the council shall use the bureau of labor statistics analysis of the education and training requirements of occupations, in addition to any other method the council may choose to use, to assess the number and type of higher education and training credentials required to match employer demand for a skilled and educated workforce.

Sec. 1610. 2014 c 221 s 614 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF EARLY LEARNING

General Fund—State Appropriation (FY 2014)	\$30,605,000
General Fund—State Appropriation (FY 2015)	(\$52,336,000)
	\$53,114,000
General Fund—Federal Appropriation	(\$295,177,000)
	\$298,405,000
General Fund—Private/Local Appropriation	\$50,000
Opportunity Pathways Account—State Appropriation	\$80,000,000
Home Visiting Services Account—State Appropriation	\$2,868,000
Home Visiting Services Account—Federal Appropriation	\$22,753,000
Children's Trust Account—State Appropriation	\$180,000
TOTAL APPROPRIATION	\$483,969,000
	<u>\$487,975,000</u>

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

(1) \$20,229,000 of the general fund—state appropriation for fiscal year 2014, \$36,474,000 of the general fund—state appropriation for fiscal year 2015, and \$80,000,000 of the opportunity pathways account appropriation are provided solely for the early childhood education assistance program services. Of these amounts, \$10,284,000 is a portion of the biennial amount of state maintenance of effort dollars required to receive federal child care and development fund grant dollars.

(2) \$638,000 of the general fund—state appropriation for fiscal year 2014, and \$638,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for child care resource and referral network services.

(3) \$200,000 of the general fund—state appropriation for fiscal year 2014 and \$200,000 of the general fund—state appropriation for fiscal year 2015 are provided solely to develop and provide culturally relevant supports for parents, family, and other caregivers.

(4) The department is the lead agency for and recipient of the federal child care and development fund grant. Amounts within this grant shall be used to fund child care licensing, quality initiatives, agency administration, and other costs associated with child care subsidies. The department shall transfer a portion of this grant to the department of social and health services to fund the child care subsidies paid by the department of social and health services on behalf of the department of early learning.

(5) \$1,434,000 of the general fund—state appropriation for fiscal year 2014, \$1,434,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for expenditure into the home visiting services account. This funding is intended to meet federal maintenance of effort requirements and to secure private matching funds.

(6)(a) \$153,717,000 of the general fund—federal appropriation is provided solely for the working connections child care program under RCW 43.215.135.

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(b) In addition to groups that were given prioritized access to the working connections child care program effective March 1, 2011, the department shall also give prioritized access into the program to families in which a parent of a child in care is a minor who is not living with a parent or guardian and who is a full-time student in a high school that has a school-sponsored on-site child care center.

(c) Within the amounts provided in (a) of this subsection, the department is authorized to serve up to 20 percent of the working connections households through contracted slots. The department may achieve this by contracting with the working connections child care providers and with early childhood education assistance program providers to braid funding between working connection child care program and the education assistance program to support a full-day preschool experience for eligible children.

(7) Within available amounts, the department in consultation with the office of financial management and the department of social and health services shall report quarterly enrollments and active caseload for the working connections child care program to the legislative fiscal committees and the legislative-executive WorkFirst oversight task force. The report shall also identify the number of cases participating in both temporary assistance for needy families and working connections child care. The department must also report on the number of children served through contracted slots.

(8) \$1,194,000 of the general fund—state appropriation for fiscal year 2014, \$1,738,000 of the general fund—state appropriation for fiscal year 2015, and \$13,424,000 of the general fund—federal appropriation are provided solely for the seasonal child care program. If federal sequestration cuts are realized, cuts to the seasonal child care program must be proportional to other federal reductions made within the department.

(9) \$4,438,000 of the general fund—state appropriation for fiscal year 2014, \$4,674,000 of the general fund—state appropriation for fiscal year 2015, and \$236,000 of the general fund—federal appropriation are provided solely for the medicaid treatment child care (MTCC) program. The department shall contract for MTCC services to provide therapeutic child care and other specialized treatment services to abused, neglected, at-risk, and/or drug-affected children. Priority for services shall be given to children referred from the department of social and health services children's administration. In addition to referrals made by children's administration, the department shall authorize services for children referred to the MTCC program, as long as the children meet the eligibility requirements as outlined in the Washington state plan for the MTCC program.

(a) Of the amounts appropriated in this subsection, \$60,000 per fiscal year may be used by the department for administering the MTCC program, if needed.

(b) Of the amounts provided in this subsection, \$1,916,000 of the general fund—state appropriation for fiscal year 2014 is provided solely to continue providing services in the event of losing federal funding for the MTCC program. To the extent that the moneys provided in this subsection (9)(b) are not necessary for this purpose, the amounts provided shall lapse.

(10) \$150,000 of the general fund—state appropriation for fiscal year 2014 and \$200,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for a contract with a nonprofit entity experienced in the provision of promoting early literacy for children through pediatric office visits.

(11) \$721,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for the department to complete development work of the electronic benefits transfer system.

(12) \$221,000 of the general fund—state appropriation for fiscal year 2014 and \$1,234,000 of the general fund—state appropriation for fiscal year 2015 are provided solely for implementation of an electronic benefits transfer system. To the maximum extent possible, the department shall work to integrate this system with the department of social and health services payment system. The amounts provided in this subsection are conditioned on the department satisfying the requirements of the project management oversight standards and policies established by the office of the chief information officer.

(13) \$32,000 of the general fund—state appropriation for fiscal year 2014 is provided solely for implementation of Second Substitute Senate Bill No. 5595 (child care reform). ~~((If the bill is not enacted by June 30, 2013, the amounts provided in this subsection shall lapse.))~~

(14)(a)(i) The department of early learning is required to provide to the education research and data center, housed at the office of financial management, data on all state-funded early childhood programs. These programs include the early support for infants and toddlers, early childhood education and assistance program (ECEAP), and the working connections and seasonal subsidized childcare programs including license exempt facilities or family, friend, and neighbor care. The data provided by the department to the education research data center must include information on children who participate in these programs, including their name and date of birth, and dates the child received services at a particular facility.

(ii) The ECEAP early learning professionals must enter qualifications into the department's professional development registry during the 2013-14 school year. By October 2015, the department must provide ECEAP early learning professional data to the education research data center.

(iii) The department must request federally funded head start programs to voluntarily provide data to the department and the education research data center that is equivalent to what is being provided for state-funded programs.

(iv) The education research and data center must provide a report on early childhood program participation and K-12 outcomes to the house of representatives appropriations committee and the senate ways and means committee using available data by November 2013 for the school year ending in 2012 and again in March 2014 for the school year ending in 2013.

(b) The department, in consultation with the department of social and health services, must withhold payment for services to early childhood programs that do not report on the name, date of birth, and the dates a child received services at a particular facility.

(15) \$2,369,000 of the general fund—state appropriation for fiscal year 2015 is provided solely for the department to implement early achievers tiered reimbursement for child care center providers. The department shall establish tiered reimbursement pilot projects for providers in levels III, IV, and V of early achievers. The tiered reimbursement rates shall be implemented equitably across provider types. The department shall base the rates for tiered reimbursement on the child care cost model study completed in 2013 and factor in any increases in the base subsidy rate in establishing the tier reimbursement rates.

Sec. 1611. 2014 c 221 s 615 (uncodified) is amended to read as follows:

FOR THE STATE SCHOOL FOR THE BLIND

General Fund—State Appropriation (FY 2014)	\$5,975,000
General Fund—State Appropriation (FY 2015)	(\$5,752,000)
	\$5,853,000
General Fund—Private/Local Appropriation	\$5,000
TOTAL APPROPRIATION	\$11,732,000

\$11,833,000
Sec. 1612. 2014 c 221 s 616 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE CENTER FOR CHILDHOOD DEAFNESS AND HEARING LOSS

General Fund—State Appropriation (FY 2014)	\$8,758,000
General Fund—State Appropriation (FY 2015)((\$8,528,000))	\$8,881,000
TOTAL APPROPRIATION	\$17,286,000 \$17,639,000

Sec. 1613. 2014 c 221 s 617 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE ARTS COMMISSION

General Fund—State Appropriation (FY 2014)	\$1,093,000
General Fund—State Appropriation (FY 2015)((\$1,093,000))	\$1,105,000
General Fund—Federal Appropriation	\$2,071,000
General Fund—Private/Local Appropriation	\$29,000
TOTAL APPROPRIATION	\$4,286,000 \$4,298,000

Sec. 1614. 2014 c 221 s 619 (uncodified) is amended to read as follows:

FOR THE EASTERN WASHINGTON STATE HISTORICAL SOCIETY

General Fund—State Appropriation (FY 2014)	\$1,624,000
General Fund—State Appropriation (FY 2015)((\$1,558,000))	\$1,557,000
TOTAL APPROPRIATION	\$3,182,000 \$3,181,000

**PART XVII
 SPECIAL APPROPRIATIONS**

Sec. 1701. 2014 c 221 s 701 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR DEBT SUBJECT TO THE DEBT LIMIT

General Fund—State Appropriation (FY 2014)	\$830,140,000
General Fund—State Appropriation (FY 2015)((\$973,235,000))	\$958,648,000
State Building Construction Account—State Appropriation ((\$8,164,000))	\$5,164,000
Columbia River Basin Water Supply Development Account—State Appropriation	\$473,000
State Taxable Building Construction Account—State Appropriation ((\$2,621,000))	\$1,621,000

Debt-Limit Reimbursable Bond Retirement Account—State Appropriation	\$2,320,000
Hood Canal Aquatic Rehabilitation Bond Account—State Appropriation	\$1,000
Columbia River Basin Taxable Bond Water Supply Development Account—State Appropriation	\$182,000
Debt-Limit General Fund Bond Retirement Account—State Appropriation	\$236,000,000
TOTAL APPROPRIATION	\$1,817,136,000 \$2,034,549,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriations are for expenditure into the debt-limit general fund bond retirement account. The entire general fund—state appropriation for fiscal year 2014 shall be expended into the debt-limit general fund bond retirement account by June 30, 2014.

Sec. 1702. 2014 c 221 s 704 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALE EXPENSES

General Fund—State Appropriation (FY 2014)	\$1,401,000
General Fund—State Appropriation (FY 2015)	\$1,401,000
State Building Construction Account—State Appropriation ((\$2,156,000))	\$1,156,000
Columbia River Basin Water Supply Development Account—State Appropriation	\$66,000
State Taxable Building Construction Account—State Appropriation	\$324,000
Hood Canal Aquatic Rehabilitation Bond Account—State Appropriation ((\$1,000))	\$2,000
Columbia River Basin Taxable Bond Water Supply Development Account—State Appropriation	\$18,000
TOTAL APPROPRIATION	\$5,367,000 \$4,368,000

Sec. 1703. 2014 c 221 s 706 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—COUNTY PUBLIC HEALTH ASSISTANCE

General Fund—State Appropriation (FY 2014)	\$36,386,000
General Fund—State Appropriation (FY 2015)	\$36,386,000
TOTAL APPROPRIATION	\$72,772,000

The appropriations in this section are subject to the following conditions and limitations: The state treasurer shall distribute the appropriations to the following counties and health districts in the amounts designated to support public health services, including public health nursing:

Health District	FY 2014	FY 2015	2013-15 Biennium
Adams County Health District	\$121,213	\$121,213	\$242,426
Asotin County Health District	\$159,890	\$159,890	\$319,780
Benton-Franklin Health District	\$1,614,337	\$1,614,337	\$3,228,674
Chelan-Douglas Health District	\$399,634	\$399,634	\$799,268
Clallam County Health and Human Services Department	\$291,401	\$291,401	\$582,802
Clark County Health District	\$1,767,341	\$1,767,341	\$3,534,682
Skamania County Health Department	\$111,327	\$111,327	\$222,654
Columbia County Health District	\$119,991	\$119,991	\$239,982
Cowlitz County Health Department	\$477,981	\$477,981	\$955,962
Garfield County Health District	\$93,154	\$93,154	\$186,308
Grant County Health District	\$297,761	((\$297,762))	((\$595,523))
		<u>\$297,761</u>	<u>\$595,522</u>

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Grays Harbor Health Department	\$335,666	\$335,666	\$671,332
Island County Health Department	\$255,224	(\$225,224)	\$510,448
		<u>\$255,224</u>	
Jefferson County Health and Human Services	\$184,080	\$184,080	\$368,160
Seattle-King County Department of Public Health	\$10,558,598	\$12,685,521	\$23,244,119
Bremerton-Kitsap County Health District	\$997,476	\$997,476	\$1,994,952
Kittitas County Health Department	\$198,979	\$198,979	\$397,958
Klickitat County Health Department	\$153,784	\$153,784	\$307,568
Lewis County Health Department	\$263,134	\$263,134	\$526,268
Lincoln County Health Department	\$113,917	\$113,917	\$227,834
Mason County Department of Health Services	\$227,448	\$227,448	\$454,896
Okanogan County Health District	\$169,882	\$169,882	\$339,764
Pacific County Health Department	\$169,075	\$169,075	\$338,150
Tacoma-Pierce County Health Department	\$4,143,169	\$4,143,169	\$8,286,338
San Juan County Health and Community Services	\$2,253,493	\$126,569	\$2,380,062
Skagit County Health Department	\$449,745	\$449,745	\$899,490
Snohomish Health District	\$3,433,291	\$3,433,291	\$6,866,582
Spokane County Health District	\$2,877,318	\$2,877,318	(\$5,574,636)
			<u>\$5,754,636</u>
Northeast Tri-County Health District	\$249,303	\$249,303	\$498,606
Thurston County Health Department	\$1,046,897	\$1,046,897	\$2,093,794
Wahkiakum County Health Department	\$93,181	\$93,181	\$186,362
Walla Walla County-City Health Department	\$302,173	\$302,173	\$604,346
Whatcom County Health Department	\$1,214,301	\$1,214,301	\$2,428,602
Whitman County Health Department	\$189,355	\$189,355	\$378,710
Yakima Health District	\$1,052,482	\$1,052,482	\$2,104,964
TOTAL APPROPRIATIONS	\$36,386,001	(\$36,386,001)	(\$72,772,002)
		<u>\$36,386,000</u>	<u>\$72,772,001</u>

Sec. 1704. 2013 2nd sp.s. c 4 s 712 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF RETIREMENT SYSTEMS—CONTRIBUTIONS TO RETIREMENT SYSTEMS

The appropriations in this section are subject to the following conditions and limitations: The appropriations for the law enforcement officers' and firefighters' retirement system shall be made on a monthly basis consistent with chapter 41.45 RCW, and the appropriations for the judges and judicial retirement systems shall be made on a quarterly basis consistent with chapters 2.10 and 2.12 RCW.

(1) There is appropriated for state contributions to the law enforcement officers' and firefighters' retirement system:

General Fund—State Appropriation (FY 2014)	\$58,700,000
General Fund—State Appropriation (FY 2015)	(\$61,600,000)
	\$59,600,000
TOTAL APPROPRIATION	\$120,300,000
	\$118,300,000

(2) There is appropriated for contributions to the judicial retirement system:

General Fund—State Appropriation (FY 2014)	\$10,600,000
General Fund—State Appropriation (FY 2015)	\$10,600,000
TOTAL APPROPRIATION	\$21,200,000

Sec. 1705. 2014 c 221 s 708 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT—EXTRAORDINARY CRIMINAL JUSTICE COSTS

General Fund—State Appropriation ((FY 2014)) (FY 2015)	\$590,000
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The appropriation in this section is subject to the following conditions and limitations: The director of financial management shall distribute \$500,000 to Clallam county, \$72,000 to Mason

county, and \$18,000 to Klickitat county for extraordinary criminal justice costs pursuant to RCW 43.330.190.

Sec. 1706. 2014 c 221 s 709 (uncodified) is amended to read as follows:

FOR SUNDRY CLAIMS

The following sums, or so much thereof as may be necessary, are appropriated from the general fund for fiscal year 2014 or fiscal year 2015, unless otherwise indicated, for relief of various individuals, firms, and corporations for sundry claims.

(1) These appropriations are to be disbursed on vouchers approved by the director of the department of enterprise services, except as otherwise provided, for reimbursement of criminal defendants acquitted on the basis of self-defense, pursuant to RCW 9A.16.110, as follows:

((+)) (a) Tony M. Noble, claim number 99970075	\$5,670
((2)) (b) Patrick Earl, claim number 99970076	\$2,799
((3)) (c) Stephen J. Felice, claim number 99970076	\$17,275
((4)) (d) Michael Felice, claim number 99970076	\$93,809
((5)) (e) Noe Angel Aranda Hernandez, claim number 99970077	\$12,500
((6)) (f) Anderson Durham, claim number 9997007	\$11,000
((7)) (g) Chase Balzer, claim number 99970078	\$5,953
((8)) (h) Kent Wescott, claim number 99970079	\$13,447
((9)) (i) Tommy Villanueva, claim number 99970080	\$70,099
(j) Alonzo French, claim number 99970081	\$11,065
(k) Jason Hansen, claim number 99970083	\$12,352
(l) Chad O'Neill, claim number 99970085	\$109,414
(m) John Hall, claim number 99970086	\$1,100
(n) Gail Gerlach, claim number 99970087	\$221,575
(o) Mathew Hope, claim number 9997090	\$20,900
(p) Charles Thomas, claim number 99970092	\$640
(q) Abram Bergamo, claim number 99970093	\$13,813
(r) Gary Jeudy, claim number 99970095	\$16,446
(s) Brian Jackson, claim number 99970100	\$8,500

(t) Casey Balch, claim number 99970097	\$111,095
(u) Douglas McRae, claim number 99970099	<u>\$101,899</u>
<u>(v) Gregory Dussault, claim number 99970101</u>	<u>\$11,225</u>
<u>(w) Alyssa Gipson, claim number 99970103</u>	<u>\$3,500</u>
(x) David A. Barrett, claim number 99970104	<u>\$7,673</u>

(2) These appropriations are to be disbursed on vouchers approved by the director of the department of enterprise services, except as otherwise provided, for payment of compensation for wrongful convictions pursuant to RCW 4.100.060, as follows:

<u>(a) Ryan Allen, claim number 99970070</u>	\$94,339
(b) Michael Washington, claim number 99970084	\$11,243
(c) Brandon Olebar, claim number 99970089	\$546,691
(d) Thomas Kennedy, claim number 99970088	\$523,943
(e) James Anderson, claim number 99970096	\$238,258
(f) Ross Sorrels, aka Ross MacKae, claim number 99970102	<u>\$411,174</u>

Sec. 1707. 2014 c 221 s 710 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT—COMMON SCHOOL CONSTRUCTION ACCOUNT

General Fund—State Appropriation (FY 2015) \$444,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for expenditure into the common school construction account—state on July 1, ~~((2015))~~ 2014, for an interest payment pursuant to RCW 90.38.130.

Sec. 1708. 2014 c 221 s 711 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT—NATURAL RESOURCES REAL PROPERTY REPLACEMENT ACCOUNT

General Fund—State Appropriation (FY 2015) \$222,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for expenditure into the natural resources real property replacement account—state on July 1, ~~((2015))~~ 2014, for an interest payment pursuant to RCW 90.38.130.

Sec. 1709. 2013 2nd sp.s. c 4 s 718 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT—AGENCY EFFICIENCIES

General Fund—State Appropriation (FY 2014) (\$2,500,000)
 ((General Fund—State Appropriation (FY 2015))(\$2,500,000)
 TOTAL APPROPRIATION ~~(\$5,000,000)~~

The appropriation~~(s)~~ in this section ~~((are))~~ is subject to the following conditions and limitations: The office of financial management shall reduce allotments for all agencies by \$2,500,000 from fiscal year 2014 general fund—state appropriations ~~((and \$2,500,000 from fiscal year 2015 general fund—state appropriations))~~ in this act to reflect (1) available fund balances in dedicated revolving funds used for central services to state agencies and (2) more efficient delivery of consolidated central services to state agencies.

NEW SECTION. Sec. 1710. 2014 LEAN MANAGEMENT

2014 c 221 s 707 (uncodified) is repealed.

**PART XVIII
OTHER TRANSFERS AND APPROPRIATIONS**

Sec. 1801. 2014 c 221 s 801 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—STATE REVENUES FOR DISTRIBUTION

General Fund Appropriation for fire insurance premium distributions (\$8,591,000)
 \$8,804,000

General Fund Appropriation for public utility district excise tax distributions ((53,709,000))
 \$54,766,000

General Fund Appropriation for prosecuting attorney distributions \$5,985,000

General Fund Appropriation for boating safety and education distributions \$4,000,000

General Fund Appropriation for other tax distributions ((65,000))
 \$80,000

General Fund Appropriation for habitat conservation program distributions \$3,154,000

Death Investigations Account Appropriation for distribution to counties for publicly funded autopsies \$3,158,000

Aquatic Lands Enhancement Account Appropriation for harbor improvement revenue distribution \$146,000

Timber Tax Distribution Account Appropriation for distribution to "timber" counties ((76,932,000))
 \$73,400,000

County Criminal Justice Assistance Appropriation. When making the fiscal year 2015 distribution to Grant county, the state treasurer shall reduce the amount by \$140,000 and distribute the remainder to the county. This is the first of three reductions that will be made to reimburse the state for a nonqualifying extraordinary criminal justice act payment made to Grant county in fiscal year 2013 ((78,721,000))
 \$79,127,000

Municipal Criminal Justice Assistance Appropriation ((30,519,000))
 \$30,758,000

City-County Assistance Account Appropriation for local government financial assistance distribution ((19,584,000))
 \$22,766,000

Liquor Excise Tax Account Appropriation for liquor excise tax distribution ((23,906,000))
 \$24,900,000

Streamlined Sales and Use Tax Mitigation Account Appropriation for distribution to local taxing jurisdictions to mitigate the unintended revenue redistribution effect of the sourcing law changes \$49,420,000

Columbia River Water Delivery Account Appropriation for the Confederated Tribes of the Colville Reservation \$7,752,000

Columbia River Water Delivery Account Appropriation for the Spokane Tribe of Indians \$5,011,000

Liquor Revolving Account Appropriation for liquor profits distribution \$98,876,000

TOTAL APPROPRIATION ~~\$469,529,000~~
\$494,809,000

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

Sec. 1802. 2014 c 221 s 802 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—FOR THE COUNTY CRIMINAL JUSTICE ASSISTANCE ACCOUNT

Impaired Driver Safety Account Appropriation~~(\$2,409,000)~~
\$2,300,000

The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2013-2015 fiscal biennium in accordance with RCW 82.14.310. This funding is provided to counties for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206,

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Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

Sec. 1803. 2014 c 221 s 803 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—MUNICIPAL CRIMINAL JUSTICE ASSISTANCE ACCOUNT

Impaired Driver Safety Account Appropriation(~~(\$1,606,000)~~)
\$1,533,000

The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2013-2015 fiscal biennium to all cities ratably based on population as last determined by the office of financial management. The distributions to any city that substantially decriminalizes or repeals its criminal code after July 1, 1990, and that does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), shall be made to the county in which the city is located. This funding is provided to cities for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

Sec. 1804. 2014 c 221 s 804 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—FEDERAL REVENUES FOR DISTRIBUTION

General Fund Appropriation for federal flood control funds distribution	\$66,000
General Fund Appropriation for federal grazing fees distribution	\$1,706,000
Forest Reserve Fund Appropriation for federal forest reserve fund distribution	((\$24,446,000))
	\$40,000,000
TOTAL APPROPRIATION	<u>\$26,218,000</u>
	<u>\$41,772,000</u>

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

Sec. 1805. 2014 c 221 s 805 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—TRANSFERS

State Treasurer's Service Account: For transfer to the state general fund, \$10,100,000 for fiscal year 2014 and \$10,100,000 for fiscal year 2015 \$20,200,000

Drinking Water Assistance Account: For transfer to the drinking water assistance repayment account ((~~\$32,000,000~~))
\$17,426,000

General Fund: For transfer to the streamlined sales and use tax account, \$24,436,000 for fiscal year 2014 and \$24,984,000 for fiscal year 2015 \$49,420,000

Public Works Assistance Account: For transfer to the education legacy trust account, \$138,622,000 for fiscal year 2014 and \$138,622,000 for fiscal year 2015 \$277,244,000

Local Toxics Control Account: For transfer to the state general fund, \$9,000,000 for fiscal year 2014 and \$9,000,000 for fiscal year 2015 \$18,000,000

((State Taxable Building Construction Account: For transfer to the Columbia River basin taxable bond water supply development account, an amount not to exceed \$32,000,000))

Employment Training Finance Account: For transfer to the state general fund, \$1,000,000 for fiscal year 2014 and \$1,000,000 for fiscal year 2015 \$2,000,000

Tuition Recovery Trust Account: For transfer to the state general fund, \$1,250,000 for fiscal year 2014 and \$1,250,000 for fiscal year 2015 \$2,500,000

General Fund: For transfer to the child and family reinvestment account, \$1,656,000 for fiscal year 2014 and ((~~\$992,000~~)) \$156,000 for fiscal year 2015 ((~~\$2,648,000~~))
\$1,812,000

Flood Control Assistance Account: For transfer to the state general fund, \$1,000,000 for fiscal year 2014 and \$1,000,000 for fiscal year 2015 \$2,000,000

Tobacco Settlement Account: For transfer to the state general fund, in an amount not to exceed the actual amount of the annual base payment to the tobacco settlement account((~~\$170,832,000~~)) \$180,000,000

Tobacco Settlement Account: For transfer to the state general fund from the amounts deposited in the account that are attributable to the annual strategic contribution payment received in fiscal year 2014 \$17,000,000

Tobacco Settlement Account: For transfer to the state general fund from the amounts deposited in the account that are attributable to the annual strategic contribution payment received in fiscal year 2015 \$17,000,000

((It is the intent of the legislature to transfer the full amounts received as strategic contribution payments in the tobacco settlement account to the education legacy trust account in the 2015-2017 fiscal biennium.))

Tobacco Settlement Account: For transfer to the life sciences discovery fund, in an amount not to exceed the actual remaining amount of the annual strategic contribution payment to the tobacco settlement account for fiscal year 2014 \$9,515,000

Tobacco Settlement Account: For transfer to the life sciences discovery fund, in an amount not to exceed the actual remaining amount of the annual strategic contribution payment to the tobacco settlement account for fiscal year 2015 \$9,515,000

Dedicated Marijuana Fund Account: For distribution to the basic health plan trust account in an amount not to exceed the amount determined pursuant to RCW 69.50.540 for fiscal year 2015 \$22,706,000

The transfer to the life sciences discovery fund is subject to the following conditions:

(1) The life sciences discovery fund authority board of trustees shall begin preparing to become a self-sustaining entity capable of operating without direct state subsidy by the time the tobacco strategic contribution supplemental payments end in fiscal year 2017.

(2) \$250,000 of the appropriation in fiscal year 2014 and \$250,000 of the appropriation in fiscal year 2015 are provided solely to promote the development and delivery of global health technologies and products.

(a) The life sciences discovery fund authority must either administer a grant application, review, and reward process, or contract with a qualified nonprofit organization for these services. State moneys must be provided for grants to entities for

the development, production, promotion, and delivery of global health technologies and products. Grant award criteria must include:

(i) The quality of the proposed research or the proposed technical assistance in product development or production process design. Any grant funds awarded for research activities must be awarded for nonbasic research that will assist in the commercialization or manufacture of global health technologies;

(ii) The potential for the grant recipient to improve global health outcomes;

(iii) The potential for the grant to leverage additional funding for the development of global health technologies and products;

(iv) The potential for the grant to stimulate, or promote technical skills training for, employment in the development of global health technologies in the state; and

(v) The willingness of the grant recipient, when appropriate, to enter into royalty or licensing income agreements with the authority.

(b) The authority, or the contractor of the authority, must report information including the types of products and research funded, the funding leveraged by the grants, and the number and types of jobs created as a result of the grants, to the economic development committees of the legislature by December 1, 2014.

Aquatic Lands Enhancement Account: For transfer to the geoduck aquaculture research account, \$150,000 for fiscal year 2014 and \$150,000 for fiscal year 2015 \$300,000

Health Benefit Exchange Account: For transfer to the state general fund for fiscal year 2015 \$21,514,000

Criminal Justice Treatment Account: For transfer to the state general fund, \$437,000 for fiscal year 2014 and \$2,746,000 for fiscal year 2015 \$3,183,000

Resources Management Cost Account—Aquatics: For transfer to the marine resources stewardship trust account, \$1,850,000 for fiscal year 2014 and \$1,850,000 for fiscal year 2015 \$3,700,000

Legal Services Revolving Account: For transfer to the state general fund, \$976,000 for fiscal year 2014 and \$1,477,000 for fiscal year 2015 \$2,453,000

Personnel Service Account: For transfer to the state general fund, \$733,000 for fiscal year 2014 and \$733,000 for fiscal year 2015 \$1,466,000

Data Processing Revolving Account: For transfer to the state general fund, \$4,069,000 for fiscal year 2014 ((and \$4,070,000 for fiscal year 2015)) ((\$8,139,000)) \$4,069,000

Home Security Fund Account: For transfer to the transitional housing operating and rent account \$7,500,000

Professional Engineers' Account: For transfer to the state general fund, \$956,000 for fiscal year 2014 and \$957,000 for fiscal year 2015 \$1,913,000

Electrical License Account: For transfer to the state general fund, \$1,700,000 for fiscal year 2014 and \$1,700,000 for fiscal year 2015 \$3,400,000

Business and Professions Account: For transfer to the state general fund, \$2,838,000 for fiscal year 2014 and \$2,800,000 for fiscal year 2015 \$5,638,000

Energy Freedom Account: For transfer to the state general fund, \$1,000,000 for fiscal year 2014 and \$1,000,000 for fiscal year 2015 \$2,000,000

Pollution Liability Insurance Program Trust Account: For transfer to the state general fund, \$2,500,000 for fiscal year 2014 and \$2,500,000 for fiscal year 2015 \$5,000,000

Real Estate Commission Account: For transfer to the state general fund, \$1,700,000 for fiscal year 2014 and \$1,700,000 for fiscal year 2015 \$3,400,000

State Lottery Account: For transfer to the education legacy trust account, \$10,050,000 for fiscal year 2014 and \$6,050,000 for fiscal year 2015 \$16,100,000

State Toxics Control Account: For transfer to the radioactive mixed waste account, \$2,000,000 for fiscal year 2014 \$2,000,000

General Fund: For transfer to the education savings account, \$387.04 for fiscal year 2014 \$387.04

Liquor Revolving Fund: For transfer to the state general fund in an amount not to exceed the amount determined pursuant to RCW 69.50.540, \$6,000,000 for fiscal year 2015 \$6,000,000

Dedicated Marijuana Account: For transfer to the state general fund, \$15,269,000 for fiscal year 2015 \$15,269,000

PART XIX MISCELLANEOUS

NEW SECTION. Sec. 1901. 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. 1902. 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, except for section 971 (RCW 77.12.203) of this act, which takes effect July 1, 2015."

MOTION

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

On page 32, after line 22, insert:

"(4) Within amounts provided in this section, the commission must conduct a study of Washington's definition of solid waste. The study must determine the following: (a) whether the definition needs to be updated to promote an open market for construction and demolition debris collection and transportation; and (b) whether to exclude construction and demolition waste from the statutory definition of solid waste. The commission must submit a report with recommendations to the appropriate committees of the legislature by December 31, 2015.

Renumber the remaining sections consecutively and correct any internal references accordingly

WITHDRAWAL OF AMENDMENT

On motion of Senator McAuliffe, the amendment by Senator McAuliffe on page 32, line 22 to the striking amendment to Substitute Senate Bill No. 6052 was withdrawn.

MOTION

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

On page 165, line 13, after "achievement." Insert: "As allowed under RCW 28A.655.065(8), the superintendent of public instruction shall develop and implement a temporary appeal procedure for high school students who have not met standard on the science assessment but who have met the other assessment requirements. This temporary appeal shall be viewed as assisting students who have a special, unavoidable circumstance since the state is currently undergoing the process of transitioning between new standards and new assessments. The temporary appeal process shall allow students to waive the requirements of RCW 28A.655.061 pertaining to the certificate of academic achievement and certificate of individual

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achievement as it applies to the science assessment requirements only. This appeal process is only available retroactively for the graduating class of 2015 and prospectively for the graduating class of 2016. The superintendent of public instruction shall grant any appeals submitted under this temporary process."

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

Senator Chase demanded a roll call.

The President Pro Tempore declared that one-sixth of the members did not support the demand. The demand was not sustained.

Senators Chase, McCoy, Hasegawa and McAuliffe spoke in favor of adoption of the amendment to the striking amendment.

Senators Hill and Hargrove spoke against adoption of the amendment to the striking amendment.

The President Pro Tempore declared the question before the Senate to be the adoption of the amendment by Senator Chase on page 165, line 13 to the striking amendment to Substitute Senate Bill No. 6052.

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

MOTION

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

On page 183, line 3, after "engineering", strike "at the Seattle campus"

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

The President Pro Tempore declared the question before the Senate to be the adoption of the amendment by Senator McAuliffe and others on page 183, after line 3 to the striking amendment to Substitute Senate Bill No. 6052.

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

MOTION

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

On page 295, after line 28, insert the following:

"**NEW SECTION. Sec. 983.** (1) The legislature has already established that it is a goal of the state to provide for a public school system that gives all students the opportunity to achieve personal and academic success. This goal contains within it a promise of excellence and opportunity for all students, not just some students. In 2012, in *McCleary v. State of Washington*, the Washington supreme court reaffirmed the positive constitutional right of every student by noting, "No child is excluded." In establishing the educational opportunity gap oversight and accountability committee in 2009, the legislature recognized that additional work was needed to fulfill the promise of excellence and opportunity for students of certain demographic groups, including English language learners.

(2) In its 2015 report to the legislature, the educational opportunity gap oversight and accountability committee made the following recommendations in keeping with its statutory purpose, which is to recommend specific policies and strategies to close the educational opportunity gap:

(a) Reduce the length of time students of color are excluded from school due to suspension and expulsion and provide students support for reengagement plans;

(b) Enhance the cultural competence of current and future educators and classified staff;

(c) Endorse all educators in English language learner and second language acquisition;

(d) Account for the transitional bilingual instruction program instructional services provided to English language learner students;

(e) Analyze the opportunity gap through deeper disaggregation of student demographic data;

(f) Invest in the recruitment, hiring, and retention of educators of color;

(g) Incorporate integrated student services and family engagement; and

(h) Strengthen student transitions at each stage of the education development pathway: Early learning to elementary, elementary to secondary, secondary to college and career.

(3) The legislature finds that these recommendations represent a holistic approach to making progress toward closing the opportunity gap. The recommendations are interdependent and mutually reinforcing. Closing the opportunity gap requires highly skilled, culturally competent, and diverse educators who understand the communities and cultures that students come from; it requires careful monitoring of not only the academic performance but also the educational environment for all students, at a fine grain of detail to assure adequate accountability; and it requires a robust program of instruction, including appropriately trained educators, to help English language learners gain language proficiency as well as academic proficiency.

(4) Therefore, the legislature intends to adopt policies and programs to implement the six recommendations of the educational opportunity gap oversight and accountability committee and fulfill its promise of excellence and opportunity for all students.

Sec. 984. RCW 28A.600.490 and 2013 2nd sp.s. c 18 s 301 are each amended to read as follows:

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

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

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

NEW SECTION. Sec. 985. A new section is added to chapter 28A.320 RCW to read as follows:

(1) School districts shall annually disseminate discipline policies and procedures to students, families, and the community.

(2) School districts shall use disaggregated data collected pursuant to RCW 28A.300.042 to monitor the impact of the school district's discipline policies and procedures.

(3) School districts, in consultation with school district staff, students, families, and the community, shall periodically review and update their discipline rules, policies, and procedures.

NEW SECTION. Sec. 986. A new section is added to chapter 28A.345 RCW to read as follows:

(1) The Washington state school directors' association shall create model school district discipline policies and procedures and post these models publicly by December 1, 2015. In developing these model policies and procedures, the association shall request technical assistance and guidance from the equity and civil rights office within the office of the superintendent of public instruction and the Washington state human rights commission. The model policies and procedures shall be updated as necessary.

(2) School districts shall adopt discipline policies and procedures consistent with the model policy by April 1, 2016.

NEW SECTION. Sec. 987. A new section is added to chapter 28A.415 RCW to read as follows:

(1) The office of the superintendent of public instruction shall develop a training program to support the implementation of discipline policies and procedures under chapter 28A.600 RCW.

(2) School districts are strongly encouraged to provide the trainings to all school and district staff interacting with students, including instructional staff and noninstructional staff, as well as within a reasonable time following any substantive change to school discipline policies or procedures.

(3) To the maximum extent feasible, the trainings must incorporate or adapt existing online training or curriculum, including securing materials or curriculum under contract or purchase agreements within available funds.

(4) The trainings must be developed in modules that allow:

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

(b) Delivery in person or online; and

(c) Use in a self-directed manner.

Sec. 988. RCW 28A.600.015 and 2013 2nd sp.s. c 18 s 302 are each amended to read as follows:

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

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

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

(4) School districts may not impose long-term suspension or expulsion as a form of discretionary discipline.

(5) As used in this chapter, "discretionary discipline" means a disciplinary action taken by a school district for student behavior that violates rules of student conduct adopted by a school district board of directors under RCW 28A.600.010 and 28A.600.015, but does not constitute action taken in response to any of the following:

(a) A violation of RCW 28A.600.420;

(b) An offense in RCW 13.04.155; or

(c) Two or more violations of RCW 9A.46.120, 9A.41.280, 28A.600.455, 28A.635.020, or 28A.635.060 within a three-year period.

(6) Except as provided in RCW 28A.600.420, school districts are not required to impose long-term suspension or expulsion for behavior that constitutes a violation or offense listed under subsection (5)(a) through (c) of this section and should first consider alternative actions.

(7) School districts may not suspend the provision of educational services to a student as a disciplinary action. A student may be excluded from a particular classroom or instructional or activity area for the period of suspension or expulsion, but the school district must provide an opportunity for a student to receive educational services during a period of suspension or expulsion.

Sec. 989. RCW 28A.600.020 and 2013 2nd sp.s. c 18 s 303 are each amended to read as follows:

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

(2) Any student who creates a disruption of the educational process in violation of the building disciplinary standards while under a teacher's immediate supervision may be excluded by the teacher from his or her individual classroom and instructional or activity area for all or any portion of the balance of the school day, or up to the following two days, or until the principal or designee and teacher have conferred, whichever occurs first. Except in emergency circumstances, the teacher first must attempt one or more alternative forms of corrective action. In no event without the consent of the teacher may an excluded student return to the class during the balance of that class or activity period or up to the following two days, or until the principal or his or her designee and the teacher have conferred.

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

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superintendent of public instruction and must provide for early involvement of parents in attempts to improve the student's behavior.

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

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

(i) Engages in two or more violations within a three-year period of RCW 9A.46.120, ~~((28A.320.135,))~~ 28A.600.455, 28A.600.460, 28A.635.020, 28A.600.020, 28A.635.060, or 9.41.280~~((or 28A.320.140))~~; or

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

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

(6) Any corrective action involving a suspension or expulsion from school for more than ten days must have an end date of not more than ~~((one calendar year))~~ the length of an academic term, as defined by the school board, from the time of corrective action. Districts shall make reasonable efforts to assist students and parents in returning to an educational setting prior to and no later than the end date of the corrective action. Where warranted based on public health or safety, a school may petition the superintendent of the school district, pursuant to policies and procedures adopted by the office of the superintendent of public instruction, for authorization to exceed the ~~((one calendar year))~~ academic term limitation provided in this subsection. The superintendent of public instruction shall adopt rules outlining the limited circumstances in which a school may petition to exceed the ~~((one calendar year))~~ academic term limitation, including safeguards to ensure that the school district has made every effort to plan for the student's return to school. School districts shall report to the office of the superintendent of public instruction the number of petitions made to the school board and the number of petitions granted on an annual basis.

(7) Nothing in this section prevents a public school district, educational service district, the Washington state center for childhood deafness and hearing loss, or the state school for the blind if it has suspended or expelled a student from the student's regular school setting from providing educational services to the student in an alternative setting or modifying the suspension or expulsion on a case-by-case basis. An alternative setting should be comparable, equitable, and appropriate to the regular education services a student would have received without the exclusionary discipline. Example alternative settings include alternative high schools, one-on-one tutoring, and online learning.

Sec. 990. RCW 28A.600.022 and 2013 2nd sp.s. c 18 s 308 are each amended to read as follows:

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

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

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

Sec. 991. RCW 43.41.400 and 2012 c 229 s 585 are each amended to read as follows:

(1) An education data center shall be established in the office of financial management. The education data center shall jointly, with the legislative evaluation and accountability program committee, conduct collaborative analyses of early learning, K-12, and higher education programs and education issues across the P-20 system, which includes the department of early learning, the superintendent of public instruction, the professional educator standards board, the state board of education, the state board for community and technical colleges, the workforce training and education coordinating board, the student achievement council, public and private nonprofit four-year institutions of higher education, and the employment security department. The education data center shall conduct collaborative analyses under this section with the legislative evaluation and accountability program committee and provide data electronically to the legislative evaluation and accountability program committee, to the extent permitted by state and federal confidentiality requirements. The education data center shall be considered an authorized representative of the state educational agencies in this section under applicable federal and state statutes for purposes of accessing and compiling student record data for research purposes.

(2) The education data center shall:

(a) In consultation with the legislative evaluation and accountability program committee and the agencies and organizations participating in the education data center, identify the critical research and policy questions that are intended to be addressed by the education data center and the data needed to address the questions;

(b) Coordinate with other state education agencies to compile and analyze education data, including data on student demographics that is disaggregated by distinct ethnic categories within racial subgroups, and complete P-20 research projects;

(c) Collaborate with the legislative evaluation and accountability program committee and the education and fiscal committees of the legislature in identifying the data to be compiled and analyzed to ensure that legislative interests are served;

(d) Annually provide to the K-12 data governance group a list of data elements and data quality improvements that are necessary to answer the research and policy questions identified by the education data center and have been identified by the legislative committees in (c) of this subsection. Within three months of receiving the list, the K-12 data governance group shall develop and transmit to the education data center a feasibility analysis of obtaining or improving the data, including the steps required, estimated time frame, and the financial and other resources that would be required. Based on the analysis, the

education data center shall submit, if necessary, a recommendation to the legislature regarding any statutory changes or resources that would be needed to collect or improve the data;

(e) Monitor and evaluate the education data collection systems of the organizations and agencies represented in the education data center ensuring that data systems are flexible, able to adapt to evolving needs for information, and to the extent feasible and necessary, include data that are needed to conduct the analyses and provide answers to the research and policy questions identified in (a) of this subsection;

(f) Track enrollment and outcomes through the public centralized higher education enrollment system;

(g) Assist other state educational agencies' collaborative efforts to develop a long-range enrollment plan for higher education including estimates to meet demographic and workforce needs;

(h) Provide research that focuses on student transitions within and among the early learning, K-12, and higher education sectors in the P-20 system; ~~(and)~~

(i) Prepare a regular report on the educational and workforce outcomes of youth in the juvenile justice system, using data disaggregated by age, and by ethnic categories and racial subgroups in accordance with RCW 28A.300.042; and

(j) Make recommendations to the legislature as necessary to help ensure the goals and objectives of this section and RCW 28A.655.210 and 28A.300.507 are met.

(3) The department of early learning, superintendent of public instruction, professional educator standards board, state board of education, state board for community and technical colleges, workforce training and education coordinating board, student achievement council, public four-year institutions of higher education, department of social and health services and employment security department shall work with the education data center to develop data-sharing and research agreements, consistent with applicable security and confidentiality requirements, to facilitate the work of the center. The education data center shall also develop data-sharing and research agreements with the administrative office of the courts to conduct research on educational and workforce outcomes using data maintained under RCW 13.50.010(12) related to juveniles. Private, nonprofit institutions of higher education that provide programs of education beyond the high school level leading at least to the baccalaureate degree and are accredited by the Northwest association of schools and colleges or their peer accreditation bodies may also develop data-sharing and research agreements with the education data center, consistent with applicable security and confidentiality requirements. The education data center shall make data from collaborative analyses available to the education agencies and institutions that contribute data to the education data center to the extent allowed by federal and state security and confidentiality requirements applicable to the data of each contributing agency or institution.

Sec. 992. RCW 13.50.010 and 2014 c 175 s 2 and 2014 c 117 s 5 are each reenacted and amended to read as follows:

(1) For purposes of this chapter:

(a) "Juvenile justice or care agency" means any of the following: Police, diversion units, court, prosecuting attorney, defense attorney, detention center, attorney general, the legislative children's oversight committee, the office of the family and children's ombuds, the department of social and health services and its contracting agencies, schools; persons or public or private agencies having children committed to their custody; and any placement oversight committee created under RCW 72.05.415;

(b) "Official juvenile court file" means the legal file of the juvenile court containing the petition or information, motions, memorandums, briefs, findings of the court, and court orders;

(c) "Records" means the official juvenile court file, the social file, and records of any other juvenile justice or care agency in the case;

(d) "Social file" means the juvenile court file containing the records and reports of the probation counselor.

(2) Each petition or information filed with the court may include only one juvenile and each petition or information shall be filed under a separate docket number. The social file shall be filed separately from the official juvenile court file.

(3) It is the duty of any juvenile justice or care agency to maintain accurate records. To this end:

(a) The agency may never knowingly record inaccurate information. Any information in records maintained by the department of social and health services relating to a petition filed pursuant to chapter 13.34 RCW that is found by the court to be false or inaccurate shall be corrected or expunged from such records by the agency;

(b) An agency shall take reasonable steps to assure the security of its records and prevent tampering with them; and

(c) An agency shall make reasonable efforts to insure the completeness of its records, including action taken by other agencies with respect to matters in its files.

(4) Each juvenile justice or care agency shall implement procedures consistent with the provisions of this chapter to facilitate inquiries concerning records.

(5) Any person who has reasonable cause to believe information concerning that person is included in the records of a juvenile justice or care agency and who has been denied access to those records by the agency may make a motion to the court for an order authorizing that person to inspect the juvenile justice or care agency record concerning that person. The court shall grant the motion to examine records unless it finds that in the interests of justice or in the best interests of the juvenile the records or parts of them should remain confidential.

(6) A juvenile, or his or her parents, or any person who has reasonable cause to believe information concerning that person is included in the records of a juvenile justice or care agency may make a motion to the court challenging the accuracy of any information concerning the moving party in the record or challenging the continued possession of the record by the agency. If the court grants the motion, it shall order the record or information to be corrected or destroyed.

(7) The person making a motion under subsection (5) or (6) of this section shall give reasonable notice of the motion to all parties to the original action and to any agency whose records will be affected by the motion.

(8) The court may permit inspection of records by, or release of information to, any clinic, hospital, or agency which has the subject person under care or treatment. The court may also permit inspection by or release to individuals or agencies, including juvenile justice advisory committees of county law and justice councils, engaged in legitimate research for educational, scientific, or public purposes. Each person granted permission to inspect juvenile justice or care agency records for research purposes shall present a notarized statement to the court stating that the names of juveniles and parents will remain confidential.

(9) The court shall release to the caseload forecast council the records needed for its research and data-gathering functions. Access to caseload forecast data may be permitted by the council for research purposes only if the anonymity of all persons mentioned in the records or information will be preserved.

(10) Juvenile detention facilities shall release records to the caseload forecast council upon request. The commission shall not

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disclose the names of any juveniles or parents mentioned in the records without the named individual's written permission.

(11) Requirements in this chapter relating to the court's authority to compel disclosure shall not apply to the legislative children's oversight committee or the office of the family and children's ombuds.

(12) For the purpose of research only, the administrative office of the courts shall maintain an electronic research copy of all records in the judicial information system related to juveniles. Access to the research copy is restricted to the ~~((Washington state center for court research))~~ administrative office of the courts for research purposes as authorized by the supreme court or by state statute. The ~~((Washington state center for court research))~~ administrative office of the courts shall maintain the confidentiality of all confidential records and shall preserve the anonymity of all persons identified in the research copy. Data contained in the research copy may be shared with other governmental agencies as authorized by state statute, pursuant to data-sharing and research agreements, and consistent with applicable security and confidentiality requirements. The research copy may not be subject to any records retention schedule and must include records destroyed or removed from the judicial information system pursuant to RCW 13.50.270 and 13.50.100(3).

(13) The court shall release to the Washington state office of public defense records needed to implement the agency's oversight, technical assistance, and other functions as required by RCW 2.70.020. Access to the records used as a basis for oversight, technical assistance, or other agency functions is restricted to the Washington state office of public defense. The Washington state office of public defense shall maintain the confidentiality of all confidential information included in the records.

NEW SECTION. Sec. 973. A new section is added to chapter 28A.345 RCW to read as follows:

The Washington state school directors' association, in consultation with the office of the superintendent of public instruction, the professional educator standards board, the steering committee established in RCW 28A.405.100, and the educational opportunity gap oversight and accountability committee, must develop a plan for the creation and delivery of cultural competency training for school board directors and superintendents. The training program must also include the foundational elements of cultural competence, focusing on multicultural education and principles of English language acquisition, including information regarding best practices to implement the tribal history and culture curriculum. The content of the training must be aligned with the standards for cultural competence developed by the professional educator standards board under RCW 28A.410.270.

Sec. 974. RCW 28A.405.106 and 2012 c 35 s 5 are each amended to read as follows:

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

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

- (a) Introduction of the evaluation criteria for teachers and principals and the four-level rating system;
- (b) Orientation to and use of instructional frameworks;

- (c) Orientation to and use of the leadership frameworks;
- (d) Best practices in developing and using data in the evaluation systems, including multiple measures, student growth data, classroom observations, and other measures and evidence;
- (e) Strategies for achieving maximum rater agreement;
- (f) Evaluator feedback protocols in the evaluation systems;
- (g) Examples of high quality teaching and leadership; and
- (h) Methods to link the evaluation process to ongoing educator professional development.

(3) The training program must also include the foundational elements of cultural competence, focusing on multicultural education and principles of English language acquisition, including information regarding best practices to implement the tribal history and culture curriculum. The content of the training must be aligned with the standards for cultural competence developed by the professional educator standards board under RCW 28A.410.270. The office of the superintendent of public instruction, in consultation with the professional educator standards board, the steering committee established in RCW 28A.405.100, and the educational opportunity gap oversight and accountability committee, must integrate the content for cultural competence into the overall training for principals, administrators, and teachers to support the revised evaluation systems.

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

~~((4))~~ (5) The professional development program must be developed in modules that allow:

- (a) Access to material over a reasonable number of training sessions;
- (b) Delivery in person or online; and
- (c) Use in a self-directed manner.

~~((5))~~ (6) The office of the superintendent of public instruction must maintain a web site that includes the online professional development materials along with sample evaluation forms and templates, links to relevant research on evaluation and on high quality teaching and leadership, samples of contract and collective bargaining language on key topics, examples of multiple measures of teacher and principal performance, suggestions for data to measure student growth, and other tools that will assist school districts in implementing the revised evaluation systems.

~~((6))~~ (7) The office of the superintendent of public instruction must identify the number of in-service training hours associated with each professional development module and develop a way for users to document their completion of the training. Documented completion of the training under this section is considered approved in-service training for the purposes of RCW 28A.415.020.

~~((7))~~ (8) The office of the superintendent of public instruction shall periodically update the modules to reflect new topics and research on performance evaluation so that the training serves as an ongoing source of continuing education and professional development.

~~((8))~~ (9) The office of the superintendent of public instruction shall work with the educational service districts to provide clearinghouse services for the identification and publication of professional development opportunities for

teachers and principals that align with performance evaluation criteria.

Sec. 975. RCW 28A.405.120 and 2012 c 35 s 2 are each amended to read as follows:

(1) School districts shall require each administrator, each principal, or other supervisory personnel who has responsibility for evaluating classroom teachers or principals to have training in evaluation procedures.

(2) Before school district implementation of the revised evaluation systems required under RCW 28A.405.100, principals and administrators who have evaluation responsibilities must engage in professional development designed to implement the revised systems and maximize rater agreement. The professional development to support the revised evaluation systems must also include foundational elements of cultural competence, focusing on multicultural education and principles of English language acquisition.

NEW SECTION. Sec. 976. A new section is added to chapter 28A.415 RCW to read as follows:

(1) The office of the superintendent of public instruction, in collaboration with the educational opportunity gap oversight and accountability committee, the professional educator standards board, colleges of education, and representatives from diverse communities and community-based organizations, must develop a content outline for professional development and training in cultural competence for school staff.

(2) The content of the cultural competence professional development and training must be aligned with the standards developed by the professional educator standards board under RCW 28A.410.270. The training program must also include the foundational elements of cultural competence, focusing on multicultural education and principles of English language acquisition, including information regarding best practices to implement the tribal history and culture curriculum.

(3) The cultural competence professional development and training must contain components that are appropriate for classified school staff and district administrators as well as certificated instructional staff and principals at the building level. The professional development and training must also contain components suitable for delivery by individuals from the local community or community-based organizations with appropriate expertise.

(4) The legislature encourages educational service districts and school districts to use the cultural competence professional development and training developed under this section and provide opportunities for all school and school district staff to gain knowledge and skills in cultural competence, including in partnership with their local communities.

NEW SECTION. Sec. 977. A new section is added to chapter 28A.657 RCW to read as follows:

Required action districts as provided in RCW 28A.657.030, and districts with schools that receive the federal school improvement grant under the American recovery and reinvestment act of 2009, and districts with schools identified by the superintendent of public instruction as priority or focus are strongly encouraged to provide the cultural competence professional development and training developed under RCW 28A.405.106, 28A.405.120, and section 204 of this act for classified, certificated instructional, and administrative staff of the school. The professional development and training may be delivered by an educational service district, through district in-service, or by another qualified provider, including in partnership with the local community.

Sec. 978. RCW 28A.660.045 and 2007 c 396 s 7 are each amended to read as follows:

(1) The educator retooling ~~(to teach mathematics and science)~~ conditional scholarship program is created. Participation is limited to current K-12 teachers and individuals having an elementary education certificate but who are not employed in positions requiring an elementary education certificate. It is anticipated that candidates enrolled in this program will complete the requirements for a mathematics ((or)), science, special education, bilingual education, or English language learner endorsement ~~((or both))~~ in two years or less.

(2) Entry requirements for candidates include:

(a) Current K-12 teachers shall pursue a middle level mathematics or science, ~~((or))~~ secondary mathematics or science, special education, bilingual education, or English language learner endorsement.

(b) Individuals having an elementary education certificate but who are not employed in positions requiring an elementary education certificate shall pursue an endorsement only in middle level mathematics or science ~~((only))~~, special education, bilingual education, or English language learner.

Sec. 979. RCW 28A.660.050 and 2012 c 229 s 507 are each amended to read as follows:

Subject to the availability of amounts appropriated for these purposes, the conditional scholarship programs in this chapter are created under the following guidelines:

(1) The programs shall be administered by the student achievement council. In administering the programs, the council has the following powers and duties:

(a) To adopt necessary rules and develop guidelines to administer the programs;

(b) To collect and manage repayments from participants who do not meet their service obligations; and

(c) To accept grants and donations from public and private sources for the programs.

(2) Requirements for participation in the conditional scholarship programs are as provided in this subsection (2).

(a) The alternative route conditional scholarship program is limited to interns of professional educator standards board-approved alternative routes to teaching programs under RCW 28A.660.040. For fiscal year 2011, priority must be given to fiscal year 2010 participants in the alternative route partnership program. In order to receive conditional scholarship awards, recipients shall:

(i) Be accepted and maintain enrollment in alternative certification routes through a professional educator standards board-approved program;

(ii) Continue to make satisfactory progress toward completion of the alternative route certification program and receipt of a residency teaching certificate; and

(iii) Receive no more than the annual amount of the scholarship, not to exceed eight thousand dollars, for the cost of tuition, fees, and educational expenses, including books, supplies, and transportation for the alternative route certification program in which the recipient is enrolled. The council may adjust the annual award by the average rate of resident undergraduate tuition and fee increases at the state universities as defined in RCW 28B.10.016.

(b) The pipeline for paraeducators conditional scholarship program is limited to qualified paraeducators as provided by RCW 28A.660.042. In order to receive conditional scholarship awards, recipients shall:

(i) Be accepted and maintain enrollment at a community and technical college for no more than two years and attain an associate of arts degree;

(ii) Continue to make satisfactory progress toward completion of an associate of arts degree. This progress requirement is a condition for eligibility into a route one program of the alternative

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routes to teacher certification program for a mathematics, special education, or English as a second language endorsement; and

(iii) Receive no more than the annual amount of the scholarship, not to exceed four thousand dollars, for the cost of tuition, fees, and educational expenses, including books, supplies, and transportation for the alternative route certification program in which the recipient is enrolled. The student achievement council may adjust the annual award by the average rate of tuition and fee increases at the state community and technical colleges.

(c) The educator retooling (~~((to teach mathematics and science))~~) conditional scholarship program is limited to current K-12 teachers. In order to receive conditional scholarship awards:

(i) Individuals currently employed as teachers shall pursue a middle level mathematics or science, ~~((or))~~ secondary mathematics or science, special education, bilingual education, or English language learner endorsement; or

(ii) Individuals who are certificated with an elementary education endorsement shall pursue an endorsement in middle level mathematics or science, ~~((or both))~~ special education, bilingual education, or English language learner; and

(iii) Individuals shall use one of the pathways to endorsement processes to receive ~~((a mathematics or science))~~ the endorsement, ~~((or both))~~ which shall include passing ~~((a mathematics or science))~~ the associated endorsement test~~((s))~~ or ~~((both))~~ tests, plus observation and completing applicable coursework to attain the proper endorsement; and

(iv) Individuals shall receive no more than the annual amount of the scholarship, not to exceed three thousand dollars, for the cost of tuition, test fees, and educational expenses, including books, supplies, and transportation for the endorsement pathway being pursued.

(3) The Washington professional educator standards board shall select individuals to receive conditional scholarships. In selecting recipients, preference shall be given to eligible veterans or national guard members. In awarding conditional scholarships to support additional bilingual education or English language learner endorsements, the board shall also give preference to teachers assigned to schools required under state or federal accountability measures to implement a plan for improvement, and to teachers assigned to schools whose enrollment of English language learner students has increased an average of more than five percent per year over the previous three years.

(4) For the purpose of this chapter, a conditional scholarship is a loan that is forgiven in whole or in part in exchange for service as a certificated teacher employed in a Washington state K-12 public school. The state shall forgive one year of loan obligation for every two years a recipient teaches in a public school. Recipients who fail to continue a course of study leading to residency teacher certification or cease to teach in a public school in the state of Washington in their endorsement area are required to repay the remaining loan principal with interest.

