

2001 FINAL LEGISLATIVE REPORT

FIFTY-SEVENTH WASHINGTON STATE LEGISLATURE
2001 REGULAR SESSION
FIRST, SECOND AND THIRD SPECIAL SESSIONS

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2001 FINAL LEGISLATIVE REPORT

EARTHQUAKE DATA SHEET

Wednesday, April 13, 1949, 11:57 a.m.

- Magnitude 7.1, centered 32 miles below Nisqually River Delta
- Duration of 40 to 80 seconds
- 8 people died - 4 from falling bricks and walls; 3 from heart attacks; 1 from stroke
- *Damage:* Lantern rotated 2.5 inches, shattered skylights in House and Senate chambers
- *Interesting facts:* 8 people survive being in dome lantern during quake; a witness reported seeing lantern bouncing on dome
- Felt in 594,000 square mile area
- 19 days before Capitol was paid off

Thursday, April 29, 1965, 8:29 a.m.

- Magnitude 6.5, centered below Seattle and Tacoma area
- 5 people died including one from heart attack
- *Damage:* 3 ft. crack in inner dome / 30 ft. crack in law library House and Senate skylights crash down on unoccupied desks Visible cracks in North Foyer near time capsule and east wall
- *Repairs:* 14 of 22, 25 ft. tall, colonnade windows covered on inside with reinforced concrete in order to support dome during the horizontal stress of a future earthquake
- *Comments:* Quake twisted dome and it might have collapsed had it lasted 15 or 20 seconds longer, according to General Administration Director William Schneider

Wednesday, February 28, 2001, 10:54 a.m.

- Magnitude 6.8, centered 30 miles below the Nisqually Valley and 11.3 miles NE of Olympia
- Duration of 45 seconds
- More than 400 injuries were reported but no loss of life
- *Damage:* Legislative Building sustained cracks in dome, column damage as well as cosmetic damage
- *Interesting facts:* The 57th Legislature was in session when the quake struck after which members were relocated to nearby office buildings
- *Repairs:* A remodeling plan for the Legislative Building, originally slated for the future, was put into motion soon after the quake

FIFTY-SEVENTH WASHINGTON STATE LEGISLATURE

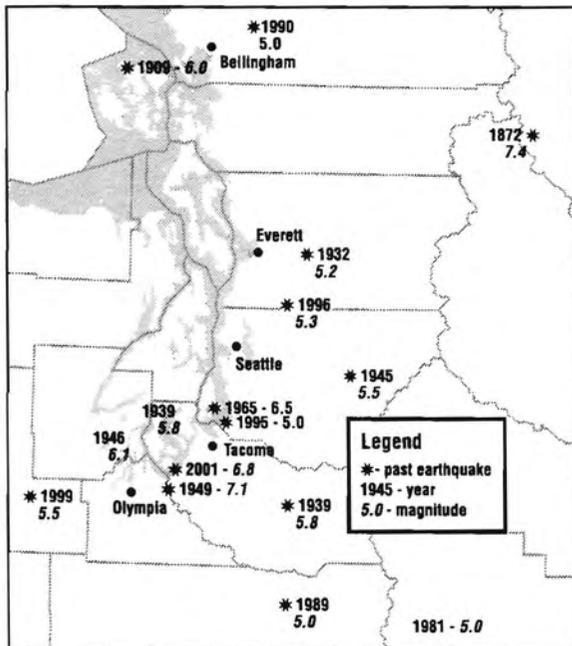
2001 REGULAR SESSION

FIRST, SECOND AND THIRD SPECIAL SESSIONS

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2001 FINAL LEGISLATIVE REPORT

THE PACIFIC NORTHWEST'S SHAKY PAST



This year's earthquake was hardly the first seismic activity recently experienced in the Pacific Northwest. As the map above indicates, over a dozen magnitude 5.0 or higher quakes have shaken the area within the last 100 years. Three of those are of particular notice due to their proximity to the state capital and the damage caused there.

The divider pages found between sections of this book feature photos of some of this damage and a few notes of interest.

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Statistical Summary

2001 Regular Session of the 57th Legislature
2001 First Special Session of the 57th Legislature

2001 Second Special Session of the 57th Legislature
2001 Third Special Session of the 57th Legislature

Bills Before Legislature	Introduced	Passed Legislature	Vetoed	Partially Vetoed	Enacted
<i>2001 Regular Session (January 8 –April 22)</i>					
House	1,258	210	8	12	202
Senate	1,181	132	1	5	131
<i>2001 First Special Session (April 25 – May 24)</i>					
House	9	6	0	1	6
Senate	13	5	0	0	5
<i>2001 Second Special Session (June 4 – June 21)</i>					
House	11	12	0	3	12
Senate	17	14	0	6	14
<i>2001 Third Special Session (July 16 – July 25)</i>					
House	5	0	0	0	0
Senate	19	0	0	0	0
TOTALS	2,513	379	9	27	370

Initiatives, Joint Memorials, Joint Resolutions and Concurrent Resolutions Before Legislature	Introduced	Filed with the Secretary of State
<i>2001 Regular Session (January 8 –April 22)</i>		
House	45	3
Senate	43	5
<i>2001 First Special Session (April 25 – May 24)</i>		
House	1	1
Senate	2	0
<i>2001 Second Special Session (June 4 – June 21)</i>		
House	1	0
Senate	4	0
<i>2001 Third Special Session (July 16 – July 25)</i>		
House	0	0
Senate	0	0
TOTALS	96	9
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Gubernatorial Appointments	Referred	Confirmed
<i>2001 Regular Session (January 8 –April 22)</i>	168	40
<i>2001 First Special Session (April 25 – May 24)</i>	4	43
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