(5) Recipients who fail to fulfill the required teaching obligation are required to repay the remaining loan principal with interest and any other applicable fees. The student achievement council shall adopt rules to define the terms for repayment, including applicable interest rates, fees, and deferments.

(6) The student achievement council may deposit all appropriations, collections, and any other funds received for the program in this chapter in the future teachers conditional scholarship account authorized in RCW 28B.102.080.

Sec. 980. RCW 28A.180.040 and 2013 2nd sp.s. c 9 s 4 are each amended to read as follows:

(1) Every school district board of directors shall:

(a) Make available to each eligible pupil transitional bilingual instruction to achieve competency in English, in accord with rules of the superintendent of public instruction;

(b) Wherever feasible, ensure that communications to parents emanating from the schools shall be appropriately bilingual for those parents of pupils in the bilingual instruction program;

(c) Determine, by administration of an English test approved by the superintendent of public instruction the number of eligible pupils enrolled in the school district at the beginning of a school year and thereafter during the year as necessary in individual cases;

(d) Ensure that a student who is a child of a military family in transition and who has been assessed as in need of, or enrolled in, a bilingual instruction program, the receiving school shall initially honor placement of the student into a like program.

(i) The receiving school shall determine whether the district's program is a like program when compared to the sending school's program; and

(ii) The receiving school may conduct subsequent assessments pursuant to RCW 28A.180.090 to determine appropriate placement and continued enrollment in the program;

(e) Before the conclusion of each school year, measure each eligible pupil's improvement in learning the English language by means of a test approved by the superintendent of public instruction;

(f) Provide in-service training for teachers, counselors, and other staff, who are involved in the district's transitional bilingual program. Such training shall include appropriate instructional strategies for children of culturally different backgrounds, use of curriculum materials, and program models; and

(g) Make available a program of instructional support for up to two years immediately after pupils exit from the program, for exited pupils who need assistance in reaching grade-level performance in academic subjects even though they have achieved English proficiency for purposes of the transitional bilingual instructional program.

(2) Beginning in the 2019-20 school year, all classroom teachers assigned using funds for the transitional bilingual instruction program to provide supplemental instruction for eligible pupils must hold an endorsement in bilingual education or English language learner, or both.

(3) The definitions in Article II of RCW 28A.705.010 apply to subsection (1)(d) of this section.

Sec. 981. RCW 28A.180.090 and 2001 1st sp.s. c 6 s 2 are each amended to read as follows:

The superintendent of public instruction shall develop an evaluation system designed to measure increases in the English and academic proficiency of eligible pupils. When developing the system, the superintendent shall:

(1) Require school districts to assess potentially eligible pupils within ten days of registration using an English proficiency assessment or assessments as specified by the superintendent of public instruction. Results of these assessments shall be made available to both the superintendent of public instruction and the school district;

(2) Require school districts to annually assess all eligible pupils at the end of the school year using an English proficiency assessment or assessments as specified by the superintendent of public instruction. Results of these assessments shall be made available to both the superintendent of public instruction and the school district;

(3) Develop a system to evaluate increases in the English and academic proficiency of students who are, or were, eligible pupils. This evaluation shall include students when they are in the program and after they exit the program until they finish their

K-12 career or transfer from the school district. The purpose of the evaluation system is to inform schools, school districts, parents, and the state of the effectiveness of the transitional bilingual programs in school and school districts in teaching these students English and other content areas, such as mathematics and writing; and

(4) ~~((Report to the education and fiscal committees of the legislature by November 1, 2002, regarding the development of the systems described in this section and a timeline for the full implementation of those systems. The legislature shall approve and provide funding for the evaluation system in subsection (3) of this section before any implementation of the system developed under subsection (3) of this section may occur.))~~ Provide school districts with technical assistance and support in selecting research-based program models, instructional materials, and professional development for program staff, including disseminating information about best practices and innovative programs. The information must include research about the differences between conversational language proficiency, academic language proficiency, and subject-specific language proficiency and the implications this research has on instructional practices and evaluation of program effectiveness.

NEW SECTION. Sec. 982. A new section is added to chapter 28A.657 RCW to read as follows:

At the beginning of each school year, the office of the superintendent of public instruction shall identify schools in the top five percent of schools with the highest percent growth during the previous two school years in enrollment of English language learner students as compared to previous enrollment trends. The office shall notify the identified schools, and the school districts in which the schools are located are strongly encouraged to provide the cultural competence professional development and training developed under RCW 28A.405.106, 28A.405.120, and section 204 of this act for classified, certificated instructional, and administrative staff of the schools. The professional development and training may be delivered by an educational service district, through district in-service, or by another qualified provider, including in partnership with the local community.

Sec. 983. RCW 28A.300.042 and 2013 2nd sp.s. c 18 s 307 are each amended to read as follows:

(1) Beginning with the 2017-18 school year, and using the phase-in provided in subsection (2) of this section, the superintendent of public instruction must collect and school districts must submit all student-level data using the United States department of education 2007 race and ethnicity reporting guidelines, including the subracial and subethnic categories within those guidelines, with the following modifications:

(a) Further disaggregation of the Black category to differentiate students of African origin and students native to the United States with African ancestors;

(b) Further disaggregation of countries of origin for Asian students;

(c) Further disaggregation of the White category to include subethnic categories for Eastern European nationalities that have significant populations in Washington; and

(d) For students who report as multiracial, collection of their racial and ethnic combination of categories.

(2) Beginning with the 2017-18 school year, school districts shall collect student-level data as provided in subsection (1) of this section for all newly enrolled students, including transfer students. When the students enroll in a different school within the district, school districts shall resurvey the newly enrolled students for whom subracial and subethnic categories were not previously collected. School districts may resurvey other students.

(3) All student data-related reports required of the superintendent of public instruction in this title must be

disaggregated by at least the following subgroups of students: White, Black, Hispanic, American Indian/Alaskan Native, Asian, Pacific Islander/Hawaiian Native, low income, transitional bilingual, migrant, special education, and students covered by section 504 of the federal rehabilitation act of 1973, as amended (29 U.S.C. Sec. 794).

~~((2))~~ (4) All student data-related reports ~~((required of))~~ prepared by the superintendent of public instruction regarding student suspensions and expulsions as required ~~((in RCW 28A.300.046))~~ under this title are subject to disaggregation by subgroups including:

(a) Gender;

(b) Foster care;

(c) Homeless, if known;

(d) School district;

(e) School;

(f) Grade level;

(g) Behavior infraction code, including:

(i) Bullying;

(ii) Tobacco;

(iii) Alcohol;

(iv) Illicit drug;

(v) Fighting without major injury;

(vi) Violence without major injury;

(vii) Violence with major injury;

(viii) Possession of a weapon; and

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

(h) Intervention applied, including:

(i) Short-term suspension;

(ii) Long-term suspension;

(iii) Emergency expulsion;

(iv) Expulsion;

(v) Interim alternative education settings;

(vi) No intervention applied; and

(vii) Other intervention applied that is not described in this subsection ~~((2))~~ (4)(h);

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

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

~~((3))~~ (5) All student data-related reports required of the superintendent of public instruction regarding student suspensions and expulsions as required in RCW 28A.300.046 are subject to cross-tabulation at a minimum by the following:

(a) School and district;

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

(c) Behavior infraction code; and

(d) Intervention applied.

(6) The K-12 data governance group shall develop the data protocols and guidance for school districts in the collection of data as required under this section, and the office of the superintendent of public instruction shall modify the statewide student data system as needed. The office of the superintendent of public instruction shall also incorporate training for school staff on best practices for collection of data on student race and ethnicity in other training or professional development related to data provided by the office.

NEW SECTION. Sec. 984. The office of the superintendent of public instruction shall convene a task force to review the United States department of education 2007 race and ethnicity reporting guidelines and develop race and ethnicity

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guidance for the state. The task force must include representatives from the educational opportunity gap oversight and accountability committee, the ethnic commissions, the governor's office of Indian affairs, and a diverse group of parents. The guidance must clarify for students and families why information about race and ethnicity is collected and how students and families can help school administrators properly identify them. The guidance must also describe the best practices for school administrators to use when identifying the race and ethnicity of students and families. The task force must use the United States census and the American community survey in the development of the guidance.

Sec. 985. RCW 28A.300.505 and 2007 c 401 s 5 are each amended to read as follows:

(1) The office of the superintendent of public instruction shall develop standards for school data systems that focus on validation and verification of data entered into the systems to ensure accuracy and compatibility of data. The standards shall address but are not limited to the following topics:

- (a) Date validation;
- (b) Code validation, which includes gender, race or ethnicity, and other code elements;
- (c) Decimal and integer validation; and
- (d) Required field validation as defined by state and federal requirements.

(2) The superintendent of public instruction shall develop a reporting format and instructions for school districts to collect and submit data on student demographics that is disaggregated ~~((by distinct ethnic categories within racial subgroups so that analyses may be conducted on student achievement using the disaggregated data))~~ as required under RCW 28A.300.042.

NEW SECTION. Sec. 986. (1) To increase the visibility of the opportunity gap in schools with small subgroups of students and to hold schools accountable to individual student-level support, by July 1, 2016, the office of the superintendent of public instruction, in cooperation with the K-12 data governance group established within the office of the superintendent of public instruction, the education data center established within the office of financial management, and the state board of education, shall adopt a rule that the only student data that should not be reported for public reporting and accountability is data where the school or district has fewer than ten students in a grade level or student subgroup.

(2) This section expires August 1, 2017.

NEW SECTION. Sec. 986. (1) The professional educator standards board and the office of the superintendent of public instruction shall convene a work group to revise and update the model framework and curriculum, as well as the program of study, for high school career and technical education courses related to careers in education.

(2) The revised careers in education courses must incorporate:

- (a) Standards for cultural competence developed by the professional educator standards board under RCW 28A.410.270;
- (b) The most recent competency standards established by the professional educator standards board and new research on best practices for educator preparation and development; and
- (c) Curriculum and activities used by the recruiting Washington teachers program under RCW 28A.415.370.

(3) The revisions must be completed before the 2016-17 school year.

(4) This section expires September 1, 2017.

Sec. 987. RCW 28A.300.507 and 2009 c 548 s 203 are each amended to read as follows:

(1) A K-12 data governance group shall be established within the office of the superintendent of public instruction to assist in

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the design and implementation of a K-12 education data improvement system for financial, student, and educator data. It is the intent that the data system reporting specifically serve requirements for teachers, parents, superintendents, school boards, the office of the superintendent of public instruction, the legislature, and the public.

(2) The K-12 data governance group shall include representatives of the education data center, the office of the superintendent of public instruction, the legislative evaluation and accountability program committee, the professional educator standards board, the state board of education, and school district staff, including information technology staff. Additional entities with expertise in education data may be included in the K-12 data governance group.

(3) The K-12 data governance group shall:

- (a) Identify the critical research and policy questions that need to be addressed by the K-12 education data improvement system;
- (b) Identify reports and other information that should be made available on the internet in addition to the reports identified in subsection (5) of this section;

(c) Create a comprehensive needs requirement document detailing the specific information and technical capacity needed by school districts and the state to meet the legislature's expectations for a comprehensive K-12 education data improvement system as described under RCW 28A.655.210;

(d) Conduct a gap analysis of current and planned information compared to the needs requirement document, including an analysis of the strengths and limitations of an education data system and programs currently used by school districts and the state, and specifically the gap analysis must look at the extent to which the existing data can be transformed into canonical form and where existing software can be used to meet the needs requirement document;

(e) Focus on financial and cost data necessary to support the new K-12 financial models and funding formulas, including any necessary changes to school district budgeting and accounting, and on assuring the capacity to link data across financial, student, and educator systems; and

(f) Define the operating rules and governance structure for K-12 data collections, ensuring that data systems are flexible and able to adapt to evolving needs for information, within an objective and orderly data governance process for determining when changes are needed and how to implement them. Strong consideration must be made to the current practice and cost of migration to new requirements. The operating rules should delineate the coordination, delegation, and escalation authority for data collection issues, business rules, and performance goals for each K-12 data collection system, including:

(i) Defining and maintaining standards for privacy and confidentiality;

(ii) Setting data collection priorities;

(iii) Defining and updating a standard data dictionary;

(iv) Ensuring data compliance with the data dictionary;

(v) Ensuring data accuracy; and

(vi) Establishing minimum standards for school, student, financial, and teacher data systems. Data elements may be specified "to the extent feasible" or "to the extent available" to collect more and better data sets from districts with more flexible software. Nothing in RCW 43.41.400, this section, or RCW 28A.655.210 should be construed to require that a data dictionary or reporting should be hobbled to the lowest common set. The work of the K-12 data governance group must specify which data are desirable. Districts that can meet these requirements shall report the desirable data. Funding from the legislature must establish which subset data are absolutely required.

(4)(a) The K-12 data governance group shall provide updates on its work as requested by the education data center and the legislative evaluation and accountability program committee.

(b) The work of the K-12 data governance group shall be periodically reviewed and monitored by the educational data center and the legislative evaluation and accountability program committee.

(5) To the extent data is available, the office of the superintendent of public instruction shall make the following minimum reports available on the internet. The reports must either be run on demand against current data, or, if a static report, must have been run against the most recent data:

(a) The percentage of data compliance and data accuracy by school district;

(b) The magnitude of spending per student, by student estimated by the following algorithm and reported as the detailed summation of the following components:

(i) An approximate, prorated fraction of each teacher or human resource element that directly serves the student. Each human resource element must be listed or accessible through online tunneling in the report;

(ii) An approximate, prorated fraction of classroom or building costs used by the student;

(iii) An approximate, prorated fraction of transportation costs used by the student; and

(iv) An approximate, prorated fraction of all other resources within the district. District-wide components should be disaggregated to the extent that it is sensible and economical;

(c) The cost of K-12 basic education, per student, by student, by school district, estimated by the algorithm in (b) of this subsection, and reported in the same manner as required in (b) of this subsection;

(d) The cost of K-12 special education services per student, by student receiving those services, by school district, estimated by the algorithm in (b) of this subsection, and reported in the same manner as required in (b) of this subsection;

(e) Improvement on the statewide assessments computed as both a percentage change and absolute change on a scale score metric by district, by school, and by teacher that can also be filtered by a student's length of full-time enrollment within the school district;

(f) Number of K-12 students per classroom teacher on a per teacher basis;

(g) Number of K-12 classroom teachers per student on a per student basis;

(h) Percentage of a classroom teacher per student on a per student basis; ~~(and)~~

(i) Percentage of classroom teachers per school district and per school disaggregated as described in RCW 28A.300.042(1) for student-level data;

(j) Average length of service of classroom teachers per school district and per school disaggregated as described in RCW 28A.300.042(1) for student-level data; and

(k) The cost of K-12 education per student by school district sorted by federal, state, and local dollars.

(6) The superintendent of public instruction shall submit a preliminary report to the legislature by November 15, 2009, including the analyses by the K-12 data governance group under subsection (3) of this section and preliminary options for addressing identified gaps. A final report, including a proposed phase-in plan and preliminary cost estimates for implementation of a comprehensive data improvement system for financial, student, and educator data shall be submitted to the legislature by September 1, 2010.

(7) All reports and data referenced in this section and RCW 43.41.400 and 28A.655.210 shall be made available in a manner

consistent with the technical requirements of the legislative evaluation and accountability program committee and the education data center so that selected data can be provided to the legislature, governor, school districts, and the public.

(8) Reports shall contain data to the extent it is available. All reports must include documentation of which data are not available or are estimated. Reports must not be suppressed because of poor data accuracy or completeness. Reports may be accompanied with documentation to inform the reader of why some data are missing or inaccurate or estimated.

NEW SECTION. Sec. 988. A new section is added to chapter 43.215 RCW to read as follows:

The department, in collaboration with the office of the superintendent of public instruction, shall create a community information and involvement plan to inform home-based, tribal, and family early learning providers of the early achievers program under RCW 43.215.100.

NEW SECTION. Sec. 989. A new section is added to chapter 28A.300 RCW to read as follows:

(1) The Washington integrated student supports protocol is established. The protocol shall be developed by the center for the improvement of student learning, established in RCW 28A.300.130, based on the framework described in this section. The purposes of the protocol include:

(a) Supporting a school-based approach to promoting the success of all students by coordinating academic and nonacademic supports to reduce barriers to academic achievement and educational attainment;

(b) Fulfilling a vision of public education where educators focus on education, students focus on learning, and auxiliary supports enable teaching and learning to occur unimpeded;

(c) Encouraging the creation, expansion, and quality improvement of community-based supports that can be integrated into the academic environment of schools and school districts;

(d) Increasing public awareness of the evidence showing that academic outcomes are a result of both academic and nonacademic factors; and

(e) Supporting statewide and local organizations in their efforts to provide leadership, coordination, technical assistance, professional development, and advocacy to implement high-quality, evidence-based, student-centered, coordinated approaches throughout the state.

(2)(a) The Washington integrated student supports protocol must be sufficiently flexible to adapt to the unique needs of schools and districts across the state, yet sufficiently structured to provide all students with the individual support they need for academic success.

(b) The essential framework of the Washington integrated student supports protocol includes:

(i) Needs assessments: A needs assessment must be conducted for all at-risk students in order to develop or identify the needed academic and nonacademic supports within the students' school and community. These supports must be coordinated to provide students with a package of mutually reinforcing supports designed to meet the individual needs of each student.

(ii) Integration and coordination: The school and district leadership and staff must develop close relationships with providers of academic and nonacademic supports to enhance the effectiveness of the protocol.

(iii) Community partnerships: Community partners must be engaged to provide nonacademic supports to reduce barriers to students' academic success, including supports to students' families.

(iv) Data driven: Students' needs and outcomes must be tracked over time to determine student progress and evolving needs.

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(c) The framework must facilitate the ability of any academic or nonacademic provider to support the needs of at-risk students, including, but not limited to: Out-of-school providers, social workers, mental health counselors, physicians, dentists, speech therapists, and audiologists.

NEW SECTION. Sec. 990. (1) The legislature intends to integrate the delivery of various academic and nonacademic programs and services through a single protocol. This coordination and consolidation of assorted services, such as expanded learning opportunities, mental health, medical screening, and access to food and housing, is intended to reduce barriers to academic achievement and educational attainment by weaving together existing public and private resources needed to support student success in school.

(2) The office of the superintendent of public instruction shall create a work group to determine how to best implement the framework described in section 801 of this act throughout the state.

(3) The work group must be composed of the following members, who must reflect the geographic diversity across the state:

(a) The superintendent of public instruction or the superintendent's designee;

(b) Three principals and three superintendents representing districts with diverse characteristics, selected by state associations of principals and superintendents, respectively;

(c) A representative from a statewide organization specializing in out-of-school learning;

(d) A representative from an organization with expertise in the needs of homeless students;

(e) A school counselor from an elementary school, a middle school, and a high school, selected by a state association of school counselors;

(f) A representative of an organization that is an expert on a multitiered system of supports; and

(g) A representative from a career and technical student organization.

(4) The superintendent of public instruction shall consult and may contract for services with a national nonpartisan, nonprofit research center that has provided data and analyses to improve policies and programs serving children and youth for over thirty-five years.

(5) The work group must submit to the appropriate committees of the legislature a report recommending policies that need to be adopted or revised to implement the framework described in section 801 of this act throughout the state by October 1, 2016. The work group must submit a preliminary report by October 1, 2015, and a final report by October 1, 2016.

(6) This section expires August 1, 2017.

Sec. 991. RCW 28A.165.035 and 2013 2nd sp.s. c 18 s 203 are each amended to read as follows:

(1) ~~((Beginning in the 2015-16 school year, expenditure of funds from the learning assistance program must be consistent with the provisions of RCW 28A.655.235.~~

~~(2))~~ Use of best practices that have been demonstrated through research to be associated with increased student achievement magnifies the opportunities for student success. To the extent they are included as a best practice or strategy in one of the state menus or an approved alternative under this section or RCW 28A.655.235, the following are services and activities that may be supported by the learning assistance program:

(a) Extended learning time opportunities occurring:

(i) Before or after the regular school day;

(ii) On Saturday; and

(iii) Beyond the regular school year;

(b) Services under RCW 28A.320.190;

(c) The integrated student supports protocol and services under section 801 of this act;

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

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

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

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

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

~~((f))~~ ~~(f)~~ Tutoring support for participating students;

~~((g))~~ ~~(g)~~ Outreach activities and support for parents of participating students, including employing parent and family engagement coordinators; and

~~((h))~~ ~~(h)~~ Up to five percent of a district's learning assistance program allocation may be used for development of partnerships with community-based organizations, educational service districts, and other local agencies to deliver academic and nonacademic supports to participating students who are significantly at risk of not being successful in school to reduce barriers to learning, increase student engagement, and enhance students' readiness to learn. The ~~((office of the superintendent of public instruction))~~ school board must approve in an open meeting any community-based organization or local agency before learning assistance funds may be expended.

~~((i))~~ ~~(2)~~ In addition to the state menu developed under RCW 28A.655.235, the office of the superintendent of public instruction shall convene a panel of experts, including the Washington state institute for public policy, to develop additional state menus of best practices and strategies for use in the learning assistance program to assist struggling students at all grade levels in English language arts and mathematics ~~((and reduce disruptive behaviors in the classroom))~~. The office of the superintendent of public instruction shall publish the state menus by July 1, 2015, and update the state menus by each July 1st thereafter.

~~((j))~~ ~~(3)~~(a) Beginning in the 2016-17 school year, except as provided in (b) of this subsection, school districts must use a practice or strategy that is on a state menu developed under subsection ~~((3))~~ ~~(2)~~ of this section or RCW 28A.655.235.

(b) Beginning in the 2016-17 school year, school districts may use a practice or strategy that is not on a state menu developed under subsection ~~((3))~~ ~~(2)~~ of this section for two school years initially. If the district is able to demonstrate improved outcomes for participating students over the previous two school years at a level commensurate with the best practices and strategies on the state menu, the office of the superintendent of public instruction shall approve use of the alternative practice or strategy by the district for one additional school year. Subsequent annual approval by the superintendent of public instruction to use the alternative practice or strategy is dependent on the district continuing to demonstrate increased improved outcomes for participating students.

(c) Beginning in the 2016-17 school year, school districts may enter cooperative agreements with state agencies, local governments, or school districts for administrative or operational costs needed to provide services in accordance with the state menu developed under this section and RCW 28A.655.235.

~~((k))~~ ~~(4)~~ School districts are encouraged to implement best practices and strategies from the state menus developed under this section and RCW 28A.655.235 before the use is required.

Sec. 992. RCW 28A.165.055 and 2013 2nd sp.s. c 18 s 205 are each amended to read as follows:

The funds for the learning assistance program shall be appropriated in accordance with RCW 28A.150.260 and the omnibus appropriations act. The distribution formula is for school district allocation purposes only, but funds appropriated for the learning assistance program must be expended for the purposes of RCW 28A.165.005 through 28A.165.065 and 28A.655.235. The funds may also be appropriated for the integrated student supports protocol and services under section 801 of this act.

Sec. 993. RCW 28A.300.130 and 2009 c 578 s 6 are each amended to read as follows:

(1) To facilitate access to information and materials on educational improvement and research, the superintendent of public instruction (~~(, to the extent funds are appropriated,)~~) shall establish the center for the improvement of student learning. The center shall work in conjunction with parents, educational service districts, institutions of higher education, and education, parent, community, and business organizations.

(2) The center (~~(, to the extent funds are appropriated for this purpose, and)~~) in conjunction with other staff in the office of the superintendent of public instruction, shall:

(a) Serve as a clearinghouse for information regarding successful educational improvement and parental involvement programs in schools and districts, and information about efforts within institutions of higher education in the state to support educational improvement initiatives in Washington schools and districts;

(b) Provide best practices research that can be used to help schools develop and implement: Programs and practices to improve instruction; systems to analyze student assessment data, with an emphasis on systems that will combine the use of state and local data to monitor the academic progress of each and every student in the school district; comprehensive, school-wide improvement plans; school-based shared decision-making models; programs to promote lifelong learning and community involvement in education; school-to-work transition programs; programs to meet the needs of highly capable students; programs and practices to meet the needs of students with disabilities; programs and practices to meet the diverse needs of students based on gender, racial, ethnic, economic, and special needs status; research, information, and technology systems; and other programs and practices that will assist educators in helping students learn the essential academic learning requirements;

(c) Develop and maintain an internet web site to increase the availability of information, research, and other materials;

(d) Work with appropriate organizations to inform teachers, district and school administrators, and school directors about the waivers available and the broadened school board powers under RCW 28A.320.015;

(e) Provide training and consultation services, including conducting regional summer institutes;

(f) Identify strategies for improving the success rates of ethnic and racial student groups and students with disabilities, with disproportionate academic achievement;

(g) Work with parents, teachers, and school districts in establishing a model absentee notification procedure that will properly notify parents when their student has not attended a class or has missed a school day. The office of the superintendent of public instruction shall consider various types of communication with parents including, but not limited to, electronic mail, phone, and postal mail; and

(h) Perform other functions consistent with the purpose of the center as prescribed in subsection (1) of this section.

(3) The superintendent of public instruction shall select and employ a director for the center.

(4) The superintendent may enter into contracts with individuals or organizations including but not limited to: School districts; educational service districts; educational organizations; teachers; higher education faculty; institutions of higher education; state agencies; business or community-based organizations; and other individuals and organizations to accomplish the duties and responsibilities of the center. In carrying out the duties and responsibilities of the center, the superintendent, whenever possible, shall use practitioners to assist agency staff as well as assist educators and others in schools and districts.

(5) The office of the superintendent of public instruction shall report to the legislature by September 1, 2007, and thereafter biennially, regarding the effectiveness of the center for the improvement of student learning, how the services provided by the center for the improvement of student learning have been used and by whom, and recommendations to improve the accessibility and application of knowledge and information that leads to improved student learning and greater family and community involvement in the public education system."

Senator Hasegawa spoke on the amendment to the striking amendment.

POINT OF ORDER

Senator Hasegawa: "Madam President, it's kind of noisy here, I'm having trouble focusing on the conversation."

RULING BY THE PRESIDENT PRO TEMPORE

The President Pro Tempore rapped the gavel on the rostrum and conversations quieted.

WITHDRAWAL OF AMENDMENT

On motion of Senator Hasegawa, the amendment by Senator Hasegawa on page 295, line 28 to Substitute Senate Bill No. 6052 was withdrawn.

The President Pro Tempore declared the question before the Senate to be the adoption of the striking amendment by Senator Hill to Substitute Senate Bill No. 6052.

The motion by Senator Hill 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 "matters;" strike the remainder of the title and insert "amending RCW 28B.15.069, 28B.50.140, 28B.115.070, 28C.04.535, 38.52.540, 41.26.802, 41.60.050, 43.08.190, 43.09.475, 43.43.839, 43.79.480, 43.101.200, 43.101.220, 43.155.050, 43.320.110, 43.325.040, 43.330.250, 43.350.070, 46.66.080, 61.24.172, 66.08.170, 69.50.540, 70.96A.350, 74.13.621, 77.12.203, 82.08.160, 82.08.170, 83.100.230, 86.26.007, 88.02.650, and 86.26.007; amending 2014 c 221 ss 924, 925, 101, 102, 105, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 122, 125, 126, 127, 129, 130, 134, 135, 136, 140, 141, 143, 146, 148, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 216, 217, 218, 219, 220, 221, 222, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 401, 402, 501, 502, 503, 504, 505, 506, 507, 508, 509, 511, 512, 513, 514, 515, 604, 605, 606, 607, 608, 609, 610, 611, 612, 614, 615, 616, 617, 619, 701, 704, 706, 708, 709, 710, 711, 801, 802, 803, 804, and 805 (uncodified);

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amending 2013 2nd sp.s. c 4 ss 712 and 718 (uncodified); reenacting and amending RCW 41.50.110 and 70.105D.070; adding new sections to 2015 1st sp.s. c 10 (uncodified); creating new sections; repealing 2015 1st sp. sess. c 10 s 501 (uncodified); repealing 2014 c 221 s 707 (uncodified); making appropriations; providing an effective date; providing expiration dates; and declaring an emergency."

MOTION

On motion of Senator Hill, the rules were suspended, Engrossed Substitute Senate Bill No. 6052 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hill and Hargrove spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 6052.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 6052 and the bill passed the Senate by the following vote: Yeas, 38; Nays, 10; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Cleveland, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Habib, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Keiser, King, Litzow, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Chase, Conway, Frockt, Hasegawa, Jayapal, Kohl-Welles, Lias, McAuliffe, McCoy and Pedersen

Excused: Senator Rolfes

ENGROSSED SUBSTITUTE SENATE BILL NO. 6052, 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 President Pro Tempore announced that the dining room was open; floor action would continue; and senators should avail themselves as they are able.

RULING BY THE PRESIDENT PRO TEMPORE

Senator Roach: [Sounding the gavel] "Members. We just have a few more bills really. If I could ask you, please, to take your conversations off the floor and well into the wings so that we can give respect to those that are speaking. Thank you so much."

MOTION

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

THIRD READING

ENGROSSED SUBSTITUTE SENATE BILL NO. 5954, by Senate Committee on Ways & Means (originally sponsored by Senators Braun, Bailey, Hill, Becker, Fain, Miloscia, Parlette, Angel, Schoesler, Brown, Litzow, Warnick, Honeyford, Sheldon, Rivers, Roach and Benton).

Reducing tuition.

The bill was read on Third Reading.

MOTION

On motion of Senator Braun, the rules were suspended and Engrossed Substitute Senate Bill No. 5954 was returned to second reading for the purpose of amendment.

SECOND READING

ENGROSSED SUBSTITUTE SENATE BILL NO. 5954, by Senate Committee on Ways & Means (originally sponsored by Senators Braun, Bailey, Hill, Becker, Fain, Miloscia, Parlette, Angel, Schoesler, Brown, Litzow, Warnick, Honeyford, Sheldon, Rivers, Roach and Benton)

Reducing tuition.

The measure was read the second time.

MOTION

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

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 28B.15.031 and 2012 c 230 s 6 are each amended to read as follows:

(1) The term "operating fees" as used in this chapter shall include the fees, other than building fees, charged all students registering at the state's colleges and universities but shall not include fees for short courses, self-supporting degree credit programs and courses, marine station work, experimental station work, correspondence or extension courses, and individual instruction and student deposits or rentals, disciplinary and library fines, which colleges and universities shall have the right to impose, laboratory, gymnasium, health, technology and student activity fees, or fees, charges, rentals, and other income derived from any or all revenue producing lands, buildings and facilities of the colleges or universities heretofore or hereafter acquired, constructed or installed, including but not limited to income from rooms, dormitories, dining rooms, hospitals, infirmaries, housing or student activity buildings, vehicular parking facilities, land, or the appurtenances thereon, or such other special fees as may be established by any college or university board of trustees or regents from time to time. All moneys received as operating fees at any institution of higher education shall be deposited in a local account containing only operating fees revenue and related interest: PROVIDED, That ((~~a minimum of five percent of operating fees shall be retained by the four year institutions of higher education that increase tuition for resident undergraduate students above assumed tuition increases in the omnibus appropriations act.~~) a minimum of four percent of operating fees shall be retained by four-year institutions of higher education ((~~that do not increase tuition for resident undergraduates above assumed increases in the omnibus appropriations act.~~) and a minimum of three and one-half percent of operating fees shall be retained by the community and technical colleges for the purposes of RCW 28B.15.820. At least thirty percent of operating fees required to be retained by the four-year institutions for purposes of RCW 28B.15.820 shall be used only for the purposes of RCW 28B.15.820(10).)

(2) In addition to the three and one-half percent of operating fees retained by the institutions under subsection (1) of this section, up to three percent of operating fees charged to students at community and technical colleges shall be transferred to the community and technical college innovation account for the implementation of the college board's strategic technology plan in RCW 28B.50.515. The percentage to be transferred to the community and technical college innovation account shall be determined by the college board each year but shall not exceed three percent of the operating fees collected each year.

(3) Local operating fee accounts shall not be subject to appropriation by the legislature but shall be subject to allotment procedures by budget program and fiscal year under chapter 43.88 RCW.

Sec. 2. RCW 28B.15.066 and 2003 c 232 s 3 are each amended to read as follows:

~~((It is the intent of the legislature that:~~

~~In making appropriations from the state's general fund to institutions of higher education, each appropriation shall conform to the following:~~

~~(1) The appropriation shall not be reduced by the amount of operating fees revenue estimated to be collected from students enrolled at the state funded enrollment level specified in the omnibus biennial operating appropriations act;~~

~~(2) The appropriation shall not be reduced by the amount of operating fees revenue collected from students enrolled above the state funded level specified in the omnibus biennial operating appropriations act; and~~

~~(3) The general fund state appropriation shall not be reduced by the amount of operating fees revenue collected as a result of waiving less operating fees revenue than the amounts authorized under RCW 28B.15.910. State general fund appropriations shall not be provided for revenue foregone as a result of or for waivers granted under RCW 28B.15.915-.)~~ (1) Beginning with the 2015-2017 omnibus appropriations act, the legislature shall appropriate to the state board for community and technical colleges and to each of the four-year institutions of higher education an amount that is at least equal to the total state funds appropriated in the 2013-2015 biennium and the net revenue loss from resident undergraduate tuition operating fees based on budgeted full-time equivalent enrollment received for the 2015-2017 fiscal biennium under RCW 28B.15.067 (3) and (6). The net revenue loss shall be adjusted for inflation in subsequent biennia.

(2) As used in this section and RCW 28B.15.069, "inflation" shall be based on the consumer price index, using the official current base, compiled by the bureau of labor statistics, United States department of labor for the state of Washington. If the bureau of labor statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people and covering areas exclusively within the boundaries of the state shall be used.

Sec. 3. RCW 28B.15.067 and 2015 c 55 s 211 are each amended to read as follows:

(1) Tuition fees shall be established under the provisions of this chapter.

(2) Beginning in the 2011-12 academic year and through the 2014-15 academic year, reductions or increases in full-time tuition fees shall be as provided in the omnibus appropriations act for resident undergraduate students at community and technical colleges.

(3)(a) In the 2015-16 and 2016-17 academic years, tuition operating fees for resident undergraduates at community and technical colleges excluding applied baccalaureate degrees as defined in RCW 28B.50.030, shall be five percent less than the 2014-15 academic year tuition operating fee.

(b) Beginning in the 2017-18 academic year, tuition operating fees for resident undergraduates at community and technical colleges excluding applied baccalaureate degrees as defined in RCW 28B.50.030, may increase by no more than the average annual percentage growth rate in the median hourly wage for Washington for the previous fourteen years as the wage is determined by the federal bureau of labor statistics.

(4) The governing boards of the state universities, regional universities, and The Evergreen State College; and the state board for community and technical colleges may reduce or increase full-time tuition fees for all students other than resident undergraduates, including nonresident students, summer school students, and students in other self-supporting degree programs. Percentage increases in full-time tuition may exceed the fiscal growth factor. Except during the 2013-2015 fiscal biennium, the state board for community and technical colleges may pilot or institute differential tuition models. The board may define scale, scope, and rationale for the models.

~~((3))~~ (5)(a) Beginning with the 2011-12 academic year and through the end of the 2014-15 academic year, the governing boards of the state universities, the regional universities, and The Evergreen State College may reduce or increase full-time tuition fees for all students, including summer school students and students in other self-supporting degree programs. Percentage increases in full-time tuition fees may exceed the fiscal growth factor. Reductions or increases may be made for all or portions of an institution's programs, campuses, courses, or students; however, during the 2013-2015 fiscal biennium, reductions or increases in tuition must be uniform among resident undergraduate students.

(b) Prior to reducing or increasing tuition for each academic year, the governing boards of the state universities, the regional universities, and The Evergreen State College shall consult with existing student associations or organizations with student undergraduate and graduate representatives regarding the impacts of potential tuition increases. Each governing board shall make public its proposal for tuition and fee increases twenty-one days before the governing board of the institution considers adoption and allow opportunity for public comment. However, the requirement to make public a proposal for tuition and fee increases twenty-one days before the governing board considers adoption shall not apply if the omnibus appropriations act has not passed the legislature by May 15th. Governing boards shall be required to provide data regarding the percentage of students receiving financial aid, the sources of aid, and the percentage of total costs of attendance paid for by aid.

(c) Prior to reducing or increasing tuition for each academic year, the state board for community and technical college system shall consult with existing student associations or organizations with undergraduate student representation regarding the impacts of potential tuition increases. The state board for community and technical colleges shall provide data regarding the percentage of students receiving financial aid, the sources of aid, and the percentage of total costs of attendance paid for by aid.

~~((4) Beginning with))~~ (6)(a) In the 2015-16 academic year ~~((through the 2018-19 academic year, the governing boards of the state universities, regional universities, and The Evergreen State College may set tuition for resident undergraduates as follows:~~

~~(a) If state funding for a college or university falls below the state funding provided in the operating budget for fiscal year 2011, the governing board may increase tuition up to the limits set in (d) of this subsection, reduce enrollments, or both;~~

~~(b) If state funding for a college or university is at least at the level of state funding provided in the operating budget for fiscal year 2011, the governing board may increase tuition up to the limits set in (d) of this subsection and shall continue to at least~~

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~~maintain the actual enrollment levels for fiscal year 2011 or increase enrollments as required in the omnibus appropriations act;~~

~~(e) If state funding is increased so that combined with resident undergraduate tuition the sixtieth percentile of the total per student funding at similar public institutions of higher education in the global challenge states under RCW 28B.15.068 is exceeded, the governing board shall decrease tuition by the amount needed for the total per student funding to be at the sixtieth percentile under RCW 28B.15.068; and~~

~~(d) The amount of tuition set by the governing board for an institution under this subsection (4) may not exceed the sixtieth percentile of the resident undergraduate tuition of similar public institutions of higher education in the global challenge states.~~

~~(5)), full-time tuition operating fees for resident undergraduates for state universities, regional universities, The Evergreen State College, and applied baccalaureate degrees as defined in RCW 28B.50.030 shall be five percent less than the 2014-15 academic year tuition operating fee.~~

~~(b) Beginning with the 2016-17 academic year, full-time tuition operating fees for resident undergraduates for:~~

~~(i) State universities shall be fifteen percent less than the 2014-15 academic year tuition operating fee; and~~

~~(ii) Regional universities, The Evergreen State College, and applied baccalaureate degrees as defined in RCW 28B.50.030 shall be twenty percent less than the 2014-15 academic year tuition operating fee.~~

~~(c) Beginning with the 2017-18 academic year, full-time tuition operating fees for resident undergraduates in (b) of this subsection may increase by no more than the average annual percentage growth rate in the median hourly wage for Washington for the previous fourteen years as the wage is determined by the federal bureau of labor statistics.~~

~~(7) The tuition fees established under this chapter shall not apply to high school students enrolling in participating institutions of higher education under RCW 28A.600.300 through 28A.600.400.~~

~~((6)) (8) The tuition fees established under this chapter shall not apply to eligible students enrolling in a dropout reengagement program through an interlocal agreement between a school district and a community or technical college under RCW 28A.175.100 through 28A.175.110.~~

~~((7) Beginning in the 2019-20 academic year, reductions or increases in full-time tuition fees for resident undergraduates at four-year institutions of higher education shall be as provided in the omnibus appropriations act.~~

~~(8)) (9) The legislative advisory committee to the committee on advanced tuition payment established in RCW 28B.95.170 shall:~~

~~(a) Review the impact of differential tuition rates on the funded status and future unit price of the Washington advanced college tuition payment program; and~~

~~(b) No later than January 14, 2013, make a recommendation to the appropriate policy and fiscal committees of the legislature regarding how differential tuition should be addressed in order to maintain the ongoing solvency of the Washington advanced college tuition payment program.~~

~~(10) As a result of any changes in tuition under section 3, chapter . . . , Laws of 2015 3rd sp. sess. (this section), the governing boards of the state universities, the regional universities, and The Evergreen State College shall not reduce resident undergraduate enrollment below the 2014-15 academic year levels.~~

NEW SECTION. Sec. 4. A new section is added to chapter 28B.92 RCW to read as follows:

Beginning with the 2015-2017 omnibus appropriations act and each biennium thereafter, reductions in tuition levels resulting from section 3, chapter . . . , Laws of 2015 3rd sp. sess. (section 3 of this act) will allow the legislature to reduce state need grant appropriations by an equal amount from the 2013-2015 fiscal biennium amounts. The legislature does not intend to reduce award levels for private colleges and universities below the 2014-15 academic year levels.

By reducing the overall cost of tuition, the legislature in future biennia is better able and intends to serve those students currently eligible but unserved in the state need grant.

Sec. 5. RCW 28B.15.069 and 2015 c 55 s 212 are each amended to read as follows:

(1) The building fee for each academic year shall be a percentage of total tuition fees. This percentage shall be calculated by the office of financial management and be based on the actual percentage the building fee is of total tuition for each tuition category in the 1994-95 academic year, rounded up to the nearest half percent. After the effective date of this section, the dollar value of the building fee shall not be reduced below the level in the 2014-15 academic year adjusted for inflation. As used in this subsection, "inflation" has the meaning in RCW 28B.15.066(2).

(2) The governing boards of each institution of higher education(=) shall charge to and collect from each student a services and activities fee. A governing board may increase the existing fee annually, consistent with budgeting procedures set forth in RCW 28B.15.045, by a percentage not to exceed the annual percentage increase in student tuition fees for resident undergraduate students: PROVIDED, That such percentage increase shall not apply to that portion of the services and activities fee previously committed to the repayment of bonded debt. These rate adjustments may exceed the fiscal growth factor. For the 2013-2015 fiscal biennium, each governing board is authorized to increase the services and activities fees by amounts judged reasonable and necessary by the services and activities fee committee and the governing board consistent with the budgeting procedures set forth in RCW 28B.15.045. The services and activities fee committee provided for in RCW 28B.15.045 may initiate a request to the governing board for a fee increase.

(3) Tuition and services and activities fees consistent with subsection (2) of this section shall be set by the state board for community and technical colleges for community and technical college summer school students unless the college charges fees in accordance with RCW 28B.15.515.

(4) Subject to the limitations of RCW 28B.15.910, each governing board of a community or technical college may charge such fees for ungraded courses, noncredit courses, community services courses, and self-supporting courses as it, in its discretion, may determine, consistent with the rules of the state board for community and technical colleges.

(5) The governing board of a college offering an applied baccalaureate degree program under RCW 28B.50.810 may charge tuition fees for those courses above the associate degree level at rates consistent with rules adopted by the state board for community and technical colleges, not to exceed tuition fee rates at the regional universities.

Sec. 6. RCW 28B.95.020 and 2015 c 202 s 5 are each amended to read as follows:

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

(1) "Academic year" means the regular nine-month, three-quarter, or two-semester period annually occurring between August 1st and July 31st.

(2) "Account" means the Washington advanced college tuition payment program account established for the deposit of all money received by the office from eligible purchasers and interest earnings on investments of funds in the account, as well as for all expenditures on behalf of eligible beneficiaries for the redemption of tuition units and for the development of any authorized college savings program pursuant to RCW 28B.95.150.

(3) "Committee on advanced tuition payment" or "committee" means a committee of the following members: The state treasurer, the director of the office of financial management, the director of the office, or their designees, and two members to be appointed by the governor, one representing program participants and one private business representative with marketing, public relations, or financial expertise.

(4) "Contractual obligation" means a legally binding contract of the state with the purchaser and the beneficiary establishing that purchases of tuition units will be worth the same number of tuition units at the time of redemption as they were worth at the time of the purchase, except as provided in RCW 28B.95.030(7).

(5) "Dual credit fees" means any fees charged to a student for participation in college in the high school under RCW 28A.600.290 or running start under RCW 28A.600.310.

(6) "Eligible beneficiary" means the person for whom the tuition unit will be redeemed for attendance at an institution of higher education, participation in college in the high school under RCW 28A.600.290, or participation in running start under RCW 28A.600.310. The beneficiary is that person named by the purchaser at the time that a tuition unit contract is accepted by the governing body. Qualified organizations, as allowed under section 529 of the federal internal revenue code, purchasing tuition unit contracts as future scholarships need not designate a beneficiary at the time of purchase.

(7) "Eligible purchaser" means an individual or organization that has entered into a tuition unit contract with the governing body for the purchase of tuition units for an eligible beneficiary. The state of Washington may be an eligible purchaser for purposes of purchasing tuition units to be held for granting Washington college bound scholarships.

(8) "Full-time tuition charges" means resident tuition charges at a state institution of higher education for enrollments between ten credits and eighteen credit hours per academic term.

(9) "Governing body" means the committee empowered by the legislature to administer the Washington advanced college tuition payment program.

(10) "Institution of higher education" means an institution that offers education beyond the secondary level and is recognized by the internal revenue service under chapter 529 of the internal revenue code.

(11) "Investment board" means the state investment board as defined in chapter 43.33A RCW.

(12) "Office" means the office of student financial assistance as defined in chapter 28B.76 RCW.

(13) "State institution of higher education" means institutions of higher education as defined in RCW 28B.10.016.

(14) "Tuition and fees" means undergraduate tuition and services and activities fees as defined in RCW 28B.15.020 and 28B.15.041 rounded to the nearest whole dollar. For purposes of this chapter, services and activities fees do not include fees charged for the payment of bonds heretofore or hereafter issued for, or other indebtedness incurred to pay, all or part of the cost of acquiring, constructing, or installing any lands, buildings, or facilities.

(15) "Tuition unit contract" means a contract between an eligible purchaser and the governing body, or a successor agency appointed for administration of this chapter, for the purchase of

tuition units for a specified beneficiary that may be redeemed at a later date for an equal number of tuition units, except as provided in RCW 28B.95.030(7).

(16) "Unit purchase price" means the minimum cost to purchase one tuition unit for an eligible beneficiary. Generally, the minimum purchase price is one percent of the undergraduate tuition and fees for the current year, rounded to the nearest whole dollar, adjusted for the costs of administration and adjusted to ensure the actuarial soundness of the account. The analysis for price setting shall also include, but not be limited to consideration of past and projected patterns of tuition increases, program liability, past and projected investment returns, and the need for a prudent stabilization reserve.

Sec. 7. RCW 28B.95.030 and 2015 c 202 s 6 are each amended to read as follows:

(1) The Washington advanced college tuition payment program shall be administered by the committee on advanced tuition payment which shall be chaired by the director of the office. The committee shall be supported by staff of the office.

(2)(a) The Washington advanced college tuition payment program shall consist of the sale of tuition units, which may be redeemed by the beneficiary at a future date for an equal number of tuition units regardless of any increase in the price of tuition, that may have occurred in the interval, except as provided in subsection (7) of this section.

(b) Each purchase shall be worth a specific number of or fraction of tuition units at each state institution of higher education as determined by the governing body, except as provided in subsection (7) of this section.

(c) The number of tuition units necessary to pay for a full year's, full-time undergraduate tuition and fee charges at a state institution of higher education shall be set by the governing body at the time a purchaser enters into a tuition unit contract, except as provided in subsection (7) of this section.

(d) The governing body may limit the number of tuition units purchased by any one purchaser or on behalf of any one beneficiary, however, no limit may be imposed that is less than that necessary to achieve four years of full-time, undergraduate tuition charges at a state institution of higher education. The governing body also may, at its discretion, limit the number of participants, if needed, to ensure the actuarial soundness and integrity of the program.

(e) While the Washington advanced college tuition payment program is designed to help all citizens of the state of Washington, the governing body may determine residency requirements for eligible purchasers and eligible beneficiaries to ensure the actuarial soundness and integrity of the program.

(3)(a) No tuition unit may be redeemed until two years after the purchase of the unit.

(b) Units may be redeemed for enrollment at any institution of higher education that is recognized by the internal revenue service under chapter 529 of the internal revenue code. Units may also be redeemed to pay for dual credit fees.

~~((b))~~ (c) Units redeemed at a nonstate institution of higher education or for graduate enrollment shall be redeemed at the rate for state public institutions in effect at the time of redemption.

(4) The governing body shall determine the conditions under which the tuition benefit may be transferred to another family member. In permitting such transfers, the governing body may not allow the tuition benefit to be bought, sold, bartered, or otherwise exchanged for goods and services by either the beneficiary or the purchaser.

(5) The governing body shall administer the Washington advanced college tuition payment program in a manner reasonably designed to be actuarially sound, such that the assets of the trust will be sufficient to defray the obligations of the trust

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including the costs of administration. The governing body may, at its discretion, discount the minimum purchase price for certain kinds of purchases such as those from families with young children, as long as the actuarial soundness of the account is not jeopardized.

(6) The governing body shall annually determine current value of a tuition unit.

(7) For the 2015-16 and 2016-17 academic years only, the governing body shall set the payout value for units redeemed during that academic year only at one hundred seventeen dollars and eighty-two cents per unit. For academic years after the 2016-17 academic year, the governing body shall make program adjustments it deems necessary and appropriate to ensure that the total payout value of each account on the effective date of this section is not decreased or diluted as a result of the initial application of any changes in tuition under section 3, chapter . . . , Laws of 2015 3rd sp. sess. (section 3 of this act). In the event the committee or governing body provides additional units under chapter . . . , Laws of 2015 3rd sp. sess. (this act), the committee and governing body shall also increase the maximum number of units that can be redeemed in any year to mitigate the reduction in available account value during any year as a result of chapter . . . , Laws of 2015 3rd sp. sess. (this act). The governing body must notify holders of tuition units after the adjustment in this subsection is made and must include a statement concerning the adjustment.

(8) The governing body shall promote, advertise, and publicize the Washington advanced college tuition payment program.

~~((8))~~ (9) In addition to any other powers conferred by this chapter, the governing body may:

(a) Impose reasonable limits on the number of tuition units or units that may be used in any one year;

(b) Determine and set any time limits, if necessary, for the use of benefits under this chapter;

(c) Impose and collect administrative fees and charges in connection with any transaction under this chapter;

(d) Appoint and use advisory committees and the state actuary as needed to provide program direction and guidance;

(e) Formulate and adopt all other policies and rules necessary for the efficient administration of the program;

(f) Consider the addition of an advanced payment program for room and board contracts and also consider a college savings program;

(g) Purchase insurance from insurers licensed to do business in the state, to provide for coverage against any loss in connection with the account's property, assets, or activities or to further insure the value of the tuition units;

(h) Make, execute, and deliver contracts, conveyances, and other instruments necessary to the exercise and discharge of its powers and duties under this chapter;

(i) Contract for the provision for all or part of the services necessary for the management and operation of the program with other state or nonstate entities authorized to do business in the state;

(j) Contract for other services or for goods needed by the governing body in the conduct of its business under this chapter;

(k) Contract with financial consultants, actuaries, auditors, and other consultants as necessary to carry out its responsibilities under this chapter;

(l) Solicit and accept cash donations and grants from any person, governmental agency, private business, or organization; and

(m) Perform all acts necessary and proper to carry out the duties and responsibilities of this program under this chapter.

Sec. 8. RCW 28B.118.010 and 2015 c 244 s 3 are each amended to read as follows:

The office of student financial assistance shall design the Washington college bound scholarship program in accordance with this section and in alignment with the state need grant program in chapter 28B.92 RCW unless otherwise provided in this section.

(1) "Eligible students" are those students who:

(a) Qualify for free or reduced-price lunches. If a student qualifies in the seventh grade, the student remains eligible even if the student does not receive free or reduced-price lunches thereafter; or

(b) Are dependent pursuant to chapter 13.34 RCW and:

(i) In grade seven through twelve; or

(ii) Are between the ages of eighteen and twenty-one and have not graduated from high school.

(2) Eligible students shall be notified of their eligibility for the Washington college bound scholarship program beginning in their seventh grade year. Students shall also be notified of the requirements for award of the scholarship.

(3)(a) To be eligible for a Washington college bound scholarship, a student eligible under subsection (1)(a) of this section must sign a pledge during seventh or eighth grade that includes a commitment to graduate from high school with at least a C average and with no felony convictions. The pledge must be witnessed by a parent or guardian and forwarded to the office of student financial assistance by mail or electronically, as indicated on the pledge form.

(b) A student eligible under subsection (1)(b) of this section shall be automatically enrolled, with no action necessary by the student or the student's family, and the enrollment form must be forwarded by the department of social and health services to the higher education coordinating board or its successor by mail or electronically, as indicated on the form.

(4)(a) Scholarships shall be awarded to eligible students graduating from public high schools, approved private high schools under chapter 28A.195 RCW, or who received home-based instruction under chapter 28A.200 RCW.

(b)(i) To receive the Washington college bound scholarship, a student must graduate with at least a "C" average from a public high school or an approved private high school under chapter 28A.195 RCW in Washington or have received home-based instruction under chapter 28A.200 RCW, must have no felony convictions, and must be a resident student as defined in RCW 28B.15.012(2) (a) through (d).

(ii) For a student who does not meet the "C" average requirement, and who completes fewer than two quarters in the running start program, under chapter 28A.600 RCW, the student's first quarter of running start course grades must be excluded from the student's overall grade point average for purposes of determining their eligibility to receive the scholarship.

(5) A student's family income will be assessed upon graduation before awarding the scholarship.

(6) If at graduation from high school the student's family income does not exceed sixty-five percent of the state median family income, scholarship award amounts shall be as provided in this section.

(a) For students attending two or four-year institutions of higher education as defined in RCW 28B.10.016, the value of the award shall be (i) the difference between the student's tuition and required fees, less the value of any state-funded grant, scholarship, or waiver assistance the student receives; (ii) plus five hundred dollars for books and materials.

(b) For students attending private four-year institutions of higher education in Washington, the award amount shall be the

representative average of awards granted to students in public research universities in Washington or the representative average of awards granted to students in public research universities in Washington in the 2014-15 academic year, whichever is greater.

(c) For students attending private vocational schools in Washington, the award amount shall be the representative average of awards granted to students in public community and technical colleges in Washington or the representative average of awards granted to students in public community and technical colleges in Washington in the 2014-15 academic year, whichever is greater.

(7) Recipients may receive no more than four full-time years' worth of scholarship awards.

(8) Institutions of higher education shall award the student all need-based and merit-based financial aid for which the student would otherwise qualify. The Washington college bound scholarship is intended to replace unmet need, loans, and, at the student's option, work-study award before any other grants or scholarships are reduced.

(9) The first scholarships shall be awarded to students graduating in 2012.

(10) The state of Washington retains legal ownership of tuition units awarded as scholarships under this chapter until the tuition units are redeemed. These tuition units shall remain separately held from any tuition units owned under chapter 28B.95 RCW by a Washington college bound scholarship recipient.

(11) The scholarship award must be used within five years of receipt. Any unused scholarship tuition units revert to the Washington college bound scholarship account.

(12) Should the recipient terminate his or her enrollment for any reason during the academic year, the unused portion of the scholarship tuition units shall revert to the Washington college bound scholarship account.

NEW SECTION. Sec. 9. The legislature intends to make college more affordable for students and families through the implementation of this act. As a result, the legislature expects that resident undergraduate students are able to complete their major course of study in a timely manner. The education data center established in RCW 43.41.400 shall provide a statistical analysis and report of the time to degree completion for each undergraduate major course of study for each four-year institution of higher education as defined in RCW 28B.10.016 and the state board for community and technical colleges. The report shall include as many years as possible to compare the results over time. The report shall be provided to the appropriate committees of the legislature no later than December 1, 2015.

NEW SECTION. Sec. 10. The Washington state institute for public policy shall conduct a study on alternative resident undergraduate tuition growth factors such as median wage, average wage, median household income, consumer price index, student affordability metrics, and others. The analysis should indicate how tuition is likely to change under each metric over an extended period of time. The report should also consider the relative ease of calculating or obtaining the metric for budget development purposes. The legislature intends to use this analysis to evaluate the median wage metric used in this act on an ongoing basis. The institute shall report its findings to the relevant committees of the legislature by December 1, 2015.

NEW SECTION. Sec. 11. (1) By December 1, 2016, the committee on advanced tuition payment defined in RCW 28B.95.020 shall review and report to the legislative fiscal and higher education committees on:

(a) The impact of decreasing tuition rates on the funded status and future unit price of the Washington advanced college tuition payment program;

(b) The feasibility and different options of establishing a college savings program as described in RCW 28B.95.150;

(c) A list of potential alternatives and impacts for changing the advanced college tuition payment distribution policy from tuition and fees to a cost of attendance metric; and

(d) A list of potential alternatives and impacts for whether the state penalty for withdrawal should be changed.

(2) This section expires January 1, 2017.

NEW SECTION. Sec. 12. The following acts or parts of acts are each repealed:

(1) RCW 28B.15.068 (Tuition fees increase limitations—State funding goals—Reports—"Global challenge states"—Notification of availability of American opportunity tax credit) and 2012 c 229 s 525, 2012 c 229 s 524, 2011 1st sp.s. c 50 s 928, 2011 1st sp.s. c 10 s 7, 2009 c 540 s 1, & 2007 c 151 s 1; and

(2) RCW 28B.15.102 (Institutional tuition increases—Financial aid offset—Reports—Resident first-year undergraduate enrollment at the University of Washington, Seattle campus) and 2014 c 162 s 1, 2013 c 23 s 53, 2012 c 229 s 526, & 2011 1st sp.s. c 10 s 6.

NEW SECTION. Sec. 13. This act may be known and cited as the college affordability program."

The President Pro Tempore declared the question before the Senate to be the adoption of the striking amendment by Senator Braun and others to Engrossed Substitute Senate Bill No. 5954.

The motion by Senator Braun 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 "tuition;" strike the remainder of the title and insert "amending RCW 28B.15.031, 28B.15.066, 28B.15.067, 28B.15.069, 28B.95.020, 28B.95.030, and 28B.118.010; adding a new section to chapter 28B.92 RCW; creating new sections; repealing RCW 28B.15.068 and 28B.15.102; and providing an expiration date."

MOTION

On motion of Senator Braun, the rules were suspended, Second Engrossed Substitute Senate Bill No. 5954 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Braun, Frockt, Bailey, Kohl-Welles, Baumgartner, Habib and Jayapal spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Second Engrossed Substitute Senate Bill No. 5954.

ROLL CALL

The Secretary called the roll on the final passage of Second Engrossed Substitute Senate Bill No. 5954 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Ericksen, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Lias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden,

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Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Excused: Senator Rolfe

SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5954, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

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

SECOND READING

SENATE BILL NO. 6057, by Senator Hill

Relating to revenue. Revised for 1st Substitute: Concerning stimulating economic development through the use of tax preferences and streamlined tax administration.

MOTION

On motion of Senator Hill, Substitute Senate Bill No. 6057 was substituted for Senate Bill No. 6057 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Hill moved that the following striking amendment by Senators Hill and Hargrove be adopted:

Strike everything after the enacting clause and insert the following:

**"PART I
[NOT USED]**

PART II

Extending the Expiration Date of Tax Preferences for Food Processing

NEW SECTION. **Sec. 201.** This section is the tax preference performance statement for the agricultural processor tax exemptions in sections 202 through 205 of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to accomplish the general purposes indicated in RCW 82.32.808(2) (c) and (e).

(2) It is the legislature's specific public policy objective to create and retain jobs and continue providing tax relief to the food processing industry.

(3) To measure the effectiveness of the exemptions in sections 202 through 205 of this act in achieving the public policy objectives described in subsection (2) of this section, the joint legislative audit and review committee must evaluate the following:

(a) The number of businesses that claim the exemptions in sections 202 through 205 of this act;

(b) The change in total taxable income for taxpayers claiming the exemptions under sections 202 through 205 of this act;

(c) The change in total employment for taxpayers claiming the exemptions under sections 202 through 205 of this act; and

(d) For each calendar year, the total amount of exemptions claimed under sections 202 through 205 of this act as a percentage of total taxable income for taxpayers within taxable income categories.

(4) The information provided in the annual survey submitted by the taxpayers under RCW 82.32.585, tax data collected by the department of revenue, and data collected by the employment security department is intended to provide the informational basis for the evaluation under subsection (3) of this section.

(5) In addition to the data sources described under subsection (4) of this section, the joint legislative audit and review committee may use any other data it deems necessary in performing the evaluation under subsection (3) of this section.

Sec. 202. RCW 82.04.4266 and 2014 c 140 s 9 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) For purposes of this section, "fruits" and "vegetables" do not include marijuana, useable marijuana, or marijuana-infused products.

(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, ~~((2015))~~ 2025.

Sec. 203. RCW 82.04.4268 and 2013 2nd sp.s. c 13 s 204 are each amended to read as follows:

(1) In computing tax there may be deducted from the measure of tax, the value of products or the gross proceeds of sales derived from:

(a) Manufacturing dairy products; or

(b) Selling dairy products manufactured by the seller to purchasers who either transport in the ordinary course of business the goods out of this state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product. 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 or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(2) "Dairy products" has the same meaning as provided in RCW 82.04.260.

(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, ~~((2015))~~ 2025.

Sec. 204. RCW 82.04.4269 and 2012 2nd sp.s. c 6 s 203 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, (~~2015~~) 2025.

Sec. 205. RCW 82.04.260 and 2014 c 140 s 6 and 2014 c 140 s 4 are each reenacted and amended to read as follows:

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

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business 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, (~~2015~~) 2025, 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)(i) Beginning July 1, (~~2015~~) 2025, dairy products; or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product; 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 or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products, not including any marijuana-infused product, 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; and

(B) Products comprised of not less than seventy percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d)(i) Beginning July 1, (~~2015~~) 2025, 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.

(ii) For purposes of this subsection (1)(d), "fruits" and "vegetables" do not include marijuana, useable marijuana, or marijuana-infused products;

(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

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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)(i) Except as provided in (e)(ii) of this subsection (11), this subsection (11) does not apply on and after July 1, 2040.

(ii) With respect to the manufacturing of commercial airplanes or making sales, at retail or wholesale, of commercial airplanes, this subsection (11) does not apply on and after July 1st of the year in which the department makes a determination that any final assembly or wing assembly of any version or variant of a commercial airplane that is the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850 has been sited outside the state of Washington. This subsection (11)(e)(ii) only applies to the manufacturing or sale of commercial airplanes that are the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850.

(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

Providing a Sales and Use Tax Exemption for Eligible Server Equipment Installed in Certain Data Centers

NEW SECTION. **Sec. 301.** This section is the tax preference performance statement for the sales and use tax exemption contained in sections 302 and 303 of this act. This performance statement is only intended to be used for subsequent evaluation of the tax preferences in sections 302 and 303 of this act. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this sales and use tax exemption as one intended to improve industry competitiveness, as indicated in RCW 82.32.808(2)(b).

(2) It is the legislature's specific public policy objective to improve industry competitiveness. It is the legislature's intent to provide a sales and use tax exemption on eligible server equipment and power infrastructure installed in eligible computer data centers, charges made for labor and services rendered in respect to installing eligible server equipment, and for construction, installation, repair, alteration, or improvement of eligible power infrastructures in order to increase investment in data center construction in rural Washington counties, thereby adding real and personal property to state and local property tax rolls, thereby increasing the rural county tax base.

(3) If a review finds that the rural county tax base is increased as a result of the construction of computer data centers eligible for the sales and use tax exemption in sections 302 and 303 of this act, then the legislature intends to extend the expiration date of the tax preference.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the joint legislative audit and review committee may refer to data available from the department of revenue regarding rural county property tax assessments.

Sec. 302. RCW 82.08.986 and 2012 2nd sp.s. c 6 s 302 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.

(c) With respect to computer data centers for which the commencement of construction occurs after July 1, 2015, but before July 1, 2019, the exemption provided in this section is limited to no more than eight computer data centers, with total eligible data centers provided under this section limited to twelve from July 1, 2015, through July 1, 2025. Tenants of qualified data centers do not constitute additional data centers under the limit. The exemption is available on a first-in-time basis based on the date the application required under this section is received by the department. Exemption certificates expire two years after the date of issuance, unless construction has been commenced.

(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

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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 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 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 tenants; and

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

(ii)(A) 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 qualifying tenant must be in proportion to the amount of space in the eligible computer data center occupied by the qualifying tenant compared to the total amount of space in the eligible computer data center occupied by all 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 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 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 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).

(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))~~ The definitions in this subsection apply throughout this section 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) "Building" means a fully enclosed structure with a weather resistant exterior wall envelope or concrete or masonry walls designed in accordance with the requirements for structures under chapter 19.27 RCW. This definition of "building" only applies to computer data centers for which commencement of construction occurs on or after July 1, 2015.

(c)(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))~~ (c)(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.

~~((e))~~ (d) "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.

~~((f))~~ (e)(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; ~~((✹))~~

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

(III) After June 30, 2015, and before July 1, 2025.

(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, or facilities in existence on July 1, 2015, that are expanded, renovated, or otherwise improved after June 30, 2015, an eligible computer data center includes only the portion of the computer data center meeting the requirements in ~~((✹))~~ (e)(i)(B) of this subsection (6).

~~((✹))~~ (f) "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 generators; wiring; cogeneration equipment; and associated fixtures and equipment, such as electrical switches, batteries, and distribution, testing, and monitoring equipment. The term does not include substations.

~~((✹))~~ (g) "Eligible server equipment" means:

(i) For a qualifying business whose computer data center qualifies as an eligible computer data center under ~~((✹))~~ (e)(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)~~((✹))~~ (g)(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 ~~((✹))~~ (e)(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)~~((✹))~~ (g)(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)~~ 2024.

(iii)(A) For a qualifying business whose computer data center qualifies as an eligible computer data center under (e)(i)(C)(III) of this subsection (6), "eligible server equipment" means the original server equipment installed in a building within an eligible computer data center on or after July 1, 2015, and replacement server equipment. Server equipment installed in movable or fixed stand-alone, prefabricated, or modular units, including intermodal shipping containers, is not "directly installed in a building." For purposes of this subsection

(6)(g)(iii)(A), "replacement server equipment" means server equipment that 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 no later than twelve years after the date of the certificate of occupancy.

(iv) 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)((✹)(iii))~~ (g)(iv), "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; ~~((✹))~~

(B) Is installed and put into regular use before April 1, ~~(2020)~~ 2024; and

(C) For tenants leasing space in an eligible computer data center built after July 1, 2015, is installed and put into regular use no later than twelve years after the date of the certificate of occupancy.

~~((✹))~~ (h) "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. 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.

~~((✹))~~ (i) "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 ~~((✹))~~ (e)(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 May 2, 2012, 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.

~~((✹))~~ (j) "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, 2020.)~~

Sec. 303. RCW 82.12.986 and 2012 2nd sp.s. c 6 s 304 are each amended to read as follows:

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(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 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).

(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, 2020-))~~

PART IV

Creating a Pilot Program that Provides Incentives for Investments in Washington State Job Creation and Economic Development

NEW SECTION. Sec. 401. (1) Businesses that invest capital create jobs and generate economic activity that supports a healthy Washington economy. The legislature finds that these investments result in future revenues that support schools and our communities. Therefore, the legislature finds that a pilot program must be conducted to evaluate the effectiveness of a program that invests business taxes from new investments into workforce training programs that support manufacturing businesses in the state of Washington thereby creating jobs and capital investments in the state for the benefit of its citizens.

(2)(a) This subsection is the tax preference performance statement for the sales and use tax deferral provided in section 404 of this act on expenditures made to build or expand qualified investment projects and purchases of machinery and equipment. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(b) The legislature categorizes the tax preference as one intended to create or retain jobs and to provide funding to support job readiness training, professional development, or apprenticeship programs in manufacturing or production occupations, as indicated in RCW 82.32.808(2) (c) and (f).

(c) It is the legislature's specific public policy objective to provide a pilot program that would provide a sales tax deferral on the construction and expenditure costs of up to five new manufacturing facilities, two of which must be located in eastern Washington. When deferred taxes are repaid, the deferred taxes are reinvested to support job readiness training, professional development, or apprenticeship programs in manufacturing or production occupations.

(d) To measure the effectiveness of the deferral provided in this part in achieving the specific public policy objective described in (c) of this subsection, the joint legislative audit and review committee should refer to information available from the employment security department and department of revenue. If a review finds that each eligible investment project generated at least twenty full-time jobs and increased training opportunities for manufacturing and production jobs, then the legislature intends for the legislative auditor to recommend extending the expiration date of the tax preference. For purposes of this subsection (2)(d), full-time jobs includes both temporary construction jobs and permanent full-time employment positions created at the eligible investment project within one year of the date that the facility became operationally complete as determined by the department of revenue.

NEW SECTION. Sec. 402. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Applicant" means a person applying for a tax deferral under this chapter.

(2) "Eligible investment project" means an investment project for qualified buildings and machinery and equipment on five new, renovated, or expanded manufacturing operations, at least two of which must be located east of the crest of the Cascade mountains. The deferral provided in this section only applies to the state and local sales and use taxes due on the first ten million dollars in costs for qualified buildings and machinery and equipment.

(3) "Initiation of construction" has the same meaning as in RCW 82.63.010.

(4) "Investment project" means an investment in qualified buildings or qualified machinery and equipment, including labor and services rendered in the planning, installation, and construction of the project.

(5) "Manufacturing" has the same meaning as provided in RCW 82.04.120.

(6) "Person" has the same meaning as provided in RCW 82.04.030.

(7) "Qualified buildings" means construction of new structures, and expansion or renovation of existing structures for the purpose of increasing floor space or production capacity, used for manufacturing, including plant offices and warehouses or other buildings for the storage of raw material or finished goods if such facilities are an essential or an integral part of a factory, mill, plant, or laboratory used for manufacturing. If a qualified building is used partly for manufacturing and partly for other purposes, the applicable tax deferral must be determined by apportionment of the costs of construction under rules adopted by the department.

(8) "Qualified machinery and equipment" means all new industrial fixtures, equipment, and support facilities that are an integral and necessary part of a manufacturing operation. "Qualified machinery and equipment" includes: Computers; software; data processing equipment; laboratory equipment; manufacturing components such as belts, pulleys, shafts, and moving parts; molds, tools, and dies; operating structures; and all equipment used to control, monitor, or operate the machinery.

(9) "Recipient" means a person receiving a tax deferral under this chapter.

NEW SECTION. Sec. 403. The lessor or owner of a qualified building is not eligible for a deferral unless:

(1) The underlying ownership of the building, machinery, and equipment vests exclusively in the same person; or

(2)(a) The lessor by written contract agrees to pass the economic benefit of the deferral to the lessee;

(b) The lessee that receives the economic benefit of the deferral agrees in writing with the department to complete the annual survey required under RCW 82.32.585; and

(c) The economic benefit of the deferral passed to the lessee is no less than the amount of tax deferred by the lessor and is evidenced by written documentation of any type of payment, credit, or other financial arrangement between the lessor or owner of the qualified building and the lessee.

NEW SECTION. Sec. 404. (1) Application for deferral of taxes under this chapter must be made before initiation of the construction of the investment project or acquisition of equipment or machinery. The application must be made to the department in a form and manner prescribed by the department. The deferrals are available on a first-in-time basis. The application must contain information regarding the location of the investment project, the applicant's average employment in the state for the prior year, estimated or actual new employment related to the project, estimated or actual wages of employees related to the project, estimated or actual costs, time schedules for completion and operation, and other information required by the department. The department must rule on the application within sixty days.

(2) The department may not approve applications for more than five eligible investment projects.

NEW SECTION. Sec. 405. (1) Except as otherwise provided in subsection (2) of this section, the department must issue a sales and use tax deferral certificate for state and local sales and use taxes due under chapters 82.08, 82.12, 82.14, and 81.104 RCW on each eligible investment project.

(2) No certificate may be issued for an investment project that has already received a deferral under this part or chapter 82.60 RCW.

(3) The department must keep a running total of all deferrals granted under this chapter during each fiscal biennium.

NEW SECTION. Sec. 406. (1) The recipient must begin paying the deferred taxes in the fifth year after the date certified by the department as the date on which the investment project has been operationally completed. The first payment of ten percent of the deferred taxes will be due on December 31st of the fifth calendar year after such certified date, with subsequent annual payments of ten percent of the deferred taxes due on December 31st for each of the following nine years.

(2) The department may authorize an accelerated repayment schedule upon request of the recipient.

(3) Interest may not be charged on any taxes deferred under this chapter for the period of deferral, although all other penalties and interest applicable to delinquent excise taxes may be assessed and imposed for delinquent payments under this chapter. The debt for deferred taxes will not be extinguished by insolvency or other failure of the recipient. Transfer of ownership does not terminate the deferral. The deferral is transferred, subject to the successor meeting the eligibility requirements of this chapter, for the remaining periods of the deferral.

NEW SECTION. Sec. 407. (1) State taxes deferred and repaid under this chapter, including any interest or penalties on such amounts, must be deposited in the invest in Washington account created in this section. The invest in Washington account is hereby created in the state treasury must be used exclusively by

the state board for community and technical colleges for supporting customized training programs, job skills programs, job readiness training, workforce professional development, and to assist employers with state-approved apprenticeship programs for manufacturing and production occupations.

(2) Revenues to the invest in Washington account consist of amounts transferred by the state treasurer as provided in subsection (3) of this section.

(3) By June 1, 2016, and by June 1st of every subsequent year, the department must notify the state treasurer of the amount of tax, interest, and penalties collected under this section since the effective date of this chapter through May 1, 2016, in the case of the first notification under this subsection (3), and since the previous May 1st for subsequent notifications under this subsection (3). The department may make adjustments to the annual notification under this subsection (3) as may be necessary to correct errors in the previous notification or offset previous amounts that did not qualify for deferral under this section.

(4) By July 1, 2016, and by July 1st of every subsequent year, the state treasurer must transfer the amount included in the department's most recent notification under subsection (3) of this section from the general fund to the invest in Washington account. Money in the account may only be appropriated for the purposes specified in subsection (1) of this section.

NEW SECTION. Sec. 408. (1) Each recipient of a deferral of taxes granted under this chapter must file a complete annual survey with the department under RCW 82.32.585. If the economic benefits of the deferral are passed to a lessee as provided in section 403 of this act, the lessee must file a complete annual survey, and the applicant is not required to file a complete annual survey.

(2) If, on the basis of a survey under RCW 82.32.585 or other information, the department finds that an investment project is not eligible for tax deferral under this chapter due to the fact the investment project is no longer used for qualified activities, the amount of deferred taxes outstanding for the investment project is immediately due and payable.

(3) If the economic benefits of a tax deferral under this chapter are passed to a lessee as provided in section 403 of this act, the lessee is responsible for payment to the extent the lessee has received the economic benefit.

NEW SECTION. Sec. 409. This part may be known and cited as the invest in Washington act.

NEW SECTION. Sec. 410. Sections 401 through 408 of this act constitute a new chapter in Title 82 RCW.

NEW SECTION. Sec. 411. The expiration provisions of RCW 82.32.805(1)(a) do not apply to sections 406 through 409 of this act.

PART V

Continuing Tax Preferences for Aluminum Smelters

NEW SECTION. Sec. 501. (1) The legislature finds that the aluminum industry in Washington employs over one thousand people. The legislature further finds that average annual wages and benefits for these employment positions exceed one hundred thousand dollars and that each of these employment positions indirectly generates an additional two to three jobs within the state. The legislature further finds that the aluminum industry generates substantial taxes for local jurisdictions. The legislature further finds that the aluminum industry was severely impacted by the global economic recession. The legislature further finds that the London metal exchange, where aluminum is traded as a commodity, is extremely volatile and substantially impacts the profitability of the aluminum industry. The legislature further finds that for the aforementioned reasons, the industry continues

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to struggle with profitability, putting the continued employment of its Washington workforce in jeopardy.

(2)(a) This subsection is the tax preference performance statement for the aluminum industry tax preferences in RCW 82.04.2909, 82.04.4481, 82.08.805, 82.12.805, and 82.12.022, as amended in this Part V. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(b) The legislature categorizes this tax preference as one intended to accomplish the general purposes indicated in RCW 82.32.808(2) (c) and (d).

(c) It is the legislature's specific public policy objective to promote the preservation of employment positions within the Washington aluminum manufacturing industry as the industry continues to grapple with the lingering effects of the economic recession and the volatility of the London metal exchange.

(d) To measure the effectiveness of the exemption provided in this Part V in achieving the specific public policy objective described in (c) of this subsection, the joint legislative audit and review committee must evaluate the changes in the number of statewide employment positions for the aluminum industry in Washington.

Sec. 502. RCW 82.04.2909 and 2011 c 174 s 301 are each amended to read as follows:

(1) Upon every person who is an aluminum smelter engaging within this state in the business of manufacturing aluminum; 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, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of .2904 percent.

(2) Upon every person who is an aluminum smelter engaging within this state in the business of making sales at wholesale of aluminum manufactured by that person, as to such persons the amount of tax with respect to such business is equal to the gross proceeds of sales of the aluminum multiplied by the rate of .2904 percent.

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

(4) This section expires January 1, ~~((2017))~~ 2027.

Sec. 503. RCW 82.04.4481 and 2011 c 174 s 302 are each amended to read as follows:

(1) In computing the tax imposed under this chapter, a credit is allowed for all property taxes paid during the calendar year on property owned by a direct service industrial customer and reasonably necessary for the purposes of an aluminum smelter.

(2) A person claiming the credit under this section is subject to all the requirements of chapter 82.32 RCW. A credit earned during one calendar year may be carried over to be credited against taxes incurred in the subsequent calendar year, but may not be carried over a second year. Credits carried over must be applied to tax liability before new credits. No refunds may be granted for credits under this section.

(3) Credits may not be claimed under this section for property taxes levied for collection in ~~((2017))~~ 2027 and thereafter.

(4) A person claiming the credit provided in this section must file a complete annual report with the department under RCW 82.32.534.

Sec. 504. RCW 82.08.805 and 2011 c 174 s 303 are each amended to read as follows:

(1) A person who has paid tax under RCW 82.08.020 for personal property used at an aluminum smelter, tangible personal

property that will be incorporated as an ingredient or component of buildings or other structures at an aluminum smelter, or for labor and services rendered with respect to such buildings, structures, or personal property, is eligible for an exemption from the state share of the tax in the form of a credit, as provided in this section. A person claiming an exemption must pay the tax and may then take a credit equal to the state share of retail sales tax paid under RCW 82.08.020. The person must submit information, in a form and manner prescribed by the department, specifying the amount of qualifying purchases or acquisitions for which the exemption is claimed and the amount of exempted tax.

(2) For the purposes of this section, "aluminum smelter" has the same meaning as provided in RCW 82.04.217.

(3) A person claiming the tax preference provided in this section must file a complete annual report with the department under RCW 82.32.534.

(4) Credits may not be claimed under this section for taxable events occurring on or after January 1, ~~((2017))~~ 2027.

Sec. 505. RCW 82.12.805 and 2011 c 174 s 305 are each amended to read as follows:

(1) A person who is subject to tax under RCW 82.12.020 for personal property used at an aluminum smelter, or for tangible personal property that will be incorporated as an ingredient or component of buildings or other structures at an aluminum smelter, or for labor and services rendered with respect to such buildings, structures, or personal property, is eligible for an exemption from the state share of the tax in the form of a credit, as provided in this section. The amount of the credit equals the state share of use tax computed to be due under RCW 82.12.020. The person must submit information, in a form and manner prescribed by the department, specifying the amount of qualifying purchases or acquisitions for which the exemption is claimed and the amount of exempted tax.

(2) For the purposes of this section, "aluminum smelter" has the same meaning as provided in RCW 82.04.217.

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

(4) Credits may not be claimed under this section for taxable events occurring on or after January 1, ~~((2017))~~ 2027.

Sec. 506. RCW 82.12.022 and 2014 c 216 s 304 are each amended to read as follows:

(1) A use tax is levied on every person in this state for the privilege of using natural gas or manufactured gas, including compressed natural gas and liquefied natural gas, within this state as a consumer.

(2) The tax must be levied and collected in an amount equal to the value of the article used by the taxpayer multiplied by the rate in effect for the public utility tax on gas distribution businesses under RCW 82.16.020. The "value of the article used" does not include any amounts that are paid for the hire or use of a gas distribution business as defined in RCW 82.16.010(2) in transporting the gas subject to tax under this subsection if those amounts are subject to tax under that chapter.

(3) The tax levied in this section does not apply to the use of natural or manufactured gas delivered to the consumer by other means than through a pipeline.

(4) The tax levied in this section does not apply to the use of natural or manufactured gas if the person who sold the gas to the consumer has paid a tax under RCW 82.16.020 with respect to the gas for which exemption is sought under this subsection.

(5)(a) The tax levied in this section does not apply to the use of natural or manufactured gas by an aluminum smelter as that term is defined in RCW 82.04.217 before January 1, ~~((2017))~~ 2027.

(b) A person claiming the exemption provided in this subsection (5) must file a complete annual report with the department under RCW 82.32.534.

(6) The tax imposed by this section does not apply to the use of natural gas, compressed natural gas, or liquefied natural gas, if the consumer uses the gas for transportation fuel as defined in RCW 82.16.310.

(7) There is a credit against the tax levied under this section in an amount equal to any tax paid by:

(a) The person who sold the gas to the consumer when that tax is a gross receipts tax similar to that imposed pursuant to RCW 82.16.020 by another state with respect to the gas for which a credit is sought under this subsection; or

(b) The person consuming the gas upon which a use tax similar to the tax imposed by this section was paid to another state with respect to the gas for which a credit is sought under this subsection.

(8) The use tax imposed in this section must be paid by the consumer to the department.

(9) There is imposed a reporting requirement on the person who delivered the gas to the consumer to make a quarterly report to the department. Such report must contain the volume of gas delivered, name of the consumer to whom delivered, and such other information as the department may require by rule.

(10) The department may adopt rules under chapter 34.05 RCW for the administration and enforcement of sections 1 through 6, chapter 384, Laws of 1989.

PART VI

Concerning the Definition of a Newspaper

NEW SECTION. Sec. 601. This section is the tax preference performance statement for the tax preference contained in this part. Except for the intent expressed in subsections (3) and (4) of this section, this performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment. The legislature categorizes this tax preference as one intended to reduce structural inefficiencies in the tax structure, as indicated in RCW 82.32.808(2)(d).

(1) The legislature finds that printing and publishing a newspaper and publishing an electronic version of a newspaper are becoming increasingly integrated activities.

(2) For the administrative ease of both the department of revenue and taxpayers, it is the legislature's specific public policy objective to modernize the state's tax code by imposing an integrated, blended rate on those engaged primarily in printing and publishing of a printed newspaper, yet who also publish an electronic version of a newspaper. Secondly, the legislature's public policy objective is to help preserve printed newspapers by limiting the tax preference to those that are at least primarily engaged in printing and publishing of a printed newspaper.

(3) If a taxpayer's subscription revenues from publishing an electronic newspaper, whether a stand-alone electronic newspaper or an electronic version of a printed newspaper, exceed the taxpayer's subscription revenues from a printed newspaper, then the legislature intends for all of the taxpayer's newspaper printing activity to be taxed under the manufacturing business and occupation tax classification and all of its publishing and sales revenues to be taxed under the service and other business activities, wholesaling, or retailing business and occupation tax classifications, as applicable. Under this scenario, the taxpayer's advertising revenues would be subject to the service tax rate in RCW 82.04.290(2), wholesale sales of newspapers would be taxed under RCW 82.04.270, and

subscription revenues would be subject to the tax on retailers under RCW 82.04.250(1) for the printed newspaper and RCW 82.04.257(1) for the electronic newspaper.

(4) The legislature intends for the tax preference contained in section 603(14) of this act to be permanent.

Sec. 602. RCW 82.04.214 and 2008 c 273 s 1 are each amended to read as follows:

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

~~(i) 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~~

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

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

~~(B) 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)) "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.~~

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

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

~~((ii)) (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. 603. RCW 82.04.260 and 2014 c 140 s 6 and 2014 c 140 s 4 are each reenacted and amended to read as follows:

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

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business 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, 2015, 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)(i) Beginning July 1, 2015, dairy products; or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient

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or component in the manufacturing of a dairy product; 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 or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products, not including any marijuana-infused product, 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; and

(B) Products comprised of not less than seventy percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d)(i) Beginning July 1, 2015, 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.

(ii) For purposes of this subsection (1)(d), "fruits" and "vegetables" do not include marijuana, useable marijuana, or marijuana-infused products;

(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)(i) Except as provided in (e)(ii) of this subsection (11), this subsection (11) does not apply on and after July 1, 2040.

(ii) With respect to the manufacturing of commercial airplanes or making sales, at retail or wholesale, of commercial airplanes, this subsection (11) does not apply on and after July 1st of the year in which the department makes a determination that any final assembly or wing assembly of any version or variant of a commercial airplane that is the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850 has been sited outside the state of Washington. This subsection (11)(e)(ii) only applies to the manufacturing or sale of commercial airplanes that are the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850.

(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.

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(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 primarily in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business and on the business of publishing an electronic version of a newspaper, is equal to the gross income of the business multiplied by the rate of ~~((0.2904))~~ 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.

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

(i) "Electronic version of a newspaper" and "electronic version of the newspaper" mean an electronic version of a newspaper that shares content with the newspaper and is prominently identified by the same name as the newspaper or otherwise conspicuously indicates that it is a complement to the newspaper.

(ii) "Primarily" means the subscription revenue from a newspaper exceeds the subscription revenue, if any, from an electronic version of the newspaper. Revenue received from a subscriber of both a newspaper and an electronic version of the newspaper must be considered subscription revenue from a newspaper and not from an electronic version of the newspaper. If a taxpayer prints or publishes a newspaper but does not publish an electronic version of a newspaper, the person will be deemed to be engaging within this state primarily in the business of printing a newspaper, publishing a newspaper, or both.

NEW SECTION. Sec. 604. The legislature intends for the amendments in section 603 of this act to be permanent. Therefore, the amendments in section 603 of this act are exempt from the ten-year expiration provision in RCW 82.32.805(1)(a) and 82.32.808.

PART VII

Providing a Reduced Public Utility Tax for Log Transportation Businesses

NEW SECTION. Sec. 701. This section is the tax preference performance statement for the tax preference contained in sections 702 and 703 of this act. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to provide tax relief for certain businesses or individuals, as indicated in RCW 82.32.808(2)(e).

(2) It is the legislature's specific public policy objective to support the forest products industry due in part to the industry's efforts to support the local economy by focusing on Washington state based resources thereby reducing global environmental impacts through the manufacturing and use of wood. It is the legislature's intent to provide the forest products industry permanent tax relief by lowering the public utility tax rate attributable to log transportation businesses. Because this reduced public utility rate is intended to be permanent, the reduced rate

established in this Part VII is not subject to the ten-year expiration provision in RCW 82.32.805(1)(a).

Sec. 702. RCW 82.16.010 and 2009 c 535 s 1110 are each reenacted and amended to read as follows:

For the purposes of this chapter, unless otherwise required by the context:

(1) "Express business" means the business of carrying property for public hire on the line of any common carrier operated in this state, when such common carrier is not owned or leased by the person engaging in such business.

(2) "Gas distribution business" means the business of operating a plant or system for the production or distribution for hire or sale of gas, whether manufactured or natural.

(3) "Gross income" means the value proceeding or accruing from the performance of the particular public service or transportation business involved, including operations incidental thereto, but without any deduction on account of the cost of the commodity furnished or sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses.

(4) "Light and power business" means the business of operating a plant or system for the generation, production or distribution of electrical energy for hire or sale and/or for the wheeling of electricity for others.

(5) "Log transportation business" means the business of transporting logs by truck, except when such transportation meets the definition of urban transportation business or occurs exclusively upon private roads.

(6) "Motor transportation business" means the business (except urban transportation business) of operating any motor propelled vehicle by which persons or property of others are conveyed for hire, and includes, but is not limited to, the operation of any motor propelled vehicle as an auto transportation company (except urban transportation business), common carrier, or contract carrier as defined by RCW 81.68.010 and 81.80.010. However, "motor transportation business" does not mean or include: (a) A log transportation business; or (b) the transportation of logs or other forest products exclusively upon private roads or private highways.

~~((6))~~ (7)(a) "Public service business" means any of the businesses defined in subsections (1), (2), (4), ~~((5), (7),)~~ (6), (8), (9), ~~((11), and)~~ (10), (12), and (13) of this section or any business subject to control by the state, or having the powers of eminent domain and the duties incident thereto, or any business hereafter declared by the legislature to be of a public service nature, except telephone business and low-level radioactive waste site operating companies as redefined in RCW 81.04.010. It includes, among others, without limiting the scope hereof: Airplane transportation, boom, dock, ferry, pipe line, toll bridge, toll logging road, water transportation and wharf businesses.

(b) The definitions in this subsection ~~((6))~~ (7)(b) apply throughout this subsection ~~((6))~~ (7).

(i) "Competitive telephone service" has the same meaning as in RCW 82.04.065.

(ii) "Network telephone service" means the providing by any person of access to a telephone network, telephone network switching service, toll service, or coin telephone services, or the providing of telephonic, video, data, or similar communication or transmission for hire, via a telephone network, toll line or channel, cable, microwave, or similar communication or transmission system. "Network telephone service" includes the provision of transmission to and from the site of an internet provider via a telephone network, toll line or channel, cable, microwave, or similar communication or transmission system.

"Network telephone service" does not include the providing of competitive telephone service, the providing of cable television service, the providing of broadcast services by radio or television stations, nor the provision of internet access as defined in RCW 82.04.297, including the reception of dial-in connection, provided at the site of the internet service provider.

(iii) "Telephone business" means the business of providing network telephone service. It includes cooperative or farmer line telephone companies or associations operating an exchange.

(iv) "Telephone service" means competitive telephone service or network telephone service, or both, as defined in (b)(i) and (ii) of this subsection.

~~((7))~~ (8) "Railroad business" means the business of operating any railroad, by whatever power operated, for public use in the conveyance of persons or property for hire. It shall not, however, include any business herein defined as an urban transportation business.

~~((8))~~ (9) "Railroad car business" means the business of operating stock cars, furniture cars, refrigerator cars, fruit cars, poultry cars, tank cars, sleeping cars, parlor cars, buffet cars, tourist cars, or any other kinds of cars used for transportation of property or persons upon the line of any railroad operated in this state when such railroad is not owned or leased by the person engaging in such business.

~~((9))~~ (10) "Telegraph business" means the business of affording telegraphic communication for hire.

~~((10))~~ (11) "Tugboat business" means the business of operating tugboats, towboats, wharf boats or similar vessels in the towing or pushing of vessels, barges or rafts for hire.

~~((11))~~ (12) "Urban transportation business" means the business of operating any vehicle for public use in the conveyance of persons or property for hire, insofar as (a) operating entirely within the corporate limits of any city or town, or within five miles of the corporate limits thereof, or (b) operating entirely within and between cities and towns whose corporate limits are not more than five miles apart or within five miles of the corporate limits of either thereof. Included herein, but without limiting the scope hereof, is the business of operating passenger vehicles of every type and also the business of operating cartage, pickup, or delivery services, including in such services the collection and distribution of property arriving from or destined to a point within or without the state, whether or not such collection or distribution be made by the person performing a local or interstate line-haul of such property.

~~((12))~~ (13) "Water distribution business" means the business of operating a plant or system for the distribution of water for hire or sale.

~~((13))~~ (14) The meaning attributed, in chapter 82.04 RCW, to the term "tax year," "person," "value proceeding or accruing," "business," "engaging in business," "in this state," "within this state," "cash discount" and "successor" shall apply equally in the provisions of this chapter.

Sec. 703. RCW 82.16.020 and 2013 2nd sp.s. c 9 s 7 are each amended to read as follows:

(1) There is levied and ~~((there shall be))~~ collected from every person a tax for the act or privilege of engaging within this state in any one or more of the businesses herein mentioned. The tax ~~((shall be))~~ is equal to the gross income of the business, multiplied by the rate set out after the business, as follows:

(a) Express, sewerage collection, and telegraph businesses: Three and six-tenths percent;

(b) Light and power business: Three and sixty-two one-hundredths percent;

(c) Gas distribution business: Three and six-tenths percent;

(d) Urban transportation business: Six-tenths of one percent;

(e) Vessels under sixty-five feet in length, except tugboats, operating upon the waters within the state: Six-tenths of one percent;

(f) Motor transportation, railroad, railroad car, and tugboat businesses, and all public service businesses other than ones mentioned above: One and eight-tenths of one percent;

(g) Water distribution business: Four and seven-tenths percent;

(h) Log transportation business: One and twenty-eight one-hundredths percent. The reduced rate established in this subsection (1)(h) is not subject to the ten-year expiration provision in RCW 82.32.805(1)(a).

(2) An additional tax is imposed equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under subsection (1) of this section.

(3) Twenty percent of the moneys collected under subsection (1) of this section on water distribution businesses and sixty percent of the moneys collected under subsection (1) of this section on sewerage collection businesses ~~((shall))~~ must be deposited in the education legacy trust account created in RCW 83.100.230 from July 1, 2013, through June 30, 2019, and thereafter in the public works assistance account created in RCW 43.155.050.

PART VIII

Increasing Jobs in the Maritime Trades Industry

NEW SECTION. **Sec. 801.** (1)(a) The legislature finds that a robust maritime industry is crucial for the state's economic vitality. The legislature further finds that:

(i) The joint task force for economic resilience of maritime and manufacturing established policy goals to continue efforts towards developing a robust maritime industry in the state;

(ii) The maritime industry has a direct and indirect impact on jobs in the state;

(iii) Many of the cities and towns impacted by the maritime industry are often small with limited resources to encourage economic growth, heavily relying on the maritime industry for local jobs and revenues in the community;

(iv) Keeping Washington competitive with other cruising destinations is essential to continue to build a robust maritime economy in the state; and

(v) Tax incentives are an imperative component to improve the state's overall competitiveness in this sector.

(b) Therefore, the legislature intends to:

(i) Bolster the maritime industry in the state by incentivizing larger vessel owners to use Washington waters for recreational boating to increase economic activity and jobs in coastal communities and inland water regions of the state;

(ii) Achieve this objective in a fiscally responsible manner and require analysis of specific metrics to ensure valuable state resources are being used to accomplish the intended goal; and

(iii) Provide limited, short-term tax relief to entity-owned nonresident vessel owners that currently are not afforded the same benefits as other nonresident vessel owners.

(2)(a) This subsection is the tax preference performance statement for the entity-owned nonresident vessel tax preference established in section 803 of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(b) The legislature categorizes this tax preference as one intended to accomplish the purposes indicated in RCW 82.32.808(2)(c) and one intended to improve the state's competitiveness with other nearby cruising destinations.

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(c) It is the legislature's specific public policy objective to increase economic activity and jobs related to the maritime industry by providing a tax preference for large entity-owned nonresident vessels to increase the length of time these vessels cruise Washington waters in turn strengthening the maritime economy in the state.

(d) To measure the effectiveness of the tax preference provided in part XII of this act in achieving the public policy objective in (c) of this subsection, the joint legislative audit and review committee must provide the following in a published evaluation of this tax preference by December 31, 2024:

(i) A comparison of the gross and taxable revenue generated by businesses that sell or provide maintenance or repair of vessels, prior to and after the enactment of this tax preference;

(ii) Analysis of retail sales taxes collected from the restaurant and service industries in coastal and inlet coastal jurisdictions, for both counties and cities, for periods prior to and after the enactment of this tax preference;

(iii) Employment and wage trends for businesses described in (d)(i) and (ii) of this subsection, for periods prior to and after the enactment of this tax preference;

(iv) Descriptive statistics for the number of permits sold each year in addition to the following information:

(A) The cost for each permit by strata of vessel length;

(B) The jurisdiction of ownership for the nonresident vessel; and

(C) The amount of use tax that would have been due based on the estimated value of the vessel;

(v) A comparison of the number of registered entity-owned and individually owned vessels registered in Washington prior to and after the enactment of this tax preference; and

(vi) Data and analysis for Washington's main cruising destination competitors, specifically looking at tax preferences provided in those jurisdictions, vessel industry income data, and any additional relevant information to compare Washington's maritime climate with its competitors.

(e) The provision of RCW 82.32.808(5) does not apply to this tax preference.

Sec. 802. RCW 88.02.620 and 2011 c 171 s 133 are each amended to read as follows:

(1) A vessel owner who is a nonresident (~~(natural)~~) person (~~(shall apply for)~~) must obtain a nonresident vessel permit on or before the sixty-first day of use in Washington state if the vessel:

(a) Is currently registered or numbered under the laws of the state of principal operation or has been issued a valid number under federal law; and

(b) Has been brought into Washington state for personal use for not more than six months in any continuous twelve-month period.

FEE	AMOUNT	AUTHORITY	DISTRIBUTION
(a) Dealer temporary permit	\$5.00	RCW 88.02.800(2)	General fund
(b) Derelict vessel and invasive species removal	Subsection (3) of this section	Subsection (3) of this section	Subsection (3) of this section
(c) Derelict vessel removal surcharge	\$1.00	Subsection (4) of this section	Subsection (4) of this section
(d) Duplicate certificate of title	\$1.25	RCW 88.02.530(1)(c)	General fund
(e) Duplicate registration	\$1.25	RCW 88.02.590(1)(c)	General fund
(f) Filing	RCW 46.17.005	RCW 88.02.560(2)	RCW 46.68.400
(g) License plate technology	RCW 46.17.015	RCW 88.02.560(2)	RCW 46.68.370
(h) License service	RCW 46.17.025	RCW 88.02.560(2)	RCW 46.68.220
(i) Nonresident vessel permit	(\$25.00) Subsection (5) of this section	RCW 88.02.620((3)) (4)	Subsection (5) of this section
(j) Quick title service	\$50.00	RCW 88.02.540(3)	Subsection (7) of this section
(k) Registration	\$10.50	RCW 88.02.560(2)	RCW 88.02.650
(l) Replacement decal	\$1.25	RCW 88.02.595(1)(c)	General fund

(2) In addition to the requirements in subsection (1) of this section, a nonresident vessel owner that is not a natural person may only obtain a nonresident vessel permit if:

(a) The vessel is at least thirty feet in length, but no more than one hundred sixty-four feet in length;

(b) No Washington state resident is a principal, as defined in section 805 of this act, of the nonresident person; and

(c) The department of revenue has provided the nonresident vessel owner written approval authorizing the permit as provided in section 805 of this act.

(3) A nonresident vessel permit:

(a) May be obtained from the department, county auditor or other agent, or subagent appointed by the director;

(b) Must show the date the vessel first came into Washington state; ~~(and)~~

(c) Is valid for two months; and

(d) May not be issued after December 31, 2025, to a nonresident vessel owner that is not a natural person.

~~((3))~~ (4) The department, county auditor or other agent, or subagent appointed by the director (~~(shall)~~) must collect the fee required in RCW 88.02.640(1)(~~(4))~~) (i) when issuing nonresident vessel permits.

~~((4))~~ (5) A nonresident vessel permit is not required under this section if the vessel is used in conducting temporary business activity within Washington state.

~~((5))~~ (6) For any permits issued under this section to a nonresident vessel owner that is not a natural person, the department must maintain a record of the following information and provide it to the department of revenue quarterly or as otherwise mutually agreed to by the department and department of revenue:

(a) The name of the record owner of the vessel;

(b) The vessel's hull identification number;

(c) The amount of the fee paid under RCW 88.02.640(5);

(d) The date the vessel first entered the waters of this state;

(e) The expiration date for the permit; and

(f) Any other information mutually agreed to by the department and department of revenue.

(7) The department (~~(shall)~~) must adopt rules to implement this section, including rules on issuing and displaying the nonresident vessel permit.

Sec. 803. RCW 88.02.640 and 2013 c 291 s 1 are each amended to read as follows:

(1) In addition to any other fees and taxes required by law, the department, county auditor or other agent, or subagent appointed by the director (~~(shall)~~) must charge the following vessel fees and surcharge:

(m) Title application	\$5.00
(n) Transfer	\$1.00
(o) Vessel visitor permit	\$30.00

(2) The five dollar dealer temporary permit fee required in subsection (1) of this section must be credited to the payment of registration fees at the time application for registration is made.

(3) The derelict vessel and invasive species removal fee required in subsection (1) of this section is five dollars and must be distributed as follows:

(a) One dollar and fifty cents must be deposited in the aquatic invasive species prevention account created in RCW 77.12.879;

(b) One dollar must be deposited into the aquatic algae control account created in RCW 43.21A.667;

(c) Fifty cents must be deposited into the aquatic invasive species enforcement account created in RCW 43.43.400; and

(d) Two dollars must be deposited in the derelict vessel removal account created in RCW 79.100.100.

(4) In addition to other fees required in this section, an annual derelict vessel removal surcharge of one dollar must be charged with each vessel registration. The surcharge is to address the significant backlog of derelict vessels accumulated in Washington waters that pose a threat to the health and safety of the people and to the environment and must be deposited into the derelict vessel removal account created in RCW 79.100.100.

~~(5) ((The twenty-five dollar nonresident vessel permit fee must be paid by the vessel owner to the department for the cost of providing the identification document by the department))~~ (a) The amount of the nonresident vessel permit fee is:

(i) For a vessel owned by a nonresident natural person, twenty-five dollars; and

(ii) For a nonresident vessel owner that is not a natural person, the fee is equal to:

(A) Twenty-five dollars per foot for vessels between thirty and ninety-nine feet in length;

(B) Thirty dollars per foot for vessels between one hundred and one hundred twenty feet in length; and

(C) Thirty-seven dollars and fifty cents per foot for vessels between one hundred twenty-one and one hundred sixty-four feet in length. The fee must be multiplied by the extreme length of the vessel in feet, rounded up to the nearest whole foot.

(b) The fee must be paid by the vessel owner to the department. Any moneys remaining from the fee after the payment of costs to administer the permit must be allocated to counties by the state treasurer for approved boating safety programs under RCW 88.02.650.

(c) A nonresident vessel owner that is not a natural person may not obtain more than two nonresident vessel permits under RCW 88.02.620 within any thirty-six month period.

(6) The thirty dollar vessel visitor permit fee must be distributed as follows:

(a) Five dollars must be deposited in the derelict vessel removal account created in RCW 79.100.100;

(b) The department may keep an amount to cover costs for providing the vessel visitor permit;

(c) Any moneys remaining must be allocated to counties by the state treasurer for approved boating safety programs under RCW 88.02.650; and

(d) Any fees required for licensing agents under RCW 46.17.005 are in addition to any other fee or tax due for the titling and registration of vessels.

(7)(a) The fifty dollar quick title service fee must be distributed as follows:

(i) If the fee is paid to the director, the fee must be deposited to the general fund.

(ii) If the fee is paid to the participating county auditor or other agent or subagent appointed by the director, twenty-five dollars

RCW 88.02.515 General fund

RCW 88.02.560(7) General fund

RCW 88.02.610(3) Subsection (6) of this section

must be deposited to the general fund. The remainder must be retained by the county treasurer in the same manner as other fees collected by the county auditor.

(b) For the purposes of this subsection, "quick title" has the same meaning as in RCW 88.02.540.

Sec. 804. RCW 88.02.570 and 2010 c 161 s 1018 are each amended to read as follows:

Vessel registration is required under this chapter except for the following:

(1) A military vessel owned by the United States government;

(2) A public vessel owned by the United States government, unless the vessel is a type used for recreation;

(3) A vessel clearly identified as being:

(a) Owned by a state, county, or city; and

(b) Used primarily for governmental purposes;

(4) A vessel either (a) registered or numbered under the laws of a country other than the United States or (b) having a valid United States customs service cruising license issued pursuant to 19 C.F.R. Sec. 4.94. Either vessel is exempt from registration only for the first sixty days of use on Washington state waters. On or before the sixty-first day of use on Washington state waters, any vessel in the state under this subsection must obtain a vessel visitor permit as required under RCW 88.02.610;

(5) A vessel that is currently registered or numbered under the laws of the state of principal operation or that has been issued a valid number under federal law. However, either vessel must be registered in Washington state if the state of principal operation changes to Washington state by the sixty-first day after the vessel arrives in Washington state;

(6)(a) A vessel owned by a nonresident if:

~~((a))~~ (i) The vessel is located upon the waters of this state exclusively for repairs, alteration, or reconstruction, or any testing related to these services;

~~((b))~~ (ii) An employee of the facility providing these services is on board the vessel during any testing; and

~~((c))~~ (iii) The nonresident files an affidavit with the department of revenue by the sixty-first day verifying that the vessel is located upon the waters of this state for these services.

(b) The nonresident ~~((shall))~~ must continue to file an affidavit every sixty days thereafter, as long as the vessel is located upon the waters of this state exclusively for repairs, alteration, reconstruction, or testing;

(7) A vessel equipped with propulsion machinery of less than ten horsepower that:

(a) Is owned by the owner of a vessel for which a valid vessel number has been issued;

(b) Displays the number of that numbered vessel followed by the suffix "1" in the manner prescribed by the department; and

(c) Is used as a tender for direct transportation between the numbered vessel and the shore and for no other purpose;

(8) A vessel under sixteen feet in overall length that has no propulsion machinery of any type or that is not used on waters subject to the jurisdiction of the United States or on the high seas beyond the territorial seas for vessels owned in the United States and are powered by propulsion machinery of ten or less horsepower;

(9) A vessel with no propulsion machinery of any type for which the primary mode of propulsion is human power;

(10) A vessel primarily engaged in commerce that has or is required to have a valid marine document as a vessel of the United States. A commercial vessel that the department of revenue determines has the external appearance of a vessel that would otherwise be required to register under this chapter, must

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display decals issued annually by the department of revenue that indicate the vessel's exempt status;

(11) A vessel primarily engaged in commerce that is owned by a resident of a country other than the United States;

(12) A vessel owned by a nonresident (~~natural~~) person brought into the state for use or enjoyment while temporarily within the state for not more than six months in any continuous twelve-month period that (a) is currently registered or numbered under the laws of the state of principal use or (b) has been issued a valid number under federal law. This type of vessel is exempt from registration only for the first sixty days of use on Washington state waters. On or before the sixty-first day of use on Washington state waters, any vessel under this subsection must obtain a nonresident vessel permit as required under RCW 88.02.620;

(13) A vessel used in this state by a nonresident individual possessing a valid use permit issued under RCW 82.08.700 or 82.12.700; and

(14) A vessel held for sale by any licensed dealer.

NEW SECTION. Sec. 805. A new section is added to chapter 82.32 RCW to read as follows:

(1) A nonresident vessel owner that is not a natural person must apply directly to the department for written approval to obtain a nonresident vessel permit under RCW 88.02.620. The application must be made to the department in a form and manner prescribed by the department and must include:

- (a) The name of the record owner of the vessel;
- (b) The name, address, and telephone number of the individual that applied for the permit on behalf of the nonresident person;
- (c) The record owner's address and telephone number;
- (d) The vessel's hull identification number;
- (e) The vessel year, make, and model;
- (f) The vessel length;
- (g) The vessel's registration or numbering under the state of principal operation or the valid number under federal law;
- (h) Proof of the person's current nonresident status, including certified copies of the filed articles of incorporation, a certificate of formation, or similar filings;
- (i) Proof of the identity and current residency of all principals of the nonresident person. Such proof may include a valid driver's license verifying out-of-state residency or a valid identification card that has a photograph of the holder and is issued by an out-of-state jurisdiction;
- (j) An affidavit signed by a principal of the nonresident vessel owner certifying that no Washington residents are principals of the nonresident vessel owner; and
- (k) Any other information the department may require.

(2) The department must determine the nonresident vessel owner's eligibility for the permit, as provided in RCW 88.02.620, and may request additional information as needed directly from the nonresident vessel owner.

(3)(a) If the nonresident vessel owner appears eligible for the permit, the department must provide written approval to the nonresident vessel owner that authorizes issuance of the permit and includes the name of the nonresident vessel owner, the name of the vessel, and the hull identification number. After November 30, 2025, the department may not provide written approval for any permits under this subsection.

(b) The department must also provide the information in the written approval to the department of licensing.

(4)(a) If, after a permit has been issued under RCW 88.02.620, the department has reason to believe that the nonresident vessel owner was not eligible for the permit approved under subsection (3) of this section, the department may request such information from the nonresident vessel owner as the department determines

is necessary to conduct a review of the nonresident vessel owner's eligibility.

(b) If the department finds the nonresident person was not eligible for the permit, the department must assess against the nonresident person state and local use tax on the value of the vessel according to the "value of the article used" as defined in RCW 82.12.010. The department must also assess against the nonresident person any watercraft excise tax due under chapter 82.49 RCW. Penalties and interest as provided in this chapter and chapter 82.49 RCW apply to taxes assessed under this subsection (4).

(5) For purposes of this section, "principal" means a natural person that owns, directly or indirectly, including through any tiered ownership structure, more than a one percent interest in the nonresident person applying for a nonresident vessel permit.

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

PART IX

Concerning Distribution and Use of Aircraft Excise Taxes

Sec. 901. RCW 82.48.080 and 1995 c 170 s 2 are each amended to read as follows:

The secretary (~~shall~~) must regularly pay to the state treasurer the excise taxes collected under this chapter, which (~~shall~~) must be credited by the state treasurer (~~as follows: Ninety percent to the general fund and ten percent~~) to the aeronautics account (~~in the transportation fund~~) for state grants to airports and the administrative expenses associated with grant execution and the collection of excise taxes under this chapter.

PART X

Providing a Business and Occupation Tax Credit for Businesses That Hire Veterans

NEW SECTION. Sec. 1001. This section is the tax preference performance statement for the tax preference contained in sections 1002 and 1003 of this act. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes the tax preferences as those intended to induce certain designated behavior by taxpayers and create or retain jobs, as indicated in RCW 82.32.808(2) (a) and (c).

(2) It is the legislature's specific public policy objective to provide employment for unemployed veterans. It is the legislature's intent to provide employers a credit against the business and occupation tax or public utility tax for hiring unemployed veterans which would reduce an employer's tax burden thereby inducing employers to hire and create jobs for unemployed veterans. Pursuant to chapter 43.136 RCW, the joint legislative audit and review committee must review the business and occupation tax and public utility tax credit established under sections 1002 and 1003 of this act by December 31, 2022.

(3) If a review finds that the number of unemployed veterans decreased by thirty percent, then the legislature intends for the legislative auditor to recommend extending the expiration date of the tax preference.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the joint legislative audit and review committee should refer to the veteran unemployment rates available from the employment security department and the bureau of labor statistics.

NEW SECTION. Sec. 1002. A new section is added to chapter 82.04 RCW to read as follows:

(1) A person is allowed a credit against the tax due under this chapter as provided in this section. The credit equals twenty percent of wages and benefits paid to or on behalf of a qualified employee up to a maximum of one thousand five hundred dollars for each qualified employee hired on or after October 1, 2016.

(2) No credit may be claimed under this section until a qualified employee has been employed for at least two consecutive full calendar quarters.

(3) Credits are available on a first-in-time basis. The department must keep a running total of all credits allowed under this section and section 1003 of this act during each fiscal year. The department may not allow any credits that would cause the total credits allowed under this section and section 1003 of this act to exceed five hundred thousand dollars in any fiscal year. If all or part of a claim for credit is disallowed under this subsection, the disallowed portion is carried over to the next fiscal year. However, the carryover into the next fiscal year is only permitted to the extent that the cap for the next fiscal year is not exceeded. Priority must be given to credits carried over from a previous fiscal year. The department must provide written notice to any person who has claimed tax credits in excess of the limitation in this subsection. The notice must indicate the amount of tax due and provide that the tax be paid within thirty days from the date of the notice. The department may not assess penalties and interest as provided in chapter 82.32 RCW on the amount due in the initial notice if the amount due is paid by the due date specified in the notice, or any extension thereof.

(4) The credit may be used against any tax due under this chapter, and may be carried over until used, except as provided in subsection (9) of this section. No refunds may be granted for credits under this section.

(5) If an employer discharges a qualified employee for whom the employer has claimed a credit under this section, the employer may not claim a new credit under this section for a period of one year from the date the qualified employee was discharged. However, this subsection (5) does not apply if the qualified employee was discharged for misconduct, as defined in RCW 50.04.294, connected with his or her work or discharged due to a felony or gross misdemeanor conviction, and the employer contemporaneously documents the reason for discharge.

(6) Credits earned under this section may be claimed only on returns filed electronically with the department using the department's online tax filing service or other method of electronic reporting as the department may authorize. No application is required to claim the credit, but the taxpayer must keep records necessary for the department to determine eligibility under this section including records establishing the person's status as a veteran and status as unemployed when hired by the taxpayer.

(7) No person may claim a credit against taxes due under both this chapter and chapter 82.16 RCW for the same qualified employee.

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

(a)(i) "Qualified employee" means an unemployed veteran who is employed in a permanent full-time position for at least two consecutive full calendar quarters. For seasonal employers, "qualified employee" also includes the equivalent of a full-time employee in work hours for two consecutive full calendar quarters.

(ii) For purposes of this subsection (8)(a), "full time" means a normal work week of at least thirty-five hours.

(b) "Unemployed" means that the veteran was unemployed as defined in RCW 50.04.310 for at least thirty days immediately preceding the date that the veteran was hired by the person claiming credit under this section for hiring the veteran.

(c) "Veteran" means every person who has received an honorable discharge or received a general discharge under honorable conditions or is currently serving honorably, and who has served as a member in any branch of the armed forces of the United States, including the national guard and armed forces reserves.

(9) Credits allowed under this section can be earned for tax reporting periods through June 30, 2022. No credits can be claimed after June 30, 2023.

(10) This section expires July 1, 2023.

NEW SECTION. Sec. 1003. A new section is added to chapter 82.16 RCW to read as follows:

(1) A person is allowed a credit against the tax due under this chapter as provided in this section. The credit equals twenty percent of wages and benefits paid to or on behalf of a qualified employee up to a maximum of one thousand five hundred dollars for each qualified employee hired on or after October 1, 2016.

(2) No credit may be claimed under this section until a qualified employee has been employed for at least two consecutive full calendar quarters.

(3) Credits are available on a first-in-time basis. The department must keep a running total of all credits allowed under this section and section 1002 of this act during each fiscal year. The department may not allow any credits that would cause the total credits allowed under this section and section 1002 of this act to exceed five hundred thousand dollars in any fiscal year. If all or part of a claim for credit is disallowed under this subsection, the disallowed portion is carried over to the next fiscal year. However, the carryover into the next fiscal year is only permitted to the extent that the cap for the next fiscal year is not exceeded. Priority must be given to credits carried over from a previous fiscal year. The department must provide written notice to any person who has claimed tax credits in excess of the limitation in this subsection. The notice must indicate the amount of tax due and provide that the tax be paid within thirty days from the date of the notice. The department may not assess penalties and interest as provided in chapter 82.32 RCW on the amount due in the initial notice if the amount due is paid by the due date specified in the notice, or any extension thereof.

(4) The credit may be used against any tax due under this chapter, and may be carried over until used, except as provided in subsection (9) of this section. No refunds may be granted for credits under this section.

(5) If an employer discharges a qualified employee for whom the employer has claimed a credit under this section, the employer may not claim a new credit under this section for a period of one year from the date the qualified employee was discharged. However, this subsection (5) does not apply if the qualified employee was discharged for misconduct, as defined in RCW 50.04.294, connected with his or her work or discharged due to a felony or gross misdemeanor conviction, and the employer contemporaneously documents the reason for discharge.

(6) Credits earned under this section may be claimed only on returns filed electronically with the department using the department's online tax filing service or other method of electronic reporting as the department may authorize. No application is required to claim the credit, but the taxpayer must keep records necessary for the department to determine eligibility under this section including records establishing the person's status as a veteran and status as unemployed when hired by the taxpayer.

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(7) No person may claim a credit against taxes due under both chapter 82.04 RCW and this chapter for the same qualified employee.

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

(a)(i) "Qualified employee" means an unemployed veteran who is employed in a permanent full-time position for at least two consecutive full calendar quarters. For seasonal employers, "qualified employee" also includes the equivalent of a full-time employee in work hours for two consecutive full calendar quarters.

(ii) For purposes of this subsection (8)(a), "full time" means a normal work week of at least thirty-five hours.

(b) "Unemployed" means that the veteran was unemployed as defined in RCW 50.04.310 for at least thirty days immediately preceding the date that the veteran was hired by the person claiming credit under this section for hiring the veteran.

(c) "Veteran" means every person who has received an honorable discharge or received a general discharge under honorable conditions or is currently serving honorably, and who has served as a member in any branch of the armed forces of the United States, including the national guard and armed forces reserves.

(9) Credits allowed under this section can be earned for tax reporting periods through June 30, 2022. No credits can be claimed after June 30, 2023.

(10) This section expires July 1, 2023.

PART XI

Defining Honey Bee Products and Services as an Agricultural Product

NEW SECTION. **Sec. 1101.** This section is the tax preference performance statement for the tax preference contained in this Part XI. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

It is the legislature's specific public policy objective to support the honey bee industry and provide tax relief to eligible apiarists. Honey bees pollinate eighty percent of the nation's flowering crops, which include agricultural crops. They are vitally important to agriculture and an integral part of food production. Therefore, the legislature intends to permanently include eligible apiarists within the definition of farmer and define honey bee products as agricultural products so that they may receive the same tax relief as that provided to other sectors of agriculture. Because the legislature intends for the changes in this Part XI to be permanent, they are exempt from the ten-year expiration provision in RCW 82.32.805.

Sec. 1102. RCW 82.04.213 and 2014 c 140 s 2 are each amended to read as follows:

(1) "Agricultural product" means any product of plant cultivation or animal husbandry including, but not limited to: A product of horticulture, grain cultivation, vermiculture, viticulture, or aquaculture as defined in RCW 15.85.020; plantation Christmas trees; short-rotation hardwoods as defined in RCW 84.33.035; turf; or any animal including but not limited to an animal that is a private sector cultured aquatic product as defined in RCW 15.85.020, or a bird, or insect, or the substances obtained from such an animal including honey bee products. "Agricultural product" does not include marijuana, useable marijuana, or marijuana-infused products, or animals defined as pet animals under RCW 16.70.020.

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(2)(a) "Farmer" means any person engaged in the business of growing, raising, or producing, upon the person's own lands or upon the lands in which the person has a present right of possession, any agricultural product to be sold, and the growing, raising, or producing honey bee products for sale, or providing bee pollination services, by an eligible apiarist. "Farmer" does not include a person growing, raising, or producing such products for the person's own consumption; a person selling any animal or substance obtained therefrom in connection with the person's business of operating a stockyard or a slaughter or packing house; or a person in respect to the business of taking, cultivating, or raising timber.

(b) "Eligible apiarist" means a person who owns or keeps one or more bee colonies and who grows, raises, or produces honey bee products for sale at wholesale and is registered under RCW 15.60.021.

(c) "Honey bee products" means queen honey bees, packaged honey bees, honey, pollen, bees wax, propolis, or other substances obtained from honey bees. "Honey bee products" does not include manufactured substances or articles.

(3) The terms "agriculture," "farming," "horticulture," "horticultural," and "horticultural product" may not be construed to include or relate to marijuana, useable marijuana, or marijuana-infused products unless the applicable term is explicitly defined to include marijuana, useable marijuana, or marijuana-infused products.

(4) "Marijuana," "useable marijuana," and "marijuana-infused products" have the same meaning as in RCW 69.50.101.

Sec. 1103. RCW 82.04.330 and 2014 c 140 s 7 are each amended to read as follows:

(1) This chapter does not apply to any farmer in respect to the sale of any agricultural product at wholesale or to any farmer who grows, raises, or produces agricultural products owned by others, such as custom feed operations. This exemption does not apply to any person selling such products at retail or to any person selling manufactured substances or articles. This chapter does not apply to bee pollination services provided to a farmer by an eligible apiarist.

(2) This chapter also does not apply to any persons who participate in the federal conservation reserve program or its successor administered by the United States department of agriculture with respect to land enrolled in that program.

Sec. 1104. RCW 82.04.050 and 2013 2nd sp.s. c 13 s 802 are each amended to read as follows:

(1)(a) "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than a sale to a person who:

(i) Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person, but a purchase for the purpose of resale by a regional transit authority under RCW 81.112.300 is not a sale for resale; or

(ii) Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

(iii) Purchases for the purpose of consuming the property purchased in producing for sale as a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing,

when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

(iv) Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(v) Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065; or

(vi) Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (7) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

(b) The term includes every sale of tangible personal property that is used or consumed or to be used or consumed in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property is resold or used as provided in (a)(i) through (vi) of this subsection following such use.

(c) The term also means every sale of tangible personal property to persons engaged in any business that is taxable under RCW 82.04.280(1) (a), (b), and (g), 82.04.290, and 82.04.2908.

(2) The term "sale at retail" or "retail sale" includes the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

(a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of self-service laundry facilities, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

(b) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and also includes the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

(c) The constructing, repairing, or improving of any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;

(d) The cleaning, fumigating, razing, or moving of existing buildings or structures, but does not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" means those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

(e) Automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;

(f) The furnishing of lodging and all other services by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from

the renting or leasing of real property, and it is presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it is presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

(g) The installing, repairing, altering, or improving of digital goods for consumers;

(h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection may be construed to modify subsection (1) of this section and nothing contained in subsection (1) of this section may be construed to modify this subsection.

(3) The term "sale at retail" or "retail sale" includes the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

(a)(i) Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, ski lifts and tows, day trips for sightseeing purposes, and others, when provided to consumers.

(ii) Until July 1, 2017, amusement and recreation services do not include the opportunity to dance provided by an establishment in exchange for a cover charge.

(iii) For purposes of this subsection (3)(a):

(A) "Cover charge" means a charge, regardless of its label, to enter an establishment or added to the purchaser's bill by an establishment or otherwise collected after entrance to the establishment, and the purchaser is provided the opportunity to dance in exchange for payment of the charge.

(B) "Opportunity to dance" means that an establishment provides a designated physical space, on either a temporary or permanent basis, where customers are allowed to dance and the establishment either advertises or otherwise makes customers aware that it has an area for dancing;

(b) Abstract, title insurance, and escrow services;

(c) Credit bureau services;

(d) Automobile parking and storage garage services;

(e) Landscape maintenance and horticultural services but excluding (i) horticultural services provided to farmers and (ii) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;

(f) Service charges associated with tickets to professional sporting events; and

(g) The following personal services: Physical fitness services, tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services.

(4)(a) The term also includes the renting or leasing of tangible personal property to consumers.

(b) The term does not include the renting or leasing of tangible personal property where the lease or rental is for the purpose of sublease or subrent.

(5) The term also includes the providing of "competitive telephone service," "telecommunications service," or "ancillary services," as those terms are defined in RCW 82.04.065, to consumers.

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(6)(a) The term also includes the sale of prewritten computer software to a consumer, regardless of the method of delivery to the end user. For purposes of ~~((this subsection (6)))~~ (a) and (b) of this subsection, the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

(b) The term "retail sale" does not include the sale of or charge made for:

- (i) Custom software; or
- (ii) The customization of prewritten computer software.

~~((b))~~ (c)(i) The term also includes the charge made to consumers for the right to access and use prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

(ii)(A) The service described in ~~((b))~~ (c)(i) of this subsection (6) includes the right to access and use prewritten computer software to perform data processing.

(B) For purposes of this subsection (6)~~((b))~~ (c)(ii), "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

(7) The term also includes the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement. For purposes of this subsection, "sales price" has the same meaning as in RCW 82.08.010.

(8)(a) The term also includes the following sales to consumers of digital goods, digital codes, and digital automated services:

- (i) Sales in which the seller has granted the purchaser the right of permanent use;
- (ii) Sales in which the seller has granted the purchaser a right of use that is less than permanent;
- (iii) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and
- (iv) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(b) A retail sale of digital goods, digital codes, or digital automated services under this subsection (8) includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(c) For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate

that the right to use terminates on the occurrence of a condition subsequent.

(9) The term also includes the charge made for providing tangible personal property along with an operator for a fixed or indeterminate period of time. A consideration of this is that the operator is necessary for the tangible personal property to perform as designed. For the purpose of this subsection (9), an operator must do more than maintain, inspect, or set up the tangible personal property.

(10) The term does not include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

(11) The term also does not include sales of chemical sprays or washes to persons for the purpose of postharvest treatment of fruit for the prevention of scald, fungus, mold, or decay, nor does it include sales of feed, seed, seedlings, fertilizer, agents for enhanced pollination including insects such as bees, and spray materials to: (a) Persons who participate in the federal conservation reserve program, the environmental quality incentives program, the wetlands reserve program, and the wildlife habitat incentives program, or their successors administered by the United States department of agriculture; (b) farmers for the purpose of producing for sale any agricultural product; (c) farmers for the purpose of providing bee pollination services; and ~~((e))~~ (d) farmers acting under cooperative habitat development or access contracts with an organization exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code or the Washington state department of fish and wildlife to produce or improve wildlife habitat on land that the farmer owns or leases.

(12) The term does not include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation. Nor does the term include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor does the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development.

(13) The term does not include the sale of or charge made for labor, services, or tangible personal property pursuant to agreements providing maintenance services for bus, rail, or rail fixed guideway equipment when a regional transit authority is the recipient of the labor, services, or tangible personal property, and a transit agency, as defined in RCW 81.104.015, performs the labor or services.

(14) The term does not include the sale for resale of any service described in this section if the sale would otherwise constitute a "sale at retail" and "retail sale" under this section.

Sec. 1105. RCW 82.04.050 and 2015 c 169 s 1 are each amended to read as follows:

(1)(a) "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than a sale to a person who:

(i) Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person, but a purchase for the purpose of resale by a regional transit authority under RCW 81.112.300 is not a sale for resale; or

(ii) Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

(iii) Purchases for the purpose of consuming the property purchased in producing for sale as a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

(iv) Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(v) Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065; or

(vi) Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (7) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

(b) The term includes every sale of tangible personal property that is used or consumed or to be used or consumed in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property is resold or used as provided in (a)(i) through (vi) of this subsection following such use.

(c) The term also means every sale of tangible personal property to persons engaged in any business that is taxable under RCW 82.04.280(1) (a), (b), and (g), 82.04.290, and 82.04.2908.

(2) The term "sale at retail" or "retail sale" includes the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

(a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of self-service laundry facilities, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

(b) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and also includes the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

(c) The constructing, repairing, or improving of any structure upon, above, or under any real property owned by an owner who

conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;

(d) The cleaning, fumigating, razing, or moving of existing buildings or structures, but does not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" means those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

(e) Automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;

(f) The furnishing of lodging and all other services by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it is presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it is presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

(g) The installing, repairing, altering, or improving of digital goods for consumers;

(h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection may be construed to modify subsection (1) of this section and nothing contained in subsection (1) of this section may be construed to modify this subsection.

(3) The term "sale at retail" or "retail sale" includes the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

(a) Abstract, title insurance, and escrow services;

(b) Credit bureau services;

(c) Automobile parking and storage garage services;

(d) Landscape maintenance and horticultural services but excluding (i) horticultural services provided to farmers and (ii) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;

(e) Service charges associated with tickets to professional sporting events;

(f) The following personal services: Tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services; and

(g)(i) Operating an athletic or fitness facility, including all charges for the use of such a facility or for any associated services and amenities, except as provided in (g)(ii) of this subsection.

(ii) Notwithstanding anything to the contrary in (g)(i) of this subsection (3), the term "sale at retail" and "retail sale" under this subsection does not include:

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(A) Separately stated charges for the use of an athletic or fitness facility where such use is primarily for a purpose other than engaging in or receiving instruction in a physical fitness activity;

(B) Separately stated charges for the use of a discrete portion of an athletic or fitness facility, other than a pool, where such discrete portion of the facility does not by itself meet the definition of "athletic or fitness facility" in this subsection;

(C) Separately stated charges for services, such as advertising, massage, nutritional consulting, and body composition testing, that do not require the customer to engage in physical fitness activities to receive the service. The exclusion in this subsection (3)(g)(ii)(C) does not apply to personal training services and instruction in a physical fitness activity;

(D) Separately stated charges for physical therapy provided by a physical therapist, as those terms are defined in RCW 18.74.010, or occupational therapy provided by an occupational therapy practitioner, as those terms are defined in RCW 18.59.020, when performed pursuant to a referral from an authorized health care practitioner or in consultation with an authorized health care practitioner. For the purposes of this subsection (3)(g)(ii)(D), an authorized health care practitioner means a health care practitioner licensed under chapter 18.83, 18.25, 18.36A, 18.57, 18.57A, 18.71, or 18.71A RCW;

(E) Rent or association fees charged by a landlord or residential association to a tenant or residential owner with access to an athletic or fitness facility maintained by the landlord or residential association, unless the rent or fee varies depending on whether the tenant or owner has access to the facility;

(F) Services provided in the regular course of employment by an employee with access to an athletic or fitness facility maintained by the employer for use without charge by its employees or their family members;

(G) The provision of access to an athletic or fitness facility by an educational institution to its students and staff. However, charges made by an educational institution to its alumni or other members of the public for the use of any of the educational institution's athletic or fitness facilities are a retail sale under this subsection (3)(g). For purposes of this subsection (3)(g)(ii)(G), "educational institution" has the same meaning as in RCW 82.04.170; and

(H) Yoga, tai chi, or chi gong classes held at a community center, park, gymnasium, college or university, hospital or other medical facility, private residence, or any facility that is not primarily used for physical fitness activities other than yoga, tai chi, or chi gong classes.

(iii) Nothing in (g)(ii) of this subsection (3) may be construed to affect the taxation of sales made by the operator of an athletic or fitness facility, where such sales are defined as a retail sale under any provision of this section other than this subsection (3).

(iv) For the purposes of this subsection (3)(g), the following definitions apply:

(A) "Athletic or fitness facility" means an indoor or outdoor facility or portion of a facility that is primarily used for: Exercise classes; strength and conditioning programs; personal training services; tennis, racquetball, handball, squash, or pickleball; yoga; boxing, kickboxing, wrestling, martial arts, or mixed martial arts training; or other activities requiring the use of exercise or strength training equipment, such as treadmills, elliptical machines, stair climbers, stationary cycles, rowing machines, pilates equipment, balls, climbing ropes, jump ropes, and weightlifting equipment.

(B) "Physical fitness activities" means activities that involve physical exertion for the purpose of improving or maintaining the

general fitness, strength, flexibility, conditioning, or health of the participant.

(4)(a) The term also includes the renting or leasing of tangible personal property to consumers.

(b) The term does not include the renting or leasing of tangible personal property where the lease or rental is for the purpose of sublease or subrent.

(5) The term also includes the providing of "competitive telephone service," "telecommunications service," or "ancillary services," as those terms are defined in RCW 82.04.065, to consumers.

(6)(a) The term also includes the sale of prewritten computer software to a consumer, regardless of the method of delivery to the end user. For purposes of ~~((this subsection (6)))(a)~~ and (b) of this subsection, the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

(b) The term "retail sale" does not include the sale of or charge made for:

(i) Custom software; or

(ii) The customization of prewritten computer software.

~~((b))~~ (c)(i) The term also includes the charge made to consumers for the right to access and use prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

(ii)(A) The service described in ~~((b))~~ (c)(i) of this subsection (6) includes the right to access and use prewritten computer software to perform data processing.

(B) For purposes of this subsection (6)~~((b))~~ (c)(ii), "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

(7) The term also includes the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement. For purposes of this subsection, "sales price" has the same meaning as in RCW 82.08.010.

(8)(a) The term also includes the following sales to consumers of digital goods, digital codes, and digital automated services:

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

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

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

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

(b) A retail sale of digital goods, digital codes, or digital automated services under this subsection (8) includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(c) For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

(9) The term also includes the charge made for providing tangible personal property along with an operator for a fixed or indeterminate period of time. A consideration of this is that the operator is necessary for the tangible personal property to perform as designed. For the purpose of this subsection (9), an operator must do more than maintain, inspect, or set up the tangible personal property.

(10) The term does not include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

(11) The term also does not include sales of chemical sprays or washes to persons for the purpose of postharvest treatment of fruit for the prevention of scald, fungus, mold, or decay, nor does it include sales of feed, seed, seedlings, fertilizer, agents for enhanced pollination including insects such as bees, and spray materials to: (a) Persons who participate in the federal conservation reserve program, the environmental quality incentives program, the wetlands reserve program, and the wildlife habitat incentives program, or their successors administered by the United States department of agriculture; (b) farmers for the purpose of producing for sale any agricultural product; (c) farmers for the purpose of providing bee pollination services; and ~~((e))~~ (d) farmers acting under cooperative habitat development or access contracts with an organization exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code or the Washington state department of fish and wildlife to produce or improve wildlife habitat on land that the farmer owns or leases.

(12) The term does not include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation. Nor does the term include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor does the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development.

(13) The term does not include the sale of or charge made for labor, services, or tangible personal property pursuant to

agreements providing maintenance services for bus, rail, or rail fixed guideway equipment when a regional transit authority is the recipient of the labor, services, or tangible personal property, and a transit agency, as defined in RCW 81.104.015, performs the labor or services.

(14) The term does not include the sale for resale of any service described in this section if the sale would otherwise constitute a "sale at retail" and "retail sale" under this section.

(15)(a) The term "sale at retail" or "retail sale" includes amounts charged, however labeled, to consumers to engage in any of the activities listed in this subsection (15)(a), including the furnishing of any associated equipment or, except as otherwise provided in this subsection, providing instruction in such activities, where such charges are not otherwise defined as a "sale at retail" or "retail sale" in this section:

(i)(A) Golf, including any variant in which either golf balls or golf clubs are used, such as miniature golf, hitting golf balls at a driving range, and golf simulators, and including fees charged by a golf course to a player for using his or her own cart. However, charges for golf instruction are not a retail sale, provided that if the instruction involves the use of a golfing facility that would otherwise require the payment of a fee, such as green fees or driving range fees, such fees, including the applicable retail sales tax, must be separately identified and charged by the golfing facility operator to the instructor or the person receiving the instruction.

(B) Notwithstanding (a)(i)(A) of this subsection (15) and except as otherwise provided in this subsection (15)(a)(i)(B), the term "sale at retail" or "retail sale" does not include amounts charged to participate in, or conduct, a golf tournament or other competitive event. However, amounts paid by event participants to the golf facility operator are retail sales under this subsection (15)(a)(i). Likewise, amounts paid by the event organizer to the golf facility are retail sales under this subsection (15)(a)(i), if such amounts vary based on the number of event participants;

(ii) Ballooning, hang gliding, indoor or outdoor sky diving, paragliding, parasailing, and similar activities;

(iii) Air hockey, billiards, pool, foosball, darts, shuffleboard, ping pong, and similar games;

(iv) Access to amusement park, theme park, and water park facilities, including but not limited to charges for admission and locker or cabana rentals. Discrete charges for rides or other attractions or entertainment that are in addition to the charge for admission are not a retail sale under this subsection (15)(a)(iv). For the purposes of this subsection, an amusement park or theme park is a location that provides permanently affixed amusement rides, games, and other entertainment, but does not include parks or zoos for which the primary purpose is the exhibition of wildlife, or fairs, carnivals, and festivals as defined in (b)(i) of this subsection;

(v) Batting cage activities;

(vi) Bowling, but not including competitive events, except that amounts paid by the event participants to the bowling alley operator are retail sales under this subsection (15)(a)(vi). Likewise, amounts paid by the event organizer to the operator of the bowling alley are retail sales under this subsection (15)(a)(vi), if such amounts vary based on the number of event participants;

(vii) Climbing on artificial climbing structures, whether indoors or outdoors;

(viii) Day trips for sightseeing purposes;

(ix) Bungee jumping, zip lining, and riding inside a ball, whether inflatable or otherwise;

(x) Horseback riding offered to the public, where the seller furnishes the horse to the buyer and providing instruction is not the primary focus of the activity, including guided rides, but not including therapeutic horseback riding provided by an instructor

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certified by a nonprofit organization that offers national or international certification for therapeutic riding instructors;

(xi) Fishing, including providing access to private fishing areas and charter or guided fishing, except that fishing contests and license fees imposed by a government entity are not a retail sale under this subsection;

(xii) Guided hunting and hunting at game farms and shooting preserves, except that hunting contests and license fees imposed by a government entity are not a retail sale under this subsection;

(xiii) Swimming, but only in respect to (A) recreational or fitness swimming that is open to the public, such as open swim, lap swimming, and special events like kids night out and pool parties during open swim time, and (B) pool parties for private events, such as birthdays, family gatherings, and employee outings. Fees for swimming lessons, to participate in swim meets and other competitions, or to join a swim team, club, or aquatic facility are not retail sales under this subsection (15)(a)(xiii);

(xiv) Go-karting, bumper cars, and other motorized activities where the seller provides the vehicle and the premises where the buyer will operate the vehicle;

(xv) Indoor or outdoor playground activities, such as inflatable bounce structures and other inflatables; mazes; trampolines; slides; ball pits; games of tag, including laser tag and soft-dart tag; and human gyroscope rides, regardless of whether such activities occur at the seller's place of business, but not including playground activities provided for children by a licensed child day care center or licensed family day care provider as those terms are defined in RCW 43.215.010;

(xvi) Shooting sports and activities, such as target shooting, skeet, trap, sporting clays, "5" stand, and archery, but only in respect to discrete charges to members of the public to engage in these activities, but not including fees to enter a competitive event, instruction that is entirely or predominately classroom based, or to join or renew a membership at a club, range, or other facility;

(xvii) Paintball and airsoft activities;

(xviii) Skating, including ice skating, roller skating, and inline skating, but only in respect to discrete charges to members of the public to engage in skating activities, but not including skating lessons, competitive events, team activities, or fees to join or renew a membership at a skating facility, club, or other organization;

(xix) Nonmotorized snow sports and activities, such as downhill and cross-country skiing, snowboarding, ski jumping, sledding, snow tubing, snowshoeing, and similar snow sports and activities, whether engaged in outdoors or in an indoor facility with or without snow, but only in respect to discrete charges to the public for the use of land or facilities to engage in nonmotorized snow sports and activities, such as fees, however labeled, for the use of ski lifts and tows and daily or season passes for access to trails or other areas where nonmotorized snow sports and activities are conducted. However, fees for the following are not retail sales under this subsection (15)(a)(xix): (A) Instructional lessons; (B) permits issued by a governmental entity to park a vehicle on or access public lands; and (C) permits or leases granted by an owner of private timberland for recreational access to areas used primarily for growing and harvesting timber; and

(xx) Scuba diving; snorkeling; river rafting; surfing; kiteboarding; flyboarding; water slides; inflatables, such as water pillows, water trampolines, and water rollers; and similar water sports and activities.

(b) Notwithstanding anything to the contrary in this subsection (15), the term "sale at retail" or "retail sale" does not include charges:

(i) Made for admission to, and rides or attractions at, fairs, carnivals, and festivals. For the purposes of this subsection, fairs, carnivals, and festivals are events that do not exceed twenty-one days and a majority of the amusement rides, if any, are not affixed to real property;

(ii) Made by an educational institution to its students and staff for activities defined as retail sales by (a)(i) through (xx) of this subsection. However, charges made by an educational institution to its alumni or other members of the general public for these activities are a retail sale under this subsection (15). For purposes of this subsection (15)(b)(ii), "educational institution" has the same meaning as in RCW 82.04.170;

(iii) Made by a vocational school for commercial diver training that is licensed by the workforce training and education coordinating board under chapter 28C.10 RCW; or

(iv) Made for day camps offered by a nonprofit organization or state or local governmental entity that provide youth not older than age eighteen, or that are focused on providing individuals with disabilities or mental illness, the opportunity to participate in a variety of supervised activities.

Sec. 1106. RCW 82.08.855 and 2014 c 97 s 601 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to the sale to an eligible farmer of:

(a) Replacement parts for qualifying farm machinery and equipment;

(b) Labor and services rendered in respect to the installing of replacement parts; and

(c) Labor and services rendered in respect to the repairing of qualifying farm machinery and equipment, provided that during the course of repairing no tangible personal property is installed, incorporated, or placed in, or becomes an ingredient or component of, the qualifying farm machinery and equipment other than replacement parts.

(2)(a) Notwithstanding anything to the contrary in this chapter, if a single transaction involves services that are not exempt under this section and services that would be exempt under this section if provided separately, the exemptions provided in subsection (1)(b) and (c) of this section apply if: (i) The seller makes a separately itemized charge for labor and services described in subsection (1)(b) or (c) of this section; and (ii) the separately itemized charge does not exceed the seller's usual and customary charge for such services.

(b) If the requirements in (a)(i) and (ii) of this subsection (2) are met, the exemption provided in subsection (1)(b) or (c) of this section applies to the separately itemized charge for labor and services described in subsection (1)(b) or (c) of this section.

(3)(a) A purchaser claiming an exemption under this section must keep records necessary for the department to verify eligibility under this section. Sellers making tax-exempt sales under this section must obtain an exemption certificate from the purchaser in a form and manner prescribed by the department. In lieu of an exemption certificate, a seller may capture the relevant data elements as allowed under the streamlined sales and use tax agreement. The seller must retain a copy of the certificate or the data elements for the seller's files.

(b)(i) For a person who is an eligible farmer as defined in subsection (4)(b)(iv) of this section, the exemption is conditioned upon:

(A) The eligible farmer having gross sales or a harvested value of agricultural products grown, raised, or produced by that person or gross sales of bee pollination services of at least ten thousand dollars in the first full tax year in which the person engages in business as a farmer; or

(B) The eligible farmer, during the first full tax year in which that person engages in business as a farmer, growing, raising, or producing agricultural products or bee pollination services having an estimated value at any time during that year of at least ten thousand dollars, if the person will not sell or harvest an agricultural product or bee pollination service during the first full tax year in which the person engages in business as a farmer.

(ii) If a person fails to meet the condition provided in (b)(i)(A) or (B) of this subsection, the person must repay any taxes exempted under this section. Any taxes for which an exemption under this section was claimed are due and payable to the department within thirty days of the end of the first full tax year in which the person engages in business as a farmer. The department must assess interest on the taxes for which the exemption was claimed as provided in chapter 82.32 RCW, retroactively to the date the exemption was claimed, and accrues until the taxes for which the exemption was claimed are paid. Penalties may not be imposed on any tax required to be paid under this subsection (3) (b)(ii) if full payment is received by the due date.

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

(a) "Agricultural products" has the meaning provided in RCW 82.04.213.

(b) "Eligible farmer" means:

(i) A farmer as defined in RCW 82.04.213 whose gross sales or harvested value of agricultural products grown, raised, or produced by that person or gross sales of bee pollination services was at least ten thousand dollars for the immediately preceding tax year;

(ii) A farmer as defined in RCW 82.04.213 whose agricultural products had an estimated value of at least ten thousand dollars for the immediately preceding tax year, if the person did not sell or harvest an agricultural product or bee pollination service during that year;

(iii) A farmer as defined in RCW 82.04.213 who has merely changed identity or the form of ownership of an entity that was an eligible farmer, where there was no change in beneficial ownership, and the combined gross sales, harvested value, or estimated value of agricultural products or bee pollination services by both entities met the requirements of (b)(i) or (ii) of this subsection for the immediately preceding tax year;

(iv) A farmer as defined in RCW 82.04.213((=)) who does not meet the definition of "eligible farmer" in (b)(i), (ii), or (iii) of this subsection, and who did not engage in farming for the entire immediately preceding tax year, because the farmer is either new to farming or newly returned to farming; or

(v) Anyone who otherwise meets the definition of "eligible farmer" in this subsection except that they are not a "person" as defined in RCW 82.04.030.

(c) "Farm vehicle" has the same meaning as in RCW 46.04.181.

(d) "Harvested value" means the number of units of the agricultural product that were grown, raised, or produced, multiplied by the average sales price of the agricultural product. For purposes of this subsection (4)(d), "average sales price" means the average price per unit of agricultural product received by farmers in this state as reported by the United States department of agriculture's national agricultural statistics service for the twelve-month period that coincides with, or that ends closest to, the end of the relevant tax year, regardless of whether the prices are subject to revision. If the price per unit of an agricultural product received by farmers in this state is not available from the national agricultural statistics service, average sales price may be determined by using the average price per unit of agricultural product received by farmers in this state as reported by a recognized authority for the agricultural product.

(e) "Qualifying farm machinery and equipment" means machinery and equipment used primarily by an eligible farmer for growing, raising, or producing agricultural products, providing bee pollination services, or both. "Qualifying farm machinery and equipment" does not include:

(i) Vehicles as defined in RCW 46.04.670, other than farm tractors as defined in RCW 46.04.180, farm vehicles, and other farm implements. For purposes of this subsection (4)(e)(i), "farm implement" means machinery or equipment manufactured, designed, or reconstructed for agricultural purposes and used primarily by an eligible farmer to grow, raise, or produce agricultural products, but does not include lawn tractors and all-terrain vehicles;

(ii) Aircraft;

(iii) Hand tools and hand-powered tools; and

(iv) Property with a useful life of less than one year.

(f)(i) "Replacement parts" means those parts that replace an existing part, or which are essential to maintain the working condition, of a piece of qualifying farm machinery or equipment.

(ii) Paint, fuel, oil, hydraulic fluids, antifreeze, and similar items are not replacement parts except when installed, incorporated, or placed in qualifying farm machinery and equipment during the course of installing replacement parts as defined in (f)(i) of this subsection or making repairs as described in subsection (1)(c) of this section.

(g) "Tax year" means the period for which a person files its federal income tax return, irrespective of whether the period represents a calendar year, fiscal year, or some other consecutive twelve-month period. If a person is not required to file a federal income tax return, "tax year" means a calendar year.

NEW SECTION. Sec. 1107. The following acts or parts of acts are each repealed:

(1) RCW 82.04.629 (Exemptions—Honey bee products) and 2013 2nd sp.s. c 13 s 306 & 2008 c 314 s 2;

(2) RCW 82.04.630 (Exemptions—Bee pollination services) and 2013 2nd sp.s. c 13 s 307 & 2008 c 314 s 3;

(3) RCW 82.08.0204 (Exemptions—Honey bees) and 2013 2nd sp.s. c 13 s 308 & 2008 c 314 s 4;

(4) RCW 82.12.0204 (Exemptions—Honey bees) and 2013 2nd sp.s. c 13 s 309 & 2008 c 314 s 5;

(5) RCW 82.08.200 (Exemptions—Honey beekeepers) and 2013 2nd sp.s. c 13 s 302;

(6) RCW 82.12.200 (Exemptions—Honey beekeepers) and 2013 2nd sp.s. c 13 s 303; and

(7) RCW 43.136.047 (Beekeeper evaluation) and 2013 2nd sp.s. c 13 s 304.

NEW SECTION. Sec. 1108. The legislature intends for the amendments in this act to be permanent. Therefore, the amendments in Part XI of this act are exempt from the provision in RCW 82.32.805 and 82.32.808.

PART XII
[NOT USED]

PART XIII
[NOT USED]

PART XIV
[NOT USED]

PART XV
[NOT USED]

PART XVI
[NOT USED]

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**PART XVII
[NOT USED]**

**PART XVIII
[NOT USED]**

PART XIX

Concerning a Hazardous Substance Tax Exemption for Certain Hazardous Substances that Are Used as Agricultural Crop Protection Products and Warehoused but not Otherwise Used, Manufactured, Packaged, or Sold in this State

NEW SECTION. **Sec. 1901.** A new section is added to chapter 82.21 RCW to read as follows:

(1) The legislature categorizes the tax preference in section 1902 of this act as one intended to improve industry competitiveness, as indicated in RCW 82.32.808(2)(b).

(2) The legislature's specific public policy objective is to clarify an existing exemption from the hazardous substance tax for agricultural crop protection products to incentivize storing products in Washington state as they are engaged in interstate commerce. The legislature finds that the agricultural industry is a vital component of Washington's economy, providing thousands of jobs throughout the state. The legislature further finds that Washington state is the ideal location for distribution centers for agricultural crop protection products because Washington is an efficient transportation hub for Pacific Northwest farmers, and encourages crop protection products to be managed in the most protective facilities, and transported using the most sound environmental means. However, products being warehoused in the state are diminishing because agricultural crop protection products are being redirected to out-of-state distribution centers as a direct result of Washington's tax burden. Relocation of this economic activity is detrimental to Washington's economy through the direct loss of jobs and hazardous substance tax revenue, thereby negatively impacting the supply chain for Washington farmers, thereby causing increased transportation usage and risk of spillage, thereby failing to encourage the most environmentally protective measures. Therefore, it is the intent of the legislature to encourage the regional competitiveness of agricultural distribution by clarifying an exemption from the hazardous substance tax for agricultural crop protection products that are manufactured out-of-state, warehoused or transported into the state, but ultimately shipped and sold out of Washington state.

(3) If a review finds an average increase in revenue of the hazardous substance tax, then the legislature intends to extend the expiration date of the tax preference.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the joint legislative audit and review committee may refer to data available from the department of revenue.

Sec. 1902. RCW 82.21.040 and 1989 c 2 s 11 are each amended to read as follows:

The following are exempt from the tax imposed in this chapter:

(1) Any successive possession of a previously taxed hazardous substance. If tax due under this chapter has not been paid with respect to a hazardous substance, the department may collect the tax from any person who has had possession of the hazardous substance. If the tax is paid by any person other than the first person having taxable possession of a hazardous substance, the amount of tax paid shall constitute a debt owed by the first person having taxable possession to the person who paid the tax.

(2) Any possession of a hazardous substance by a natural person under circumstances where the substance is used, or is to be used, for a personal or domestic purpose (and not for any business purpose) by that person or a relative of, or person residing in the same dwelling as, that person.

(3) Any possession of a hazardous substance amount which is determined as minimal by the department of ecology and which is possessed by a retailer for the purpose of making sales to ultimate consumers. This exemption does not apply to pesticide or petroleum products.

(4) Any possession of alumina or natural gas.

(5)(a) Any possession of a hazardous substance as defined in RCW 82.21.020(1)(c) that is solely for use by a farmer or certified applicator as an agricultural crop protection product and warehoused in this state or transported to or from this state, provided that the person possessing the substance does not otherwise use, manufacture, package for sale, or sell the substance in this state.

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

(i) "Agricultural crop protection product" means a chemical regulated under the federal insecticide, fungicide, and rodenticide act, 7 U.S.C. Sec. 136 as amended as of the effective date of this section, when used to prevent, destroy, repel, mitigate, or control predators, diseases, weeds, or other pests.

(ii) "Certified applicator" has the same meaning as provided in RCW 17.21.020.

(iii) "Farmer" has the same meaning as in RCW 82.04.213.

(iv) "Manufacturing" includes mixing or combining agricultural crop protection products with other chemicals or other agricultural crop protection products.

(v) "Package for sale" includes transferring agricultural crop protection products from one container to another, including the transfer of fumigants and other liquid or gaseous chemicals from one tank to another.

(vi) "Use" has the same meaning as in RCW 82.12.010.

(6) Persons or activities which the state is prohibited from taxing under the United States Constitution.

~~((6) Any persons possessing a hazardous substance where such possession first occurred before March 1, 1989.))~~

PART XX

Concerning the Taxation of Certain Rented Property Owned by Nonprofit Fair Associations

NEW SECTION. **Sec. 2001.** (1) This section is the tax preference performance statement for the tax preference contained in section 2002 of this act. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as intended to accomplish a general purpose not identified in RCW 82.32.808(2) (a) through (e).

(3) It is the legislature's specific public policy objective to support nonprofit fairs that obtained a majority of their property from a city or county between 1995 and 1998. The legislature intends to make their property tax exemption permanent, while requiring the collection of leasehold excise tax on any rentals of their exempt property that exceed fifty consecutive days. Because the legislature intends for the changes in this Part XX to be permanent, they are exempt from the ten-year expiration provision in RCW 82.32.805(1)(a).

Sec. 2002. RCW 84.36.480 and 2013 c 212 s 2 are each amended to read as follows:

(1) Except as provided otherwise in subsections (2) and (3) of this section, the real and personal property of a nonprofit fair association that sponsors or conducts a fair or fairs that is eligible to receive support from the fair fund, as created in RCW 15.76.115 and allocated by the director of the department of agriculture, is exempt from taxation. To be exempt under this subsection (1), the property must be used exclusively for fair purposes, except as provided in RCW 84.36.805. However, the loan or rental of property otherwise exempt under this section to a private concessionaire or to any person for use as a concession in conjunction with activities permitted under this section ~~((shall))~~ do not nullify the exemption if the concession charges are subject to agreement and the rental income, if any, is reasonable and is devoted solely to the operation and maintenance of the property.

(2)(a) Except as provided otherwise in this subsection and subsection (3) of this section, the real and personal property owned by a nonprofit fair association organized under chapter 24.06 RCW and used for fair purposes is exempt from taxation if the majority of such property, as determined by assessed value, was purchased or acquired by the same nonprofit fair association from a county or a city between 1995 and 1998.

(b) ~~((The exemption under this subsection (2) may not be claimed for taxes levied for collection in 2019 and thereafter.))~~ The use of exempt property for rental purposes does not negate the exemption under this subsection. However, any rental exceeding fifty consecutive days during any calendar year is subject to leasehold excise tax under chapter 82.29A RCW. For purposes of this subsection, "rental" means a lease, permit, license, or any other agreement granting possession and use, to a degree less than fee simple ownership, between the nonprofit fair association and a person who would not be exempt from property taxes if that person owned the property in fee.

(3) A nonprofit fair association with real and personal property having an assessed value of more than fifteen million dollars is not eligible for the exemptions under this section.

Sec. 2003. RCW 82.29A.020 and 2014 c 207 s 3 and 2014 c 140 s 26 are each reenacted and amended to read as follows:

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

(1)(a) "Leasehold interest" means an interest in publicly owned, or specified privately 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. 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 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" 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.

(b) The term "leasehold interest" does not include:

(i) Road or utility easements, rights of access, occupancy, or use granted solely for the purpose of removing materials or products purchased from ~~((a public))~~ an owner or the lessee of ~~((a public))~~ an owner, or rights of access, occupancy, or use granted solely for the purpose of natural energy resource exploration; or

(ii) 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.

~~((c) "Publicly owned real or personal property" includes real or personal property owned by a federally recognized Indian tribe in the state and exempt from tax under RCW 84.36.010.))~~

(2)(a) "Taxable rent" means contract rent as defined in (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. With respect to a leasehold interest in privately owned property, "taxable rent" means contract rent. 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 (g) of this subsection. All other leasehold interests are subject to the determination of taxable rent under the terms of (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 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 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.

(c) "Contract rent" 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 is part of contract rent.

(d) "Contract rent" 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

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improvements 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 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 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, must be prorated from the date of prepayment.

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

(g) If it 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 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 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 means a lease of property for use in the production of agricultural or marine products, not including the production of marijuana as defined in RCW 69.50.101, 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 required by the terms of the lease or agreement. In addition "renegotiated" 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.

(7) "Publicly owned, or specified privately owned, real or personal property" includes real or personal property:

(a) Owned in fee or held in trust by a public entity and exempt from property tax under the laws or Constitution of this state or the Constitution of the United States;

(b) Owned by a federally recognized Indian tribe in the state and exempt from property tax under RCW 84.36.010;

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(c) Owned by a nonprofit fair association exempt from property tax under RCW 84.36.480(2), but only with respect to that portion of the fair's property subject to the tax imposed in this chapter pursuant to RCW 84.36.480(2)(b); or

(d) Owned by a community center exempt from property tax under RCW 84.36.010.

Sec. 2004. RCW 82.29A.020 and 2014 c 140 s 26 are each amended to read as follows:

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

(1)(a) "Leasehold interest" means an interest in publicly owned, or specified privately 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. 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 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" 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.

(b) The term "leasehold interest" does not include:

(i) Road or utility easements, rights of access, occupancy, or use granted solely for the purpose of removing materials or products purchased from ((a public)) an owner or the lessee of ((a public)) an owner, or rights of access, occupancy, or use granted solely for the purpose of natural energy resource exploration((- "Leasehold interest" does not include)); or

(ii) 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" means contract rent as defined in (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. With respect to a leasehold interest in privately owned property, "taxable rent" means contract rent. 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 (g) of this subsection. All other leasehold interests are subject to the determination of taxable rent under the terms of (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 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 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.

(c) "Contract rent" 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 is part of contract rent.

(d) "Contract rent" 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 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 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 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, must be prorated from the date of prepayment.

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

(g) If it 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 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 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 means a lease of property for use in the production of agricultural or marine products, not including the production of marijuana as defined in RCW 69.50.101, 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 required by the terms of the lease or agreement. In addition "renegotiated" 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.

(7) "Publicly owned, or specified privately owned, real or personal property" includes real or personal property:

(a) Owned in fee or held in trust by a public entity and exempt from property tax under the laws or Constitution of this state or the Constitution of the United States;

(b) Owned by a federally recognized Indian tribe in the state and exempt from property tax under RCW 84.36.010;

(c) Owned by a nonprofit fair association exempt from property tax under RCW 84.36.480(2), but only with respect to that portion of the fair's property subject to the tax imposed in this chapter pursuant to RCW 84.36.480(2)(b); or

(d) Owned by a community center exempt from property tax under RCW 84.36.010.

Sec. 2005. RCW 82.29A.030 and 2010 c 281 s 3 are each amended to read as follows:

(1)~~((a))~~ There is levied and collected a leasehold excise tax on the act or privilege of occupying or using publicly owned, or specified privately owned, real or personal property ~~((or real or personal property of a community center))~~ through a leasehold interest on and after January 1, 1976, at a rate of twelve percent of taxable rent. However, after the computation of the tax a credit is allowed for any tax collected pursuant to RCW 82.29A.040.

~~((b) For the purposes of this subsection, "community center" has the same meaning as provided in RCW 84.36.010.)~~

(2) An additional tax is imposed equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under subsection (1) of this section.

Sec. 2006. RCW 82.29A.040 and 1975-76 2nd ex.s. c 61 s 4 are each amended to read as follows:

(1) The legislative body of any county or city is hereby authorized to levy and collect a leasehold excise tax on the act or privilege of occupying or using publicly owned, or specified privately owned, real or personal property through a leasehold interest in publicly owned property within the territorial limits of such county or city. The tax levied by a county under authority of this section shall not exceed six percent and the tax levied by a city shall not exceed four percent of taxable rent~~((: PROVIDED, That))~~. However, any county ordinance levying such tax shall contain a provision allowing a credit against the county tax for the full amount of any city tax imposed upon the same taxable event.

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(2) The department of revenue shall perform the collection of such taxes on behalf of such county or city.

NEW SECTION. Sec. 2007. Sections 2003, 2005, and 2006 of this act apply with respect to taxable rent, as defined in RCW 82.29A.020, payable on or after the effective date of this section.

NEW SECTION. Sec. 2008. Section 2002 of this act applies to taxes levied for collection in 2019 and thereafter.

PART XXI

Improving the Administration of Unclaimed Property Laws

Sec. 2101. RCW 63.29.020 and 2011 c 116 s 1 are each amended to read as follows:

(1) Except as otherwise provided by this chapter, all intangible property, including any income or increment derived therefrom, less any lawful charges, that is held, issued, or owing in the ordinary course of the holder's business and has remained unclaimed by the owner for more than three years after it became payable or distributable is presumed abandoned.

(2) Property, with the exception of unredeemed Washington state lottery tickets and unrepresented winning parimutuel tickets, is payable and distributable for the purpose of this chapter notwithstanding the owner's failure to make demand or to present any instrument or document required to receive payment.

(3) This chapter does not apply to claims drafts issued by insurance companies representing offers to settle claims unliquidated in amount or settled by subsequent drafts or other means.

(4) This chapter does not apply to property covered by chapter 63.26 RCW.

(5) This chapter does not apply to used clothing, umbrellas, bags, luggage, or other used personal effects if such property is disposed of by the holder as follows:

(a) In the case of personal effects of negligible value, the property is destroyed; or

(b) The property is donated to a bona fide charity.

(6) This chapter does not apply to a gift certificate ~~((subject to the prohibition against expiration dates under RCW 19.240.020 or to a gift certificate subject to RCW 19.240.030 through 19.240.060. However, this chapter applies to))~~ lawfully issued under chapter 19.240 RCW, except lawfully issued gift certificates presumed abandoned under RCW 63.29.110. Nothing in this section limits the application of chapter 19.240 RCW.

(7) Except as provided in RCW 63.29.350, this chapter does not apply to excess proceeds held by counties, cities, towns, and other municipal or quasi-municipal corporations from foreclosures for delinquent property taxes, assessments, or other liens.

(8)(a) This chapter does not apply to a premium paid by an agricultural fair by check.

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

(i) "Agricultural fair" means a fair or exhibition that is intended to promote agriculture by including a balanced variety of exhibits of livestock and agricultural products, as well as related manufactured products and arts, including: Products of the farm home and educational contests, displays, and demonstrations designed to train youth and to promote the welfare of farmers and rural living; and

(ii) "Premium" means an amount paid for exhibits and educational contests, displays, and demonstrations of an educational nature. A "premium" does not include judges' fees and expenses; livestock sale revenues; or prizes or amounts paid

for promotion or entertainment activities such as queen contests, parades, dances, rodeos, and races.

Sec. 2102. RCW 63.29.140 and 2004 c 168 s 15 are each amended to read as follows:

(1) A gift certificate or a credit memo issued in the ordinary course of an issuer's business which remains unclaimed by the owner for more than three years after becoming payable or distributable is presumed abandoned.

(2) In the case of a gift certificate, the amount presumed abandoned is the price paid by the purchaser for the gift certificate. In the case of a credit memo, the amount presumed abandoned is the amount credited to the recipient of the memo.

(3) A gift certificate that is lawfully issued under chapter 19.240 RCW and that is presumed abandoned under this section may, but need not be, included in the report as provided under RCW 63.29.170(4). ~~((If a gift certificate that is presumed abandoned under this section is not timely reported as provided under RCW 63.29.170(4), RCW 19.240.005 through 19.240.110 apply to the gift certificate.))~~

Sec. 2103. RCW 63.29.170 and 2004 c 168 s 16 are each amended to read as follows:

(1) A person holding property presumed abandoned and subject to custody as unclaimed property under this chapter ~~((shall))~~ must report to the department concerning the property as provided in this section.

(2) The report must be verified and must include:

(a) Except with respect to travelers checks and money orders, the name, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of property with a value of more than fifty dollars presumed abandoned under this chapter;

(b) In the case of unclaimed funds of more than fifty dollars held or owing under any life or endowment insurance policy or annuity contract, the full name and last known address of the insured or annuitant and of the beneficiary according to the records of the insurance company holding or owing the funds;

(c) In the case of the contents of a safe deposit box or other safekeeping repository or in the case of other tangible property, a description of the property and the place where it is held and where it may be inspected by the department, and any amounts owing to the holder;

(d) The nature and identifying number, if any, or description of the property and the amount appearing from the records to be due, but items with a value of fifty dollars or less each may be reported in the aggregate;

(e) The date the property became payable, demandable, or returnable, and the date of the last transaction with the apparent owner with respect to the property; and

(f) Other information the department prescribes by rule as necessary for the administration of this chapter.

(3) If the person holding property presumed abandoned and subject to custody as unclaimed property is a successor to other persons who previously held the property for the apparent owner or the holder has changed his or her name while holding the property, the holder shall file with the report all known names and addresses of each previous holder of the property.

(4) The report must be filed before November 1st of each year and shall include, except as provided in RCW 63.29.140(3), all property presumed abandoned and subject to custody as unclaimed property under this chapter that is in the holder's possession as of the preceding June 30th. On written request by any person required to file a report, the department may postpone the reporting date.

(5)(a) Beginning July 1, 2016, reports due under this section must be filed electronically in a form or manner provided or

authorized by the department. However, the department, upon request or its own initiative, may relieve any holder or class of holders from the electronic filing requirement under this subsection for good cause as determined by the department.

(b) For purposes of this subsection, "good cause" means:

(i) A circumstance or condition exists that, in the department's judgment, prevents the holder from electronically filing the report due under this section; or

(ii) The department determines that relief from the electronic filing requirement under this subsection supports the efficient or effective administration of this chapter.

(6) After May 1st, but before August 1st, of each year in which a report is required by this section, the holder in possession of property presumed abandoned and subject to custody as unclaimed property under this chapter (~~(shall)~~ **must** send written notice to the apparent owner at the last known address informing him or her that the holder is in possession of property subject to this chapter if:

(a) The holder has in its records an address for the apparent owner which the holder's records do not disclose to be inaccurate;

(b) The claim of the apparent owner is not barred by the statute of limitations; and

(c) The property has a value of more than seventy-five dollars.

Sec. 2104. RCW 63.29.180 and 2005 c 367 s 2 are each amended to read as follows:

(1) The department (~~(shall)~~ **must** cause a notice to be published not later than November 1st, immediately following the report required by RCW 63.29.170 in the printed or online version of a newspaper of general circulation within this state, which the department determines is most likely to give notice to the apparent owner of the property.

(2) The published notice must be entitled "Notice to Owners of Unclaimed Property" and contain a summary explanation of how owners may obtain information about unclaimed property reported to the department.

(3) Not later than September 1st, immediately following the report required by RCW 63.29.170, the department (~~(shall)~~ **must** mail a notice to each person whose last known address is listed in the report and who appears to be entitled to property with a value of more than seventy-five dollars presumed abandoned under this chapter and any beneficiary of a life or endowment insurance policy or annuity contract for whom the department has a last known address. The department is not required to mail notice under this subsection if the address listed in the report appears to the department to be insufficient for the purpose of the delivery of mail.

(4) The mailed notice must contain:

(a) A statement that, according to a report filed with the department, property is being held to which the addressee appears entitled; and

(b) The name of the person reporting the property and the type of property described in the report.

(5) This section is not applicable to sums payable on travelers checks, money orders, and other written instruments presumed abandoned under RCW 63.29.040.

Sec. 2105. RCW 63.29.190 and 2005 c 502 s 4, 2005 c 367 s 3, and 2005 c 285 s 2 are each reenacted and amended to read as follows:

(1)(a) Except as otherwise provided in subsections (2) and (3) of this section, a person who is required to file a report under RCW 63.29.170 (~~(shall)~~ **must** pay or deliver to the department all abandoned property required to be reported at the time of filing the report. Beginning July 1, 2016, holders who are required to file a report electronically under this chapter must remit payments under this section by electronic funds transfer or other form of electronic payment acceptable to the department. However, the

department, upon request or its own initiative, may relieve any holder or class of holders from the electronic payment requirement under this subsection for good cause as determined by the department.

(b) For purposes of this subsection, "good cause" means:

(i) A circumstance or condition exists that, in the department's judgment, prevents the holder from remitting payments due under this section electronically; or

(ii) The department determines that relief from the electronic payment requirement under this subsection supports the efficient or effective administration of this chapter.

(2)(a) Counties, cities, towns, and other municipal and quasi-municipal corporations that hold funds representing warrants canceled pursuant to RCW 36.22.100 and 39.56.040, uncashed checks, and property tax overpayments or refunds may retain the funds until the owner notifies them and establishes ownership as provided in RCW 63.29.135. Counties, cities, towns, or other municipal or quasi-municipal corporations (~~(shall)~~ **must** provide to the department a report of property it is holding pursuant to this section. The report (~~(shall)~~ **must** identify the property and owner in the manner provided in RCW 63.29.170 and the department (~~(shall)~~ **must** publish the information as provided in RCW 63.29.180.

(b)(i) A public transportation authority that holds funds representing value on abandoned fare cards may retain the funds until the owner notifies the authority and establishes ownership as provided in RCW 63.29.135.

(ii) For the purposes of this subsection (2)(b), "public transportation authority" means a municipality, as defined in RCW 35.58.272, a regional transit authority authorized by chapter 81.112 RCW, a public mass transportation system authorized by chapter 47.60 RCW, or a city transportation authority authorized by chapter 35.95A RCW.

(3)(a) The contents of a safe deposit box or other safekeeping repository presumed abandoned under RCW 63.29.160 and reported under RCW 63.29.170 (~~(shall)~~ **must** be paid or delivered to the department within six months after the final date for filing the report required by RCW 63.29.170.

(b) If the owner establishes the right to receive the abandoned property to the satisfaction of the holder before the property has been delivered or it appears that for some other reason the presumption of abandonment is erroneous, the holder need not pay or deliver the property to the department, and the property will no longer be presumed abandoned. In that case, the holder (~~(shall)~~ **must** file with the department a verified written explanation of the proof of claim or of the error in the presumption of abandonment.

(4) The holder of an interest under RCW 63.29.100 (~~(shall)~~ **must** deliver a duplicate certificate or other evidence of ownership if the holder does not issue certificates of ownership to the department. Upon delivery of a duplicate certificate to the department, the holder and any transfer agent, registrar, or other person acting for or on behalf of a holder in executing or delivering the duplicate certificate is relieved of all liability of every kind in accordance with RCW 63.29.200 to every person, including any person acquiring the original certificate or the duplicate of the certificate issued to the department, for any losses or damages resulting to any person by the issuance and delivery to the department of the duplicate certificate.

Sec. 2106. RCW 63.29.290 and 1983 c 179 s 29 are each amended to read as follows:

(1) The expiration, after September 1, 1979, of any period of time specified by contract, statute, or court order, during which a claim for money or property can be made or during which an action or proceeding may be commenced or enforced to obtain payment of a claim for money or to recover property, does not

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prevent the money or property from being presumed abandoned or affect any duty to file a report or to pay or deliver abandoned property to the department as required by this chapter.

(2) Except as otherwise provided in this section, no action or proceeding may be commenced by the department with respect to any duty of a holder under this chapter more than six years after the duty arose.

(3) No action or proceeding may be commenced by the department with respect to any assessment under this chapter more than three years after the later of (a) the due date for payment of the assessment including any extension granted by the department or (b) thirty days after the final decision on any petition for review under section 2110 of this act.

Sec. 2107. RCW 63.29.300 and 1983 c 179 s 30 are each amended to read as follows:

(1) The department may require any person who has not filed a report to file a verified report stating whether or not the person is holding any unclaimed property reportable or deliverable under this chapter. Nothing in this chapter requires reporting of property which is not subject to payment or delivery.

(2) The department, at reasonable times and upon reasonable notice, may examine the records of any person to determine whether the person has complied with the provisions of this chapter. The department may conduct the examination even if the person believes it is not in possession of any property reportable or deliverable under this chapter.

(3) If a person is treated under RCW 63.29.120 as the holder of the property only insofar as the interest of the business association in the property is concerned, the department, pursuant to subsection (2) of this section, may examine the records of the person if the department has given the notice required by subsection (2) of this section to both the person and the business association at least ninety days before the examination.

(4) Material obtained by any person during any examination authorized under this chapter, or whether the holder was, is being, or will be examined or subject to an examination, is confidential information and may not be disclosed to any person except as provided in RCW 63.29.380.

(5) If an examination of the records of a person results in the disclosure of property reportable and payable or deliverable under this chapter, the department must assess against the person the amount that should have been reported and paid as determined or approved by the department. An assessment must also include a demand to deliver any property that should have been reported and delivered to the department under this chapter. The assessment must include interest and penalties as provided in RCW 63.29.340. The department may assess the cost of the examination against the holder at the rate of one hundred forty dollars a day for each examiner, but in no case may the charges exceed the lesser of three thousand dollars or the value of the property found to be reportable and payable or deliverable. No assessment (~~shall~~) for costs may be imposed (~~where~~) when the person proves that failure to report and deliver property was inadvertent. The cost of examination made pursuant to subsection (3) of this section may be imposed only against the business association.

~~((5))~~ (6) If a holder fails after June 30, 1983, to maintain the records required by RCW 63.29.310 and the records of the holder available for the periods subject to this chapter are insufficient to permit the preparation of a report, the department may (~~require the holder to report and pay~~) assess such amounts as may reasonably be estimated from any available records.

(7)(a) Except as provided in (b) of this subsection, all amounts and property identified in any assessment issued by the

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department under this section must be paid or delivered to the department within thirty days of issuance.

(b) If a timely petition for review of an assessment is filed with the department as provided in section 2110 of this act, only the uncontested amounts and property must be paid or delivered to the department within thirty days of the issuance of the assessment.

Sec. 2108. RCW 63.29.340 and 2011 c 96 s 45 are each amended to read as follows:

(1) A person who fails to pay or deliver property (~~(within the time prescribed by this chapter shall be)~~) when due is required to pay to the department interest at the rate as computed under RCW 82.32.050(2) from the date the property should have been paid or delivered until the property is paid or delivered (~~(, unless)~~). However, the department must waive or cancel interest imposed under this subsection if:

(a) The department finds that the failure to pay or deliver the property within the time prescribed by this chapter was the result of circumstances beyond the person's control sufficient for waiver or cancellation of interest under RCW 82.32.105;

(b) The failure to timely pay or deliver the property within the time prescribed by this chapter was the direct result of written instructions given to the person by the department; or

(c) The extension of a due date for payment or delivery under an assessment issued by the department was not at the person's request and was for the sole convenience of the department.

~~(2) (A person who willfully fails to render any report, to pay or deliver property, or to perform other duties required under this chapter shall pay a civil penalty of one hundred dollars for each day the report is withheld or the duty is not performed, but not more than five thousand dollars, plus one hundred percent of the value of the property which should have been reported, paid or delivered.~~

~~(3) A person who willfully refuses after written demand by the department to pay or deliver property to the department as required under this chapter or who enters into a contract to avoid the duties of this chapter is guilty of a gross misdemeanor and upon conviction may be punished by a fine of not more than one thousand dollars or imprisonment for up to three hundred sixty four days, or both.) If a person fails to file any report or to pay or deliver any amounts or property when due under a report required under this chapter, there is assessed a penalty equal to ten percent of the amount unpaid and the value of any property not delivered.~~

(3) If an examination results in an assessment for amounts unpaid or property not delivered, there is assessed a penalty equal to ten percent of the amount unpaid and the value of any property not delivered.

(4) If a person fails to pay or deliver to the department by the due date any amounts or property due under an assessment issued by the department to the person, there is assessed an additional penalty of five percent of the amount unpaid and the value of any property not delivered.

(5) Penalties under subsections (2) through (4) of this section may be waived or canceled only if the department finds that the failure to pay or deliver within the time prescribed by this chapter was the result of circumstances beyond the person's control sufficient for waiver or cancellation of penalties under RCW 82.32.105.

(6) If a person willfully fails to file a report or to provide written notice to apparent owners as required under this chapter, the department may assess a civil penalty of one hundred dollars for each day the report is withheld or the notice is not sent, but not more than five thousand dollars.

(7) If a holder, having filed a report, failed to file the report electronically as required by RCW 63.29.170, or failed to pay electronically any amounts due under the report as required by RCW 63.29.190, the department must assess a penalty equal to five percent of the amount payable or deliverable under the report, unless the department grants the taxpayer relief from the electronic filing and payment requirements. Total penalties assessed under this subsection may not exceed five percent of the amount payable and value of property deliverable under the report.

(8) The penalties imposed in this section are cumulative.

NEW SECTION. Sec. 2109. A new section is added to chapter 63.29 RCW to read as follows:

(1)(a) If, upon receipt of an application by a holder for a refund or return of property, or upon an examination of the report or records of any holder, it is determined by the department that any amount, interest, or penalty has been paid in excess of that properly due under this chapter or that any property was delivered to the department under this chapter in error, then with the exception of amounts delivered by the department to a claimant under RCW 63.29.240, the excess amount must be refunded to the holder, or the property delivered in error returned to the holder, as the case may be.

(b)(i) Except as otherwise provided in RCW 63.29.200(2) or this section, no refund or return of property may be made for any amount or property paid or delivered, or for any interest or penalty paid, more than six years after the end of the calendar year in which the payment or delivery occurred.

(ii) The expiration of the limitations period in this subsection will not bar a refund or the return of property if a complete application for such refund or return of property was received by the department before the expiration of such limitations period.

(2) The execution of a written waiver signed by the holder and the department will extend the time for making a refund of any amounts paid, or a return of property delivered in error, during, or attributable to, the years covered by the waiver if, prior to the expiration of the waiver period, a complete application for refund or return of such amounts or property is made by the holder or the department discovers a refund is due or a return of property under this section is required.

(3) For purposes of subsections (1) and (2) of this section, an application for a refund or return of property is complete if it includes information the department deems sufficient to substantiate the holder's claim for a refund or return of property. If the department receives an incomplete application before the expiration of the limitations period in subsection (1)(b)(i) of this section or before the expiration of an applicable waiver period as authorized under subsection (2) of this section, the department must provide the holder written notice of the deficiencies of information in the application and grant the holder thirty days from the date of such notice to provide sufficient documentation to substantiate the holder's claim for a refund or return of property. The department may, at its sole discretion, grant a holder up to an additional ninety days to substantiate its claim and specify in a written notice the expiration date of such additional period. If the holder provides sufficient substantiation documentation to the department within the additional time granted but after the expiration of the limitations period in subsection (1)(b)(i) of this section or an applicable waiver period as authorized under subsection (2) of this section, the holder will be deemed to have provided a complete application before the expiration of such limitations or waiver period. This subsection (3) may not be interpreted as governing the administration of applications for refund or return of property other than for purposes of the limitations period established in this section.

(4) Any such refunds must be made by means of vouchers approved by the department and by the issuance of state warrants drawn upon and payable from such funds as the legislature may provide. However, persons who are required to pay amounts due under this chapter electronically must have any refunds paid by electronic funds transfer if the department has the necessary account information to facilitate a refund by electronic funds transfer.

(5) Any judgment for which a recovery is granted by any court of competent jurisdiction, not appealed from, for amounts, penalties, or interest paid by the holder, and costs, in a suit by any holder must be paid in the same manner, as provided in subsection (4) of this section, upon the filing with the department of a certified copy of the order or judgment of the court.

(6) Interest at the rate computed under RCW 82.32.050(2) must be added to the amount of any refund allowed by the department or any court. Interest must be computed from the date the department received the excess payment, until the date the refund is issued.

NEW SECTION. Sec. 2110. A new section is added to chapter 63.29 RCW to read as follows:

Any person having been issued an assessment by the department, or a denial of an application for a refund or return of property, under the provisions of this chapter is entitled to a review by the department conducted in accordance with the provisions of RCW 34.05.410 through 34.05.494, subject to judicial review under RCW 34.05.510 through 34.05.598. A petition for review under this section is timely if received in writing by the department before the due date of the assessment, including any extension of the due date granted by the department, or in the case of a refund or return application, thirty days after the department rejects the application in writing, regardless of any subsequent action by the department to reconsider its initial decision. The period for filing a petition for review under this section may be extended as provided in a rule adopted by the department under chapter 34.05 RCW or upon a written agreement signed by the holder and the department.

NEW SECTION. Sec. 2111. A new section is added to chapter 63.29 RCW to read as follows:

(1) Any person who has paid or delivered property to the department under the provisions of this chapter, except one who has failed to keep and preserve records as required in this chapter, feeling aggrieved by such payment or delivery, may appeal to the superior court of Thurston county. The person filing a notice of appeal under this section is deemed the plaintiff, and the department, the defendant.

(2) An appeal under this section must be made within:

(a) The time limitation for a refund provided in section 2109 of this act; or

(b) Thirty days after the department rejects in writing an application for refund or return of property, regardless of any subsequent action by the department to reconsider its initial decision, if:

(i) An application for refund or return of property has been made to the department within the time limitation provided in (a) of this subsection (2) or the limitation provided in RCW 63.29.200(2), as applicable; and

(ii) The time limitation provided under this subsection (2)(b) is later than the time limitation provided in (a) of this subsection (2).

(3)(a) In an appeal filed under this section, the plaintiff must set forth the amount or property, if any, payable or deliverable on the report or assessment that the plaintiff is contesting, which the holder concedes to be the correct amount payable or deliverable, and the reason why the amount payable or deliverable should be reduced or abated.

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(b) The appeal is perfected only by serving a copy of the notice of appeal upon the department and filing the original with proof of service with the clerk of the superior court of Thurston county, within the time specified in subsection (2) of this section.

(4)(a) The trial in the superior court on appeal must be de novo and without the necessity of any pleadings other than the notice of appeal. At trial, the burden is on the plaintiff to (i) prove that the amount paid by that person is incorrect, either in whole or in part, or the property in question was delivered in error to the department, and (ii) establish the correct amount payable or the property required to be delivered to the department, if any.

(b) Both parties are entitled to subpoena the attendance of witnesses as in other civil actions and to produce evidence that is competent, relevant, and material to determine the correct amount due, if any, that should be paid by the plaintiff.

(c) Either party may seek appellate review in the same manner as other civil actions are appealed to the appellate courts.

(5) An appeal may be maintained under this section without the need for the plaintiff to first:

(a) Protest against the payment of any amount due or reportable under this chapter or to make any demand to have such amount refunded or returned; or

(b) Petition the department for a refund, return of property, or a review of its action as authorized in section 2110 of this act.

(6) No court action or proceeding of any kind may be maintained by the plaintiff to recover any amount paid, delivered, or reported to the department under this chapter, except as provided in this section or as may be available to the plaintiff under RCW 34.05.510 through 34.05.598.

(7) No appeal may be maintained under this section with respect to matters reviewed by the department under the provisions of chapter 34.05 RCW.

NEW SECTION. Sec. 2112. A new section is added to chapter 63.29 RCW to read as follows:

(1) The department may enter into an agreement in writing with any holder with respect to any duties under this chapter or any property or amounts due under this chapter, including penalties and interest.

(2) Upon its execution by all parties, the agreement is final and conclusive as to the periods, property, and any other matters expressly covered by the agreement. Except upon a showing of fraud or malfeasance, or of misrepresentation of a material fact:

(a) The agreement may not be reopened as to the matters agreed upon, nor may the agreement be modified, by any officer, employee, or agent of the state, or the holder; and

(b) In any suit, action, or proceeding, such agreement, or any determination, assessment, collection, payment, abatement, or refund, or credit made in accordance with the agreement, may not be annulled, modified, set aside, or disregarded.

(3) No agreement under this section may affect a holder's obligations to an owner or an owner's rights against a holder, except as expressly provided in RCW 63.29.200.

(4) No agreement under this section may include any indemnification of any holder for amounts or property that has not been paid or delivered to the department. Nothing in this subsection (4) may be construed to affect the finality and conclusiveness of any agreement under this section to the extent provided in subsection (2) of this section.

NEW SECTION. Sec. 2113. (1) Section 2101 of this act applies only with respect to gift certificates issued on or after the effective date of section 2101 of this act.

(2) Section 2102 of this act applies only with respect to gift certificates issued on or after the effective date of section 2102 of this act.

(3) Section 2106 of this act applies only with respect to original assessments issued on or after the effective date of section 2106 of this act.

(4) Section 2108 of this act applies only with respect to reports initially due, or property initially payable or deliverable, or other duties that arise initially on or after the effective date of section 2108 of this act.

(5) Section 2109 of this act applies only with respect to (a) requests for refund or the return of property, where the request is originally received by the department on or after the effective date of section 2109 of this act, and (b) excess payments or property improperly delivered, where such excess payments or improper delivery are discovered by the department on or after the effective date of section 2109 of this act.

**PART XXII
[NOT USED]**

**PART XXIII
Miscellaneous Provisions**

NEW SECTION. Sec. 2301. (1) Except as provided otherwise in this section, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2015.

(2) Parts II, IV, VI, VIII, and XIX 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 September 1, 2015.

(3) Part X of this act takes effect October 1, 2016.

(4) Section 1105 of this act takes effect January 1, 2016.

(5) Except for section 2004 of this act, Part XX of this act takes effect January 1, 2019.

(6) Section 2004 of this act takes effect January 1, 2022.

NEW SECTION. Sec. 2302. Part VII of this act takes effect August 1, 2015.

NEW SECTION. Sec. 2303. Part VIII of this act expires July 1, 2019.

NEW SECTION. Sec. 2304. Section 1104 of this act expires January 1, 2016.

NEW SECTION. Sec. 2305. Section 2003 of this act expires January 1, 2022.

NEW SECTION. Sec. 2306. (1) Section 2108 of this act takes effect July 1, 2016, unless the department of revenue determines that it is unable to efficiently and effectively implement any of the provisions of section 2108 of this act, in which case section 2108 of this act takes effect July 1, 2017.

(2) The department of revenue must provide written notice of the effective date of section 2108 of this act to the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the department, as well as post notice of the effective date on its public web site. The notice must be provided no later than June 1, 2016."

MOTION

Senator Hill moved that the following amendment by Senators Hill and Cleveland to the striking amendment be adopted:

Beginning on page 30, after line 4 of the amendment, strike all of part VI and insert the following:

"Clarifying the Definition of a Newspaper and Extending the B&O Newspaper Preferential Tax Rate

NEW SECTION. Sec. 601. (1) The legislature finds that over the last fifteen years, technological transformation and other developments have radically changed the newspaper industry business model, which remains in transition. The legislature further finds that the economic hardship wrought by this digital transformation has been substantial. The legislature finds that a strong and vibrant newspaper industry in Washington is beneficial to the state's citizens and to the conduct of good government at every level. The legislature further finds that advertising revenue of all United States newspapers fell from 63.5 billion dollars in 2000 to about twenty-three billion dollars in 2013, and is still falling. The legislature further finds that traditional news organizations' ability to support high quality news gathering and reporting relied primarily on a model in which advertisers paid to reach mass audiences attracted by newspapers. The legislature further finds that advertisers found it advantageous to pay to reach a mass audience because other advertising mediums were limited and less effective. The digital era has greatly fractured traditional spending by advertisers and turned this model on its head such that newspapers continue to require time to adapt so they may continue their public service mission. The legislature also finds that the business and occupation tax rate for the newspaper industry was pegged to the general manufacturing and wholesaling rate from 1937 until 2009, when the legislature extended tax relief to the industry due to this shift. It is the legislature's intent to extend this tax relief to the industry until its revenues and business model have stabilized. It is the legislature's further intent to provide a uniform tax rate for the industry to minimize the burden of reporting state business and occupation taxes for different types of revenue, which often times are impossible to account for separately by the taxpayer.

(2)(a) This subsection is the tax preference performance statement for the newspaper tax preferences in section 602 of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(b) The legislature categorizes this tax preference as one intended to provide temporary tax relief as described in RCW 82.32.808(2)(e).

(c) It is the legislature's specific public policy objective to provide business and occupation tax relief to the newspaper industry as it continues to adjust to significant revenue shifts and technological changes. As a secondary public policy objective, it is the legislature's intent to provide a permanent uniform rate for the industry.

(d) To measure the effectiveness of the preference provided in this act in achieving the specific public policy objective described in (c) of this subsection, the joint legislative audit and review committee must evaluate year-to-year changes in gross revenue derived from all sources for newspaper firms claiming the preferential tax rate under RCW 82.04.260(14). If the average year-to-year change in gross revenue is positive, including the last three years included in the tax preference review by the joint legislative audit and review committee, it is the legislature's intent to allow the tax preference to expire and to reinstate the traditional rate of 0.484 percent.

(e)(i) The information provided in the annual tax preference accountability report submitted by taxpayers as required by the department of revenue and taxpayer data provided by the department of revenue is intended to provide the informational basis for the evaluation under (d) of this subsection.

(ii) In addition to the data source described under (e)(i) of this subsection, the joint legislative audit and review committee may use any other data it deems necessary in performing the evaluation under (d) of this subsection.

Sec. 602. RCW 82.04.260 and 2014 c 140 s 6 and 2014 c 140 s 4 are each reenacted and amended to read as follows:

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

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business 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, 2015, 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)(i) Beginning July 1, 2015, dairy products; or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product; 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 or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products, not including any marijuana-infused product, 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; and

(B) Products comprised of not less than seventy percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d)(i) Beginning July 1, 2015, 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.

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(ii) For purposes of this subsection (1)(d), "fruits" and "vegetables" do not include marijuana, useable marijuana, or marijuana-infused products;

(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)(i) Except as provided in (e)(ii) of this subsection (11), this subsection (11) does not apply on and after July 1, 2040.

(ii) With respect to the manufacturing of commercial airplanes or making sales, at retail or wholesale, of commercial airplanes, this subsection (11) does not apply on and after July 1st of the year in which the department makes a determination that any final assembly or wing assembly of any version or variant of a commercial airplane that is the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850 has been sited outside the state of Washington. This subsection (11)(e)(ii) only applies to the manufacturing or sale of commercial airplanes that are the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850.

(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 cellululosic 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 cellululosic

products containing primarily, by weight or volume, cellululosic 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))~~ 0.35 percent until July 1, 2024, and 0.484 percent thereafter.

(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.

NEW SECTION. Sec. 603. 2012 2nd sp.s. c 6 s 704 (uncodified) is amended to read as follows:

~~(Part VI)~~ Section 602 of this act expires July 1, 2015."

The President Pro Tempore declared the question before the Senate to be the adoption of the amendment by Senators Hill and Cleveland on page 30, line 4 to the striking amendment to Substitute Senate Bill No. 6057.

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

MOTION

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

On page 83, line 8 of the amendment, strike "[NOT USED]" and insert the following:

"Concerning the Taxation of Wax and Ceramic Materials Used to Make Molds

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NEW SECTION. Sec. 1201. (1) This section is the tax preference performance statement for the tax preference contained in section 1202 of this act. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes the tax preference created in this act as one intended to reduce structural inefficiencies in the tax structure as indicated in RCW 82.32.808(2)(d).

(3) It is the legislature's specific public policy objective to provide permanent tax relief that corrects the structural inefficiencies under RCW 82.08.983 with regard to wax and ceramic materials used to create molds during the process of creating ferrous and nonferrous investment castings used in industrial applications.

NEW SECTION. Sec. 1202. 2010 c 225 s 4 (uncodified) is repealed.

NEW SECTION. Sec. 1203. As this part is intended to create a permanent tax exemption, the tax preference in this act is not subject to the expiration date requirements in RCW 82.32.805 and is not subject to the requirements in RCW 82.32.808(4)."

Correct any internal references accordingly.

On page 112, after line 4 of the amendment, insert the following:

"NEW SECTION. Sec. 2305. Part XII of this act takes effect June 30, 2015."

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

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

The President Pro Tempore declared the question before the Senate to be the adoption of the amendment by Senator Hobbs and others on page 83, line 8 to the striking amendment to Substitute Senate Bill No. 6057.

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

MOTION

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

On page 96, line 10 of the amendment, after "interest" strike "in publicly owned property" and insert "~~(in publicly owned property)~~"

On page 111, line 24 of the amendment, after "Parts" strike "II,"

On page 111, beginning on line 33 of the amendment, strike section 2302 and insert the following:

"NEW SECTION. Sec. 2302. Part VII of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect August 1, 2015."

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

The President Pro Tempore declared the question before the Senate to be the adoption of the amendment by Senators Hill and Hargrove on page 96, line 10 to the striking amendment to Substitute Senate Bill No. 6057.

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

MOTION

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

On page 106, after line 12 of the amendment, insert the following:

"NEW SECTION. Sec. 2109. A new section is added to chapter 63.29 RCW to read as follows:

(1) Except as otherwise provided in subsections (2) through (4) of this section, the department must waive all penalties and interest on amounts payable or property deliverable under this chapter if before November 1, 2016, the holder:

(a) Completes an application for a penalty and interest waiver under this section in the form and manner prescribed by the department;

(b) Files a report as required by this chapter that includes all property for which the penalty and interest waiver is requested; and

(c) Pays and delivers all amounts and property identified on that report.

(2) This section does not apply to any amounts or property that have been paid, delivered, or reported to the department before July 1, 2015.

(3) This section does not apply to any amounts or property included in an assessment or that have otherwise been identified through an investigation or examination.

(4) Except as authorized under RCW 63.29.200, a holder may not seek a refund for any amounts or property paid or delivered to the department under this section, or otherwise challenge whether such amounts or property were properly due under this chapter.

(5) All amounts reported, paid, and delivered under this section are subject to verification by the department. A grant by the department of any waiver under this section does not preclude assessment for amounts due or property deliverable that have not been paid or delivered to the department.

(6) After October 31, 2016, if the department determines it is unable to effectively implement any of the mandatory penalty provisions of RCW 63.29.340 as amended by section 2108 of this act, the department may waive all mandatory penalties and interest under RCW 63.29.340 for all holders until October 31, 2017.

(7) The department must publicize the availability of the penalty waivers provided in this section.

(8) This section expires January 1, 2018."

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

Senators Padden and Hargrove spoke in favor of adoption of the amendment to the striking amendment.

The President Pro Tempore declared the question before the Senate to be the adoption of the amendment by Senator Padden on page 106, line 12 to the striking amendment to Substitute Senate Bill No. 6057.

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

The President Pro Tempore declared the question before the Senate to be the adoption of the striking amendment by Senators Hill and Hargrove as amended to Substitute Senate Bill No. 6057.

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

MOTION

There being no objection, the following title amendments were adopted:

On page 1, line 2 of the title, after "administration;" strike the remainder of the title and insert "amending RCW 82.04.4266,

82.04.4268, 82.04.4269, 82.08.986, 82.12.986, 82.04.2909, 82.04.4481, 82.08.805, 82.12.805, 82.12.022, 82.04.214, 82.16.020, 88.02.620, 88.02.640, 88.02.570, 82.48.080, 82.04.213, 82.04.330, 82.04.050, 82.04.050, 82.08.855, 82.21.040, 84.36.480, 82.29A.020, 82.29A.030, 82.29A.040, 63.29.020, 63.29.140, 63.29.170, 63.29.180, 63.29.290, 63.29.300, and 63.29.340; reenacting and amending RCW 82.04.260, 82.04.260, 82.16.010, 82.29A.020, and 63.29.190; adding a new section to chapter 82.32 RCW; adding a new section to chapter 82.04 RCW; adding a new section to chapter 82.16 RCW; adding a new section to chapter 82.21 RCW; adding new sections to chapter 63.29 RCW; adding a new chapter to Title 82 RCW; creating new sections; repealing RCW 82.04.629, 82.04.630, 82.08.0204, 82.12.0204, 82.08.200, 82.12.200, and 43.136.047; providing effective dates; providing a contingent effective date; providing expiration dates; and declaring an emergency."

On page 112, line 21 of the title amendment, after "82.12.022," strike "82.04.214,"

On page 112, line 25 of the title amendment, after "63.29.340;" insert "amending 2012 2nd sp.s. c 6 s 704 (uncodified);"

On page 112, line 32 of the title amendment, after "43.136.047;" insert "repealing 2010 c 225 s 4 (uncodified);"

MOTION

On motion of Senator Hill, the rules were suspended, Engrossed Substitute Senate Bill No. 6057 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Hill spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 6057.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 6057 and the bill passed the Senate by the following vote: Yeas, 38; Nays, 10; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dandel, Ericksen, Fain, Habib, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Keiser, King, Liias, Litzow, McCoy, Miloscia, Mullet, O'Ban, Padden, Parlette, Pearson, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Darneille, Fraser, Frockt, Hasegawa, Jayapal, Kohl-Welles, McAuliffe, Nelson, Pedersen and Ranker

Excused: Senator Rolfes

ENGROSSED SUBSTITUTE SENATE BILL NO. 6057, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

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

THIRD READING

ENGROSSED SUBSTITUTE SENATE BILL NO. 5987, by Senate Committee on Transportation (originally sponsored by Senators King, Hobbs, Fain, Liias and Litzow).

Concerning transportation revenue.

The bill was read on Third Reading.

MOTION

On motion of Senator King, the rules were suspended and Engrossed Substitute Senate Bill No. 5987 was returned to second reading for the purpose of amendment.

SECOND READING

ENGROSSED SUBSTITUTE SENATE BILL NO. 5987, by Senate Committee on Transportation (originally sponsored by Senators King, Hobbs, Fain, Liias and Litzow)

Concerning transportation revenue.

The measure was read the second time.

MOTION

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

Strike everything after the enacting clause and insert the following:

"PART I MOTOR VEHICLE FUEL TAXES

Sec. 101. RCW 82.36.025 and 2007 c 515 s 3 are each amended to read as follows:

(1) A motor vehicle fuel tax rate of twenty-three cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(2) Beginning July 1, 2003, an additional and cumulative motor vehicle fuel tax rate of five cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors. This subsection (2) expires when the bonds issued for transportation 2003 projects are retired.

(3) Beginning July 1, 2005, an additional and cumulative motor vehicle fuel tax rate of three cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(4) Beginning July 1, 2006, an additional and cumulative motor vehicle fuel tax rate of three cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(5) Beginning July 1, 2007, an additional and cumulative motor vehicle fuel tax rate of two cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(6) Beginning July 1, 2008, an additional and cumulative motor vehicle fuel tax rate of one and one-half cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

(7) Beginning August 1, 2015, an additional and cumulative motor vehicle fuel tax rate of seven cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

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(8) Beginning July 1, 2016, an additional and cumulative motor vehicle fuel tax rate of four and nine-tenths cents per gallon on motor vehicle fuel shall be imposed on motor vehicle fuel licensees, other than motor vehicle fuel distributors.

Sec. 102. RCW 82.38.030 and 2007 c 515 s 21 are each amended to read as follows:

(1) There is hereby levied and imposed upon special fuel licensees, other than special fuel distributors, a tax at the rate of twenty-three cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature.

(2) Beginning July 1, 2003, an additional and cumulative tax rate of five cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel licensees, other than special fuel distributors. This subsection (2) expires when the bonds issued for transportation 2003 projects are retired.

(3) Beginning July 1, 2005, an additional and cumulative tax rate of three cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel licensees, other than special fuel distributors.

(4) Beginning July 1, 2006, an additional and cumulative tax rate of three cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel licensees, other than special fuel distributors.

(5) Beginning July 1, 2007, an additional and cumulative tax rate of two cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel licensees, other than special fuel distributors.

(6) Beginning July 1, 2008, an additional and cumulative tax rate of one and one-half cents per gallon of special fuel, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature shall be imposed on special fuel licensees, other than special fuel distributors.

(7) Beginning August 1, 2015, an additional and cumulative tax rate of seven cents per gallon of special fuel shall be imposed on special fuel licensees, other than special fuel distributors.

(8) Beginning July 1, 2016, an additional and cumulative tax rate of four and nine-tenths cents per gallon of special fuel shall be imposed on special fuel licensees, other than special fuel distributors.

(9) Taxes are imposed when:

(a) Special fuel is removed in this state from a terminal if the special fuel is removed at the rack unless the removal is to a licensed exporter for direct delivery to a destination outside of the state, or the removal is by a special fuel supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(b) Special fuel is removed in this state from a refinery if either of the following applies:

(i) The removal is by bulk transfer and the refiner or the owner of the special fuel immediately before the removal is not a licensee; or

(ii) The removal is at the refinery rack unless the removal is to a licensed exporter for direct delivery to a destination outside of the state, or the removal is to a special fuel supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(c) Special fuel enters into this state for sale, consumption, use, or storage, unless the fuel enters this state for direct delivery

to an international fuel tax agreement licensee under RCW 82.38.320, if either of the following applies:

(i) The entry is by bulk transfer and the importer is not a licensee; or

(ii) The entry is not by bulk transfer;

(d) Special fuel is sold or removed in this state to an unlicensed entity unless there was a prior taxable removal, entry, or sale of the special fuel;

(e) Blended special fuel is removed or sold in this state by the blender of the fuel. The number of gallons of blended special fuel subject to tax is the difference between the total number of gallons of blended special fuel removed or sold and the number of gallons of previously taxed special fuel used to produce the blended special fuel;

(f) Dyed special fuel is used on a highway, as authorized by the internal revenue code, unless the use is exempt from the special fuel tax;

(g) Dyed special fuel is held for sale, sold, used, or is intended to be used in violation of this chapter;

(h) Special fuel purchased by an international fuel tax agreement licensee under RCW 82.38.320 is used on a highway; and

(i) Special fuel is sold by a licensed special fuel supplier to a special fuel distributor, special fuel importer, or special fuel blender and the special fuel is not removed from the bulk transfer-terminal system.

Sec. 103. RCW 82.38.030 and 2014 c 216 s 201 are each amended to read as follows:

(1) There is levied and imposed upon fuel licensees a tax at the rate of twenty-three cents per ~~((each))~~ gallon of fuel ~~((measured at standard pressure and temperature))~~.

(2) Beginning July 1, 2003, an additional and cumulative tax rate of five cents per ~~((each))~~ gallon of fuel ~~((measured at standard pressure and temperature))~~ is imposed on fuel licensees. This subsection (2) expires when the bonds issued for transportation 2003 projects are retired.

(3) Beginning July 1, 2005, an additional and cumulative tax rate of three cents per ~~((each))~~ gallon of fuel ~~((measured at standard pressure and temperature))~~ is imposed on fuel licensees.

(4) Beginning July 1, 2006, an additional and cumulative tax rate of three cents per ~~((each))~~ gallon of fuel ~~((measured at standard pressure and temperature))~~ is imposed on fuel licensees.

(5) Beginning July 1, 2007, an additional and cumulative tax rate of two cents per ~~((each))~~ gallon of fuel ~~((measured at standard pressure and temperature))~~ is imposed on fuel licensees.

(6) Beginning July 1, 2008, an additional and cumulative tax rate of one and one-half cents per ~~((each))~~ gallon of fuel ~~((measured at standard pressure and temperature))~~ is imposed on fuel licensees.

(7) Beginning August 1, 2015, an additional and cumulative tax rate of seven cents per gallon of fuel is imposed on fuel licensees.

(8) Beginning July 1, 2016, an additional and cumulative tax rate of four and nine-tenths cents per gallon of fuel is imposed on fuel licensees.

(9) Taxes are imposed when:

(a) Fuel is removed in this state from a terminal if the fuel is removed at the rack unless the removal is by a licensed supplier or distributor for direct delivery to a destination outside of the state, or the removal is by a fuel supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(b) Fuel is removed in this state from a refinery if either of the following applies:

(i) The removal is by bulk transfer and the refiner or the owner of the fuel immediately before the removal is not a licensed supplier; or

(ii) The removal is at the refinery rack unless the removal is to a licensed supplier or distributor for direct delivery to a destination outside of the state, or the removal is to a licensed supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(c) Fuel enters into this state for sale, consumption, use, or storage, unless the fuel enters this state for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320, if either of the following applies:

(i) The entry is by bulk transfer and the importer is not a licensed supplier; or

(ii) The entry is not by bulk transfer;

(d) Fuel enters this state by means outside the bulk transfer-terminal system and is delivered directly to a licensed terminal unless the owner is a licensed distributor or supplier;

(e) Fuel is sold or removed in this state to an unlicensed entity unless there was a prior taxable removal, entry, or sale of the fuel;

(f) Blended fuel is removed or sold in this state by the blender of the fuel. The number of gallons of blended fuel subject to tax is the difference between the total number of gallons of blended fuel removed or sold and the number of gallons of previously taxed fuel used to produce the blended fuel;

(g) Dyed special fuel is used on a highway, as authorized by the internal revenue code, unless the use is exempt from the fuel tax;

(h) Dyed special fuel is held for sale, sold, used, or is intended to be used in violation of this chapter;

(i) Special fuel purchased by an international fuel tax agreement licensee under RCW 82.38.320 is used on a highway; and

(j) Fuel is sold by a licensed fuel supplier to a fuel distributor or fuel blender and the fuel is not removed from the bulk transfer-terminal system.

Sec. 104. RCW 46.68.090 and 2011 c 120 s 4 are each amended to read as follows:

(1) All moneys that have accrued or may accrue to the motor vehicle fund from the motor vehicle fuel tax and special fuel tax shall be first expended for purposes enumerated in (a) and (b) of this subsection. The remaining net tax amount shall be distributed monthly by the state treasurer in accordance with subsections (2) through ~~((7))~~ (8) of this section.

(a) For payment of refunds of motor vehicle fuel tax and special fuel tax that has been paid and is refundable as provided by law;

(b) For payment of amounts to be expended pursuant to appropriations for the administrative expenses of the offices of state treasurer, state auditor, and the department of licensing of the state of Washington in the administration of the motor vehicle fuel tax and the special fuel tax, which sums shall be distributed monthly.

(2) All of the remaining net tax amount collected under RCW 82.36.025(1) and 82.38.030(1) shall be distributed as set forth in (a) through (j) of this subsection.

(a) For distribution to the motor vehicle fund an amount equal to 44.387 percent to be expended for highway purposes of the state as defined in RCW 46.68.130;

(b) For distribution to the special category C account, hereby created in the motor vehicle fund, an amount equal to 3.2609 percent to be expended for special category C projects. Special category C projects are category C projects that, due to high cost only, will require bond financing to complete construction.

The following criteria, listed in order of priority, shall be used in determining which special category C projects have the highest priority:

(i) Accident experience;

(ii) Fatal accident experience;

(iii) Capacity to move people and goods safely and at reasonable speeds without undue congestion; and

(iv) Continuity of development of the highway transportation network.

Moneys deposited in the special category C account in the motor vehicle fund may be used for payment of debt service on bonds the proceeds of which are used to finance special category C projects under this subsection (2)(b);

(c) For distribution to the Puget Sound ferry operations account in the motor vehicle fund an amount equal to 2.3283 percent;

(d) For distribution to the Puget Sound capital construction account in the motor vehicle fund an amount equal to 2.3726 percent;

(e) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 7.5597 percent;

(f) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 5.6739 percent and expended in accordance with RCW 47.26.086;

(g) For distribution to the cities and towns from the motor vehicle fund an amount equal to 10.6961 percent in accordance with RCW 46.68.110;

(h) For distribution to the counties from the motor vehicle fund an amount equal to 19.2287 percent: (i) Out of which there shall be distributed from time to time, as directed by the department of transportation, those sums as may be necessary to carry out the provisions of RCW 47.56.725; and (ii) less any amounts appropriated to the county road administration board to implement the provisions of RCW 47.56.725(4), with the balance of such county share to be distributed monthly as the same accrues for distribution in accordance with RCW 46.68.120;

(i) For distribution to the county arterial preservation account, hereby created in the motor vehicle fund an amount equal to 1.9565 percent. These funds shall be distributed by the county road administration board to counties in proportions corresponding to the number of paved arterial lane miles in the unincorporated area of each county and shall be used for improvements to sustain the structural, safety, and operational integrity of county arterials. The county road administration board shall adopt reasonable rules and develop policies to implement this program and to assure that a pavement management system is used;

(j) For distribution to the rural arterial trust account in the motor vehicle fund an amount equal to 2.5363 percent and expended in accordance with RCW 36.79.020.

(3) The remaining net tax amount collected under RCW 82.36.025(2) and 82.38.030(2) shall be distributed to the transportation 2003 account (nickel account).

(4) The remaining net tax amount collected under RCW 82.36.025(3) and 82.38.030(3) shall be distributed as follows:

(a) 8.3333 percent shall be distributed to the incorporated cities and towns of the state in accordance with RCW 46.68.110;

(b) 8.3333 percent shall be distributed to counties of the state in accordance with RCW 46.68.120; and

(c) The remainder shall be distributed to the transportation partnership account created in RCW 46.68.290.

(5) The remaining net tax amount collected under RCW 82.36.025(4) and 82.38.030(4) shall be distributed as follows:

(a) 8.3333 percent shall be distributed to the incorporated cities and towns of the state in accordance with RCW 46.68.110;

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(b) 8.3333 percent shall be distributed to counties of the state in accordance with RCW 46.68.120; and

(c) The remainder shall be distributed to the transportation partnership account created in RCW 46.68.290.

(6) The remaining net tax amount collected under RCW 82.36.025 (5) and (6) and 82.38.030 (5) and (6) shall be distributed to the transportation partnership account created in RCW 46.68.290.

(7) The remaining net tax amount collected under RCW 82.36.025 (7) and (8) and 82.38.030 (7) and (8) shall be distributed to the connecting Washington account created in section 106 of this act.

(8) Nothing in this section or in RCW 46.68.130 may be construed so as to violate any terms or conditions contained in any highway construction bond issues now or hereafter authorized by statute and whose payment is by such statute pledged to be paid from any excise taxes on ((motor vehicle fuel and special)) fuel((s)).

Sec. 105. RCW 46.68.090 and 2013 c 225 s 645 are each amended to read as follows:

(1) All moneys that have accrued or may accrue to the motor vehicle fund from the ((motor vehicle fuel tax and special)) fuel tax must be first expended for purposes enumerated in (a) and (b) of this subsection. The remaining net tax amount must be distributed monthly by the state treasurer in accordance with subsections (2) through ((7)) (8) of this section.

(a) For payment of refunds of ((motor vehicle fuel tax and special)) fuel tax that has been paid and is refundable as provided by law;

(b) For payment of amounts to be expended pursuant to appropriations for the administrative expenses of the offices of state treasurer, state auditor, and the department of licensing of the state of Washington in the administration of the ((motor vehicle fuel tax and the special)) fuel tax, which sums must be distributed monthly.

(2) All of the remaining net tax amount collected under RCW 82.38.030(1) must be distributed as set forth in (a) through (j) of this subsection.

(a) For distribution to the motor vehicle fund an amount equal to 44.387 percent to be expended for highway purposes of the state as defined in RCW 46.68.130;

(b)(i) For distribution to the special category C account, hereby created in the motor vehicle fund, an amount equal to 3.2609 percent to be expended for special category C projects. Special category C projects are category C projects that, due to high cost only, will require bond financing to complete construction.

(ii) The following criteria, listed in order of priority, must be used in determining which special category C projects have the highest priority:

(A) Accident experience;

(B) Fatal accident experience;

(C) Capacity to move people and goods safely and at reasonable speeds without undue congestion; and

(D) Continuity of development of the highway transportation network.

(iii) Moneys deposited in the special category C account in the motor vehicle fund may be used for payment of debt service on bonds the proceeds of which are used to finance special category C projects under this subsection (2)(b);

(c) For distribution to the Puget Sound ferry operations account in the motor vehicle fund an amount equal to 2.3283 percent;

(d) For distribution to the Puget Sound capital construction account in the motor vehicle fund an amount equal to 2.3726 percent;

(e) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 7.5597 percent;

(f) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 5.6739 percent and expended in accordance with RCW 47.26.086;

(g) For distribution to the cities and towns from the motor vehicle fund an amount equal to 10.6961 percent in accordance with RCW 46.68.110;

(h) For distribution to the counties from the motor vehicle fund an amount equal to 19.2287 percent: (i) Out of which there must be distributed from time to time, as directed by the department of transportation, those sums as may be necessary to carry out the provisions of RCW 47.56.725; and (ii) less any amounts appropriated to the county road administration board to implement the provisions of RCW 47.56.725(4), with the balance of such county share to be distributed monthly as the same accrues for distribution in accordance with RCW 46.68.120;

(i) For distribution to the county arterial preservation account, hereby created in the motor vehicle fund an amount equal to 1.9565 percent. These funds must be distributed by the county road administration board to counties in proportions corresponding to the number of paved arterial lane miles in the unincorporated area of each county and must be used for improvements to sustain the structural, safety, and operational integrity of county arterials. The county road administration board must adopt reasonable rules and develop policies to implement this program and to assure that a pavement management system is used;

(j) For distribution to the rural arterial trust account in the motor vehicle fund an amount equal to 2.5363 percent and expended in accordance with RCW 36.79.020.

(3) The remaining net tax amount collected under RCW 82.38.030(2) must be distributed to the transportation 2003 account (nickel account).

(4) The remaining net tax amount collected under RCW 82.38.030(3) must be distributed as follows:

(a) 8.3333 percent must be distributed to the incorporated cities and towns of the state in accordance with RCW 46.68.110;

(b) 8.3333 percent must be distributed to counties of the state in accordance with RCW 46.68.120; and

(c) The remainder must be distributed to the transportation partnership account created in RCW 46.68.290.

(5) The remaining net tax amount collected under RCW 82.38.030(4) must be distributed as follows:

(a) 8.3333 percent must be distributed to the incorporated cities and towns of the state in accordance with RCW 46.68.110;

(b) 8.3333 percent must be distributed to counties of the state in accordance with RCW 46.68.120; and

(c) The remainder must be distributed to the transportation partnership account created in RCW 46.68.290.

(6) The remaining net tax amount collected under RCW 82.38.030 (5) and (6) must be distributed to the transportation partnership account created in RCW 46.68.290.

(7) The remaining net tax amount collected under RCW 82.38.030 (7) and (8) must be distributed to the connecting Washington account created in section 106 of this act.

(8) Nothing in this section or in RCW 46.68.130 may be construed so as to violate any terms or conditions contained in any highway construction bond issues now or hereafter authorized by statute and whose payment is by such statute pledged to be paid from any excise taxes on ((motor vehicle fuel and special)) fuel((s)).

NEW SECTION. Sec. 106. A new section is added to chapter 46.68 RCW to read as follows:

(1) The connecting Washington account is created in the motor vehicle fund. Moneys in the account may be spent only after appropriation. Expenditures from the account must be used only for projects or improvements identified as connecting Washington projects or improvements in a transportation appropriations act, including any principal and interest on bonds authorized for the projects or improvements.

(2) Moneys in the connecting Washington account may not be expended on the state route number 99 Alaskan Way viaduct replacement project.

Sec. 107. RCW 43.84.092 and 2014 c 112 s 106, 2014 c 74 s 5, and 2014 c 32 s 6 are each reenacted and amended to read as follows:

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

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

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

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

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the common school construction fund, the community forest trust account, the connecting Washington account, the county arterial preservation account, the county criminal justice assistance account, the

deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community trust account, the diesel idle reduction account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the Interstate 405 express toll lanes operations account, the education construction fund, the education legacy trust account, the election account, the electric vehicle charging infrastructure account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the high capacity transportation account, the state higher education construction account, the higher education construction account, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the high occupancy toll lanes operations account, the hospital safety net assessment fund, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the municipal criminal justice assistance account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management cost account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 corridor account, the state wildlife account, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation fund, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer firefighters' and

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reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, the Western Washington University capital projects account, the Yakima integrated plan implementation account, the Yakima integrated plan implementation revenue recovery account, and the Yakima integrated plan implementation taxable bond account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, the state university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts.

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

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

Sec. 108. RCW 43.84.092 and 2014 c 112 s 107, 2014 c 74 s 6, and 2014 c 32 s 7 are each reenacted and amended to read as follows:

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

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

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

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

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the Columbia river crossing project account, the common school construction fund, the community forest trust account, the connecting Washington account, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community trust account, the diesel idle reduction account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the Interstate 405 express toll lanes operations account, the education construction fund, the education legacy trust account, the election account, the electric vehicle charging infrastructure account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the high capacity transportation account, the state higher education construction account, the higher education construction account, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the high occupancy toll lanes operations account, the hospital safety net assessment fund, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the municipal criminal justice assistance account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the real estate appraiser commission account, the recreational vehicle account, the

regional mobility grant program account, the resource management cost account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 corridor account, the state wildlife account, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation fund, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, the Western Washington University capital projects account, the Yakima integrated plan implementation account, the Yakima integrated plan implementation revenue recovery account, and the Yakima integrated plan implementation taxable bond account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, the state university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts.

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

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

Nonhighway Refunds

Sec. 109. RCW 46.09.520 and 2010 1st sp.s. c 37 s 936 and 2010 c 161 s 222 are each reenacted and amended to read as follows:

(1) From time to time, but at least once each year, the state treasurer shall refund from the motor vehicle fund one percent of the motor vehicle fuel tax revenues collected under chapter 82.36 RCW, based on: (a) A tax rate of: ~~((a))~~ (i) Nineteen cents per gallon of motor vehicle fuel from July 1, 2003, through June 30,

2005; ~~((b))~~ (ii) twenty cents per gallon of motor vehicle fuel from July 1, 2005, through June 30, 2007; ~~((c))~~ (iii) twenty-one cents per gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009; ~~((d))~~ (iv) twenty-two cents per gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011; ~~(and (e))~~ (v) twenty-three cents per gallon of motor vehicle fuel ~~((beginning))~~ from July 1, 2011, through July 31, 2015; (vi) thirty cents per gallon of motor vehicle fuel from August 1, 2015, through June 30, 2016; and (vii) thirty-four and nine-tenths cents per gallon of motor vehicle fuel from July 1, 2016, through June 30, 2031; and (b) beginning July 1, 2031, and thereafter, the state's motor vehicle fuel tax rate in existence at the time of the fuel purchase, ~~((and thereafter,))~~ less proper deductions for refunds and costs of collection as provided in RCW 46.68.090.

(2) The treasurer shall place these funds in the general fund as follows:

(a) Thirty-six percent shall be credited to the ORV and nonhighway vehicle account and administered by the department of natural resources solely for acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities, and information programs and maintenance of nonhighway roads;

(b) Three and one-half percent shall be credited to the ORV and nonhighway vehicle account and administered by the department of fish and wildlife solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and the maintenance of nonhighway roads;

(c) Two percent shall be credited to the ORV and nonhighway vehicle account and administered by the parks and recreation commission solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities; and

(d) Fifty-eight and one-half percent shall be credited to the nonhighway and off-road vehicle activities program account to be administered by the board for planning, acquisition, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and for education, information, and law enforcement programs. The funds under this subsection shall be expended in accordance with the following limitations:

(i) Not more than thirty percent may be expended for education, information, and law enforcement programs under this chapter;

(ii) Not less than seventy percent may be expended for ORV, nonmotorized, and nonhighway road recreation facilities. Except as provided in (d)(iii) of this subsection, of this amount:

(A) Not less than thirty percent, together with the funds the board receives under RCW 46.68.045, may be expended for ORV recreation facilities;

(B) Not less than thirty percent may be expended for nonmotorized recreation facilities. Funds expended under this subsection (2)(d)(ii)(B) shall be known as Ira Spring outdoor recreation facilities funds; and

(C) Not less than thirty percent may be expended for nonhighway road recreation facilities;

(ii) The board may waive the minimum percentage cited in (d)(ii) of this subsection due to insufficient requests for funds or projects that score low in the board's project evaluation. Funds remaining after such a waiver must be allocated in accordance with board policy.

(3) On a yearly basis an agency may not, except as provided in RCW 46.68.045, expend more than ten percent of the funds it receives under this chapter for general administration expenses incurred in carrying out this chapter.

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(4) During the 2009-2011 fiscal biennium, the legislature may appropriate such amounts as reflect the excess fund balance in the NOVA account to the department of natural resources to install consistent off-road vehicle signage at department-managed recreation sites, and to implement the recreation opportunities on department-managed lands in the Reiter block and Ahtanum state forest, and to the state parks and recreation commission. The legislature finds that the appropriation of funds from the NOVA account during the 2009-2011 fiscal biennium for maintenance and operation of state parks or to improve accessibility for boaters and off-road vehicle users at state parks will benefit boaters and off-road vehicle users and others who use nonhighway and nonmotorized recreational facilities. The appropriations under this subsection are not required to follow the specific distribution specified in subsection (2) of this section.

Sec. 110. RCW 46.09.520 and 2015 2nd sp.s. c ... s 109 (section 109 of this act) and 2013 c 225 s 608 are each reenacted to read as follows:

(1) From time to time, but at least once each year, the state treasurer must refund from the motor vehicle fund one percent of the motor vehicle fuel tax revenues collected under chapter 82.38 RCW, based on: (a) A tax rate of: (i) Nineteen cents per gallon of motor vehicle fuel from July 1, 2003, through June 30, 2005; (ii) twenty cents per gallon of motor vehicle fuel from July 1, 2005, through June 30, 2007; (iii) twenty-one cents per gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009; (iv) twenty-two cents per gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011; (v) twenty-three cents per gallon of motor vehicle fuel from July 1, 2011, through July 31, 2015; (vi) thirty cents per gallon of motor vehicle fuel from August 1, 2015, through June 30, 2016; and (vii) thirty-four and nine-tenths cents per gallon of motor vehicle fuel from July 1, 2016, through June 30, 2031; and (b) beginning July 1, 2031, and thereafter, the state's motor vehicle fuel tax rate in existence at the time of the fuel purchase, less proper deductions for refunds and costs of collection as provided in RCW 46.68.090.

(2) The treasurer must place these funds in the general fund as follows:

(a) Thirty-six percent must be credited to the ORV and nonhighway vehicle account and administered by the department of natural resources solely for acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities, and information programs and maintenance of nonhighway roads;

(b) Three and one-half percent must be credited to the ORV and nonhighway vehicle account and administered by the department of fish and wildlife solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and the maintenance of nonhighway roads;

(c) Two percent must be credited to the ORV and nonhighway vehicle account and administered by the parks and recreation commission solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities; and

(d) Fifty-eight and one-half percent must be credited to the nonhighway and off-road vehicle activities program account to be administered by the board for planning, acquisition, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and for education, information, and law enforcement programs. The funds under this subsection must be expended in accordance with the following limitations:

(i) Not more than thirty percent may be expended for education, information, and law enforcement programs under this chapter;

(ii) Not less than seventy percent may be expended for ORV, nonmotorized, and nonhighway road recreation facilities. Except as provided in (d)(iii) of this subsection, of this amount:

(A) Not less than thirty percent, together with the funds the board receives under RCW 46.68.045, may be expended for ORV recreation facilities;

(B) Not less than thirty percent may be expended for nonmotorized recreation facilities. Funds expended under this subsection (2)(d)(ii)(B) are known as Ira Spring outdoor recreation facilities funds; and

(C) Not less than thirty percent may be expended for nonhighway road recreation facilities;

(iii) The board may waive the minimum percentage cited in (d)(ii) of this subsection due to insufficient requests for funds or projects that score low in the board's project evaluation. Funds remaining after such a waiver must be allocated in accordance with board policy.

(3) On a yearly basis an agency may not, except as provided in RCW 46.68.045, expend more than ten percent of the funds it receives under this chapter for general administration expenses incurred in carrying out this chapter.

(4) During the 2009-2011 fiscal biennium, the legislature may appropriate such amounts as reflect the excess fund balance in the NOVA account to the department of natural resources to install consistent off-road vehicle signage at department-managed recreation sites, and to implement the recreation opportunities on department-managed lands in the Reiter block and Ahtanum state forest, and to the state parks and recreation commission. The legislature finds that the appropriation of funds from the NOVA account during the 2009-2011 fiscal biennium for maintenance and operation of state parks or to improve accessibility for boaters and off-road vehicle users at state parks will benefit boaters and off-road vehicle users and others who use nonhighway and nonmotorized recreational facilities. The appropriations under this subsection are not required to follow the specific distribution specified in subsection (2) of this section.

NEW SECTION. Sec. 111. The following acts or parts of acts are each repealed:

- (1) 2015 2nd sp.s. c ... (SHB 1738) s 2;
- (2) 2015 2nd sp.s. c ... (SHB 1738) s 3; and
- (3) 2015 2nd sp.s. c ... (SHB 1738) s 4.

Sec. 112. RCW 46.10.530 and 2003 c 361 s 408 are each amended to read as follows:

From time to time, but at least once each four years, the department shall determine the amount of moneys paid to it as motor vehicle fuel tax that is tax on snowmobile fuel. Such determination shall use one hundred thirty-five gallons as the average yearly fuel usage per snowmobile, the number of registered snowmobiles during the calendar year under determination, and: (1) A fuel tax rate of: ((+)) (a) Nineteen cents per gallon of motor vehicle fuel from July 1, 2003, through June 30, 2005; ((+)) (b) twenty cents per gallon of motor vehicle fuel from July 1, 2005, through June 30, 2007; ((+)) (c) twenty-one cents per gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009; ((+)) (d) twenty-two cents per gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011; ((and - (5))) (e) twenty-three cents per gallon of motor vehicle fuel ((beginning)) from July 1, 2011((- and thereafter)), through July 31, 2015; (f) thirty cents per gallon of motor vehicle fuel from August 1, 2015, through June 30, 2016; and (g) thirty-four and nine-tenths cents per gallon of motor vehicle fuel from July 1, 2016, through June 30, 2031; and (2) beginning July

1, 2031, and thereafter, the state's motor vehicle fuel tax rate in existence at the time of the fuel purchase.

Sec. 113. RCW 79A.25.070 and 2010 c 23 s 3 are each amended to read as follows:

Upon expiration of the time limited by RCW 82.36.330 for claiming of refunds of tax on marine fuel, the state of Washington shall succeed to the right to such refunds. The director of licensing, after taking into account past and anticipated claims for refunds from and deposits to the marine fuel tax refund account, shall request the state treasurer to transfer monthly from the marine fuel tax refund account an amount equal to the proportion of the moneys in the account representing: (1) A motor vehicle fuel tax rate of: ~~((4))~~ (a) Nineteen cents per gallon of motor vehicle fuel from July 1, 2003, through June 30, 2005; ~~((2))~~ (b) twenty cents per gallon of motor vehicle fuel from July 1, 2005, through June 30, 2007; ~~((3))~~ (c) twenty-one cents per gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009; ~~((4))~~ (d) twenty-two cents per gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011; ~~(and (5))~~ (e) twenty-three cents per gallon of motor vehicle fuel ~~((beginning))~~ from July 1, 2011 ~~(, and thereafter)~~, through July 31, 2015; (f) thirty cents per gallon of motor vehicle fuel from August 1, 2015, through June 30, 2016; and (g) thirty-four and nine-tenths cents per gallon of motor vehicle fuel from July 1, 2016, through June 30, 2031; and (2) beginning July 1, 2031, and thereafter, the state's motor vehicle fuel tax rate in existence at the time of the fuel purchase, to the recreation resource account and the remainder to the motor vehicle fund.

Handling Loss Deduction

NEW SECTION. Sec. 114. The following acts or parts of acts are each repealed:

- (1) RCW 82.36.029 (Deductions—Handling losses—Reports) and 1998 c 176 s 10; and
- (2) RCW 82.38.083 (Deductions—Handling losses—Reports) and 2013 c 225 s 205.

**PART II
FEES**

License Fees By Weight & Freight Project Fee

Sec. 201. RCW 46.17.355 and 2011 c 171 s 61 are each amended to read as follows:

(1)(a) For vehicle registrations that are due or become due before July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following license fee by weight:

WEIGHT	SCHEDULE A	SCHEDULE B
4,000 pounds	\$ 38.00	\$ 38.00
6,000 pounds	\$ 48.00	\$ 48.00
8,000 pounds	\$ 58.00	\$ 58.00
10,000 pounds	\$ 60.00	\$ 60.00
12,000 pounds	\$ 77.00	\$ 77.00
14,000 pounds	\$ 88.00	\$ 88.00
16,000 pounds	\$ 100.00	\$ 100.00
18,000 pounds	\$ 152.00	\$ 152.00
20,000 pounds	\$ 169.00	\$ 169.00
22,000 pounds	\$ 183.00	\$ 183.00
24,000 pounds	\$ 198.00	\$ 198.00
26,000 pounds	\$ 209.00	\$ 209.00
28,000 pounds	\$ 247.00	\$ 247.00
30,000 pounds	\$ 285.00	\$ 285.00
32,000 pounds	\$ 344.00	\$ 344.00

WEIGHT	SCHEDULE A	SCHEDULE B
34,000 pounds	\$ 366.00	\$ 366.00
36,000 pounds	\$ 397.00	\$ 397.00
38,000 pounds	\$ 436.00	\$ 436.00
40,000 pounds	\$ 499.00	\$ 499.00
42,000 pounds	\$ 519.00	\$ 609.00
44,000 pounds	\$ 530.00	\$ 620.00
46,000 pounds	\$ 570.00	\$ 660.00
48,000 pounds	\$ 594.00	\$ 684.00
50,000 pounds	\$ 645.00	\$ 735.00
52,000 pounds	\$ 678.00	\$ 768.00
54,000 pounds	\$ 732.00	\$ 822.00
56,000 pounds	\$ 773.00	\$ 863.00
58,000 pounds	\$ 804.00	\$ 894.00
60,000 pounds	\$ 857.00	\$ 947.00
62,000 pounds	\$ 919.00	\$ 1,009.00
64,000 pounds	\$ 939.00	\$ 1,029.00
66,000 pounds	\$ 1,046.00	\$ 1,136.00
68,000 pounds	\$ 1,091.00	\$ 1,181.00
70,000 pounds	\$ 1,175.00	\$ 1,265.00
72,000 pounds	\$ 1,257.00	\$ 1,347.00
74,000 pounds	\$ 1,366.00	\$ 1,456.00
76,000 pounds	\$ 1,476.00	\$ 1,566.00
78,000 pounds	\$ 1,612.00	\$ 1,702.00
80,000 pounds	\$ 1,740.00	\$ 1,830.00
82,000 pounds	\$ 1,861.00	\$ 1,951.00
84,000 pounds	\$ 1,981.00	\$ 2,071.00
86,000 pounds	\$ 2,102.00	\$ 2,192.00
88,000 pounds	\$ 2,223.00	\$ 2,313.00
90,000 pounds	\$ 2,344.00	\$ 2,434.00
92,000 pounds	\$ 2,464.00	\$ 2,554.00
94,000 pounds	\$ 2,585.00	\$ 2,675.00
96,000 pounds	\$ 2,706.00	\$ 2,796.00
98,000 pounds	\$ 2,827.00	\$ 2,917.00
100,000 pounds	\$ 2,947.00	\$ 3,037.00
102,000 pounds	\$ 3,068.00	\$ 3,158.00
104,000 pounds	\$ 3,189.00	\$ 3,279.00
105,500 pounds	\$ 3,310.00	\$ 3,400.00

(b) For vehicle registrations that are due or become due on or after July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following license fee by weight:

WEIGHT	SCHEDULE A	SCHEDULE B
<u>4,000 pounds</u>	<u>\$ 53.00</u>	<u>\$ 53.00</u>
<u>6,000 pounds</u>	<u>\$ 73.00</u>	<u>\$ 73.00</u>
<u>8,000 pounds</u>	<u>\$ 93.00</u>	<u>\$ 93.00</u>
<u>10,000 pounds</u>	<u>\$ 93.00</u>	<u>\$ 93.00</u>
<u>12,000 pounds</u>	<u>\$ 81.00</u>	<u>\$ 81.00</u>
<u>14,000 pounds</u>	<u>\$ 88.00</u>	<u>\$ 88.00</u>
<u>16,000 pounds</u>	<u>\$ 100.00</u>	<u>\$ 100.00</u>
<u>18,000 pounds</u>	<u>\$ 152.00</u>	<u>\$ 152.00</u>
<u>20,000 pounds</u>	<u>\$ 169.00</u>	<u>\$ 169.00</u>
<u>22,000 pounds</u>	<u>\$ 183.00</u>	<u>\$ 183.00</u>
<u>24,000 pounds</u>	<u>\$ 198.00</u>	<u>\$ 198.00</u>
<u>26,000 pounds</u>	<u>\$ 209.00</u>	<u>\$ 209.00</u>
<u>28,000 pounds</u>	<u>\$ 247.00</u>	<u>\$ 247.00</u>
<u>30,000 pounds</u>	<u>\$ 285.00</u>	<u>\$ 285.00</u>
<u>32,000 pounds</u>	<u>\$ 344.00</u>	<u>\$ 344.00</u>
<u>34,000 pounds</u>	<u>\$ 366.00</u>	<u>\$ 366.00</u>
<u>36,000 pounds</u>	<u>\$ 397.00</u>	<u>\$ 397.00</u>
<u>38,000 pounds</u>	<u>\$ 436.00</u>	<u>\$ 436.00</u>
<u>40,000 pounds</u>	<u>\$ 499.00</u>	<u>\$ 499.00</u>
<u>42,000 pounds</u>	<u>\$ 519.00</u>	<u>\$ 609.00</u>

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WEIGHT	SCHEDULE A	SCHEDULE B
44,000 pounds	\$ 530.00	\$ 620.00
46,000 pounds	\$ 570.00	\$ 660.00
48,000 pounds	\$ 594.00	\$ 684.00
50,000 pounds	\$ 645.00	\$ 735.00
52,000 pounds	\$ 678.00	\$ 768.00
54,000 pounds	\$ 732.00	\$ 822.00
56,000 pounds	\$ 773.00	\$ 863.00
58,000 pounds	\$ 804.00	\$ 894.00
60,000 pounds	\$ 857.00	\$ 947.00
62,000 pounds	\$ 919.00	\$ 1,009.00
64,000 pounds	\$ 939.00	\$ 1,029.00
66,000 pounds	\$ 1,046.00	\$ 1,136.00
68,000 pounds	\$ 1,091.00	\$ 1,181.00
70,000 pounds	\$ 1,175.00	\$ 1,265.00
72,000 pounds	\$ 1,257.00	\$ 1,347.00
74,000 pounds	\$ 1,366.00	\$ 1,456.00
76,000 pounds	\$ 1,476.00	\$ 1,566.00
78,000 pounds	\$ 1,612.00	\$ 1,702.00
80,000 pounds	\$ 1,740.00	\$ 1,830.00
82,000 pounds	\$ 1,861.00	\$ 1,951.00
84,000 pounds	\$ 1,981.00	\$ 2,071.00
86,000 pounds	\$ 2,102.00	\$ 2,192.00
88,000 pounds	\$ 2,223.00	\$ 2,313.00
90,000 pounds	\$ 2,344.00	\$ 2,434.00
92,000 pounds	\$ 2,464.00	\$ 2,554.00
94,000 pounds	\$ 2,585.00	\$ 2,675.00
96,000 pounds	\$ 2,706.00	\$ 2,796.00
98,000 pounds	\$ 2,827.00	\$ 2,917.00
100,000 pounds	\$ 2,947.00	\$ 3,037.00
102,000 pounds	\$ 3,068.00	\$ 3,158.00
104,000 pounds	\$ 3,189.00	\$ 3,279.00
105,500 pounds	\$ 3,310.00	\$ 3,400.00

(2) Schedule A applies to vehicles either used exclusively for hauling logs or that do not tow trailers. Schedule B applies to vehicles that tow trailers and are not covered under Schedule A.

(3) If the resultant gross weight is not listed in the table provided in subsection (1) of this section, it must be increased to the next higher weight.

(4) The license fees provided in subsection (1) of this section and the freight project fee provided in subsection (6) of this section are in addition to the filing fee required under RCW 46.17.005 and any other fee or tax required by law.

(5) The license fee based on declared gross weight as provided in subsection (1) of this section must be distributed under RCW 46.68.035.

(6) For vehicle registrations that are due or become due on or after July 1, 2016, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of more than 10,000 pounds, unless specifically exempt, to pay a freight project fee equal to fifteen percent of the license fee provided in subsection (1) of this section, rounded to the nearest whole dollar, which must be distributed under RCW 46.68.035.

(7) For vehicle registrations that are due or become due on or after July 1, 2022, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of less than or equal to 12,000 pounds, unless specifically exempt, to pay an additional weight fee of ten dollars, which must be distributed under RCW 46.68.035.

Passenger Vehicle Weight Fees

Sec. 202. RCW 46.17.365 and 2010 c 161 s 533 are each amended to read as follows:

(1) A person applying for a motor vehicle registration and paying the vehicle license fee required in RCW 46.17.350(1) (a), (d), (e), (h), (j), (n), and (o) shall pay a motor vehicle weight fee in addition to all other fees and taxes required by law.

(a) For vehicle registrations that are due or become due before July 1, 2016, the motor vehicle weight fee:

- ((a)) (i) Must be based on the motor vehicle scale weight;
- ((b)) (ii) Is the difference determined by subtracting the vehicle license fee required in RCW 46.17.350 from the license fee in Schedule B of RCW 46.17.355, plus two dollars; and
- ((c)) (iii) Must be distributed under RCW 46.68.415.

(b) For vehicle registrations that are due or become due on or after July 1, 2016, the motor vehicle weight fee:

(i) Must be based on the motor vehicle scale weight as follows:

WEIGHT	FEE
4,000 pounds	\$ 25.00
6,000 pounds	\$ 45.00
8,000 pounds	\$ 65.00
16,000 pounds and over	\$ 72.00;

(ii) If the resultant motor vehicle scale weight is not listed in the table provided in (b)(i) of this subsection, must be increased to the next highest weight; and

(iii) Must be distributed under RCW 46.68.415 unless prior to July 1, 2023, the actions described in (b)(iii)(A) or (B) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under section 106 of this act.

(A) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(B) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(C) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(2) A person applying for a motor home vehicle registration shall, in lieu of the motor vehicle weight fee required in subsection (1) of this section, pay a motor home vehicle weight fee of seventy-five dollars in addition to all other fees and taxes required by law. The motor home vehicle weight fee must be distributed under RCW 46.68.415.

(3) Beginning July 1, 2022, in addition to the motor vehicle weight fee as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant to pay an additional weight fee of ten dollars, which must be distributed to the multimodal transportation account under RCW 47.66.070 unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under section 106 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(4) The department shall:

(a) Rely on motor vehicle empty scale weights provided by vehicle manufacturers, or other sources defined by the department, to determine the weight of each motor vehicle; and

(b) Adopt rules for determining weight for vehicles without manufacturer empty scale weights.

Electric Vehicle Fee

Sec. 203. RCW 46.17.323 and 2012 c 74 s 10 are each amended to read as follows:

(1) Before accepting an application for an annual vehicle registration renewal for ~~((an electric))~~ a vehicle that both (a) uses ~~((propulsion units powered solely by))~~ at least one method of propulsion that is capable of being reenergized by an external source of electricity and (b) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a one hundred dollar fee in addition to any other fees and taxes required by law. The one hundred dollar fee is due only at the time of annual registration renewal.

(2) This section only applies to~~((s))~~

~~((a))~~ a vehicle that is designed to have the capability to drive at a speed of more than thirty-five miles per hour~~((s) and~~

~~((b) An annual vehicle registration renewal that is due on or after February 1, 2013)).~~

(3)(a) The fee under this section is imposed to provide funds to mitigate the impact of vehicles on state roads and highways and for the purpose of evaluating the feasibility of transitioning from a revenue collection system based on fuel taxes to a road user assessment system, and is separate and distinct from other vehicle license fees. Proceeds from the fee must be used for highway purposes, and must be deposited in the motor vehicle fund created in RCW 46.68.070, subject to (b) of this subsection.

(b) If in any year the amount of proceeds from the fee collected under this section exceeds one million dollars, the excess amount over one million dollars must be deposited as follows:

(i) Seventy percent to the motor vehicle fund created in RCW 46.68.070;

(ii) Fifteen percent to the transportation improvement account created in RCW 47.26.084; and

(iii) Fifteen percent to the rural arterial trust account created in RCW 36.79.020.

(4)(a) In addition to the fee established in subsection (1) of this section, before accepting an application for an annual vehicle registration renewal for a vehicle that both (i) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (ii) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a fifty dollar fee.

(b) The fee required under (a) of this subsection must be distributed as follows:

(i) The first one million dollars raised by the fee must be deposited into the multimodal transportation account created in RCW 47.66.070; and

(ii) Any remaining amounts must be deposited into the motor vehicle fund created in RCW 46.68.070.

(5) This section applies to annual vehicle registration renewals until the effective date of enacted legislation that imposes a vehicle miles traveled fee or tax.

NEW SECTION. Sec. 204. Section 203 of this act applies to vehicle registrations that are due or become due on or after July 1, 2016.

NEW SECTION. Sec. 205. 2012 c 74 s 11 (uncodified) is repealed.

Commercial Driver's License Fees

Sec. 206. RCW 46.25.052 and 2013 c 224 s 5 are each amended to read as follows:

(1) The department may issue a CLP to an applicant who is at least eighteen years of age and holds a valid Washington state driver's license and who has:

(a) Submitted an application on a form or in a format provided by the department;

(b) Passed the general knowledge examination required for issuance of a CDL under RCW 46.25.060 for the commercial motor vehicle classification in which the applicant operates or expects to operate; and

(c) Paid the appropriate examination fee or fees and an application fee of ten dollars until June 30, 2016, and forty dollars beginning July 1, 2016.

(2) A CLP must be marked "commercial learner's permit" or "CLP," and must be, to the maximum extent practicable, tamperproof. Other than a photograph of the applicant, it must include, but not be limited to, the information required on a CDL under RCW 46.25.080(1).

(3) The holder of a CLP may drive a commercial motor vehicle on a highway only when in possession of a valid driver's license and accompanied by the holder of a valid CDL who has the proper CDL classification and endorsement or endorsements necessary to operate the commercial motor vehicle. The CDL holder must at all times be physically present in the front seat of the vehicle next to the CLP holder or, in the case of a passenger vehicle, directly behind or in the first row behind the driver and must have the CLP holder under observation and direct supervision.

(4) A CLP may be classified in the same manner as a CDL under RCW 46.25.080(2)(a).

(5) CLPs may be issued with only P, S, or N endorsements as described in RCW 46.25.080(2)(b).

(a) The holder of a CLP with a P endorsement must have taken and passed the P endorsement knowledge examination. The holder of a CLP with a P endorsement is prohibited from operating a commercial motor vehicle carrying passengers other than authorized employees or representatives of the department and the federal motor carrier safety administration, examiners, other trainees, and the CDL holder accompanying the CLP holder as required under subsection (2) of this section. The P endorsement must be class specific.

(b) The holder of a CLP with an S endorsement must have taken and passed the S endorsement knowledge examination. The holder of a CLP with an S endorsement is prohibited from operating a school bus with passengers other than authorized employees or representatives of the department and the federal motor carrier safety administration, examiners, other trainees, and the CDL holder accompanying the CLP holder as required under subsection (2) of this section.

(c) The holder of a CLP with an N endorsement must have taken and passed the N endorsement knowledge examination. The holder of a CLP with an N endorsement may only operate an empty tank vehicle and is prohibited from operating any tank vehicle that previously contained hazardous materials and has not been purged of any residue.

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(6) A CLP may be issued with appropriate restrictions as described in RCW 46.25.080(2)(c). In addition, a CLP may be issued with the following restrictions:

(a) "P" restricts the driver from operating a bus with passengers;

(b) "X" restricts the driver from operating a tank vehicle that contains cargo; and

(c) Any restriction as established by rule of the department.

(7) The holder of a CLP is not authorized to operate a commercial motor vehicle transporting hazardous materials.

(8) A CLP may not be issued for a period to exceed one hundred eighty days. The department may renew the CLP for one additional one hundred eighty-day period without requiring the CLP holder to retake the general and endorsement knowledge examinations.

(9) The department must transmit the fees collected for CLPs to the state treasurer for deposit in the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this section (section 206 of this act) must be distributed to the connecting Washington account created under section 106 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

Sec. 207. RCW 46.25.060 and 2013 c 224 s 6 are each amended to read as follows:

(1)(a) No person may be issued a commercial driver's license unless that person:

(i) Is a resident of this state;

(ii) Has successfully completed a course of instruction in the operation of a commercial motor vehicle that has been approved by the director or has been certified by an employer as having the skills and training necessary to operate a commercial motor vehicle safely;

(iii) If he or she does not hold a valid commercial driver's license of the appropriate classification, has been issued a commercial learner's permit under RCW 46.25.052; and

(iv) Has passed a knowledge and skills examination for driving a commercial motor vehicle that complies with minimum federal standards established by federal regulation enumerated in 49 C.F.R. Part 383, subparts F, G, and H, in addition to other requirements imposed by state law or federal regulation. The department may not allow the person to take the skills examination during the first fourteen days after initial issuance of the person's commercial learner's permit. The examinations must be prescribed and conducted by the department.

(b) In addition to the fee charged for issuance or renewal of any license, the applicant shall pay a fee of no more than ten dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, for ~~(each)~~ the classified knowledge examination, classified endorsement knowledge examination, or any combination of classified license and endorsement knowledge examinations. The applicant shall pay a fee of no more than one hundred dollars until June 30, 2016, and two hundred fifty dollars

beginning July 1, 2016, for each classified skill examination or combination of classified skill examinations conducted by the department.

(c) The department may authorize a person, including an agency of this or another state, an employer, a private driver training facility, or other private institution, or a department, agency, or instrumentality of local government, to administer the skills examination specified by this section under the following conditions:

(i) The examination is the same which would otherwise be administered by the state;

(ii) The third party has entered into an agreement with the state that complies with the requirements of 49 C.F.R. Sec. 383.75; and

(iii) The director has adopted rules as to the third party testing program and the development and justification for fees charged by any third party.

(d) If the applicant's primary use of a commercial driver's license is for any of the following, then the applicant shall pay a fee of no more than seventy-five dollars until June 30, 2016, and two hundred twenty-five dollars beginning July 1, 2016, for ~~(each)~~ the classified skill examination or combination of classified skill examinations whether conducted by the department or a third-party tester:

(i) Public benefit not-for-profit corporations that are federally supported head start programs; or

(ii) Public benefit not-for-profit corporations that support early childhood education and assistance programs as described in RCW 43.215.405(2).

(e) Beginning July 1, 2016, if the applicant's primary use of a commercial driver's license is to drive a school bus, the applicant shall pay a fee of no more than one hundred dollars for the classified skill examination or combination of classified skill examinations conducted by the department.

(f) Beginning July 1, 2016, payment of the examination fees under this subsection entitles the applicant to take the examination up to two times in order to pass.

(2)(a) The department may waive the skills examination and the requirement for completion of a course of instruction in the operation of a commercial motor vehicle specified in this section for a commercial driver's license applicant who meets the requirements of 49 C.F.R. Sec. 383.77.

(b) An applicant who operates a commercial motor vehicle for agribusiness purposes is exempt from the course of instruction completion and employer skills and training certification requirements under this section. By January 1, 2010, the department shall submit recommendations regarding the continuance of this exemption to the transportation committees of the legislature. For purposes of this subsection (2)(b), "agribusiness" means a private carrier who in the normal course of business primarily transports:

(i) Farm machinery, farm equipment, implements of husbandry, farm supplies, and materials used in farming;

(ii) Agricultural inputs, such as seed, feed, fertilizer, and crop protection products;

(iii) Unprocessed agricultural commodities, as defined in RCW 17.21.020, where such commodities are produced by farmers, ranchers, vineyardists, or orchardists; or

(iv) Any combination of (b)(i) through (iii) of this subsection.

The department shall notify the transportation committees of the legislature if the federal government takes action affecting the exemption provided in this subsection (2)(b).

(3) A commercial driver's license or commercial learner's permit may not be issued to a person while the person is subject to a disqualification from driving a commercial motor vehicle, or while the person's driver's license is suspended, revoked, or

canceled in any state, nor may a commercial driver's license be issued to a person who has a commercial driver's license issued by any other state unless the person first surrenders all such licenses, which must be returned to the issuing state for cancellation.

(4) The fees under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this section (section 207 of this act) must be distributed to the connecting Washington account created under section 106 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

Sec. 208. RCW 46.25.100 and 2013 c 224 s 12 are each amended to read as follows:

(1) When a person has been disqualified from operating a commercial motor vehicle, the person is not entitled to have the commercial driver's license or commercial learner's permit restored until after the expiration of the appropriate disqualification period required under RCW 46.25.090 or until the department has received a drug and alcohol assessment and evidence is presented of satisfactory participation in or completion of any required drug or alcohol treatment program for ending the disqualification under RCW 46.25.090(7). After expiration of the appropriate period and upon payment of a requalification fee of twenty dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, or one hundred fifty dollars if the person has been disqualified under RCW 46.25.090(7), the person may apply for a new, duplicate, or renewal commercial driver's license or commercial learner's permit as provided by law. If the person has been disqualified for a period of one year or more, the person shall demonstrate that he or she meets the commercial driver's license or commercial learner's permit qualification standards specified in RCW 46.25.060.

(2) The fees under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this section (section 208 of this act) must be distributed to the connecting Washington account created under section 106 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a

fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

Enhanced Driver's License & Identocard Fees

Sec. 209. RCW 46.20.202 and 2007 c 7 s 1 are each amended to read as follows:

(1) The department may enter into a memorandum of understanding with any federal agency for the purposes of facilitating the crossing of the border between the state of Washington and the Canadian province of British Columbia.

(2) The department may enter into an agreement with the Canadian province of British Columbia for the purposes of implementing a border-crossing initiative.

(3)(a) The department may issue an enhanced driver's license or identocard for the purposes of crossing the border between the state of Washington and the Canadian province of British Columbia to an applicant who provides the department with proof of: United States citizenship, identity, and state residency. The department shall continue to offer a standard driver's license and identocard. If the department chooses to issue an enhanced driver's license, the department must allow each applicant to choose between a standard driver's license or identocard, or an enhanced driver's license or identocard.

(b) The department shall implement a one-to-many biometric matching system for the enhanced driver's license or identocard. An applicant for an enhanced driver's license or identocard shall submit a biometric identifier as designated by the department. The biometric identifier must be used solely for the purpose of verifying the identity of the holders and for any purpose set out in RCW 46.20.037. Applicants are required to sign a declaration acknowledging their understanding of the one-to-many biometric match.

(c) The enhanced driver's license or identocard must include reasonable security measures to protect the privacy of Washington state residents, including reasonable safeguards to protect against unauthorized disclosure of data about Washington state residents. If the enhanced driver's license or identocard includes a radio frequency identification chip, or similar technology, the department shall ensure that the technology is encrypted or otherwise secure from unauthorized data access.

(d) The requirements of this subsection are in addition to the requirements otherwise imposed on applicants for a driver's license or identocard. The department shall adopt such rules as necessary to meet the requirements of this subsection. From time to time the department shall review technological innovations related to the security of identity cards and amend the rules related to enhanced driver's licenses and identocards as the director deems consistent with this section and appropriate to protect the privacy of Washington state residents.

(e) Notwithstanding RCW 46.20.118, the department may make images associated with enhanced drivers' licenses or identocards from the negative file available to United States customs and border agents for the purposes of verifying identity.

(4) ((The department may set a fee for the issuance of enhanced drivers' licenses and identocards under this section.)) Beginning July 1, 2016, the fee for an enhanced driver's license or enhanced identocard is fifty-four dollars, which is in addition to the fees for any regular driver's license or identocard. If the enhanced driver's license or enhanced identocard is issued, renewed, or extended for a period other than six years, the fee for each class is nine dollars for each year that the enhanced driver's license or enhanced identocard is issued, renewed, or extended.

(5) The enhanced driver's license and enhanced identocard fee under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this section (section 209 of

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this act) must be distributed to the connecting Washington account created under section 106 of this act.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

Studded Tire Fee

NEW SECTION. Sec. 210. A new section is added to chapter 46.37 RCW to read as follows:

Beginning July 1, 2016:

(1)(a) In addition to all other fees imposed on the retail sale of tires, a five dollar fee is imposed on the retail sale of each new tire sold that contains studs. For the purposes of this subsection, "new tire sold that contains studs" means a tire that is manufactured for vehicle purposes and contains metal studs, and does not include bicycle tires or retreaded vehicle tires.

(b) The five dollar fee must be paid by the buyer to the seller, and each seller must collect from the buyer the full amount of the fee. The fee collected from the buyer by the seller must be paid to the department of revenue in accordance with RCW 82.32.045; however, the seller retains ten percent of the fee collected.

(c) The portion of the fee paid to the department of revenue under (b) of this subsection must be deposited in the motor vehicle fund created under RCW 46.68.070.

(2) The fee to be collected by the seller, less the ten percent that the seller retains as specified in subsection (1)(b) of this section, must be held in trust by the seller until paid to the department of revenue, and any seller who appropriates or converts the fee collected to any use other than the payment of the fee on the due date is guilty of a gross misdemeanor.

(3) Any seller that fails to collect the fee imposed under this section or, having collected the fee, fails to pay it to the department of revenue by the date due, whether such failure is the result of the seller or the result of acts or conditions beyond the seller's control, is personally liable to the state for the amount of the fee.

(4) The amount of the fee, until paid by the buyer to the seller or to the department of revenue, constitutes a debt from the buyer to the seller. Any seller who fails or refuses to collect the fee as required with the intent to violate this section or to gain some advantage or benefit and any buyer who refuses to pay the fee due is guilty of a misdemeanor.

(5) The department of revenue must collect on the business excise tax return from the businesses selling new tires that contain studs at retail the number of tires sold and the fee imposed under this section. The department of revenue must incorporate into its audit cycle a reconciliation of the number of tires sold and the amount of revenue collected by the businesses selling new tires that contain studs.

(6) All other applicable provisions of chapter 82.32 RCW have full force and application with respect to the fee imposed under this section.

(7) The department of revenue must administer this section.

Service Fees Due on Title and Registration Transactions

Sec. 211. RCW 46.17.050 and 2014 c 59 s 3 are each amended to read as follows:

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(1) Until June 30, 2017, before accepting a report of sale filed under RCW 46.12.650(2), the county auditor or other agent or subagent appointed by the director shall require the applicant to pay:

~~((+))~~ (a) The filing fee under RCW 46.17.005(1), the license plate technology fee under RCW 46.17.015, and the license service fee under RCW 46.17.025 to the county auditor or other agent; and

~~((2))~~ (b) The service fee under RCW 46.17.040(1)(b) to the subagent.

(2)(a) Beginning July 1, 2017, before accepting a report of sale filed under RCW 46.12.650(2), the department, county auditor or other agent, or subagent appointed by the director shall require the applicant to pay the filing fee under RCW 46.17.005(1), the license plate technology fee under RCW 46.17.015, the license service fee under RCW 46.17.025, and the service fee under RCW 46.17.040(1)(b).

(b) Services fees collected under (a) of this subsection by the department or county auditor or other agent appointed by the director must be credited to the capital vessel replacement account under RCW 47.60.322.

Sec. 212. RCW 46.17.060 and 2014 c 59 s 4 are each amended to read as follows:

(1) Until June 30, 2017, before accepting a transitional ownership record filed under RCW 46.12.660, the county auditor or other agent or subagent appointed by the director shall require the applicant to pay:

~~((+))~~ (a) The filing fee under RCW 46.17.005(1), the license plate technology fee under RCW 46.17.015, and the license service fee under RCW 46.17.025 to the county auditor or other agent; and

~~((2))~~ (b) The service fee under RCW 46.17.040(1)(b) to the subagent.

(2)(a) Beginning July 1, 2017, before accepting a transitional ownership record filed under RCW 46.12.660, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant to pay the filing fee under RCW 46.17.005(1), the license plate technology fee under RCW 46.17.015, the license service fee under RCW 46.17.025, and the service fee under RCW 46.17.040(1)(b).

(b) Services fees collected under (a) of this subsection by the department or county auditor or other agent appointed by the director must be credited to the capital vessel replacement account under RCW 47.60.322.

Sec. 213. RCW 47.60.322 and 2014 c 59 s 1 are each amended to read as follows:

(1) The capital vessel replacement account is created in the motor vehicle fund. All revenues generated from the vessel replacement surcharge under RCW 47.60.315(7) and service fees collected by the department of licensing or county auditor or other agent appointed by the director under RCW 46.17.040, 46.17.050, and 46.17.060 must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the construction or purchase of ferry vessels and to pay the principal and interest on bonds authorized for the construction or purchase of ferry vessels. However, expenditures from the account must first be used to support the construction or purchase, including any applicable financing costs, of a ferry vessel with a carrying capacity of at least one hundred forty-four cars.

(2) The state treasurer may ~~((not))~~ transfer ~~((any))~~ moneys from the capital vessel replacement account ~~((except))~~ to the transportation 2003 account (nickel account) for debt service on bonds issued for the construction of 144-car class ferry vessels.

(3) The legislature may transfer from the capital vessel replacement account to the connecting Washington account created under section 106 of this act such amounts as reflect the excess fund balance of the capital vessel replacement account to be used for ferry terminal construction and preservation.

Sec. 214. RCW 46.12.650 and 2010 c 161 s 309 are each amended to read as follows:

(1) **Releasing interest.** An owner releasing interest in a vehicle shall:

(a) Sign the release of interest section provided on the certificate of title or on a release of interest document or form approved by the department;

(b) Give the certificate of title or most recent evidence of ownership to the person gaining the interest in the vehicle;

(c) Give the person gaining interest in the vehicle an odometer disclosure statement if one is required; and

(d) Report the vehicle sold as provided in subsection (2) of this section.

(2) **Report of sale.** An owner shall notify the department, county auditor or other agent, or subagent appointed by the director in writing within ~~((five))~~ twenty-one business days after a vehicle is or has been:

(a) Sold;

(b) Given as a gift to another person;

(c) Traded, either privately or to a dealership;

(d) Donated to charity;

(e) Turned over to an insurance company or wrecking yard; or

(f) Disposed of.

(3) **Report of sale properly filed.** A report of sale is properly filed if it is received by the department, county auditor or other agent, or subagent appointed by the director within ~~((five))~~ twenty-one business days after the date of sale or transfer and it includes:

(a) The date of sale or transfer;

(b) The owner's name and address;

(c) The name and address of the person acquiring the vehicle;

(d) The vehicle identification number and license plate number;

(e) A date or stamp by the department showing it was received on or before the ~~((fifth))~~ twenty-first business day after the date of sale or transfer; and

(f) Payment of the fees required under RCW 46.17.050 ~~((if the report of sale is processed by a county auditor or other agent or subagent appointed by the director)).~~

(4) **Report of sale - administration.** (a) The department shall:

~~((a))~~ (i) Provide or approve reports of sale forms;

~~((b))~~ (ii) Provide a system enabling an owner to submit reports of sale electronically;

~~((c))~~ (iii) Immediately update the department's vehicle record when a report of sale has been filed;

~~((d))~~ (iv) Provide instructions on release of interest forms that allow the seller of a vehicle to release their interest in a vehicle at the same time a financial institution, as defined in RCW ~~((30.22.040))~~ 30A.22.040, releases its lien on the vehicle; and

~~((e))~~ (v) Send a report to the department of revenue that lists vehicles for which a report of sale has been received but no transfer of ownership has taken place. The department shall send the report once each quarter.

(b) A report of sale that is received by the department, county auditor or other agent, or subagent appointed by the director after the twenty-first day becomes effective on the day it is received by the department, county auditor or other agent, or subagent appointed by the director.

(5)(a) **Transferring ownership.** A person who has recently acquired a vehicle by purchase, exchange, gift, lease, inheritance,

or legal action shall apply to the department, county auditor or other agent, or subagent appointed by the director for a new certificate of title within fifteen days of delivery of the vehicle. A secured party who has possession of the certificate of title shall either:

(i) Apply for a new certificate of title on behalf of the owner and pay the fee required under RCW 46.17.100; or

(ii) Provide all required documents to the owner, as long as the transfer was not a breach of its security agreement, to allow the owner to apply for a new certificate of title.

(b) Compliance with this subsection does not affect the rights of the secured party.

(6) **Certificate of title delivered to secured party.** The certificate of title must be kept by or delivered to the person who becomes the secured party when a security interest is reserved or created at the time of the transfer of ownership. The parties must comply with RCW 46.12.675.

(7) **Penalty for late transfer.** A person who has recently acquired a motor vehicle by purchase, exchange, gift, lease, inheritance, or legal action who does not apply for a new certificate of title within fifteen calendar days of delivery of the vehicle is charged a penalty, as described in RCW 46.17.140, when applying for a new certificate of title. It is a misdemeanor to fail or neglect to apply for a transfer of ownership within forty-five days after delivery of the vehicle. The misdemeanor is a single continuing offense for each day that passes regardless of the number of days that have elapsed following the forty-five day time period.

(8) **Penalty for late transfer - exceptions.** The penalty is not charged if the delay in application is due to at least one of the following:

(a) The department requests additional supporting documents;

(b) The department, county auditor or other agent, or subagent fails to perform or is neglectful;

(c) The owner is prevented from applying due to an illness or extended hospitalization;

(d) The legal owner fails or neglects to release interest;

(e) The owner did not know of the filing of a report of sale by the previous owner and signs an affidavit to the fact; or

(f) The department finds other conditions exist that adequately explain the delay.

(9) **Review and issue.** The department shall review applications for certificates of title and issue certificates of title when it has determined that all applicable provisions of law have been complied with.

(10) **Rules.** The department may adopt rules as necessary to implement this section.

Sec. 215. RCW 88.02.560 and 2011 c 171 s 129 are each amended to read as follows:

(1) An application for a vessel registration must be made by the owner or the owner's authorized representative to the department, county auditor or other agent, or subagent appointed by the director on a form furnished or approved by the department. The application must contain:

(a) The name and address of each owner of the vessel;

(b) Other information the department may require; and

(c) The signature of at least one owner.

(2) The application for vessel registration must be accompanied by the:

(a) Vessel registration fee required under RCW 88.02.640(~~((i))~~) (k);

(b) Derelict vessel and invasive species removal fee under RCW 88.02.640(~~((j))~~) (1)(b) and derelict vessel removal surcharge required under RCW 88.02.640(~~((4))~~) (1)(c);

(c) Filing fee required under RCW 88.02.640(~~((e))~~) (f);

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(d) License plate technology fee required under RCW 88.02.640(1)(~~(f)~~) (g);

(e) License service fee required under RCW 88.02.640(1)(~~(g)~~) (h); (~~and~~)

(f) Watercraft excise tax required under chapter 82.49 RCW; and

(g) Beginning January 1, 2016, service fee required under RCW 46.17.040.

(3) Upon receipt of an application for vessel registration and the required fees and taxes, the department shall assign a registration number and issue a decal for each vessel. The registration number and decal must be issued and affixed to the vessel in a manner prescribed by the department consistent with the standard numbering system for vessels required in 33 C.F.R. Part 174. A valid decal affixed as prescribed must indicate compliance with the annual registration requirements of this chapter.

(4) Vessel registrations and decals are valid for a period of one year, except that the director may extend or diminish vessel registration periods and vessel decals for the purpose of staggered renewal periods. For registration periods of more or less than one year, the department may collect prorated annual registration fees and excise taxes based upon the number of months in the registration period.

(5) Vessel registrations are renewable every year in a manner prescribed by the department upon payment of the fees and taxes described in subsection (2) of this section. Upon renewing a

vessel registration, the department shall issue a new decal to be affixed as prescribed by the department.

(6) When the department issues either a notice to renew a vessel registration or a decal for a new or renewed vessel registration, it shall also provide information on the location of marine oil recycling tanks and sewage holding tank pumping stations. This information must be provided to the department by the state parks and recreation commission in a form ready for distribution. The form must be developed and prepared by the state parks and recreation commission with the cooperation of the department of ecology. The department, the state parks and recreation commission, and the department of ecology shall enter into a memorandum of agreement to implement this process.

(7) A person acquiring a vessel from a dealer or a vessel already validly registered under this chapter shall, within fifteen days of the acquisition or purchase of the vessel, apply to the department, county auditor or other agent, or subagent appointed by the director for transfer of the vessel registration, and the application must be accompanied by a transfer fee as required in RCW 88.02.640(1)(~~(f)~~) (o).

Sec. 216. RCW 88.02.640 and 2013 c 291 s 1 are each amended to read as follows:

(1) In addition to any other fees and taxes required by law, the department, county auditor or other agent, or subagent appointed by the director shall charge the following vessel fees and surcharge:

FEE	AMOUNT	AUTHORITY	DISTRIBUTION
(a) Dealer temporary permit	\$5.00	RCW 88.02.800(2)	General fund
(b) Derelict vessel and invasive species removal	Subsection (3) of this section	Subsection (3) of this section	Subsection (3) of this section
(c) Derelict vessel removal surcharge	\$1.00	Subsection (4) of this section	Subsection (4) of this section
(d) Duplicate certificate of title	\$1.25	RCW 88.02.530(1)(c)	General fund
(e) Duplicate registration	\$1.25	RCW 88.02.590(1)(c)	General fund
(f) Filing	RCW 46.17.005	RCW 88.02.560(2)	RCW 46.68.400
(g) License plate technology	RCW 46.17.015	RCW 88.02.560(2)	RCW 46.68.370
(h) License service	RCW 46.17.025	RCW 88.02.560(2)	RCW 46.68.220
(i) Nonresident vessel permit	\$25.00	RCW 88.02.620(3)	Subsection (5) of this section
(j) Quick title service	\$50.00	RCW 88.02.540(3)	Subsection (7) of this section
(k) Registration	\$10.50	RCW 88.02.560(2)	RCW 88.02.650
(l) Replacement decal	\$1.25	RCW 88.02.595(1)(c)	General fund
(m) <u>Service fee</u>	<u>RCW 46.17.040</u>	<u>RCW 88.02.515 and 88.02.560(2)</u>	<u>RCW 46.17.040</u>
<u>(n)</u> Title application	\$5.00	RCW 88.02.515	General fund
((f)) <u>(o)</u> Transfer	\$1.00	RCW 88.02.560(7)	General fund
((g)) <u>(p)</u> Vessel visitor permit	\$30.00	RCW 88.02.610(3)	Subsection (6) of this section

(2) The five dollar dealer temporary permit fee required in subsection (1) of this section must be credited to the payment of registration fees at the time application for registration is made.

(3) The derelict vessel and invasive species removal fee required in subsection (1) of this section is five dollars and must be distributed as follows:

(a) One dollar and fifty cents must be deposited in the aquatic invasive species prevention account created in RCW 77.12.879;

(b) One dollar must be deposited into the aquatic algae control account created in RCW 43.21A.667;

(c) Fifty cents must be deposited into the aquatic invasive species enforcement account created in RCW 43.43.400; and

(d) Two dollars must be deposited in the derelict vessel removal account created in RCW 79.100.100.

(4) In addition to other fees required in this section, an annual derelict vessel removal surcharge of one dollar must be charged with each vessel registration. The surcharge is to address the significant backlog of derelict vessels accumulated in Washington waters that pose a threat to the health and safety of

the people and to the environment and must be deposited into the derelict vessel removal account created in RCW 79.100.100.

(5) The twenty-five dollar nonresident vessel permit fee must be paid by the vessel owner to the department for the cost of providing the identification document by the department. Any moneys remaining from the fee after the payment of costs must be allocated to counties by the state treasurer for approved boating safety programs under RCW 88.02.650.

(6) The thirty dollar vessel visitor permit fee must be distributed as follows:

(a) Five dollars must be deposited in the derelict vessel removal account created in RCW 79.100.100;

(b) The department may keep an amount to cover costs for providing the vessel visitor permit;

(c) Any moneys remaining must be allocated to counties by the state treasurer for approved boating safety programs under RCW 88.02.650; and

(d) Any fees required for licensing agents under RCW 46.17.005 are in addition to any other fee or tax due for the titling and registration of vessels.

(7)(a) The fifty dollar quick title service fee must be distributed as follows:

(i) If the fee is paid to the director, the fee must be deposited to the general fund.

(ii) If the fee is paid to the participating county auditor or other agent or subagent appointed by the director, twenty-five dollars must be deposited to the general fund. The remainder must be retained by the county treasurer in the same manner as other fees collected by the county auditor.

(b) For the purposes of this subsection, "quick title" has the same meaning as in RCW 88.02.540.

(8) The department, county auditor or other agent, or subagent appointed by the director shall charge the service fee under subsection (1)(m) of this section beginning January 1, 2016.

PART III

LOCAL TRANSPORTATION REVENUE

Transportation Benefit Districts

NEW SECTION. Sec. 301. Any city or county in which a transportation benefit district has been established pursuant to chapter 36.73 RCW with boundaries coterminous with the boundaries of the city or county may by ordinance or resolution of the city or county legislative authority assume the rights, powers, functions, and obligations of the transportation benefit district in accordance with this chapter.

NEW SECTION. Sec. 302. (1) The assumption of the rights, powers, functions, and obligations of a transportation benefit district may be initiated by the adoption of an ordinance or a resolution by the city or county legislative authority indicating its intention to conduct a hearing concerning the assumption of such rights, powers, functions, and obligations. If the city or county legislative authority adopts such an ordinance or a resolution of intention, the ordinance or resolution must set a time and place at which the city or county legislative authority will consider the proposed assumption of the rights, powers, functions, and obligations of the transportation benefit district, and must state that all persons interested may appear and be heard. The ordinance or resolution of intention must be published at least two times during the two weeks preceding the scheduled hearing in newspapers of daily general circulation printed or published in the city or county in which the transportation benefit district is to be located.

(2) At the time scheduled for the hearing in the ordinance or resolution of intention, the city or county legislative authority must consider the assumption of the rights, powers, functions, and obligations of the transportation benefit district and hear those appearing and all protests and objections to it. The city or county legislative authority may continue the hearing from time to time, not exceeding sixty days in all.

NEW SECTION. Sec. 303. (1) If, after receiving testimony, the city or county legislative authority determines that the public interest or welfare would be satisfied by the city or county assuming the rights, powers, immunities, functions, and obligations of the transportation benefit district, the city or county legislative authority may declare that to be its intent and assume such rights, powers, immunities, functions, and obligations by ordinance or resolution, providing that the city or county is vested with every right, power, immunity, function, and obligation currently granted to or possessed by the transportation benefit district.

(2) Upon assumption of the rights, powers, immunities, functions, and obligations of the transportation benefit district by

the city or county, the governing body established pursuant to RCW 36.73.020 must be abolished and the city or county legislative authority is vested with all rights, powers, immunities, functions, and obligations otherwise vested by law in the governing board of the transportation benefit district.

NEW SECTION. Sec. 304. No transfer of any function made pursuant to this chapter may be construed to impair or alter any existing rights acquired under chapter 36.73 RCW or any other provision of law relating to transportation benefit districts, nor as impairing or altering any actions, activities, or proceedings validated thereunder, nor as impairing or altering any civil or criminal proceedings instituted thereunder, nor any rule, regulation, or order promulgated thereunder, nor any administrative action taken thereunder; and neither the assumption of control of any transportation benefit district function by a city or county, nor any transfer of rights, powers, functions, and obligations as provided in this chapter, may impair or alter the validity of any act performed by such transportation benefit district or division thereof or any officer thereof prior to the assumption of such rights, powers, functions, and obligations by any city or county as authorized under this chapter.

NEW SECTION. Sec. 305. (1) All rules and regulations and all pending business before the board of any transportation benefit district transferred pursuant to this chapter must be continued and acted upon by the city or county.

(2) All existing contracts and obligations of the transferred transportation benefit district remain in full force and effect and must be performed by the city or county. A transfer authorized in this chapter does not affect the validity of any official act performed by any official or employee prior to the transfer authorized pursuant to this chapter.

NEW SECTION. Sec. 306. (1) All reports, documents, surveys, books, records, files, papers, or other writings relating to the administration of the powers, duties, and functions transferred pursuant to this chapter and available to the transportation benefit district must be made available to the city or county.

(2) All funds, credits, or other assets held in connection with powers, duties, and functions transferred under this chapter must be assigned to the city or county.

(3) Any appropriations or federal grant made to the transportation benefit district for the purpose of carrying out the rights, powers, functions, and obligations authorized to be assumed by a city or county pursuant to this chapter, on the effective date of such transfer, must be credited to the city or county for the purpose of carrying out such transferred rights, powers, functions, and obligations.

NEW SECTION. Sec. 307. The city or county must assume and agree to provide for the payment of all of the indebtedness of the transportation benefit district, including the payment and retirement of outstanding general obligation and revenue bonds issued by the transportation benefit district.

NEW SECTION. Sec. 308. Sections 301 through 307 of this act constitute a new chapter in Title 36 RCW.

Sec. 309. RCW 36.73.065 and 2012 c 152 s 3 are each amended to read as follows:

(1) Except as provided in subsection (4) of this section, taxes, fees, charges, and tolls may not be imposed by a district without approval of a majority of the voters in the district voting on a proposition at a general or special election. The proposition must include a specific description of: (a) The transportation improvement or improvements proposed by the district; (b) any rebate program proposed to be established under RCW 36.73.067; and (c) the proposed taxes, fees, charges, and the range of tolls imposed by the district to raise revenue to fund the improvement or improvements or rebate program, as applicable.

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(2) Voter approval under this section must be accorded substantial weight regarding the validity of a transportation improvement as defined in RCW 36.73.015.

(3) A district may not increase any taxes, fees, charges, or range of tolls imposed or change a rebate program under this chapter once the taxes, fees, charges, tolls, or rebate program takes effect, ~~((unless))~~ except:

(a) If authorized by the district voters pursuant to RCW 36.73.160;

(b) With respect to a change in a rebate program, a material change policy adopted pursuant to RCW 36.73.160 is followed and the change does not reduce the percentage level or rebate amount;

(c) For up to forty dollars of the vehicle fee authorized in RCW 82.80.140 by the governing board of the district if a vehicle fee of twenty dollars has been imposed for at least twenty-four months; or

(d) For up to fifty dollars of the vehicle fee authorized in RCW 82.80.140 by the governing board of the district if a vehicle fee of forty dollars has been imposed for at least twenty-four months and a district has met the requirements of subsection (6) of this section.

(4)(a) A district that includes all the territory within the boundaries of the jurisdiction, or jurisdictions, establishing the district may impose by a majority vote of the governing board of the district the following fees and charges:

(i) Up to twenty dollars of the vehicle fee authorized in RCW 82.80.140; ~~((or))~~

(ii) Up to forty dollars of the vehicle fee authorized in RCW 82.80.140 if a vehicle fee of twenty dollars has been imposed for at least twenty-four months;

(iii) Up to fifty dollars of the vehicle fee authorized in RCW 82.80.140 if a vehicle fee of forty dollars has been imposed for at least twenty-four months and a district has met the requirements of subsection (6) of this section; or

(iv) A fee or charge in accordance with RCW 36.73.120.

(b) The vehicle fee authorized in (a) of this subsection may only be imposed for a passenger-only ferry transportation improvement if the vehicle fee is first approved by a majority of the voters within the jurisdiction of the district.

(c)(i) A district solely comprised of a city or cities ~~((shall))~~ may not impose the fees or charges identified in (a) of this subsection within one hundred eighty days after July 22, 2007, unless the county in which the city or cities reside, by resolution, declares that it will not impose the fees or charges identified in (a) of this subsection within the one hundred eighty-day period; or

(ii) A district solely comprised of a city or cities identified in RCW 36.73.020(6)(b) may not impose the fees or charges until after May 22, 2008, unless the county in which the city or cities reside, by resolution, declares that it will not impose the fees or charges identified in (a) of this subsection through May 22, 2008.

(5) If the interlocal agreement in RCW 82.80.140(2)(a) cannot be reached, a district that includes only the unincorporated territory of a county may impose by a majority vote of the governing body of the district up to: (a) Twenty dollars of the vehicle fee authorized in RCW 82.80.140, (b) forty dollars of the vehicle fee authorized in RCW 82.80.140 if a fee of twenty dollars has been imposed for at least twenty-four months, or (c) fifty dollars of the vehicle fee authorized in RCW 82.80.140 if a vehicle fee of forty dollars has been imposed for at least twenty-four months and a district has met the requirements of subsection (6) of this section.

(6) If a district intends to impose a vehicle fee of more than forty dollars by a majority vote of the governing body of the district, the governing body must publish notice of this intention,

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in one or more newspapers of general circulation within the district, by April 1st of the year in which the vehicle fee is to be imposed. If within ninety days of the date of publication a petition is filed with the county auditor containing the signatures of eight percent of the number of voters registered and voting in the district for the office of the governor at the last preceding gubernatorial election, the county auditor must canvass the signatures in the same manner as prescribed in RCW 29A.72.230 and certify their sufficiency to the governing body within two weeks. The proposition to impose the vehicle fee must then be submitted to the voters of the district at a special election, called for this purpose, no later than the date on which a primary election would be held under RCW 29A.04.311. The vehicle fee may then be imposed only if approved by a majority of the voters of the district voting on the proposition.

Sec. 310. RCW 82.80.140 and 2010 c 161 s 917 are each amended to read as follows:

(1) Subject to the provisions of RCW 36.73.065, a transportation benefit district under chapter 36.73 RCW may fix and impose an annual vehicle fee, not to exceed one hundred dollars per vehicle registered in the district, for each vehicle subject to vehicle license fees under RCW 46.17.350(1) (a), (c), (d), (e), (g), (h), (j), or (n) through (q) and for each vehicle subject to gross weight license fees under RCW 46.17.355 with a scale weight of six thousand pounds or less.

(2)(a) A district that includes all the territory within the boundaries of the jurisdiction, or jurisdictions, establishing the district may impose by a majority vote of the governing board of the district up to: (i) Twenty dollars of the vehicle fee authorized in subsection (1) of this section, (ii) forty dollars of the vehicle fee authorized in subsection (1) of this section if a twenty dollar vehicle fee has been imposed for at least twenty-four months, or (iii) fifty dollars of the vehicle fee authorized in subsection (1) of this section if a vehicle fee of forty dollars has been imposed for at least twenty-four months and a district has met the requirements of RCW 36.73.065(6).

If the district is countywide, the revenues of the fee ~~((shall))~~ must be distributed to each city within the ~~((county))~~ district by interlocal agreement. The interlocal agreement is effective when approved by the ~~((county))~~ district and sixty percent of the cities representing seventy-five percent of the population of the cities within the ~~((county))~~ district in which the countywide fee is collected.

(b) A district may not impose a fee under this subsection (2):

(i) For a passenger-only ferry transportation improvement unless the vehicle fee is first approved by a majority of the voters within the jurisdiction of the district; or

(ii) That, if combined with the fees previously imposed by another district within its boundaries under RCW 36.73.065(4)(a)(i), exceeds ~~((twenty))~~ fifty dollars.

If a district imposes or increases a fee under this subsection (2) that, if combined with the fees previously imposed by another district within its boundaries, exceeds ~~((twenty))~~ fifty dollars, the district shall provide a credit for the previously imposed fees so that the combined vehicle fee does not exceed ~~((twenty))~~ fifty dollars.

(3) The department of licensing shall administer and collect the fee. The department shall deduct a percentage amount, as provided by contract, not to exceed one percent of the fees collected, for administration and collection expenses incurred by it. The department shall remit remaining proceeds to the custody of the state treasurer. The state treasurer shall distribute the proceeds to the district on a monthly basis.

(4) No fee under this section may be collected until six months after approval under RCW 36.73.065.

(5) The vehicle fee under this section applies only when renewing a vehicle registration, and is effective upon the registration renewal date as provided by the department of licensing.

(6) The following vehicles are exempt from the fee under this section:

- (a) Campers, as defined in RCW 46.04.085;
- (b) Farm tractors or farm vehicles, as defined in RCW 46.04.180 and 46.04.181;
- (c) Mopeds, as defined in RCW 46.04.304;
- (d) Off-road and nonhighway vehicles, as defined in RCW 46.04.365;
- (e) Private use single-axle trailer, as defined in RCW 46.04.422;
- (f) Snowmobiles, as defined in RCW 46.04.546; and
- (g) Vehicles registered under chapter 46.87 RCW and the international registration plan.

Sec. 311. RCW 36.73.015 and 2012 c 152 s 1 are each amended to read as follows:

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

- (1) "City" means a city or town.
- (2) "District" means a transportation benefit district created under this chapter.
- (3) "Low-income" means household income set by the district creating the rebate program that is at or below ~~((forty-five))~~ seventy-five percent of the median household income, adjusted for household size, for the district in which the fees, taxes, or tolls were imposed.
- (4) "Rebate program" means an optional program established by a transportation benefit district that includes a city with a population of five hundred thousand persons or more for the purpose of providing rebates to low-income individuals for fees, taxes, and/or tolls imposed by such transportation benefit district for: (a) Vehicle fees imposed under RCW 36.73.040(3)(b); (b) sales and use taxes imposed under RCW 36.73.040(3)(a); and/or (c) tolls imposed under RCW 36.73.040(3)(d).
- (5) "Supplemental transportation improvement" or "supplemental improvement" means any project, work, or undertaking to provide public transportation service, in addition to a district's existing or planned voter-approved transportation improvements, proposed by a participating city member of the district under RCW 36.73.180.
- (6) "Transportation improvement" means a project contained in the transportation plan of the state, a regional transportation planning organization, city, county, or eligible jurisdiction as identified in RCW 36.73.020(2). A project may include investment in new or existing highways of statewide significance, principal arterials of regional significance, high capacity transportation, public transportation, and other transportation projects and programs of regional or statewide significance including transportation demand management. Projects may also include the operation, preservation, and maintenance of these facilities or programs.

Community Transit Sales Tax

Sec. 312. RCW 82.14.045 and 2008 c 86 s 102 are each amended to read as follows:

(1) The legislative body of any city pursuant to RCW 35.92.060, of any county which has created an unincorporated transportation benefit area pursuant to RCW 36.57.100 and 36.57.110, of any public transportation benefit area pursuant to RCW 36.57A.080 and 36.57A.090, of any county transportation authority established pursuant to chapter 36.57 RCW, and of any metropolitan municipal corporation within a county with a population of one million or more pursuant to chapter 35.58 RCW, may, by resolution or ordinance for the sole purpose of

providing funds for the operation, maintenance, or capital needs of public transportation systems or public transportation limited to persons with special needs under RCW 36.57.130 and 36.57A.180, and in lieu of the excise taxes authorized by RCW 35.95.040, submit an authorizing proposition to the voters or include such authorization in a proposition to perform the function of public transportation or public transportation limited to persons with special needs under RCW 36.57.130 and 36.57A.180, and if approved by a majority of persons voting thereon, impose a sales and use tax in accordance with the terms of this chapter. Where an authorizing proposition is submitted by a county on behalf of an unincorporated transportation benefit area, it shall be voted upon by the voters residing within the boundaries of such unincorporated transportation benefit area and, if approved, the sales and use tax shall be imposed only within such area. Notwithstanding any provisions of this section to the contrary, any county in which a county public transportation plan has been adopted pursuant to RCW 36.57.070 and the voters of such county have authorized the imposition of a sales and use tax pursuant to the provisions of section 10, chapter 167, Laws of 1974 ex. sess., prior to July 1, 1975, shall be authorized to fix and impose a sales and use tax as provided in this section at not to exceed the rate so authorized without additional approval of the voters of such county as otherwise required by this section.

The tax authorized by this section shall be in addition to the tax authorized by RCW 82.14.030 and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within such city, public transportation benefit area, county, or metropolitan municipal corporation as the case may be. The rate of such tax shall be one-tenth, two-tenths, three-tenths, four-tenths, five-tenths, six-tenths, seven-tenths, eight-tenths, or nine-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The rate of such tax shall not exceed the rate authorized by the voters unless such increase shall be similarly approved.

(2)(a) In the event a metropolitan municipal corporation imposes a sales and use tax pursuant to this chapter no city, county which has created an unincorporated transportation benefit area, public transportation benefit area authority, or county transportation authority wholly within such metropolitan municipal corporation shall be empowered to impose and/or collect taxes under RCW 35.95.040 or this section, but nothing herein shall prevent such city or county from imposing sales and use taxes pursuant to any other authorization.

(b) In the event a county transportation authority imposes a sales and use tax under this section, no city, county which has created an unincorporated transportation benefit area, public transportation benefit area, or metropolitan municipal corporation, located within the territory of the authority, shall be empowered to impose or collect taxes under RCW 35.95.040 or this section.

(c) In the event a public transportation benefit area imposes a sales and use tax under this section, no city, county which has created an unincorporated transportation benefit area, or metropolitan municipal corporation, located wholly or partly within the territory of the public transportation benefit area, shall be empowered to impose or collect taxes under RCW 35.95.040 or this section.

(3) The legislative body of a public transportation benefit area located in a county with a population of seven hundred thousand or more that also contains a city with a population of seventy-five thousand or more operating a transit system pursuant to chapter 35.95 RCW may submit an authorizing proposition to the voters and, if approved by a majority of persons voting on the

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proposition, impose a sales and use tax in accordance with the terms of this chapter of one-tenth, two-tenths, or three-tenths of one percent of the selling price, in the case of a sales tax, or value of the article used, in the case of a use tax, in addition to the rate in subsection (1) of this section.

Passenger-Only Ferry Service Districts

NEW SECTION. Sec. 313. A new section is added to chapter 36.57A RCW to read as follows:

(1) A governing body of a public transportation benefit area, located in a county that only borders the western side of Puget Sound with a population of more than two hundred thousand and contains one or more Washington state ferries terminals, may establish one or more passenger-only ferry service districts within all or a portion of the boundaries of the public transportation benefit area establishing the passenger-only ferry service district. A passenger-only ferry service district may include all or a portion of a city or town as long as all or a portion of the city or town boundaries are within the boundaries of the establishing public transportation benefit area. The members of the public transportation benefit area governing body proposing to establish the passenger-only ferry service district, acting ex officio and independently, constitutes the governing body of the passenger-only ferry service district.

(2) A passenger-only ferry service district may establish, finance, and provide passenger-only ferry service, and associated services to support and augment passenger-only ferry service operation, within its boundaries in the same manner as authorized for public transportation benefit areas under this chapter.

(3) A passenger-only ferry service district constitutes a body corporate and possesses all the usual powers of a corporation for public purposes as well as all other powers that may be conferred by statute including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, to acquire, hold, and dispose of real and personal property, and to sue and be sued. Public works contract limits applicable to the public transportation benefit area that established the passenger-only ferry service district apply to the district. For purposes of this section, "passenger-only ferry service district" means a quasi-municipal corporation and independent taxing authority within the meaning of Article VII, section 1 of the state Constitution, and a taxing district within the meaning of Article VII, section 2 of the state Constitution, created by the legislative body of a public transportation benefit area.

(4) Before a passenger-only ferry service district may provide passenger-only ferry service, it must develop a passenger-only ferry investment plan, including elements: To operate or contract for the operation of passenger-only ferry services; to purchase, lease, or rent ferry vessels and dock facilities for the provision of transit service; and to identify other activities necessary to implement the plan. The plan must set forth terminal locations to be served, projected costs of providing services, and revenues to be generated from tolls, locally collected tax revenues, and other revenue sources. The plan must ensure that services provided under the plan are for the benefit of the residents of the passenger-only ferry service district. The passenger-only ferry service district may use any of its powers to carry out this purpose, unless otherwise prohibited by law. In addition, the passenger-only ferry service district may enter into: Contracts and agreements to operate passenger-only ferry service; public-private partnerships; and design-build, general contractor/construction management, or other alternative procurement processes substantially consistent with chapter 39.10 RCW.

(5) A passenger-only ferry service district may be dissolved by a majority vote of the governing body when all obligations under

any general obligation bonds issued by the passenger-only ferry service district have been discharged and any other contractual obligations of the passenger-only ferry service district have either been discharged or assumed by another governmental entity.

NEW SECTION. Sec. 314. A new section is added to chapter 36.57A RCW to read as follows:

(1) A passenger-only ferry service district may, as part of a passenger-only ferry investment plan, recommend some or all of the following revenue sources as provided in this chapter:

- (a) A sales and use tax, as authorized in section 315 of this act;
- (b) A parking tax, as authorized in section 316 of this act;
- (c) Tolls for passengers, packages, and, where applicable, parking; and
- (d) Charges or licensing fees for advertising, leasing space for services to ferry passengers, and other revenue generating activities.

(2) Taxes may not be imposed without an affirmative vote of the majority of the voters within the boundaries of the passenger-only ferry service district voting on a single ballot proposition to both approve a passenger-only ferry investment plan and to approve taxes to implement the plan. Revenues from these taxes and fees may be used only to implement the plan and must be used for the benefit of the residents of the passenger-only ferry service district. A district must contract with the department of revenue for the administration and collection of a sales and use tax as authorized in section 315 of this act. A district may contract with other appropriate entities for the administration and collection of any of the other taxes or charges authorized in this section.

NEW SECTION. Sec. 315. A new section is added to chapter 82.14 RCW to read as follows:

(1) Passenger-only ferry service districts providing passenger-only ferry service as provided in section 313 of this act may submit an authorizing proposition to the voters and, if approved by a majority of persons voting, fix and impose a sales and use tax in accordance with the terms of this chapter, solely for the purpose of providing passenger-only ferry service and associated services to support and augment passenger-only ferry service operation.

(2) The tax authorized under this section is in addition to other taxes authorized by law and must be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of a taxable event within the taxing district. The maximum rate of the tax must be approved by the voters and may not exceed three-tenths of one percent of the selling price in the case of a sales tax or value of the article used in the case of a use tax.

NEW SECTION. Sec. 316. A new section is added to chapter 82.80 RCW to read as follows:

(1) Subject to the conditions of this section, a passenger-only ferry service district located in a county with a population of one million or less as of January 1, 2016, may fix and impose a parking tax on all persons engaged in a commercial parking business within its respective jurisdiction.

(2) In lieu of the tax in subsection (1) of this section, a passenger-only ferry service district located in a county with a population of one million or less as of January 1, 2016, may fix and impose a tax for the act or privilege of parking a motor vehicle in a facility operated by a commercial parking business. The passenger-only ferry service district may provide that:

- (a) The tax is paid by the operator or owner of the motor vehicle;
- (b) The tax applies to all parking for which a fee is paid, whether paid or leased, including parking supplied with a lease of nonresidential space;

(c) The tax is collected by the operator of the facility and remitted to the city, county, or passenger-only ferry service district;

(d) The tax is a fee per vehicle or is measured by the parking charge;

(e) The tax rate varies with zoning or location of the facility, the duration of the parking, the time of entry or exit, the type or use of the vehicle, or other reasonable factors; and

(f) Tax exempt carpools, vehicles with special license plates and parking placards for persons with disabilities, or government vehicles are exempt from the tax.

(3) The rate of the tax under subsection (1) of this section may be based either upon gross proceeds or the number of vehicle stalls available for commercial parking use. The rates charged must be uniform for the same class or type of commercial parking business.

(4) The passenger-only ferry service district levying the tax provided for in subsection (1) or (2) of this section may provide for its payment on a monthly, quarterly, or annual basis.

(5) The proceeds of the parking tax imposed by a passenger-only ferry service district under subsection (1) or (2) of this section must be used as provided in section 314 of this act.

(6) "Commercial parking business" as used in this section, means the ownership, lease, operation, or management of a commercial parking lot in which fees are charged. "Commercial parking lot" means a covered or uncovered area with stalls for the purpose of parking motor vehicles.

NEW SECTION. Sec. 317. A new section is added to chapter 36.57A RCW to read as follows:

(1) To carry out the purposes of this chapter, a passenger-only ferry service district may issue general obligation bonds, not to exceed an amount, together with any other outstanding nonvoter-approved general obligation indebtedness, equal to one and one-half percent of the value of the taxable property within the area, as the term "value of the taxable property" is defined in RCW 39.36.015. A passenger-only ferry service district may also issue general obligation bonds for capital purposes only, together with any outstanding general obligation indebtedness, not to exceed an amount equal to five percent of the value of the taxable property within the area, as the term "value of the taxable property" is defined in RCW 39.36.015, when authorized by the voters of the area pursuant to Article VIII, section 6 of the state Constitution.

(2) General obligation bonds with a maturity in excess of twenty-five years may not be issued. The governing body of the passenger-only ferry service district must by resolution determine for each general obligation bond issue the amount, date, terms, conditions, denominations, maximum fixed or variable interest rate or rates, maturity or maturities, redemption rights, registration privileges, manner of execution, manner of sale, callable provisions, if any, covenants, and form, including registration as to principal and interest, registration as to principal only, or bearer. Registration may include, but not be limited to: (a) A book entry system of recording the ownership of a bond whether or not physical bonds are issued, or (b) recording the ownership of a bond together with the requirement that the transfer of ownership may only be effected by the surrender of the old bond and either the reissuance of the old bond or the issuance of a new bond to the new owner. Facsimile signatures may be used on the bonds and any coupons. Refunding general obligation bonds may be issued in the same manner as general obligation bonds are issued.

(3) Whenever general obligation bonds are issued to fund specific projects or enterprises that generate revenues, charges, user fees, or special assessments, the passenger-only ferry service district may specifically pledge all or a portion of the revenues,

charges, user fees, or special assessments to refund the general obligation bonds. The passenger-only ferry service district may also pledge any other revenues that may be available to the district.

(4) In addition to general obligation bonds, a passenger-only ferry service district may issue revenue bonds to be issued and sold in accordance with chapter 39.46 RCW.

Sound Transit Funding - ST3

Sec. 318. RCW 81.104.140 and 2002 c 56 s 202 are each amended to read as follows:

(1) Agencies authorized to provide high capacity transportation service, including transit agencies and regional transit authorities, and regional transportation investment districts acting with the agreement of an agency, are hereby granted dedicated funding sources for such systems. These dedicated funding sources, as set forth in RCW 81.104.150, 81.104.160, ~~((and))~~ 81.104.170, and section 321 of this act, are authorized only for agencies located in (a) each county with a population of two hundred ten thousand or more and (b) each county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand except for those counties that do not border a county with a population as described under (a) of this subsection. In any county with a population of one million or more or in any county having a population of four hundred thousand or more bordering a county with a population of one million or more, these funding sources may be imposed only by a regional transit authority or a regional transportation investment district. Regional transportation investment districts may, with the approval of the regional transit authority within its boundaries, impose the taxes authorized under this chapter, but only upon approval of the voters and to the extent that the maximum amount of taxes authorized under this chapter have not been imposed.

(2) Agencies planning to construct and operate a high capacity transportation system should also seek other funds, including federal, state, local, and private sector assistance.

(3) Funding sources should satisfy each of the following criteria to the greatest extent possible:

- (a) Acceptability;
- (b) Ease of administration;
- (c) Equity;
- (d) Implementation feasibility;
- (e) Revenue reliability; and
- (f) Revenue yield.

(4) (a) Agencies participating in regional high capacity transportation system development are authorized to levy and collect the following voter-approved local option funding sources:

~~((a))~~ (i) Employer tax as provided in RCW 81.104.150, other than by regional transportation investment districts;

~~((b))~~ (ii) Special motor vehicle excise tax as provided in RCW 81.104.160; ~~((and~~

~~((c))~~ (iii) Regular property tax as provided in section 321 of this act; and

(iv) Sales and use tax as provided in RCW 81.104.170.

(b) Revenues from these taxes may be used only to support those purposes prescribed in subsection (10) of this section. Before the date of an election authorizing an agency to impose any of the taxes enumerated in this section and authorized in RCW 81.104.150, 81.104.160, ~~((and))~~ 81.104.170, and section 321 of this act, the agency must comply with the process prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No construction on exclusive right-of-way may occur before the requirements of RCW 81.104.100(3) are met.

(5) Except for the regular property tax authorized in section 321 of this act, the authorization in subsection (4) of this section

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~~(shall)~~ may not adversely affect the funding authority of transit agencies not provided for in this chapter. Local option funds may be used to support implementation of interlocal agreements with respect to the establishment of regional high capacity transportation service. Except when a regional transit authority exists, local jurisdictions ~~(shall)~~ must retain control over moneys generated within their boundaries, although funds may be commingled with those generated in other areas for planning, construction, and operation of high capacity transportation systems as set forth in the agreements.

(6) Except for the regular property tax authorized in section 321 of this act, agencies planning to construct and operate high capacity transportation systems may contract with the state for collection and transference of voter-approved local option revenue.

(7) Dedicated high capacity transportation funding sources authorized in RCW 81.104.150, 81.104.160, ~~(and)~~ 81.104.170 ~~(shall be)~~, and section 321 of this act are subject to voter approval by a simple majority. A single ballot proposition may seek approval for one or more of the authorized taxing sources. The ballot title ~~(shall)~~ must reference the document identified in subsection (8) of this section.

(8) Agencies ~~(shall)~~ must provide to the registered voters in the area a document describing the systems plan and the financing plan set forth in RCW 81.104.100. It ~~(shall)~~ must also describe the relationship of the system to regional issues such as development density at station locations and activity centers, and the interrelationship of the system to adopted land use and transportation demand management goals within the region. This document ~~(shall)~~ must be provided to the voters at least twenty days prior to the date of the election.

(9) For any election in which voter approval is sought for a high capacity transportation system plan and financing plan pursuant to RCW 81.104.040, a local voter's pamphlet ~~(shall)~~ must be produced as provided in chapter ~~(29.81A))~~ 29A.32 RCW.

(10)(a) Agencies providing high capacity transportation service ~~(shall)~~ must retain responsibility for revenue encumbrance, disbursement, and bonding. Funds may be used for any purpose relating to planning, construction, and operation of high capacity transportation systems and commuter rail systems, personal rapid transit, busways, bus sets, and entrained and linked buses.

(b) A regional transit authority that imposes a motor vehicle excise tax after the effective date of this section, imposes a property tax, or increases a sales and use tax to more than nine-tenths of one percent must undertake a process in which the authority's board formally considers inclusion of the name, Scott White, in the naming convention associated with either the University of Washington or Roosevelt stations.

Sec. 319. RCW 81.104.160 and 2010 c 161 s 903 are each amended to read as follows:

(1) Regional transit authorities that include a county with a population of more than one million five hundred thousand may submit an authorizing proposition to the voters, and if approved, may levy and collect an excise tax, at a rate approved by the voters, but not exceeding eight-tenths of one percent on the value, under chapter 82.44 RCW, of every motor vehicle owned by a resident of the taxing district, solely for the purpose of providing high capacity transportation service. The maximum tax rate under this subsection does not include a motor vehicle excise tax approved before the effective date of this section if the tax will terminate on the date bond debt to which the tax is pledged is repaid. This tax does not apply to vehicles licensed under RCW 46.16A.455 except vehicles with an unladen weight of six

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thousand pounds or less, RCW 46.16A.425 or 46.17.335(2). Notwithstanding any other provision of this subsection or chapter 82.44 RCW, a motor vehicle excise tax imposed by a regional transit authority before or after the effective date of this section must comply with chapter 82.44 RCW as it existed on January 1, 1996, until December 31st of the year in which the regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before the effective date of this section. Motor vehicle taxes collected by regional transit authorities after December 31st of the year in which a regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before the effective date of this section must comply with chapter 82.44 RCW as it existed on the date the tax was approved by voters.

(2) An agency and high capacity transportation corridor area may impose a sales and use tax solely for the purpose of providing high capacity transportation service, in addition to the tax authorized by RCW 82.14.030, upon retail car rentals within the applicable jurisdiction that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of tax ~~(shall)~~ may not exceed 2.172 percent. The rate of tax imposed under this subsection must bear the same ratio of the 2.172 percent authorized that the rate imposed under subsection (1) of this section bears to the rate authorized under subsection (1) of this section. The base of the tax ~~(shall be)~~ is the selling price in the case of a sales tax or the rental value of the vehicle used in the case of a use tax.

(3) Any motor vehicle excise tax previously imposed under the provisions of RCW 81.104.160(1) shall be repealed, terminated, and expire on December 5, 2002, except for a motor vehicle excise tax for which revenues have been contractually pledged to repay a bonded debt issued before December 5, 2002, as determined by *Pierce County et al. v. State*, 159 Wn.2d 16, 148 P.3d 1002 (2006). In the case of bonds that were previously issued, the motor vehicle excise tax must comply with chapter 82.44 RCW as it existed on January 1, 1996.

(4) If a regional transit authority imposes the tax authorized under subsection (1) of this section, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter . . . (Substitute House Bill No. 1842), Laws of 2015 3rd sp. sess.

Sec. 320. RCW 81.104.170 and 2009 c 469 s 106 and 2009 c 280 s 5 are each reenacted and amended to read as follows:

(1) Cities that operate transit systems, county transportation authorities, metropolitan municipal corporations, public transportation benefit areas, high capacity transportation corridor areas, and regional transit authorities may submit an authorizing proposition to the voters and if approved by a majority of persons voting, fix and impose a sales and use tax in accordance with the terms of this chapter, solely for the purpose of providing high capacity transportation service.

(2) The tax authorized pursuant to this section ~~(shall be)~~ is in addition to the tax authorized by RCW 82.14.030 and ~~(shall)~~ must be collected from those persons who are taxable by the state pursuant to chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the taxing district.

(a) Except for the tax imposed under (b) of this subsection by regional transit authorities that include a county with a population of more than one million five hundred thousand, the maximum rate of such tax ~~(shall)~~ must be approved by the voters and ~~(shall)~~ may not exceed one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The maximum rate of such tax that may be imposed ~~(shall)~~ may not exceed nine-tenths of one percent in any county that

imposes a tax under RCW 82.14.340, or within a regional transit authority if any county within the authority imposes a tax under RCW 82.14.340.

(b) The maximum rate of such tax that may be imposed by a regional transit authority that includes a county with a population of more than one million five hundred thousand must be approved by the voters and may not exceed 1.4 percent. If a regional transit authority imposes the tax authorized under this subsection (2)(b) in excess of 0.9 percent, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter . . . (Substitute House Bill No. 1842), Laws of 2015 3rd sp. sess.

(3)(a) The exemptions in RCW 82.08.820 and 82.12.820 are for the state portion of the sales and use tax and do not extend to the tax authorized in this section.

(b) The exemptions in RCW 82.08.962 and 82.12.962 are for the state and local sales and use taxes and include the tax authorized by this section.

NEW SECTION. Sec. 321. A new section is added to chapter 81.104 RCW to read as follows:

(1) A regional transit authority that includes a county with a population of more than one million five hundred thousand may impose a regular property tax levy in an amount not to exceed twenty-five cents per thousand dollars of the assessed value of property in the regional transit authority district in accordance with the terms of this section.

(2) Any tax imposed under this section must be used for the purpose of providing high capacity transportation service, as set forth in a proposition that is approved by a majority of the registered voters that vote on the proposition.

(3) Property taxes imposed under this section may be imposed for the period of time required to pay the cost to plan, design, construct, operate, and maintain the transit facilities set forth in the approved proposition. Property taxes pledged to repay bonds may be imposed at the pledged amount until the bonds are retired. After the bonds are retired, property taxes authorized under this section must be:

(a) Reduced to the level required to operate and maintain the regional transit authority's transit facilities; or

(b) Terminated, unless the taxes have been extended by public vote.

(4) The limitations in RCW 84.52.043 do not apply to the tax authorized in this section.

(5) The limitation in RCW 84.55.010 does not apply to the first levy imposed under this section.

(6) If a regional transit authority imposes the tax authorized under subsection (1) of this section, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter . . . (Substitute House Bill No. 1842), Laws of 2015 3rd sp. sess.

Sec. 322. RCW 84.52.043 and 2011 c 275 s 2 are each amended to read as follows:

Within and subject to the limitations imposed by RCW 84.52.050 as amended, the regular ad valorem tax levies upon real and personal property by the taxing districts hereafter named are as follows:

(1) Levies of the senior taxing districts are as follows: (a) The levy by the state may not exceed three dollars and sixty cents per thousand dollars of assessed value adjusted to the state equalized value in accordance with the indicated ratio fixed by the state department of revenue to be used exclusively for the support of the common schools; (b) the levy by any county may not exceed one dollar and eighty cents per thousand dollars of assessed value; (c) the levy by any road district may not exceed two dollars and twenty-five cents per thousand dollars of assessed value; and

(d) the levy by any city or town may not exceed three dollars and thirty-seven and one-half cents per thousand dollars of assessed value. However any county is hereby authorized to increase its levy from one dollar and eighty cents to a rate not to exceed two dollars and forty-seven and one-half cents per thousand dollars of assessed value for general county purposes if the total levies for both the county and any road district within the county do not exceed four dollars and five cents per thousand dollars of assessed value, and no other taxing district has its levy reduced as a result of the increased county levy.

(2) The aggregate levies of junior taxing districts and senior taxing districts, other than the state, may not exceed five dollars and ninety cents per thousand dollars of assessed valuation. The term "junior taxing districts" includes all taxing districts other than the state, counties, road districts, cities, towns, port districts, and public utility districts. The limitations provided in this subsection do not apply to: (a) Levies at the rates provided by existing law by or for any port or public utility district; (b) excess property tax levies authorized in Article VII, section 2 of the state Constitution; (c) levies for acquiring conservation futures as authorized under RCW 84.34.230; (d) levies for emergency medical care or emergency medical services imposed under RCW 84.52.069; (e) levies to finance affordable housing for very low-income housing imposed under RCW 84.52.105; (f) the portions of levies by metropolitan park districts that are protected under RCW 84.52.120; (g) levies imposed by ferry districts under RCW 36.54.130; (h) levies for criminal justice purposes under RCW 84.52.135; (i) the portions of levies by fire protection districts that are protected under RCW 84.52.125; (j) levies by counties for transit-related purposes under RCW 84.52.140; ~~((and))~~ (k) the protected portion of the levies imposed under RCW 86.15.160 by flood control zone districts in a county with a population of seven hundred seventy-five thousand or more that are coextensive with a county; and (l) levies imposed by a regional transit authority under section 321 of this act.

Sec. 323. RCW 84.52.043 and 2015 c 170 s 4 are each amended to read as follows:

Within and subject to the limitations imposed by RCW 84.52.050 as amended, the regular ad valorem tax levies upon real and personal property by the taxing districts hereafter named are as follows:

(1) Levies of the senior taxing districts are as follows: (a) The levy by the state may not exceed three dollars and sixty cents per thousand dollars of assessed value adjusted to the state equalized value in accordance with the indicated ratio fixed by the state department of revenue to be used exclusively for the support of the common schools; (b) the levy by any county may not exceed one dollar and eighty cents per thousand dollars of assessed value; (c) the levy by any road district may not exceed two dollars and twenty-five cents per thousand dollars of assessed value; and (d) the levy by any city or town may not exceed three dollars and thirty-seven and one-half cents per thousand dollars of assessed value. However any county is hereby authorized to increase its levy from one dollar and eighty cents to a rate not to exceed two dollars and forty-seven and one-half cents per thousand dollars of assessed value for general county purposes if the total levies for both the county and any road district within the county do not exceed four dollars and five cents per thousand dollars of assessed value, and no other taxing district has its levy reduced as a result of the increased county levy.

(2) The aggregate levies of junior taxing districts and senior taxing districts, other than the state, may not exceed five dollars and ninety cents per thousand dollars of assessed valuation. The term "junior taxing districts" includes all taxing districts other than the state, counties, road districts, cities, towns, port districts, and public utility districts. The limitations provided in this

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subsection do not apply to: (a) Levies at the rates provided by existing law by or for any port or public utility district; (b) excess property tax levies authorized in Article VII, section 2 of the state Constitution; (c) levies for acquiring conservation futures as authorized under RCW 84.34.230; (d) levies for emergency medical care or emergency medical services imposed under RCW 84.52.069; (e) levies to finance affordable housing for very low-income housing imposed under RCW 84.52.105; (f) the portions of levies by metropolitan park districts that are protected under RCW 84.52.120; (g) levies imposed by ferry districts under RCW 36.54.130; (h) levies for criminal justice purposes under RCW 84.52.135; (i) the portions of levies by fire protection districts that are protected under RCW 84.52.125; (j) levies by counties for transit-related purposes under RCW 84.52.140; ~~((and))~~ (k) the portion of the levy by flood control zone districts that are protected under RCW 84.52.--- (section 3, chapter 170, Laws of 2015); and (l) levies imposed by a regional transit authority under section 321 of this act.

Sec. 324. RCW 84.52.010 and 2011 1st sp.s. c 28 s 2 are each amended to read as follows:

(1) Except as is permitted under RCW 84.55.050, all taxes must be levied or voted in specific amounts.

(2) The rate percent of all taxes for state and county purposes, and purposes of taxing districts coextensive with the county, must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the county, as shown by the completed tax rolls of the county, and the rate percent of all taxes levied for purposes of taxing districts within any county must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the taxing districts respectively.

(3) When a county assessor finds that the aggregate rate of tax levy on any property, that is subject to the limitations set forth in RCW 84.52.043 or 84.52.050, exceeds the limitations provided in either of these sections, the assessor must recompute and establish a consolidated levy in the following manner:

(a) The full certified rates of tax levy for state, county, county road district, regional transit authority, and city or town purposes must be extended on the tax rolls in amounts not exceeding the limitations established by law; however any state levy takes precedence over all other levies and may not be reduced for any purpose other than that required by RCW 84.55.010. If, as a result of the levies imposed under RCW 36.54.130, 84.34.230, 84.52.069, 84.52.105, the portion of the levy by a metropolitan park district that was protected under RCW 84.52.120, 84.52.125, 84.52.135, 84.52.140, and the protected portion of the levy under RCW 86.15.160 by flood control zone districts in a county with a population of seven hundred seventy-five thousand or more that are coextensive with a county, the combined rate of regular property tax levies that are subject to the one percent limitation exceeds one percent of the true and fair value of any property, then these levies must be reduced as follows:

(i) The portion of the levy by a metropolitan park district that has a population of less than one hundred fifty thousand and is located in a county with a population of one million five hundred thousand or more that is protected under RCW 84.52.120 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(ii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the protected portion of the levy imposed under RCW 86.15.160 by a flood control zone district in a county with a population of seven hundred

seventy-five thousand or more that is coextensive with a county must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(iii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a county under RCW 84.52.140 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(iv) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a fire protection district that is protected under RCW 84.52.125 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(v) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a county under RCW 84.52.135 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(vi) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a ferry district under RCW 36.54.130 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(vii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a metropolitan park district with a population of one hundred fifty thousand or more that is protected under RCW 84.52.120 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(viii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the levies imposed under RCW 84.34.230, 84.52.105, and any portion of the levy imposed under RCW 84.52.069 that is in excess of thirty cents per thousand dollars of assessed value, must be reduced on a pro rata basis until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated; and

(ix) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the thirty cents per thousand dollars of assessed value of tax levy imposed under RCW 84.52.069 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated.

(b) The certified rates of tax levy subject to these limitations by all junior taxing districts imposing taxes on such property must be reduced or eliminated as follows to bring the consolidated levy of taxes on such property within the provisions of these limitations:

(i) First, the certified property tax levy rates of those junior taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or eliminated;

(ii) Second, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of flood control zone districts other than the portion of a levy protected under

RCW 84.52.815 must be reduced on a pro rata basis or eliminated;

(iii) Third, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of all other junior taxing districts, other than fire protection districts, regional fire protection service authorities, library districts, the first fifty cent per thousand dollars of assessed valuation levies for metropolitan park districts, and the first fifty cent per thousand dollars of assessed valuation levies for public hospital districts, must be reduced on a pro rata basis or eliminated;

(iv) Fourth, if the consolidated tax levy rate still exceeds these limitations, the first fifty cent per thousand dollars of assessed valuation levies for metropolitan park districts created on or after January 1, 2002, must be reduced on a pro rata basis or eliminated;

(v) Fifth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized to fire protection districts under RCW 52.16.140 and 52.16.160 and regional fire protection service authorities under RCW 52.26.140(1) (b) and (c) must be reduced on a pro rata basis or eliminated; and

(vi) Sixth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized for fire protection districts under RCW 52.16.130, regional fire protection service authorities under RCW 52.26.140(1)(a), library districts, metropolitan park districts created before January 1, 2002, under their first fifty cent per thousand dollars of assessed valuation levy, and public hospital districts under their first fifty cent per thousand dollars of assessed valuation levy, must be reduced on a pro rata basis or eliminated.

Sec. 325. RCW 84.52.010 and 2015 c 170 s 2 are each amended to read as follows:

(1) Except as is permitted under RCW 84.55.050, all taxes must be levied or voted in specific amounts.

(2) The rate percent of all taxes for state and county purposes, and purposes of taxing districts coextensive with the county, must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the county, as shown by the completed tax rolls of the county, and the rate percent of all taxes levied for purposes of taxing districts within any county must be determined, calculated and fixed by the county assessors of the respective counties, within the limitations provided by law, upon the assessed valuation of the property of the taxing districts respectively.

(3) When a county assessor finds that the aggregate rate of tax levy on any property, that is subject to the limitations set forth in RCW 84.52.043 or 84.52.050, exceeds the limitations provided in either of these sections, the assessor must recompute and establish a consolidated levy in the following manner:

(a) The full certified rates of tax levy for state, county, county road district, regional transit authority, and city or town purposes must be extended on the tax rolls in amounts not exceeding the limitations established by law; however any state levy takes precedence over all other levies and may not be reduced for any purpose other than that required by RCW 84.55.010. If, as a result of the levies imposed under RCW 36.54.130, 84.34.230, 84.52.069, 84.52.105, the portion of the levy by a metropolitan park district that was protected under RCW 84.52.120, 84.52.125, 84.52.135, and 84.52.140, and the portion of the levy by a flood control zone district that was protected under RCW 84.52.--- (section 3, chapter 170, Laws of 2015), the combined rate of regular property tax levies that are subject to the one percent limitation exceeds one percent of the true and fair value of any property, then these levies must be reduced as follows:

(i) The portion of the levy by a flood control zone district that was protected under RCW 84.52.--- (section 3, chapter 170, Laws of 2015) must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(ii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a county under RCW 84.52.140 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(iii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a fire protection district that is protected under RCW 84.52.125 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(iv) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a county under RCW 84.52.135 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(v) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the levy imposed by a ferry district under RCW 36.54.130 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(vi) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, the portion of the levy by a metropolitan park district that is protected under RCW 84.52.120 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated;

(vii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the levies imposed under RCW 84.34.230, 84.52.105, and any portion of the levy imposed under RCW 84.52.069 that is in excess of thirty cents per thousand dollars of assessed value, must be reduced on a pro rata basis until the combined rate no longer exceeds one percent of the true and fair value of any property or must be eliminated; and

(viii) If the combined rate of regular property tax levies that are subject to the one percent limitation still exceeds one percent of the true and fair value of any property, then the thirty cents per thousand dollars of assessed value of tax levy imposed under RCW 84.52.069 must be reduced until the combined rate no longer exceeds one percent of the true and fair value of any property or eliminated.

(b) The certified rates of tax levy subject to these limitations by all junior taxing districts imposing taxes on such property must be reduced or eliminated as follows to bring the consolidated levy of taxes on such property within the provisions of these limitations:

(i) First, the certified property tax levy rates of those junior taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or eliminated;

(ii) Second, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of flood control zone districts other than the portion of a levy protected under

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RCW 84.52.--- (section 3, chapter 170, Laws of 2015) must be reduced on a pro rata basis or eliminated;

(iii) Third, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates of all other junior taxing districts, other than fire protection districts, regional fire protection service authorities, library districts, the first fifty cent per thousand dollars of assessed valuation levies for metropolitan park districts, and the first fifty cent per thousand dollars of assessed valuation levies for public hospital districts, must be reduced on a pro rata basis or eliminated;

(iv) Fourth, if the consolidated tax levy rate still exceeds these limitations, the first fifty cent per thousand dollars of assessed valuation levies for metropolitan park districts created on or after January 1, 2002, must be reduced on a pro rata basis or eliminated;

(v) Fifth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized to fire protection districts under RCW 52.16.140 and 52.16.160 and regional fire protection service authorities under RCW 52.26.140(1) (b) and (c) must be reduced on a pro rata basis or eliminated; and

(vi) Sixth, if the consolidated tax levy rate still exceeds these limitations, the certified property tax levy rates authorized for fire protection districts under RCW 52.16.130, regional fire protection service authorities under RCW 52.26.140(1)(a), library districts, metropolitan park districts created before January 1, 2002, under their first fifty cent per thousand dollars of assessed valuation levy, and public hospital districts under their first fifty cent per thousand dollars of assessed valuation levy, must be reduced on a pro rata basis or eliminated.

Sec. 326. RCW 84.04.120 and 1999 c 153 s 69 are each amended to read as follows:

"Taxing district" (~~shall be held and construed to mean and include~~) means the state and any county, city, town, port district, school district, road district, metropolitan park district, regional transit authority, water-sewer district, or other municipal corporation, now or hereafter existing, having the power or authorized by law to impose burdens upon property within the district in proportion to the value thereof, for the purpose of obtaining revenue for public purposes, as distinguished from municipal corporations authorized to impose burdens, or for which burdens may be imposed, for such purposes, upon property in proportion to the benefits accruing thereto.

Sec. 327. RCW 81.104.180 and 2009 c 280 s 6 are each amended to read as follows:

Cities that operate transit systems, county transportation authorities, metropolitan municipal corporations, public transportation benefit areas, high capacity transportation corridor areas, and regional transit authorities are authorized to pledge revenues from the employer tax authorized by RCW 81.104.150, the taxes authorized by RCW 81.104.160, ~~(and)~~ the sales and use tax authorized by RCW 81.104.170, and the property tax authorized by section 321 of this act, to retire bonds issued solely for the purpose of providing high capacity transportation service.

Sec. 328. RCW 81.112.050 and 2010 c 19 s 3 are each amended to read as follows:

(1) At the time of formation, the area to be included within the boundary of the authority shall be that area set forth in the system plan adopted by the joint regional policy committee. Prior to submitting the system and financing plan to the voters, the authority may make adjustments to the boundaries as deemed appropriate but must assure that, to the extent possible, the boundaries: (a) Include the largest-population urban growth area designated by each county under chapter 36.70A RCW; and (b) follow election precinct boundaries. If a portion of any city is

determined to be within the service area, the entire city must be included within the boundaries of the authority. Subsequent to formation, when territory is annexed to a city located within the boundaries of the authority, the territory is simultaneously included within the boundaries of the authority and subject to all taxes and other liabilities and obligations applicable within the city with respect to the authority as provided in RCW 35.13.500 and 35A.14.475, subject to RCW 84.09.030 and 82.14.055, and notwithstanding any other provision of law.

(2) After voters within the authority boundaries have approved the system and financing plan, elections to add areas contiguous to the authority boundaries may be called by resolution of the regional transit authority, after consultation with affected transit agencies and with the concurrence of the legislative authority of the city or town if the area is incorporated, or with the concurrence of the county legislative authority if the area is unincorporated. Only those areas that would benefit from the services provided by the authority may be included and services or projects proposed for the area must be consistent with the regional transportation plan. The election may include a single ballot proposition providing for annexation to the authority boundaries and imposition of the taxes at rates already imposed within the authority boundaries, subject to RCW 84.09.030 and 82.14.055.

~~((3) Upon receipt of a resolution requesting exclusion from the boundaries of the authority from a city whose municipal boundaries cross the boundaries of an authority and thereby result in only a portion of the city being subject to local option taxes imposed by the authority under chapters 81.104 and 81.112 RCW in order to implement a high capacity transit plan, and where the vote to approve the city's incorporation occurred simultaneously with an election approving the local option taxes, then upon a two-thirds majority vote of the governing board of the authority, the governing board shall redraw the boundaries of the authority to exclude that portion of the city that is located within the authority's boundaries, and the excluded area is no longer subject to local option taxes imposed by the authority. This subsection expires December 31, 1998.))~~

NEW SECTION. Sec. 329. A new section is added to chapter 81.104 RCW to read as follows:

(1) A regional transit authority that includes a county with a population of more than one million five hundred thousand must develop and seek voter approval for a system plan, which meets the requirements of any transportation subarea equity element used by the authority, to implement a regional equitable transit-oriented development strategy for diverse, vibrant, mixed-use and mixed-income communities consistent with transit-oriented development plans developed with community input by any regional transportation planning organization within the regional transit authority boundaries. This system plan, which must be part of any authorizing proposition submitted to the voters after the effective date of this section, must include the following:

(a) The regional transit authority must contribute at least four million dollars each year for five consecutive years beginning within three years of voter approval of the system plan to a revolving loan fund to support the development of affordable housing opportunities related to equitable transit-oriented development within the boundaries of the regional transit authority.

(b)(i) A requirement that when a regional transit authority disposes or transfers any surplus property, including, but not limited to, property acquired prior to the effective date of this section, a minimum of eighty percent of the surplus property to be disposed or transferred, including air rights, that is suitable for

development as housing, must be offered for either transfer at no cost, sale, or long-term lease first to qualified entities that agree to develop affordable housing on the property, consistent with local land use and zoning laws.

(ii)(A) If a qualified entity receives surplus property from a regional transit authority after being offered the property as provided in (b)(i) of this subsection, the authority must require a minimum of eighty percent of the housing units constructed on property obtained under (b)(i) of this subsection to be dedicated to affordable housing.

(B) If a qualified entity sells property or development rights obtained through (b)(i) of this subsection, it must use the proceeds from the sale to construct affordable housing within one-half mile of a light rail station or transit station.

(c) A requirement that the regional transit authority must work in good faith to implement all requirements of this section, but is not required to comply with a requirement imposed by (b)(i) or (ii) of this subsection if the requirement is in conflict, as determined by the relevant federal agency, with provisions of the applicable federal transit administration master grant agreement, federal transit administration full funding grant agreement with the regional transit authority, or the equivalent federal railroad administration agreement necessary to establish or maintain eligibility for a federal grant program.

(d) A requirement that (b) of this subsection does not apply to property to be transferred to governments or third parties in order to facilitate permitting, construction, or mitigation of high-capacity transportation facilities and services.

(2) For the purposes of this section:

(a) "Affordable housing" means long-term housing for persons, families, or unrelated persons living together whose adjusted income is at or below eighty percent of the median income, adjusted for household size, for the county where the housing is located.

(b) "Qualified entity" means a local government, housing authority, and nonprofit developer.

(3) A regional transit authority implementing subsection (1)(b) of this section must, at the end of each fiscal quarter, send a report to the appropriate committees of the legislature and post a report on its web site detailing the following activities:

(a) Any transfers of property that have occurred in the previous fiscal quarter pursuant to subsection (1)(b) of this section; and

(b) Any progress in implementing any regional equitable transit-oriented development strategy for diverse, vibrant, mixed-use and mixed-income communities approved by the voters pursuant to this section.

Sec. 330. RCW 81.112.210 and 2014 c 153 s 1 are each amended to read as follows:

(1) An authority is authorized to establish, by resolution, a schedule of fines and penalties for civil infractions established in RCW 81.112.220. Fines established by an authority shall not exceed those imposed for class 1 infractions under RCW 7.80.120.

(2)(a) An authority may designate persons to monitor fare payment who are equivalent to and are authorized to exercise all the powers of an enforcement officer, defined in RCW 7.80.040. An authority is authorized to employ personnel to either monitor fare payment, or to contract for such services, or both.

(b) In addition to the specific powers granted to enforcement officers under RCW 7.80.050 and 7.80.060, persons designated to monitor fare payment also have the authority to take the following actions:

(i) Request proof of payment from passengers;

(ii) Request personal identification from a passenger who does not produce proof of payment when requested;

(iii)(A) Issue a notice of infraction ~~((to passengers who do not produce proof of payment when requested))~~ for a civil infraction established in RCW 81.112.220.

(B) The notice of infraction form to be used for violations under this subsection must be approved by the administrative office of the courts and must not include vehicle information; and

(iv) Request that a passenger leave the authority facility when the passenger has not produced proof of payment after being asked to do so by a person designated to monitor fare payment.

(3) Authorities shall keep records of citations in the manner prescribed by RCW 7.80.150. All civil infractions established by chapter 20, Laws of 1999 shall be heard and determined by a district or municipal court as provided in RCW 7.80.010 (1), (2), and (4).

Transfers to Cities and Counties

NEW SECTION. Sec. 331. A new section is added to chapter 46.68 RCW to read as follows:

(1) The state treasurer shall make four equal distributions by the last day of September, December, March, and June of each fiscal year to cities and counties based on the following allocations:

(a) For fiscal years 2016 and 2017, five million four hundred sixty-nine thousand dollars from the motor vehicle fund created under RCW 46.68.070 and six million two hundred fifty thousand dollars from the multimodal transportation account created under RCW 47.66.070.

(b) For fiscal year 2018 and thereafter, eleven million seven hundred nineteen thousand dollars from the motor vehicle fund created under RCW 46.68.070 and thirteen million three hundred ninety-three thousand dollars from the multimodal transportation account created under RCW 47.66.070.

(2) The amounts provided in subsection (1)(a) and (b) of this section must be proportioned evenly between cities and counties. Funds credited to cities must be distributed under RCW 46.68.110(4). Funds credited to counties must be allocated under RCW 46.68.120(4).

PART IV MISCELLANEOUS Complete Streets Grant Program

Sec. 401. RCW 47.04.320 and 2011 c 257 s 2 are each amended to read as follows:

(1) The ~~((department))~~ transportation improvement board shall establish a complete streets grant program within the department's highways and local programs division, or its successor. During program development, the ~~((department))~~ board shall include, at a minimum, the department of archaeology and historic preservation, local governments, and other organizations or groups that are interested in the complete streets grant program. The purpose of the grant program is to encourage local governments to adopt urban arterial retrofit street ordinances designed to provide safe access to all users, including bicyclists, pedestrians, motorists, and public transportation users, with the goals of:

(a) Promoting healthy communities by encouraging walking, bicycling, and using public transportation;

(b) Improving safety by designing major arterials to include features such as wider sidewalks, dedicated bicycle facilities, medians, and pedestrian streetscape features, including trees where appropriate;

(c) Protecting the environment and reducing congestion by providing safe alternatives to single-occupancy driving; and

(d) Preserving community character by involving local citizens and stakeholders to participate in planning and design decisions.

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(2) For purposes of this section:

(a) "Eligible project" means (i) a local government street or road retrofit project that includes the addition of, or significant repair to, facilities that provide street access with all users in mind, including pedestrians, bicyclists, and public transportation users; or (ii) a retrofit project on city streets or county roads that are part of a state highway that include the addition of, or significant repair to, facilities that provide ~~((street))~~ access with all users in mind, including pedestrians, bicyclists, and public transportation users.

(b) "Local government" means incorporated cities and towns and counties that have adopted a jurisdiction-wide complete streets ordinance that plans for the needs of all users and is consistent with sound engineering principles.

(c) "Sound engineering principles" means peer-reviewed, context sensitive solutions guides, reports, and publications, consistent with the purposes of this section.

(3) In carrying out the purposes of this section, the ~~((department))~~ transportation improvement board may award funding, subject to the availability of amounts appropriated for this specific purpose, only to eligible projects that are designed consistent with sound engineering principles.

(4) The ~~((department))~~ transportation improvement board must report annually to the transportation committees of the legislature on the status of any grant projects funded by the program created under this section.

Sec. 402. RCW 47.04.325 and 2011 c 257 s 3 are each amended to read as follows:

(1) The complete streets grant program account is created in the state treasury. Moneys in the account may be spent only after appropriation. Only the ~~((department))~~ transportation improvement board may authorize expenditures from the account. The ~~((department))~~ board may use complete streets grant program funds for city streets, county roads, and city streets and county roads that are part of a state highway. Expenditures from the account may be used solely for the grants provided under RCW 47.04.320.

(2) The ~~((department))~~ transportation improvement board may solicit and receive gifts, grants, or endowments from private and other sources that are made, in trust or otherwise, for the use and benefit of the purposes of the complete streets grant program as provided in RCW 47.04.320.

Electric Vehicle Infrastructure Bank

NEW SECTION. Sec. 403. A new section is added to chapter 47.04 RCW to read as follows:

(1) The department's public-private partnership office must develop a pilot program to support the deployment of electric vehicle charging infrastructure that is supported by private financing.

(2) The department must define corridors in which bidders may propose to install electric vehicle charging infrastructure. Alternatively, a bidder may propose a corridor in which the bidder proposes to install electric vehicle infrastructure if the department has adopted rules allowing such a proposal and establishing guidelines for how such a proposal will be considered.

(3)(a) For bid proposals under this section, the department must require the following:

(i) Bidders must have private sector partners contributing to the project who stand to gain indirect value from development of the project, such as motor vehicle manufacturers, retail stores, or tourism stakeholders;

(ii) Bidders must demonstrate that the proposed project will be valuable to electric vehicle drivers and will address an existing gap in the state's electric vehicle charging station infrastructure;

(iii) Projects must be expected to be profitable and sustainable for the owner-operator and the private partner; and

(iv) Bidders must specify how the project captures the indirect value of charging station deployment to the private partner.

(b) The department may adopt rules that require any other criteria for a successful project.

(4) In evaluating proposals under this section, the department may use the electric vehicle financial analysis tool that was developed in the joint transportation committee's study into financing electric vehicle charging station infrastructure.

(5)(a) After selecting a successful proposer under this section, the department may provide a loan or grant to the proposer.

(b) Grants and loans issued under this subsection must be funded from the electric vehicle charging infrastructure account created in section 404 of this act.

(c) Any project selected for support under this section is eligible for only one grant or loan as a part of the pilot program.

(6) The department may conduct preliminary workshops with potential bidders and other potential private sector partners to determine the best method of designing the pilot program, discuss how to develop the partnerships among the private sector partners that may receive indirect value, and any other issues relating to the implementation of this section. The department should consider regional workshops to engage potential business partners from across the state.

(7) The department must adopt rules to implement this section.
NEW SECTION. Sec. 404. A new section is added to chapter 82.44 RCW to read as follows:

The electric vehicle charging infrastructure account is created in the transportation infrastructure account. Proceeds from the principal and interest payments made on loans from the account must be deposited into the account. Expenditures from the account may be used only for the purposes specified in section 403 of this act. Moneys in the account may be spent only after appropriation.

Tacoma Narrows Bridge Sales Tax Deferral

Sec. 405. RCW 47.46.060 and 2012 c 77 s 1 are each amended to read as follows:

(1) Any person, including the department of transportation and any private entity or entities, may apply for deferral of taxes on the site preparation for, the construction of, the acquisition of any related machinery and equipment that becomes a part of, and the rental of equipment for use in the state route number 16 corridor improvements project under this chapter. Application must be made to the department of revenue in a form and manner prescribed by the department of revenue. The application must contain information regarding estimated or actual costs, time schedules for completion and operation, and other information required by the department of revenue. The department of revenue must approve the application within sixty days if it meets the requirements of this section.

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

(3) The department of transportation or a private entity granted a tax deferral under this section must begin paying the deferred taxes in the ~~((eleventh))~~ twenty-fourth year after the date certified by the department of revenue as the date on which the project is operationally complete. The first payment is due on December 31st of the ~~((eleventh))~~ twenty-fourth calendar year after such certified date, with subsequent annual payments due on December 31st of the following nine years. Each payment must equal ten percent of the deferred tax. The project is operationally complete under this section when the collection of tolls is

commenced for the state route number 16 improvements covered by the deferral.

(4) The department of revenue may authorize an accelerated repayment schedule upon request of the department of transportation or a private entity granted a deferral under this section.

(5) Interest may not be charged on any taxes deferred under this section for the period of deferral, although all other penalties and interest applicable to delinquent excise taxes may be assessed and imposed for delinquent payments under this section. The debt for deferred taxes is not extinguished by insolvency or other failure of the private entity. Transfer of ownership does not terminate the deferral.

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

Traffic Safety Cameras

Sec. 406. RCW 46.63.170 and 2015 1st sp.s. c 10 s 702 are each amended to read as follows:

(1) The use of automated traffic safety cameras for issuance of notices of infraction is subject to the following requirements:

(a) The appropriate local legislative authority must prepare an analysis of the locations within the jurisdiction where automated traffic safety cameras are proposed to be located: (i) Before enacting an ordinance allowing for the initial use of automated traffic safety cameras; and (ii) before adding additional cameras or relocating any existing camera to a new location within the jurisdiction. Automated traffic safety cameras may be used to detect one or more of the following: Stoplight, railroad crossing, or school speed zone violations; or speed violations subject to (c) of this subsection. At a minimum, the local ordinance must contain the restrictions described in this section and provisions for public notice and signage. Cities and counties using automated traffic safety cameras before July 24, 2005, are subject to the restrictions described in this section, but are not required to enact an authorizing ordinance. Beginning one year after June 7, 2012, cities and counties using automated traffic safety cameras must post an annual report of the number of traffic accidents that occurred at each location where an automated traffic safety camera is located as well as the number of notices of infraction issued for each camera and any other relevant information about the automated traffic safety cameras that the city or county deems appropriate on the city's or county's web site.

(b) Except as provided in (c) of this subsection, use of automated traffic safety cameras is restricted to the following locations only: (i) Intersections of two arterials with traffic control signals that have yellow change interval durations in accordance with RCW 47.36.022, which interval durations may not be reduced after placement of the camera; (ii) railroad crossings; and (iii) school speed zones.

(c) ~~((During the 2013-2015 and 2015-2017 fiscal biennia, automated traffic safety cameras may be used to detect speed violations for the purposes of section 201(4), chapter 306, Laws of 2013 and section 201(1), chapter 10, Laws of 2015 1st sp. sess. if the local legislative authority first enacts an ordinance authorizing the use of cameras to detect speed violations.))~~ Any city west of the Cascade mountains with a population of more than one hundred ninety-five thousand located in a county with a population of fewer than one million five hundred thousand may operate an automated traffic safety camera to detect speed violations subject to the following limitations:

(i) A city may only operate one such automated traffic safety camera within its respective jurisdiction; and

(ii) The use and location of the automated traffic safety camera must have first been authorized by the Washington state legislature as a pilot project for at least one full year.

(d) Automated traffic safety cameras may only take pictures of the vehicle and vehicle license plate and only while an infraction is occurring. The picture must not reveal the face of the driver or of passengers in the vehicle. The primary purpose of camera placement is to take pictures of the vehicle and vehicle license plate when an infraction is occurring. Cities and counties shall consider installing cameras in a manner that minimizes the impact of camera flash on drivers.

(e) A notice of infraction must be mailed to the registered owner of the vehicle within fourteen days of the violation, or to the renter of a vehicle within fourteen days of establishing the renter's name and address under subsection (3)(a) of this section. The law enforcement officer issuing the notice of infraction shall include with it a certificate or facsimile thereof, based upon inspection of photographs, microphotographs, or electronic images produced by an automated traffic safety camera, stating the facts supporting the notice of infraction. This certificate or facsimile is prima facie evidence of the facts contained in it and is admissible in a proceeding charging a violation under this chapter. The photographs, microphotographs, or electronic images evidencing the violation must be available for inspection and admission into evidence in a proceeding to adjudicate the liability for the infraction. A person receiving a notice of infraction based on evidence detected by an automated traffic safety camera may respond to the notice by mail.

(f) The registered owner of a vehicle is responsible for an infraction under RCW 46.63.030(1)(d) unless the registered owner overcomes the presumption in RCW 46.63.075, or, in the case of a rental car business, satisfies the conditions under subsection (3) of this section. If appropriate under the circumstances, a renter identified under subsection (3)(a) of this section is responsible for an infraction.

(g) Notwithstanding any other provision of law, all photographs, microphotographs, or electronic images prepared under this section are for the exclusive use of law enforcement in the discharge of duties under this section and are not open to the public and may not be used in a court in a pending action or proceeding unless the action or proceeding relates to a violation under this section. No photograph, microphotograph, or electronic image may be used for any purpose other than enforcement of violations under this section nor retained longer than necessary to enforce this section.

(h) All locations where an automated traffic safety camera is used must be clearly marked at least thirty days prior to activation of the camera by placing signs in locations that clearly indicate to a driver that he or she is entering a zone where traffic laws are enforced by an automated traffic safety camera. Signs placed in automated traffic safety camera locations after June 7, 2012, must follow the specifications and guidelines under the manual of uniform traffic control devices for streets and highways as adopted by the department of transportation under chapter 47.36 RCW.

(i) If a county or city has established an authorized automated traffic safety camera program under this section, the compensation paid to the manufacturer or vendor of the equipment used must be based only upon the value of the equipment and services provided or rendered in support of the system, and may not be based upon a portion of the fine or civil penalty imposed or the revenue generated by the equipment.

(2) Infractions detected through the use of automated traffic safety cameras are not part of the registered owner's driving record under RCW 46.52.101 and 46.52.120. Additionally, infractions generated by the use of automated traffic safety

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cameras under this section shall be processed in the same manner as parking infractions, including for the purposes of RCW 3.50.100, 35.20.220, 46.16A.120, and 46.20.270(2). The amount of the fine issued for an infraction generated through the use of an automated traffic safety camera shall not exceed the amount of a fine issued for other parking infractions within the jurisdiction. However, the amount of the fine issued for a traffic control signal violation detected through the use of an automated traffic safety camera shall not exceed the monetary penalty for a violation of RCW 46.61.050 as provided under RCW 46.63.110, including all applicable statutory assessments.

(3) If the registered owner of the vehicle is a rental car business, the law enforcement agency shall, before a notice of infraction being issued under this section, provide a written notice to the rental car business that a notice of infraction may be issued to the rental car business if the rental car business does not, within eighteen days of receiving the written notice, provide to the issuing agency by return mail:

(a) A statement under oath stating the name and known mailing address of the individual driving or renting the vehicle when the infraction occurred; or

(b) A statement under oath that the business is unable to determine who was driving or renting the vehicle at the time the infraction occurred because the vehicle was stolen at the time of the infraction. A statement provided under this subsection must be accompanied by a copy of a filed police report regarding the vehicle theft; or

(c) In lieu of identifying the vehicle operator, the rental car business may pay the applicable penalty.

Timely mailing of this statement to the issuing law enforcement agency relieves a rental car business of any liability under this chapter for the notice of infraction.

(4) Nothing in this section prohibits a law enforcement officer from issuing a notice of traffic infraction to a person in control of a vehicle at the time a violation occurs under RCW 46.63.030(1) (a), (b), or (c).

(5) For the purposes of this section, "automated traffic safety camera" means a device that uses a vehicle sensor installed to work in conjunction with an intersection traffic control system, a railroad grade crossing control system, or a speed measuring device, and a camera synchronized to automatically record one or more sequenced photographs, microphotographs, or electronic images of the rear of a motor vehicle at the time the vehicle fails to stop when facing a steady red traffic control signal or an activated railroad grade crossing control signal, or exceeds a speed limit ~~((in a school speed zone))~~ as detected by a speed measuring device. ~~((During the 2013-2015 and 2015-2017 fiscal biennia, an automated traffic safety camera includes a camera used to detect speed violations for the purposes of section 201(4), chapter 306, Laws of 2013 and section 201(1), chapter 10, Laws of 2015 1st sp. sess.))~~

(6) During the 2011-2013 and 2013-2015 fiscal biennia, this section does not apply to automated traffic safety cameras for the purposes of section 216(5), chapter 367, Laws of 2011 and section 216(6), chapter 306, Laws of 2013.

Alternative Fuel Sales and Use Tax Exemptions

NEW SECTION. Sec. 407. This section is the tax preference performance statement for the tax preferences contained in sections 408 and 409 of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

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(1) The legislature categorizes the tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(2) It is the legislature's specific public policy objective to increase the use of clean alternative fuel vehicles in Washington. It is the legislature's intent to extend the existing sales and use tax exemption on certain clean alternative fuel vehicles in order to reduce the price charged to customers for clean alternative fuel vehicles.

(3) To measure the effectiveness of the tax preferences in sections 408 and 409 of this act in achieving the public policy objectives described in subsection (2) of this section, the joint legislative audit and review committee must evaluate the number of clean alternative fuel vehicles registered in the state.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the department of licensing must provide data needed for the joint legislative audit and review committee analysis. In addition to the data source described under this subsection, the joint legislative audit and review committee may use any other data it deems necessary.

Sec. 408. RCW 82.08.809 and 2010 1st sp.s. c 11 s 2 are each amended to read as follows:

~~(1)((a))~~ Except as provided in subsection (4) of this section, the tax levied by RCW 82.08.020 does not apply to sales of new passenger cars, light duty trucks, and medium duty passenger vehicles, which (a) are exclusively powered by a clean alternative fuel or (b) use at least one method of propulsion that is capable of being reenergized by an external source of electricity and are capable of traveling at least thirty miles using only battery power.

~~((b) The tax levied by RCW 82.08.020 does not apply to sales of qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles, which were modified after their initial purchase, with an EPA certified conversion to be exclusively powered by a clean alternative fuel. "Qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles" means vehicles that:~~

~~(i) Are part of a fleet of at least five vehicles, all owned by the same person;~~

~~(ii) Have an odometer reading of less than thirty thousand miles;~~

~~(iii) Are less than two years past their original date of manufacture; and~~

~~(iv) Are being sold for the first time after modification.)~~

(2) The seller must keep records necessary for the department to verify eligibility under this section.

(3) As used in this section, "clean alternative fuel" means natural gas, propane, hydrogen, or electricity, when used as a fuel in a motor vehicle that meets the California motor vehicle emission standards in Title 13 of the California code of regulations, effective January 1, 2005, and the rules of the Washington state department of ecology.

(4)(a) A sale, other than a lease, is not exempt from sales tax as described under subsection (1) of this section if the selling price of the vehicle plus trade-in property of like kind exceeds thirty-five thousand dollars.

(b) For leased vehicles for which the lease agreement is signed on or after the effective date of this section, lease payments are not exempt from sales tax as described under subsection (1) of this section if the fair market value of the vehicle being leased exceeds thirty-five thousand dollars at the inception of the lease. For the purposes of this subsection (4)(b), "fair market value" has the same meaning as "value of the article used" in RCW 82.12.010.

(c) For leased vehicles for which the lease agreement was signed before the effective date of this section, lease payments are

exempt from sales tax as described under subsection (1) of this section regardless of the vehicle's fair market value at the inception of the lease.

(5) On the last day of January, April, July, and October of each year, the state treasurer, based upon information provided by the department, must transfer from the multimodal transportation account to the general fund a sum equal to the dollar amount that would otherwise have been deposited into the general fund during the prior calendar quarter but for the exemption provided in this section. Information provided by the department to the state treasurer must be based on the best available data, except that the department may provide estimates of taxes exempted under this section until such time as retailers are able to report such exempted amounts on their tax returns. For purposes of this section, the first transfer for the calendar quarter after the effective date of this section must be calculated assuming only those revenues that should have been deposited into the general fund beginning July 1, 2015.

(6) Lease payments due on or after July 1, 2019, are subject to the taxes imposed under this chapter.

(7) This section expires July 1, ((2015)) 2019.

Sec. 409. RCW 82.12.809 and 2010 1st sp.s. c 11 s 3 are each amended to read as follows:

(1)((~~1~~)) Except as provided in subsection (4) of this section, until July 1, ((2015)) 2019, the provisions of this chapter do not apply in respect to the use of new passenger cars, light duty trucks, and medium duty passenger vehicles, which (a) are exclusively powered by a clean alternative fuel or (b) use at least one method of propulsion that is capable of being reenergized by an external source of electricity and are capable of traveling at least thirty miles using only battery power.

~~((b) Until July 1, 2015, the provisions of this chapter do not apply to the use of qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles, which were modified after their initial purchase with an EPA certified conversion to be exclusively powered by a clean alternative fuel. As used in this subsection, "qualifying used passenger cars, light duty trucks, and medium duty passenger vehicles" has the same meaning as provided in RCW 82.08.809-))~~

~~((("Clean alternative fuel" has the same meaning as provided in RCW 82.08.809-)) The definitions in RCW 82.08.809 apply to this section.~~

(3) A taxpayer is not liable for the tax imposed in RCW 82.12.020 on the use, on or after July 1, ((2015)) 2019, of a passenger car, light duty truck, or medium duty passenger vehicle that is exclusively powered by a clean alternative fuel or uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and is capable of traveling at least thirty miles using only battery power, if the taxpayer used such vehicle in this state before July 1, ((2015)) 2019, and the use was exempt under this section from the tax imposed in RCW 82.12.020.

(4)(a) For vehicles purchased on or after the effective date of this section or for leased vehicles for which the lease agreement was signed on or after the effective date of this section, a vehicle is not exempt from use tax as described under subsection (1) of this section if the fair market value of the vehicle exceeds thirty-five thousand dollars at the time the tax is imposed for purchased vehicles, or at the inception of the lease for leased vehicles.

(b) For leased vehicles for which the lease agreement was signed before the effective date of this section, lease payments are exempt from use tax as described under subsection (1) of this section regardless of the vehicle's fair market value at the inception of the lease.

(5) On the last day of January, April, July, and October of each year, the state treasurer, based upon information provided by the department, must transfer from the multimodal transportation account to the general fund a sum equal to the dollar amount that would otherwise have been deposited into the general fund during the prior calendar quarter but for the exemption provided in this section. Information provided by the department to the state treasurer must be based on the best available data. For purposes of this section, the first transfer for the calendar quarter after the effective date of this section must be calculated assuming only those revenues that should have been deposited into the general fund beginning July 1, 2015.

(6) Lease payments due on or after July 1, 2019, are subject to the taxes imposed under this chapter.

Alternative Fuel Commercial Vehicle Tax Credits

NEW SECTION. Sec. 410. (1) This section and sections 411 and 412 of this act may be known and cited as the clean fuel vehicle incentives act.

(2) The legislature finds that cleaner fuels reduce greenhouse gas emissions in the transportation sector and lead to a more sustainable environment. The legislature further finds that alternative fuel vehicles cost more than comparable models of conventional fuel vehicles, particularly in the commercial market. The legislature further finds the higher cost of alternative fuel vehicles incentivize companies to purchase comparable models of conventional fuel vehicles. The legislature further finds that other states provide various tax credits and exemptions. The legislature further finds incentivizing businesses to purchase cleaner, alternative fuel vehicles is a collaborative step toward meeting the state's climate and environmental goals.

(3)(a) This subsection is the tax preference performance statement for the clean alternative fuel vehicle tax credits provided in sections 411 and 412 of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(b) The legislature categorizes the tax preference as one intended to induce certain designated behavior by taxpayers.

(c) It is the legislature's specific public policy objective to provide a credit against business and occupation and public utility taxes to increase sales of commercial vehicles that use clean alternative fuel to ten percent of commercial vehicle sales by 2021.

(d) To measure the effectiveness of the credit provided in this act in achieving the specific public policy objective described in (c) of this subsection, the joint legislative audit and review committee must, at minimum, evaluate the changes in the number of commercial vehicles that are powered by clean alternative fuel that are registered in Washington state.

(e)(i) The department of licensing must provide data needed for the joint legislative audit and review committee's analysis in (d) of this subsection.

(ii) In addition to the data source described under (e)(i) of this subsection, the joint legislative audit and review committee may use any other data it deems necessary in performing the evaluation under (d) of this subsection.

NEW SECTION. Sec. 411. A new section is added to chapter 82.04 RCW to read as follows:

(1)(a) A person who is taxable under this chapter is allowed a credit against the tax imposed in this chapter according to the gross vehicle weight rating of the vehicle and the incremental cost of the vehicle purchased above the purchase price of a comparable conventionally fueled vehicle. The credit is limited, as set forth in the table below, to the lesser of the incremental cost

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amount or the maximum credit amount per vehicle purchased, and subject to a maximum annual credit amount per vehicle class.

Gross Vehicle Weight	Incremental Cost Amount	Maximum Credit Amount Per Vehicle	Maximum Annual Credit Per Vehicle Class
Up to 14,000 pounds	50% of incremental cost	\$5,000	\$2,000,000
14,001 to 26,500 pounds	50% of incremental cost	\$10,000	\$2,000,000
Above 26,500 pounds	50% of incremental cost	\$20,000	\$2,000,000

(b) On September 1st of each year any unused credits from any weight class identified in the table in (a) of this subsection must be made available to applicants applying for credits under any other weight class listed.

(c) The credit provided in this subsection (1) is not available for the lease of a vehicle.

(2) A person who is taxable under this chapter is allowed, subject to the maximum annual credit per vehicle class in subsection (1)(a) of this section, a credit against the tax imposed in this chapter for the lesser of twenty-five thousand dollars or thirty percent of the costs of converting a commercial vehicle to be principally powered by a clean alternative fuel with a United States environmental protection agency certified conversion.

(3) The total credits under this section may not exceed the lesser of two hundred fifty thousand dollars or twenty-five vehicles per person per calendar year.

(4) A person may not receive credit under this section for amounts claimed as credits under chapter 82.16 RCW.

(5) Credits are available on a first-in-time basis. The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section, and section 412 of this act, during any calendar year to exceed six million dollars. The department must provide notification on its web site monthly on the amount of credits that have been applied for, the amount issued, and the amount remaining before the statewide annual limit is reached. In addition, the department must provide written notice to any person who has applied to claim tax credits in excess of the limitation in this subsection.

(6) For the purposes of the limits provided in this section, a credit must be counted against such limits for the calendar year in which the credit is earned.

(7) To claim a credit under this section a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. No refunds may be granted for credits under this section.

(8) To claim a credit under this section, the person applying must:

(a) Complete an application for the credit which must include:

- (i) The name, business address, and tax identification number of the applicant;
- (ii) A quote or unexecuted copy of the purchase requisition or order for the vehicle;
- (iii) The type of alternative fuel to be used by the vehicle;
- (iv) The incremental cost of the alternative fuel system;
- (v) The anticipated delivery date of the vehicle;
- (vi) The estimated annual fuel use of the vehicle in its anticipated duties;
- (vii) The gross weight of the vehicle; and

(viii) Any other information deemed necessary by the department to support administration or reporting of the program.

(b) Within fifteen days of notice of credit availability from the department, provide notice of intent to claim the credit including:

- (i) A copy of the order for the vehicle, including the total cost for the vehicle;
- (ii) The anticipated delivery date of the vehicle, which must be within one hundred twenty days of acceptance of the credit; and
- (iii) Any other information deemed necessary by the department to support administration or reporting of the program.

(c) Provide final documentation within fifteen days of receipt of the vehicle, including:

- (i) A copy of the final invoice for the vehicle;
- (ii) A copy of the factory build sheet or equivalent documentation;
- (iii) The vehicle identification number of the vehicle;
- (iv) The incremental cost of the alternative fuel system;
- (v) Attestations signed by both the seller and purchaser of the vehicle attesting that the incremental cost of the alternative fuel system includes only the costs necessary for the vehicle to run on alternative fuel and no other vehicle options, equipment, or costs; and

(vi) Any other information deemed necessary by the department to support administration or reporting of the program.

(9) To administer the credits, the department must, at a minimum:

(a) Provide notification on its web site monthly of the amount of credits that have been applied for, claimed, and the amount remaining before the statewide annual limit is reached;

(b) Within fifteen days of receipt of the application, notify persons applying of the availability of tax credits in the year in which the vehicles applied for are anticipated to be delivered;

(c) Within fifteen days of receipt of the notice of intent to claim the tax credit, notify the applicant of the approval, denial, or missing information in their notice; and

(d) Within fifteen days of receipt of final documentation, review the documentation and notify the person applying of the acceptance of their final documentation.

(10) If a person fails to supply the information as required in subsection (8) of this section, the department must deny the application.

(11)(a) Taxpayers are only eligible for a credit under this section based on:

- (i) Sales, but not leases, of new commercial vehicles and qualifying used commercial vehicles with propulsion units that are principally powered by a clean alternative fuel; or
- (ii) Costs to modify a commercial vehicle, including sales of tangible personal property incorporated into the vehicle and labor or service expenses incurred in modifying the vehicle, to be principally powered by a clean alternative fuel.

(b) A credit is earned when qualifying purchases are made.

(12) A credit earned during one calendar year may be carried over to be credited against taxes incurred in the subsequent calendar year, but may not be carried over a second year.

(13)(a) Beginning November 25, 2015, and on the 25th of February, May, August, and November of each year thereafter, the department must notify the state treasurer of the amount of credits taken under this section as reported on returns filed with the department during the preceding calendar quarter ending on the last day of December, March, June, and September, respectively.

(b) On the last day of March, June, September, and December of each year, the state treasurer, based upon information provided by the department, must transfer a sum equal to the dollar amount

of the credit provided under this section from the multimodal transportation account to the general fund.

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

(a) "Commercial vehicle" means any commercial vehicle that is purchased by a private business and that is used exclusively in the transportation of commodities, merchandise, produce, refuse, freight, or animals, and that is displaying a Washington state license plate.

(b) "Clean alternative fuel" means electricity, dimethyl ether, hydrogen, methane, natural gas, liquefied natural gas, compressed natural gas, or propane.

(c) "Qualifying used commercial vehicle" means vehicles that:

(i) Have an odometer reading of less than thirty thousand miles;

(ii) Are less than two years past their original date of manufacture;

(iii) Were modified after the initial purchase with a United States environmental protection agency certified conversion that would allow the propulsion units to be principally powered by a clean alternative fuel; and

(iv) Are being sold for the first time after modification.

(15) Credits may be earned under this section from January 1, 2016, through January 1, 2021.

(16) Credits earned under this section may not be used after January 1, 2022.

NEW SECTION. Sec. 412. A new section is added to chapter 82.16 RCW to read as follows:

(1)(a) A person who is taxable under this chapter is allowed a credit against the tax imposed in this chapter according to the gross vehicle weight rating of the vehicle and the incremental cost of the vehicle purchased above the purchase price of a comparable conventionally fueled vehicle. The credit is limited, as set forth in the table below, to the lesser of the incremental cost amount or the maximum credit amount per vehicle purchased, and subject to a maximum annual credit amount per vehicle class.

Gross Vehicle Weight	Incremental Cost Amount	Maximum Credit Amount Per Vehicle	Maximum Annual Credit Per Vehicle Class
Up to 14,000 pounds	50% of incremental cost	\$5,000	\$2,000,000
14,001 to 26,500 pounds	50% of incremental cost	\$10,000	\$2,000,000
Above 26,500 pounds	50% of incremental cost	\$20,000	\$2,000,000

(b) On September 1st of each year any unused credits from any weight class identified in the table in (a) of this subsection must be made available to applicants applying for credits under any other weight class listed.

(c) The credit provided in this subsection (1) is not available for the lease of a vehicle.

(2) A person who is taxable under this chapter is allowed, subject to the maximum annual credit per vehicle class in subsection (1)(a) of this section, a credit against the tax imposed in this chapter for the lesser of twenty-five thousand dollars or thirty percent of the costs of converting a commercial vehicle to be principally powered by a clean alternative fuel with a United States environmental protection agency certified conversion.

(3) The total credits under this section may not exceed two hundred fifty thousand dollars or twenty-five vehicles per person per calendar year.

(4) A person may not receive credit under this section for amounts claimed as credits under chapter 82.04 RCW.

(5) Credits are available on a first-in-time basis. The department must disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section, and section 411 of this act, during any calendar year to exceed six million dollars. The department must provide notification on its web site monthly on the amount of credits that have been applied for, the amount issued, and the amount remaining before the statewide annual limit is reached. In addition, the department must provide written notice to any person who has applied to claim tax credits in excess of the limitation in this subsection.

(6) For the purposes of the limits provided in this section, a credit must be counted against such limits for the calendar year in which the credit is earned.

(7) To claim a credit under this section a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. No refunds may be granted for credits under this section.

(8) To claim a credit under this section, the person applying must:

(a) Complete an application for the credit which must include:

(i) The name, business address, and tax identification number of the applicant;

(ii) A quote or unexecuted copy of the purchase requisition or order for the vehicle;

(iii) The type of alternative fuel to be used by the vehicle;

(iv) The incremental cost of the alternative fuel system;

(v) The anticipated delivery date of the vehicle;

(vi) The estimated annual fuel use of the vehicle in its anticipated duties;

(vii) The gross weight of the vehicle; and

(viii) Any other information deemed necessary by the department to support administration or reporting of the program.

(b) Within fifteen days of notice of credit availability from the department, provide notice of intent to claim the credit including:

(i) A copy of the order for the vehicle, including the total cost for the vehicle;

(ii) The anticipated delivery date of the vehicle, which must be within one hundred twenty days of acceptance of the credit; and

(iii) Any other information deemed necessary by the department to support administration or reporting of the program.

(c) Provide final documentation within fifteen days of receipt of the vehicle, including:

(i) A copy of the final invoice for the vehicle;

(ii) A copy of the factory build sheet or equivalent documentation;

(iii) The vehicle identification number of the vehicle;

(iv) The incremental cost of the alternative fuel system;

(v) Attestations signed by both the seller and purchaser of the vehicle attesting that the incremental cost of the alternative fuel system includes only the costs necessary for the vehicle to run on alternative fuel and no other vehicle options, equipment, or costs; and

(vi) Any other information deemed necessary by the department to support administration or reporting of the program.

(9) To administer the credits, the department must, at a minimum:

(a) Provide notification on its web site monthly of the amount of credits that have been applied for, claimed, and the amount remaining before the statewide annual limit is reached;

(b) Within fifteen days of receipt of the application, notify persons applying of the availability of tax credits in the year in which the vehicles applied for are anticipated to be delivered;

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(c) Within fifteen days of receipt of the notice of intent to claim the tax credit, notify the applicant of the approval, denial, or missing information in their notice; and

(d) Within fifteen days of receipt of final documentation, review the documentation and notify the person applying of the acceptance of their final documentation.

(10) If a person fails to supply the information as required in subsection (8) of this section, the department must deny the application.

(11)(a) Taxpayers are only eligible for a credit under this section based on:

(i) Sales, but not leases, of new commercial vehicles and qualifying used commercial vehicles with propulsion units that are principally powered by a clean alternative fuel; or

(ii) Costs to modify a commercial vehicle, including sales of tangible personal property incorporated into the vehicle and labor or service expenses incurred in modifying the vehicle, to be principally powered by a clean alternative fuel.

(b) A credit is earned when qualifying purchases are made.

(12) The definitions in section 411 of this act apply to this section.

(13) A credit earned during one calendar year may be carried over to be credited against taxes incurred in the subsequent calendar year, but may not be carried over a second year.

(14)(a) Beginning November 25, 2015, and on the 25th of February, May, August, and November of each year thereafter, the department must notify the state treasurer of the amount of credits taken under this section as reported on returns filed with the department during the preceding calendar quarter ending on the last day of December, March, June, and September, respectively.

(b) On the last day of March, June, September, and December of each year, the state treasurer, based upon information provided by the department, must transfer a sum equal to the dollar amount of the credit provided under this section from the multimodal transportation account to the general fund.

(15) Credits may be earned under this section from January 1, 2016, through January 1, 2021.

(16) Credits earned under this section may not be used after January 1, 2022.

Commuter Trip Reduction Tax Credit

Sec. 413. RCW 82.70.020 and 2015 1st sp.s. c 10 s 708 are each amended to read as follows:

(1) Employers in this state who are taxable under chapter 82.04 or 82.16 RCW and provide financial incentives to their own or other employees for ride sharing, for using public transportation, for using car sharing, or for using nonmotorized commuting before ~~((July 1, 2017))~~ January 1, 2024, are allowed a credit against taxes payable under chapters 82.04 and 82.16 RCW for amounts paid to or on behalf of employees for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting, not to exceed sixty dollars per employee per fiscal year.

(2) Property managers who are taxable under chapter 82.04 or 82.16 RCW and provide financial incentives to persons employed at a worksite in this state managed by the property manager for ride sharing, for using public transportation, for using car sharing, or for using nonmotorized commuting before ~~((July 1, 2017))~~ January 1, 2024, are allowed a credit against taxes payable under chapters 82.04 and 82.16 RCW for amounts paid to or on behalf of these persons for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting, not to exceed sixty dollars per person per fiscal year.

(3) The credit under this section is equal to the amount paid to or on behalf of each employee multiplied by fifty percent, but may not exceed sixty dollars per employee per fiscal year. No refunds may be granted for credits under this section.

(4) A person may not receive credit under this section for amounts paid to or on behalf of the same employee under both chapters 82.04 and 82.16 RCW.

(5) A person may not take a credit under this section for amounts claimed for credit by other persons.

Sec. 414. RCW 82.70.040 and 2015 1st sp.s. c 10 s 709 are each amended to read as follows:

(1)(a)(i) The department ~~((shall))~~ must keep a running total of all credits allowed under RCW 82.70.020 during each fiscal year. The department ~~((shall))~~ may not allow any credits that would cause the total amount allowed to exceed two million seven hundred fifty thousand dollars in any fiscal year. ~~((This limitation includes any deferred credits carried forward under subsection (2)(b)(i) of this section from prior years.))~~

(ii) ~~((During the 2013-2015 and 2015-2017 fiscal biennia,))~~ The department shall not allow any credits that would cause the total amount allowed to exceed one million five hundred thousand dollars in any fiscal year. ~~((This limitation includes any deferred credits carried forward under subsection (2)(b)(i) of this section from prior years.))~~

(b) If the total amount of credit applied for by all applicants in any year exceeds the limit in this subsection, the department ~~((shall))~~ must ratably reduce the amount of credit allowed for all applicants so that the limit in this subsection is not exceeded. If a credit is reduced under this subsection, the amount of the reduction may not be carried forward and claimed in subsequent fiscal years.

(2)(a) Tax credits under RCW 82.70.020 may not be claimed in excess of the amount of tax otherwise due under chapter 82.04 or 82.16 RCW.

~~((b)(i))~~ Through June 30, 2005, a person with taxes equal to or in excess of the credit under RCW 82.70.020, and therefore not subject to the limitation in (a) of this subsection, may elect to defer tax credits for a period of not more than three years after the year in which the credits accrue. ~~((No credits deferred under this subsection (2)(b)(i) may be used after June 30, 2008. A person deferring tax credits under this subsection (2)(b)(i) must submit an application as provided in RCW 82.70.025 in the year in which the deferred tax credits will be used. This application is subject to the provisions of subsection (1) of this section for the year in which the tax credits will be applied. If a deferred credit is reduced under subsection (1)(b) of this section, the amount of deferred credit disallowed because of the reduction may be carried forward as long as the period of deferral does not exceed three years after the year in which the credit was earned.))~~

~~((ii))~~ For credits approved by the department ~~((after))~~ through June 30, ~~((2005))~~ 2015, the approved credit may be carried forward ~~((to subsequent years until used))~~ and used for tax reporting periods through December 31, 2016. Credits approved after June 30, 2015, must be used for tax reporting periods within the calendar year for which they are approved by the department and may not be carried forward to subsequent tax reporting periods. Credits carried forward as authorized by this subsection are subject to the limitation in subsection (1)(a) of this section for the fiscal year for which the credits were originally approved.

(3) No person ~~((shall))~~ may be approved for tax credits under RCW 82.70.020 in excess of ~~((two))~~ one hundred thousand dollars in any fiscal year. This limitation does not apply to credits carried forward from prior years under subsection (2)(b) of this section.

(4) No person may claim tax credits after June 30, ~~((2017))~~ 2024.

~~((Credits may not be carried forward other than as authorized in subsection (2)(b) of this section.~~

~~((6))~~ No person is eligible for tax credits under RCW 82.70.020 if the additional revenues for the multimodal transportation account created by ~~((Engrossed Substitute House Bill No. 2231))~~ chapter 361, Laws of 2003 are terminated.

Sec. 415. RCW 82.70.050 and 2015 1st sp.s. c 10 s 710 are each amended to read as follows:

(1) ~~((During the 2013-2015 and 2015-2017 fiscal biennia,))~~ The director ((shall)) must on the 25th of February, May, August, and November of each year advise the state treasurer of the amount of credit taken under RCW 82.70.020 during the preceding calendar quarter ending on the last day of December, March, June, and September, respectively.

(2) On the last day of March, June, September, and December of each year, the state treasurer, based upon information provided by the department, ~~((shall))~~ must deposit to the general fund a sum equal to the dollar amount of the credit provided under RCW 82.70.020 from the multimodal transportation account.

(3) This section expires January 1, 2025.

Sec. 416. RCW 82.70.900 and 2015 1st sp.s. c 10 s 711 are each amended to read as follows:

Except for RCW 82.70.050, this chapter expires ((June 30, 2017)) July 1, 2024.

Sec. 417. RCW 82.70.025 and 2005 c 297 s 2 are each amended to read as follows:

(1) Application for tax credits under this chapter must be received by the department between the first day of January and the 31st day of January, following the calendar year in which the applicant made payments to or on behalf of employees for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting. The application ~~((shall))~~ must be made to the department in a form and manner prescribed by the department. The application ~~((shall))~~ must contain information regarding the number of employees for which incentives are paid during the calendar year, the amounts paid to or on behalf of employees for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting, ~~((the amount of credit deferred under RCW 82.70.040(2)(b)(i) to be used, and other information required by the department. For applications due by January 31, 2006, the application shall not include amounts paid from January 1, 2005, through June 30, 2005, to or on behalf of employees for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting))~~ and other information required by the department.

(2) The department ~~((shall))~~ must rule on the application within sixty days of the deadline provided in subsection (1) of this section.

(3)(a) The department ~~((shall))~~ must disapprove any application not received by the deadline provided in subsection (1) of this section ~~((regardless of the reason that the application was received after the deadline))~~ except that the department may accept applications received up to fifteen calendar days after the deadline if the application was not received by the deadline because of circumstances beyond the control of the taxpayer.

(b) In making a determination whether the failure of a taxpayer to file an application by the deadline was the result of circumstances beyond the control of the taxpayer, the department must be guided by rules adopted by the department for the waiver or cancellation of penalties when the underpayment or untimely

payment of any tax was due to circumstances beyond the control of the taxpayer.

(4) After an application is approved and tax credit granted, no increase in the credit ~~((shall be))~~ is allowed.

(5) To claim a credit under this chapter, a person must electronically file with the department all returns, forms, and other information the department requires in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. As used in this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

Sec. 418. RCW 82.70.060 and 2005 c 319 s 138 are each amended to read as follows:

The commute trip reduction ~~((task force shall determine the effectiveness of the tax credit under RCW 82.70.020, the grant program in RCW 70.94.996, and the relative effectiveness of the tax credit and the grant program))~~ board must determine the effectiveness of the tax credit under RCW 82.70.020 as part of its ongoing evaluation of the commute trip reduction law ~~((and report to the senate and house transportation committees and to the fiscal committees of the house of representatives and the senate. The report must include information on the amount of tax credits claimed to date and recommendations on future funding between the tax credit program and the grant program. The report must be incorporated into the recommendations required in RCW 70.94.537(5)).~~ The department must provide requested information to the commute trip reduction board for its assessment.

NEW SECTION. Sec. 419. This section is the tax preference performance statement for the tax preference contained in RCW 82.70.020. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to induce certain designated behavior by taxpayers as indicated in RCW 82.32.808(2)(a).

(2) It is the legislature's specific public policy objective to reduce traffic congestion, automobile-related air pollution and energy use through employer-based programs that encourage the use of alternatives to the single-occupant vehicle traveling during peak traffic periods for the commute trip. It is the legislature's intent to extend the commute trip reduction tax credit, which encourages employers to provide financial incentives to their employees for using ride sharing, public transportation, car sharing, or nonmotorized commuting. Pursuant to chapter 43.136 RCW, the joint legislative audit and review committee must review the commute trip reduction tax credit established under RCW 82.70.020 by December 1, 2024.

(3) If a review finds that the percentage of Washingtonians using commute alternatives is increasing, then the legislature intends for the legislative auditor to recommend extending the expiration date of the tax preferences.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the joint legislative audit and review committee should refer to the office of financial management's results Washington sustainable transportation performance metric or data used by the department of transportation's commute trip reduction program.

Transfers to the Connecting Washington Account

NEW SECTION. Sec. 420. A new section is added to chapter 82.32 RCW to read as follows:

(1) Beginning September 2019 and ending June 2021, by the last day of September, December, March, and June of each year,

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the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act thirteen million six hundred eighty thousand dollars.

(2) Beginning September 2021 and ending June 2023, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act thirteen million eight hundred five thousand dollars.

(3) Beginning September 2023 and ending June 2025, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act thirteen million nine hundred eighty-seven thousand dollars.

(4) Beginning September 2025 and ending June 2027, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act eleven million six hundred fifty-eight thousand dollars.

(5) Beginning September 2027 and ending June 2029, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act seven million five hundred sixty-four thousand dollars.

(6) Beginning September 2029 and ending June 2031, by the last day of September, December, March, and June of each year, the state treasurer must transfer from the general fund to the connecting Washington account created in section 106 of this act four million fifty-six thousand dollars.

Sec. 421. RCW 43.135.034 and 2013 c 1 s 2 are each amended to read as follows:

(1)(a) Any action or combination of actions by the legislature that raises taxes may be taken only if approved by a two-thirds vote in both the house of representatives and the senate. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases may be referred to the voters for their approval or rejection at an election.

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

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

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

"Shall taxes be imposed on in order to allow a spending increase above last year's authorized spending adjusted for personal income growth?"

(3)(a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a two-thirds vote of each house of the legislature and signed by the governor. The law ~~((shall))~~ must set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian

assistance. The state expenditure limit may be exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

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

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

(4) If the cost of any state program or function is shifted from the state general fund to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), ~~((shall))~~ must lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240~~((&))~~ (1)(c), in support of education or education expenditures; ~~((&))~~ (b) a transfer of moneys to, or an expenditure from, the budget stabilization account; or (c) a transfer of money to, or an expenditure from, the connecting Washington account established in section 106 of this act.

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

NEW SECTION. Sec. 422. A new section is added to chapter 81.112 RCW to read as follows:

(1) Beginning January 1, 2017, and until the requirements in subsection (4) of this section are met, a regional transit authority must pay to the department of revenue, for deposit into the general fund, a sales and use tax offset fee.

(2) A sales and use tax offset fee is three and twenty-five one-hundredths percent of the total payments made by the regional transit authority to construction contractors on construction contracts that are (a) for new projects identified in the system plan funded by any proposition approved by voters after January 1, 2015, and (b) excluded from the definition of retail sale under RCW 82.04.050(10).

(3) Fees are due monthly by the twenty-fifth day of the month, with respect to payments made to construction contractors during the previous month.

(4) A sales and use tax offset fee is due until the regional transit authority has paid five hundred eighteen million dollars.

(5) Except as otherwise provided in this section, the provisions of chapter 82.32 RCW apply to this section.

(6) The department of revenue must oversee the collection of the sales and use tax offset fee and may adopt rules necessary to implement this section.

Rate Setting for Garbage Companies

Sec. 423. RCW 81.77.170 and 1989 c 431 s 36 are each amended to read as follows:

For rate-making purposes, a fee, charge, or tax on the collection or disposal of solid waste ((shall be) is considered a normal operating expense of the solid waste collection company, including all taxes and fees imposed or increased under this act. Filing for pass-through of any such fee, charge, or tax is not considered a general rate proceeding.

Effective Dates and Other Miscellaneous Provisions

NEW SECTION. Sec. 424. 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. 425. Except for sections 103, 105, 108, 110, 323, and 325 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

NEW SECTION. Sec. 426. Sections 103, 105, and 110 of this act take effect July 1, 2016.

NEW SECTION. Sec. 427. Sections 101, 102, 104, and 109 of this act expire July 1, 2016, if sections 103, 105, and 110 of this act take effect July 1, 2016.

NEW SECTION. Sec. 428. Section 107 of this act expires on the date the requirements set out in section 7, chapter 36, Laws of 2012 are met.

NEW SECTION. Sec. 429. Section 108 of this act takes effect on the date the requirements set out in section 7, chapter 36, Laws of 2012 are met.

NEW SECTION. Sec. 430. Sections 322 and 324 of this act expire January 1, 2018.

NEW SECTION. Sec. 431. Sections 323 and 325 of this act take effect January 1, 2018."

The President Pro Tempore declared the question before the Senate to be the adoption of the striking amendment by Senators King and Hobbs to Engrossed Substitute Senate Bill No. 5987.

The motion by Senator King 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 "revenue;" strike the remainder of the title and insert "amending RCW 82.36.025, 82.38.030, 82.38.030, 46.68.090, 46.68.090, 46.10.530, 79A.25.070, 46.17.355, 46.17.365, 46.17.323, 46.25.052, 46.25.060, 46.25.100, 46.20.202, 46.17.050, 46.17.060, 47.60.322, 46.12.650, 88.02.560, 88.02.640, 36.73.065, 82.80.140, 36.73.015, 82.14.045, 81.104.140, 81.104.160, 84.52.043, 84.52.043, 84.52.010, 84.52.010, 84.04.120, 81.104.180, 81.112.050, 81.112.210, 47.04.320, 47.04.325, 47.46.060, 46.63.170, 82.08.809, 82.12.809, 82.70.020, 82.70.040, 82.70.050, 82.70.900, 82.70.025, 82.70.060, 43.135.034, and 81.77.170; reenacting and amending RCW 43.84.092, 43.84.092, 46.09.520, and 81.104.170; reenacting RCW 46.09.520; adding new sections to chapter 46.68 RCW; adding a new section to chapter 46.37 RCW; adding new sections to chapter 36.57A RCW; adding a new section to chapter 82.14 RCW; adding a new section to chapter 82.80 RCW; adding new sections to chapter 81.104 RCW; adding a new section to chapter 47.04 RCW; adding a new section to chapter 82.44 RCW; adding a new section to chapter 82.04 RCW; adding a new section to chapter 82.16 RCW; adding a new section to chapter 82.32 RCW; adding a new section to chapter 81.112 RCW; adding a new

chapter to Title 36 RCW; creating new sections; repealing RCW 82.36.029 and 82.38.083; repealing 2015 2nd sp.s. c . . . (SHB 1738) ss 2, 3, and 4; repealing 2012 c 74 s 11 (uncodified); prescribing penalties; providing effective dates; providing a contingent effective date; providing expiration dates; providing contingent expiration dates; and declaring an emergency."

MOTION

On motion of Senator King, the rules were suspended, Second Engrossed Substitute Senate Bill No. 5987 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators King, Hobbs, Liias, Billig, Cleveland, Fraser and Habib spoke in favor of passage of the bill.

Senators Benton and Dansel spoke against passage of the bill.

POINT OF ORDER

Senator Hewitt: "Thank you Madam President. I object to the comments by the Senator. I believe in the first amendment just like everyone else but I think he's impugning the motives and perhaps the thoughts of the senators on the floor."

RULING BY THE PRESIDENT PRO TEMPORE

President Pro Tempore: "Senator Habib, if you could..."

REMARKS BY THE PRESIDENT PRO TEMPORE

President Pro Tempore: "Excuse me, excuse me. Senator Habib, I think we need to tone the rhetoric down."

The President Pro Tempore declared the question before the Senate to be the final passage of Second Engrossed Substitute Senate Bill No. 5987.

Senators Ranker and Ericksen spoke against passage of the bill.

Senators Jayapal and Parlette spoke in favor of passage of the bill.

Senator Brown assumed the chair.

Senators Angel, Baumgartner, Hasegawa, Sheldon, Becker, Rivers and Mullet spoke in favor of passage of the bill.

ROLL CALL

The Secretary called the roll on the final passage of Second Engrossed Substitute Senate Bill No. 5987 and the bill passed the Senate by the following vote: Yeas, 39; Nays, 9; Absent, 0; Excused, 1.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Billig, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Fain, Fraser, Frockt, Habib, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Parlette, Pedersen, Rivers, Schoesler, Sheldon and Warnick

Voting nay: Senators Benton, Braun, Dansel, Ericksen, Hargrove, Padden, Pearson, Ranker and Roach

Excused: Senator Rolfes

SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5987, 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 DAY, JUNE 29, 2015

2015 3RD SPECIAL SESSION

MOTION

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

SECOND READING

SENATE BILL NO. 5989, by Senators King, Hobbs, Fain, Liiias and Litzow

Authorizing bonds for transportation funding.

MOTIONS

On motion of Senator King, Substitute Senate Bill No. 5989 was substituted for Senate Bill No. 5989 and the substitute bill was placed on the second reading and read the second time.

MOTION

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

Strike everything after the enacting clause and insert the following:

NEW SECTION. Sec. 1. In order to provide funds necessary for the location, design, right-of-way, and construction of selected projects or improvements that are identified as connecting Washington projects or improvements in an omnibus transportation appropriations act, there shall be issued and sold upon the request of the department of transportation a total of five billion three hundred million dollars of general obligation bonds of the state of Washington.

NEW SECTION. Sec. 2. Upon the request of the department of transportation, as appropriate, the state finance committee shall supervise and provide for the issuance, sale, and retirement of the bonds in this act in accordance with chapter 39.42 RCW. Bonds authorized by this act shall be sold in the manner, at time or times, in amounts, and at the price as the state finance committee shall determine. No bonds may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

The state finance committee shall consider the issuance of short- term obligations in lieu of long-term obligations for the purposes of more favorable interest rates, lower total interest costs, and increased marketability and for the purpose of retiring the bonds during the life of the project for which they were issued.

NEW SECTION. Sec. 3. The proceeds from the sale of bonds authorized by section 1 of this act shall be deposited in the connecting Washington account in the motor vehicle fund. The proceeds shall be available only for the purposes enumerated in section 1 of this act, for the payment of bond anticipation notes, if any, and for the payment of bond issuance costs, including the costs of underwriting.

NEW SECTION. Sec. 4. Bonds issued under the authority of this section and sections 1 through 3, 5, and 6 of this act shall distinctly 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 such principal and interest as the same shall become due. The principal and interest on the bonds shall be first payable in the manner provided in this section and sections 1 through 3, 5, and 6 of this act from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 and 82.38 RCW and

vehicle-related fees imposed under Title 46 RCW that constitute license fees for motor vehicles required to be used for highway purposes. Proceeds of these excise taxes and vehicle-related fees are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of this section and sections 1 through 3, 5, and 6 of this act, and the legislature agrees to continue to impose these excise taxes on motor vehicle and special fuels and vehicle-related fees in amounts from such sources sufficient to pay, when due, the principal and interest on all bonds issued under the authority of this section and sections 1 through 3, 5, and 6 of this act.

NEW SECTION. Sec. 5. (1) Both principal and interest on the bonds issued for the purposes of this section and sections 1 through 4 and 6 of this act shall be payable from the highway bond retirement fund. The state finance committee may provide that a special account be created in the fund to facilitate payment of the principal and interest. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount required for principal and interest on the bonds in accordance with the bond proceedings. The state treasurer shall withdraw revenues from the connecting Washington account in the motor vehicle fund and deposit in the highway bond retirement fund, or a special account in the fund, such amounts, and at such times, as are required by the bond proceedings.

(2)(a) Any funds required for bond retirement or interest on the bonds authorized by this section and sections 1 through 4 and 6 of this act shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on motor vehicle and special fuels and vehicle-related fees, and that is distributed to the connecting Washington account in the motor vehicle fund.

(b) Funds required shall never constitute a charge against any other allocations of motor vehicle fuel and special fuel tax and vehicle-related fee revenues to the state, counties, cities, and towns unless the amount arising from excise taxes on motor vehicle and special fuels and vehicle-related fees distributed to the connecting Washington account described in (a) of this subsection proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

(c) Any payments for bond retirement or interest on the bonds taken from other revenues from the motor vehicle fuel or special fuel taxes and vehicle-related fees that are distributable to the state, counties, cities, and towns shall be repaid from the first revenues from the motor vehicle fuel or special fuel taxes and vehicle-related fees distributed to the connecting Washington account described in (a) of this subsection not required for bond retirement or interest on the bonds.

NEW SECTION. Sec. 6. Bonds issued under the authority of sections 1 through 5 of this act and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge motor vehicle and special fuels excise taxes and vehicle-related fees for the payment of principal and interest thereon shall be an equal charge against the revenues from such motor vehicle and special fuels excise taxes and vehicle-related fees.

NEW SECTION. Sec. 7. For purposes of sections 1 through 6 of this act, "vehicle-related fees" means vehicle-related fees imposed under Title 46 RCW that constitute license fees for motor vehicles required to be used for highway purposes.

Sec. 8. RCW 47.10.--- and 2015 3rd sp.s. c ... s 4 (section 4 of this act) are each amended to read as follows:

Bonds issued under the authority of this section and RCW 47.10.--- through 47.10.---, 47.10.---, and 47.10.--- (sections 1 through 3, 5, and 6 of this act) shall distinctly 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 such principal and interest as the same shall become due. The principal and interest on the bonds shall be first payable in the manner provided in this section and RCW 47.10.--- through 47.10.---, 47.10.---, and 47.10.--- (sections 1 through 3, 5, and 6 of this act) from the proceeds of the state excise taxes on ((~~motor vehicle and special~~) fuel((s)) imposed by chapter((s ~~82.36 and~~)) 82.38 RCW and vehicle-related fees imposed under Title 46 RCW that constitute license fees for motor vehicles required to be used for highway purposes. Proceeds of these excise taxes and vehicle-related fees are hereby pledged to the payment of any bonds and the interest thereon issued under the authority of this section and RCW 47.10.--- through 47.10.---, 47.10.---, and 47.10.--- (sections 1 through 3, 5, and 6 of this act), and the legislature agrees to continue to impose these excise taxes on ((~~motor vehicle and special~~) fuel((s)) and vehicle-related fees in amounts from such sources sufficient to pay, when due, the principal and interest on all bonds issued under the authority of this section and RCW 47.10.--- through 47.10.---, 47.10.---, and 47.10.--- (sections 1 through 3, 5, and 6 of this act).

Sec. 9. RCW 47.10.--- and 2015 3rd sp.s. c ... s 5 (section 5 of this act) are each amended to read as follows:

(1) Both principal and interest on the bonds issued for the purposes of this section and RCW 47.10.--- through 47.10.--- and 47.10.--- (sections 1 through 4 and 6 of this act) shall be payable from the highway bond retirement fund. The state finance committee may provide that a special account be created in the fund to facilitate payment of the principal and interest. The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount required for principal and interest on the bonds in accordance with the bond proceedings. The state treasurer shall withdraw revenues from the connecting Washington account in the motor vehicle fund and deposit in the highway bond retirement fund, or a special account in the fund, such amounts, and at such times, as are required by the bond proceedings.

(2)(a) Any funds required for bond retirement or interest on the bonds authorized by this section and RCW 47.10.--- through 47.10.--- and 47.10.--- (sections 1 through 4 and 6 of this act) shall be taken from that portion of the motor vehicle fund that results from the imposition of excise taxes on ((~~motor vehicle and special~~) fuel((s)) and vehicle-related fees, and that is distributed to the connecting Washington account in the motor vehicle fund.

(b) Funds required shall never constitute a charge against any other allocations of ((~~motor vehicle fuel and special~~) fuel tax and vehicle-related fee revenues to the state, counties, cities, and towns unless the amount arising from excise taxes on ((~~motor vehicle and special~~) fuel((s)) and vehicle-related fees distributed to the connecting Washington account described in (a) of this subsection proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

(c) Any payments for bond retirement or interest on the bonds taken from other revenues from the ((~~motor vehicle fuel or special~~) fuel taxes and vehicle-related fees that are distributable to the state, counties, cities, and towns shall be repaid from the first revenues from the ((~~motor vehicle fuel or special~~) fuel taxes and vehicle-related fees distributed to the connecting Washington account described in (a) of this subsection not required for bond retirement or interest on the bonds.

Sec. 10. RCW 47.10.--- and 2015 3rd sp.s. c ... s 6 (section 6 of this act) are each amended to read as follows:

Bonds issued under the authority of RCW 47.10.--- through 47.10.--- (sections 1 through 5 of this act) and this section and any other general obligation bonds of the state of Washington that have been or that may be authorized and that pledge ((~~motor~~

~~vehicle and special~~) fuel((s)) excise taxes and vehicle-related fees for the payment of principal and interest thereon shall be an equal charge against the revenues from such ((~~motor vehicle and special~~) fuel((s)) excise taxes and vehicle-related fees.

NEW SECTION. Sec. 11. Sections 1 through 7 of this act are each added to chapter 47.10 RCW.

NEW SECTION. Sec. 12. Except for sections 8 through 10 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

NEW SECTION. Sec. 13. Sections 4 through 6 of this act expire July 1, 2016.

NEW SECTION. Sec. 14. Sections 8 through 10 of this act take effect July 1, 2016."

The Vice President Pro Tempore declared the question before the Senate to be the adoption of the striking amendment by Senators King and Hobbs to Substitute Senate Bill No. 5989.

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

MOTION

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

On page 1, after line 1 of the title, strike the remainder of the title and insert "amending RCW 47.10.---, 47.10.---, and 47.10.---; adding new sections to chapter 47.10 RCW; providing an effective date; providing an expiration date; and declaring an emergency."

MOTION

On motion of Senator King, the rules were suspended, Engrossed Substitute Senate Bill No. 5989 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator King spoke in favor of passage of the bill.

MOTION

On motion of Senator Dandel, Senator Ericksen was excused.

Senator Hobbs spoke in favor of passage of the bill.

PARLIAMENTARY INQUIRY

Senator Padden: "Yes, Madam President. How many votes does it take for this legislation to pass?"

REPLY BY THE VICE PRESIDENT PRO TEMPORE

Senator Brown: "A simple majority. The bond bill takes a sixty percent vote so 30."

Senator Padden: "I'm sorry, so that was 30 votes that it takes?"

Senator Brown: "That is correct, 30 votes."

The Vice President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5989.

ROLL CALL

SECOND DAY, JUNE 29, 2015

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BARBARA BAKER, Chief Clerk

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5989 and the bill passed the Senate by the following vote: Yeas, 40; Nays, 7; Absent, 0; Excused, 2.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Fain, Fraser, Frockt, Habib, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Jayapal, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Parlette, Pedersen, Rivers, Schoesler, Sheldon and Warnick

Voting nay: Senators Benton, Dansel, Hargrove, Padden, Pearson, Ranker and Roach

Excused: Senators Ericksen and Rolfes

ENGROSSED SUBSTITUTE SENATE BILL NO. 5989, having received the constitutional three-fifths majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

Senator Fain announced a suspension in business to allow senators and staff a brief break with floor action to resume at 8:30 p.m.

Senator Fraser announced a meeting of the Senate Democratic Caucus immediately upon going at ease.

MOTION

At 7:57 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President Pro Tempore.

LATE EVENING SESSION

The Senate was called to order at 9:37 p.m. by the President Pro Tempore, Senator Roach presiding.

MOTION

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

MESSAGE FROM THE HOUSE

June 29, 2015

MR. PRESIDENT:

The House has passed:

ENGROSSED SUBSTITUTE SENATE BILL NO. 6052 and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 29, 2015

MR. PRESIDENT:

The House has passed:

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5315,

ENGROSSED SUBSTITUTE SENATE BILL NO. 5681,

SECOND ENGROSSED SENATE BILL NO. 6089

and the same are herewith transmitted.

MOTION

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

SECOND SUPPLEMENTAL INTRODUCTION AND FIRST READING OF HOUSE BILLS

E2SHB 1541 by House Committee on Appropriations (originally sponsored by Representatives Santos, Ortiz-Self, Tharinger, Moscoso, Orwall and Gregerson)

AN ACT Relating to implementing strategies to close the educational opportunity gap, based on the recommendations of the educational opportunity gap oversight and accountability committee; amending RCW 28A.600.490, 28A.600.015, 28A.600.020, 28A.600.022, 43.41.400, 28A.405.106, 28A.405.120, 28A.660.045, 28A.660.050, 28A.180.040, 28A.180.090, 28A.300.042, 28A.300.505, and 28A.300.507; reenacting and amending RCW 13.50.010; adding a new section to chapter 28A.320 RCW; adding new sections to chapter 28A.345 RCW; adding new sections to chapter 28A.415 RCW; adding new sections to chapter 28A.657 RCW; adding a new section to chapter 43.215 RCW; creating new sections; and providing expiration dates.

Referred to Committee on Early Learning & K-12 Education.

SHB 1725 by House Committee on Appropriations (originally sponsored by Representatives Cody and Tharinger)

AN ACT Relating to the consumer's right to assign hours to individual providers and the department of social and health services' authority to adopt rules related to payment of individual providers; amending RCW 74.39A.270; and providing a contingent effective date.

Held on first reading.

HB 2195 by Representatives Lytton, Walkinshaw, Orwall, Chandler and Fagan

AN ACT Relating to auditor's fees; and amending RCW 36.18.010.

Held on first reading.

MOTION

On motion of Senator Fain, all measures listed on the Second Supplemental Introduction and First Reading report were referred to the committees as designated.

MOTION

On motion of Senator Fain and without objection, the rules were suspended and House Bill No. 2195; Engrossed Substitute House Bill No. 2263; and House Bill No. 2264 were placed on the day's second reading calendar.

Senator Fain announced a meeting of the Committee on Rules at the bar of the senate immediately upon going at ease, to be followed by caucuses.

MOTION

At 9:39 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President Pro Tempore.

The Senate was called to order at 10:28 p.m. by President Pro Tempore.

PERSONAL PRIVILEGE

Senator Parlette: "Thank you Madam President. So many of you have asked about the fires in Wenatchee. It certainly was a surprise. My husband called me last night, he had come from Lake Chelan, he said, 'Linda, something's wrong. There's a whole bunch of smoke.' So if you've watched the news you know the results. Depends on, either twenty four or twenty eight homes have burnt. The surprising thing, and this was next to the hill side, the big hill sides behind Wenatchee but the winds were so bad last night the sparks and big pieces of fire were flying through the air and burnt at least three businesses. Two of them were fruit warehouses. The other was a recycle business behind the store called Sav-Mart on Wenatchee Avenue. So, in other words, the homes next to the hill side burned but then the winds blew all of the embers clear toward the river. Today, with one of the fruit warehouses, Blue Bird, there was an ammonia leak so about two thousand people were evacuated from a new apartment building or complex close to the river. The fires are basically on the hill side contained tonight but the crews are still there and many people have been displaced. But I just want to thank you, all of you, for asking. The fire was approved for a fire management assistance grant and the Wenatchee crews have really done a good job. They did ask for help from other areas but because its such fire danger many of the extra teams elsewhere chose to stay home just because they're worried about fires in their own areas. The Governor did call the three Twelfth District legislators into his office this afternoon and we talked about that and he basically said, 'If somebody's drowning you throw them a rope. You don't wait for somebody else to drown.' But, evidently, that's not quite how it was but that's all I know for now. If you go on Google and put in 'Wenatchee fires' you can just get the instant, pretty current news. So, thank you very much and thank you all of you for asking. I didn't want to say anything this morning because I thought it would be better at the end of the day or it would be more accurate and it is. Thank you very much Madam President."

MOTION

On motion of Senator Fain, Rule 15 was suspended for the remainder of the day for the purpose of allowing continued floor action.

EDITOR'S NOTE: Senate Rule 15 establishes the floor schedule and calls for a lunch and dinner break of 90 minutes each per day during regular daily sessions.

MOTION

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

SECOND READING

SENATE BILL NO. 6096, by Senators Becker, Litzow, Parlette, Bailey, Hill, Fain, Dammeier, Brown, Rivers, Roach and McAuliffe

Concerning cancer research.

MOTION

On motion of Senator Becker, Substitute Senate Bill No. 6096 was substituted for Senate Bill No. 6096 and the substitute bill was placed on the second reading and read the second time.

MOTION

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

Strike everything after the enacting clause and insert the following:

NEW SECTION. Sec. 1. FINDINGS AND INTENT.

(1) The legislature finds the following:

(a) Washington has an existing infrastructure of world-class cancer research and care centers for children and adults that can develop and apply new techniques for the prevention of cancer and care of cancer patients throughout Washington;

(b) Sustained investment in cancer research, prevention, and care is critical to reducing long-term health costs, saving lives, and relieving pain and suffering;

(c) Promoting the health of state residents is a fundamental public purpose and governmental function. Action to promote cancer research and prevention to improve the quality of life of the people of Washington is consistent with this fundamental public purpose; and

(d) Additional public resources dedicated exclusively to cancer research will provide sustained investment in cancer research to the benefit of the people of Washington.

(2) It is the intent of the legislature in enacting this act to:

(a) Optimize the use of public funds by giving priority to research utilizing the best science and technology with the greatest potential to improve health outcomes;

(b) Increase the value of our public investments by leveraging our state's existing cancer research facilities and talent, as well as clinical and therapeutic resources;

(c) Incentivize additional investment by requiring private or other nonstate resources to match public funds;

(d) Protect and benefit Washington taxpayers by funding proposals for cancer research that are reviewed by an independent scientific panel;

(e) Require fiscal and public accountability through independent audits, open public meetings and hearings, and annual reports to the public; and

(f) Create jobs and encourage investments that will generate new tax revenues in our state, and advance the biotech, medical device, and health care information technology industries in Washington.

NEW SECTION. Sec. 2. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Authority" means the cancer research endowment authority created in this chapter.

(2) "Board" means the governing board of the authority.

(3) "Cancer" means a group of diseases involving unregulated cell growth.

(4) "Cancer patient advocacy organizations" means groups with offices in the state that promote cancer prevention and advocate on behalf of cancer patients.

(5) "Cancer research" means advanced and applied research and development relating to the causes, prevention, and diagnosis of cancer and care of cancer patients including the development of tests, genetic analysis, medications, processes, services, and technologies to optimize cancer therapies and their manufacture

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and commercialization and includes the costs of recruiting scientists and establishing and equipping research facilities.

(6) "CARE fund" or "fund" means the cancer research endowment fund created in section 7(1)(b) of this act.

(7) "Commercial entity" means a for-profit entity located in the state that develops, manufactures, or sells goods or services relating to cancer prevention or care.

(8) "Committee" means an independent expert scientific review and advisory committee established under section 6 of this act.

(9) "Contribution agreement" means any agreement authorized under this chapter in which a private entity or a public entity other than the state agrees to provide to the authority contributions for the purpose of cancer research, prevention, or care.

(10) "Costs" means the costs and expenses associated with the conduct of research, prevention, and care including, but not limited to, the cost of recruiting and compensating personnel, securing and financing facilities and equipment, and conducting clinical trials.

(11) "Department" means the department of commerce.

(12) "Health care delivery system" means hospitals and clinics providing care to patients in the state.

(13) "Life sciences research" means advanced and applied research and development intended to improve human health, including scientific study of the developing brain and human learning and development, and other areas of scientific research and development vital to the state's economy.

(14) "Prevention" means measures to prevent the development and progression of cancer, including education, vaccinations, and screening processes and technologies, and to reduce the risk of cancer.

(15) "Program" means the cancer research endowment program created in section 5 of this act.

(16) "Program administrator" means a private nonprofit corporation qualified as a tax-exempt entity under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code, with expertise in conducting or managing research granting activities, funds, or organizations.

NEW SECTION. Sec. 3. CANCER RESEARCH ENDOWMENT AUTHORITY. (1) The cancer research endowment authority is created. The powers of the authority are vested in and must be exercised by a board. The board consists of thirteen members appointed by the governor:

(a) Two members must be appointed from nominations submitted by the presidents of the University of Washington and Washington State University;

(b) Two members must be appointed from nominations submitted by the Fred Hutchinson cancer research center, Seattle cancer care alliance, and the Seattle children's research institute;

(c) Two members must be appointed from nominations submitted by patient advocacy organizations;

(d) Two members must be appointed from nominations submitted by representatives of businesses or industries engaged in the commercialization of life sciences research or cancer research;

(e) One member must be appointed from a list of at least three nominated by the speaker of the house of representatives;

(f) One member must be appointed from a list of at least three nominated by the president of the senate;

(g) One member must be appointed from nominations submitted by entities or systems that provide health care delivery services;

(h) One member from nominations provided by private sector donors to the fund. However, the governor may reject all

nominations and request a new list from which the governor must select the member; and

(i) The remaining member must be a member of the public.

(2) In soliciting nominations and appointing members, the governor must seek to identify individuals from throughout the state having relevant knowledge, experience, and expertise with regard to (a) cancer research, prevention, and care; (b) health care consumer issues; (c) government finance and budget; and (d) the commercialization of life sciences or cancer research. In soliciting nominations and appointing members, the governor must seek individuals who will contribute to the geographic diversity of the board, with the goal that at least five board members be from counties with a population less than one million persons. Appointments must be made on or before July 1, 2016.

(3) The term of a member is four years from the date of their appointment except the initial term of the members in subsection (1)(d) through (i) of this section must be two years to create a staggered appointment process. A member may be appointed to not more than two full consecutive terms. A member appointed by the governor may be removed by the governor for cause under RCW 43.06.070 and 43.06.080. The members may not be compensated but may be reimbursed, solely from the fund, for expenses incurred in the discharge of their duties under this chapter.

(4) Seven members of the board constitute a quorum.

(5) The members must elect a chair, treasurer, and secretary annually, and other officers as the members determine necessary, and may adopt bylaws or rules for their own government.

(6) Meetings of the board must be held in accordance with the open public meetings act, chapter 42.30 RCW, and at the call of the chair or when a majority of the members so requests. Meetings of the board may be held at any location within or out of the state, and members may participate in a meeting of the board by means of a conference telephone or similar communication equipment under RCW 23B.08.200.

NEW SECTION. Sec. 4. AUTHORITY—GENERAL POWERS. The authority has all the general powers necessary to carry out its purposes and duties and to exercise its specific powers. In addition to other powers specified in this chapter, the authority may:

(1) Sue and be sued in its own name;

(2) Make and execute agreements, contracts, and other instruments, with any public or private person or entity, including commercial entities, in accordance with this chapter;

(3) Employ, contract with, or engage independent counsel, financial advisors, auditors, other technical or professional assistants, and such other personnel as are necessary or desirable to implement this chapter;

(4) Exercise any other power reasonably required to implement the purposes of this chapter; and

(5) Delegate any of its powers and duties if consistent with the purposes of this chapter.

NEW SECTION. Sec. 5. CANCER RESEARCH ENDOWMENT PROGRAM. (1) The cancer research endowment program is created. The purpose of the program is to make grants to public and private entities, including commercial entities, to fund or reimburse the entities pursuant to agreement for the promotion of cancer research to be conducted in the state. The authority is to oversee and guide the program, including the solicitation, selection, and award of grants.

(2) The board must develop a plan for the allocation of projected amounts in the CARE fund, which it must update annually, following at least one annual public hearing. The plan must provide for appropriate funding continuity and take into

account the projected speed at which revenues will be available and amounts that can be spent during the plan period.

(3) The authority must solicit requests for grant funding and evaluate the requests by reference to factors such as: (a) The quality of the proposed research or program; (b) its potential to improve health outcomes of persons with cancer, with particular attention to the likelihood that it will also lower health care costs, substitute for a more costly diagnostic or treatment modality, or offer a breakthrough treatment for a particular cancer or cancer-related condition or disease; (c) its potential for leveraging additional funding; (d) its potential to provide additional health care benefits or benefit other human diseases or conditions; (e) its potential to stimulate life science, health care, and biomedical employment in the state; (f) the geographic diversity of the grantees within Washington; (g) evidence of potential royalty, sales, or licensing revenue, or other commercialization-related revenue and contractual means to recapture such income for purposes of this chapter; and (h) evidence of public and private collaboration.

(4) The authority may not award a grant for a proposal that was not recommended by an independent expert scientific review and advisory committee under section 6 of this act.

(5) The authority must issue an annual report to the public that sets forth its activities with respect to the CARE fund, including grants awarded, grant-funded work in progress, research accomplishments, prevention, and care activities, and future program directions with respect to cancer research, prevention, and care. Each annual report regarding activities of the cancer research endowment program and CARE fund must include, but not be limited to, the following: The number and dollar amounts of grants; the grantees for the prior year; the authority's administrative expenses; an assessment of the availability of funding for cancer research, prevention, and care from sources other than the authority; a summary of research, prevention, and care-related findings, including promising new areas for investment; and a report on the benefits to Washington of its programs to date.

(6) The authority's first annual report must include a proposed operating plan for the design, implementation, and administration of an endowment program supporting the purposes of the authority and program.

(7) The authority must adopt policies to ensure that all potential conflicts have been disclosed and that all conflicts have been eliminated or mitigated.

(8) The authority must establish standards to ensure that recipients of grants for cancer research, prevention, or care purchase goods and services from Washington suppliers to the extent reasonably possible.

NEW SECTION. Sec. 6. INDEPENDENT EXPERT SCIENTIFIC REVIEW AND ADVISORY COMMITTEE. (1) In addition to any advisory boards the authority determines to establish, the authority must establish one or more independent expert scientific review and advisory committees for the purposes of evaluating grant proposals for cancer research and recommending grants to be made from the CARE fund; advising the authority during the development and review of its strategic plans for cancer research; and advising the authority on scientific and other matters in furtherance of the cancer research purposes of this act.

(2) Each independent expert scientific review and advisory committee must consist of individuals with nationally recognized expertise in the scientific, clinical, ethical, commercial, and regulatory aspects of cancer research, prevention, and care. The board must appoint the members of the committee. Preliminary review of grant proposals may be made by a panel of such committee or an independent contractor chosen by the board

upon recommendation of the committee, but all recommendations for grants to be made from the CARE fund may be made only upon majority vote of the committee.

NEW SECTION. Sec. 7. PROGRAM ADMINISTRATOR. (1) The program administrator must provide services to the board and has the following duties and responsibilities:

(a) Jointly with the board, solicit and receive gifts, grants, and bequests, and enter into contribution agreements with private entities and public entities, including commercial entities, in order to use those moneys to fund grants awarded by the authority;

(b) Establish a cancer research endowment fund to be known as the CARE fund. The CARE fund must be a separate private account outside the state treasury into which grants and contributions received from public and private sources as well as state matching funds must be deposited, and from which funds for grants awarded by the authority must be disbursed. Once moneys in the cancer research endowment fund match transfer account are subject to an agreement under section 9(6) of this act and are deposited in the CARE fund under this section, the moneys in the CARE fund are not considered state money, common cash, or revenue to the state;

(c) Manage the CARE fund, its obligations, and investments as to achieve the maximum possible rate of return on investment in the CARE fund;

(d) Establish policies and procedures to facilitate the orderly process of grant application, review, selection, and notification; and

(e) Distribute CARE funds to selected entities through grant agreements. Grant agreements must set forth the terms and conditions of the grant and must include, but not be limited to: (i) Deliverables to be provided by the recipient pursuant to the grant; (ii) the circumstances under which the grant amount would be required to be repaid or the circumstances under which royalty, sales, or licensing revenue, or other commercialization-related revenue would be required to be shared; and (iii) indemnification, dispute resolution, and any other terms and conditions as are customary for grant agreements or are deemed reasonable by the board. The program administrator may negotiate with any grantee the costs associated with performing scientific activities funded by grants.

(2) Periodically, but not less often than every three years, the authority and the department must conduct a request for proposals and retain the services of an independent auditor with experience in performance auditing of research granting entities similar to the authority. The independent auditor must review the authority's strategic plan, program, and program administrator and publish a report assessing their performance and providing recommendations for improvement. The authority must hold at least one public hearing at which the results of each audit are presented and discussed.

NEW SECTION. Sec. 8. CHARITABLE CONTRIBUTIONS. The program administrator may create additional legal entities and take such action as may be necessary or advisable to enable the CARE fund to accept charitable contributions. In addition, the program administrator may provide technical assistance, information, and training to private employers and other potential donors to establish programs that facilitate charitable contributions to the CARE fund including tobacco use premium surcharge programs.

NEW SECTION. Sec. 9. CANCER RESEARCH ENDOWMENT FUND MATCH TRANSFER ACCOUNT. (1) The cancer research endowment fund match transfer account is created in the custody of the state treasurer as a nonappropriated account to be used solely and exclusively for the cancer research

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endowment program created in section 5 of this act. The purpose of the account is to provide matching funds for the CARE fund and administrative costs.

(2) Revenues to the account must consist of deposits into the account, legislative appropriations, and any gifts, grants, or donations received by the department for this purpose.

(3) The legislature must appropriate a state match, up to a maximum of ten million dollars annually, beginning July 1, 2016, and each July 1st following the end of the fiscal year from tax collections and penalties generated from enforcement of state taxes on cigarettes and other tobacco products by the state liquor and cannabis board or other federal, state or local law or tax enforcement agency, as determined by the department of revenue. Tax collections include any cigarette tax, other tobacco product tax, and retail sales and use tax.

(4) Expenditures, in the form of matching funds, from the account may be made only upon receipt of proof from the program administrator of nonstate or private contributions to the CARE fund for the cancer research endowment program. Expenditures, in the form of matching funds, may not exceed the total amount of nonstate or private contributions.

(5) Only the director of the department or the director's designee may authorize expenditures from the cancer research endowment fund match transfer account. Such authorization must be made as soon as practicable following receipt of proof as required under subsection (4) of this section.

(6) The department must enter into an appropriate agreement with the program administrator to demonstrate exchange of consideration for the matching funds.

NEW SECTION. Sec. 10. This chapter expires July 1, 2025.

NEW SECTION. Sec. 11. Sections 1 through 10 of this act constitute a new chapter in Title 43 RCW."

Senators Becker and Habib spoke in favor of adoption of the striking amendment.

MOTION

On motion of Senator Habib, Senator Jayapal was excused.

POINT OF INQUIRY

Senator Chase: "I would ask the sponsor if the Attorney General has ruled on this as a permissible use of public tax dollars? Could we, may I ask if...? If she'd yield to a question?"

Senator Becker: "Yes, and I don't know that I have the right answer for you or the answer for you on that but what we have done is we have created this ability to grant in a matching of money that is donated from private and public partnerships or private people to enable research."

Senator Chase spoke against adoption of the striking amendment.

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

The President Pro Tempore declared the question before the Senate to be the adoption of the striking amendment by Senator Becker to Substitute Senate Bill No. 6096.

The motion by Senator Becker 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 "research;" strike the remainder of the title and insert "adding a new chapter to Title 43 RCW; and providing an expiration date."

MOTION

On motion of Senator Becker, the rules were suspended, Engrossed Substitute Senate Bill No. 6096 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Becker spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 6096.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 6096 and the bill passed the Senate by the following vote: Yeas, 45; Nays, 1; Absent, 0; Excused, 3.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Cleveland, Conway, Dammeier, Dinsel, Darneille, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senator Chase

Excused: Senators Ericksen, Jayapal and Rolfes

ENGROSSED SUBSTITUTE SENATE BILL NO. 6096, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SIGNED BY THE PRESIDENT PRO TEMPORE

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

ENGROSSED SUBSTITUTE SENATE BILL NO. 6052.

MOTION

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

THIRD READING

SENATE BILL NO. 5180, by Senators Benton, Mullet, Angel, Hobbs, Hargrove, Keiser and Darneille.

Modernizing life insurance reserve requirements.

The bill was read on Third Reading.

Senators Benton and Mullet spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Senate Bill No. 5180.

ROLL CALL

The Secretary called the roll on the final passage of Senate Bill No. 5180 and the bill passed the Senate by the following vote: . Yeas, 44; Nays, 2; Absent, 0; Excused, 3.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Cleveland, Conway, Dammeier, Dansel, Darneille, Fain, Fraser, Frockt, Habib, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Honeyford, Keiser, King, Kohl-Welles, Liias, Litzow, McAuliffe, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Chase and Hasegawa

Excused: Senators Ericksen, Jayapal and Rolfes

SENATE BILL NO. 5180, 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.

THIRD READING

SUBSTITUTE SENATE BILL NO. 6134, by Senate Committee on Law & Justice (originally sponsored by Senator Padden).

Exempting pretrial electronic alcohol monitoring programs from statutory limitations on pretrial supervision costs.

The bill was read on Third Reading.

Senator Padden spoke in favor of passage of the bill.

MOTION

On motion of Senator Habib, Senators Keiser and McAuliffe were excused.

The President Pro Tempore declared the question before the Senate to be the final passage of Substitute Senate Bill No. 6134.

ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 6134 and the bill passed the Senate by the following vote: Yeas, 42; Nays, 2; Absent, 0; Excused, 5.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Darneille, Fain, Fraser, Frockt, Habib, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Honeyford, King, Kohl-Welles, Liias, Litzow, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Dansel and Hasegawa

Excused: Senators Ericksen, Jayapal, Keiser, McAuliffe and Rolfes

SUBSTITUTE SENATE BILL NO. 6134, 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.

THIRD READING

SENATE BILL NO. 5581, by Senators Angel and Hobbs.

Addressing the benefits of group life and disability insurance policies.

The bill was read on Third Reading.

Senators Angel and Mullet spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Senate Bill No. 5581.

ROLL CALL

The Secretary called the roll on the final passage of Senate Bill No. 5581 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 0; Absent, 0; Excused, 5.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, King, Kohl-Welles, Liias, Litzow, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Excused: Senators Ericksen, Jayapal, Keiser, McAuliffe and Rolfes

SENATE BILL NO. 5581, 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.

THIRD READING

SENATE BILL NO. 6141, by Senators Baumgartner, Billig, Schoesler, Kohl-Welles, Bailey, Parlette, Angel, Pearson, Litzow, Padden, Brown, Ericksen, Warnick, Dammeier, Braun, Miloscia, Hewitt, Hobbs, Jayapal, Cleveland, McAuliffe, Frockt, Nelson, Hasegawa, Hargrove, Hatfield, Habib, Keiser, Liias, McCoy, Fraser and Chase.

Naming a medical school at Washington State University after Elson S. Floyd.

The bill was read on Third Reading.

Senator Baumgartner spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Senate Bill No. 6141.

ROLL CALL

The Secretary called the roll on the final passage of Senate Bill No. 6141 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 0; Absent, 0; Excused, 5.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, King, Kohl-Welles, Liias, Litzow, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Excused: Senators Ericksen, Jayapal, Keiser, McAuliffe and Rolfes

SENATE BILL NO. 6141, 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.

THIRD READING

SENATE BILL NO. 5442, by Senators Warnick and Hatfield.

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Concerning eligibility criteria for the community economic revitalization board programs.

The bill was read on Third Reading.

Senators Warnick and Hatfield spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Senate Bill No. 5442.

ROLL CALL

The Secretary called the roll on the final passage of Senate Bill No. 5442 and the bill passed the Senate by the following vote: Yeas, 40; Nays, 4; Absent, 0; Excused, 5.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Dammeier, Dansel, Darneille, Fain, Fraser, Frockt, Hargrove, Hatfield, Hewitt, Hill, Hobbs, Honeyford, King, Kohl-Welles, Litzow, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Voting nay: Senators Conway, Habib, Hasegawa and Liias

Excused: Senators Ericksen, Jayapal, Keiser, McAuliffe and Rolfes

SENATE BILL NO. 5442, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

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

SECOND READING

HOUSE BILL NO. 2195, by Representatives Lytton, Walkinshaw, Orwall, Chandler and Fagan

Modifying certain auditor's fees.

The measure was read the second time.

MOTION

On motion of Senator Hill, the rules were suspended, House Bill No. 2195 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Hill spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of House Bill No. 2195.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 2195 and the bill passed the Senate by the following vote: Yeas, 31; Nays, 13; Absent, 0; Excused, 5.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Billig, Braun, Chase, Cleveland, Conway, Dammeier, Darneille, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hill, Hobbs, Kohl-Welles, Liias, Litzow, McCoy, Miloscia, Mullet, Nelson, Pedersen, Ranker, Rivers and Schoesler

Voting nay: Senators Benton, Brown, Dansel, Hewitt, Honeyford, King, O'Ban, Padden, Parlette, Pearson, Roach, Sheldon and Warnick

Excused: Senators Ericksen, Jayapal, Keiser, McAuliffe and Rolfes

HOUSE BILL NO. 2195, 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

HOUSE BILL NO. 2264, by Representatives Smith and Haler

Amending the statewide minimum privacy policy for disclosure of customer energy use information.

The measure was read the second time.

MOTION

On motion of Senator Brown, the rules were suspended, House Bill No. 2264 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

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

The President Pro Tempore declared the question before the Senate to be the final passage of House Bill No. 2264.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 2264 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 0; Absent, 0; Excused, 5.

Voting yea: Senators Angel, Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Chase, Cleveland, Conway, Dammeier, Dansel, Darneille, Fain, Fraser, Frockt, Habib, Hargrove, Hasegawa, Hatfield, Hewitt, Hill, Hobbs, Honeyford, King, Kohl-Welles, Liias, Litzow, McCoy, Miloscia, Mullet, Nelson, O'Ban, Padden, Parlette, Pearson, Pedersen, Ranker, Rivers, Roach, Schoesler, Sheldon and Warnick

Excused: Senators Ericksen, Jayapal, Keiser, McAuliffe and Rolfes

HOUSE BILL NO. 2264, 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.

Senator Fraser announced a meeting of the Senate Democratic Caucus at 11:00 o'clock the following morning.

MOTION

At 11:24 p.m., on motion of Senator Fain, the Senate adjourned until 12:00 o'clock noon, Tuesday, June 30, 2015.

BRAD OWEN, President of the Senate

HUNTER G. GOODMAN, Secretary of the Senate

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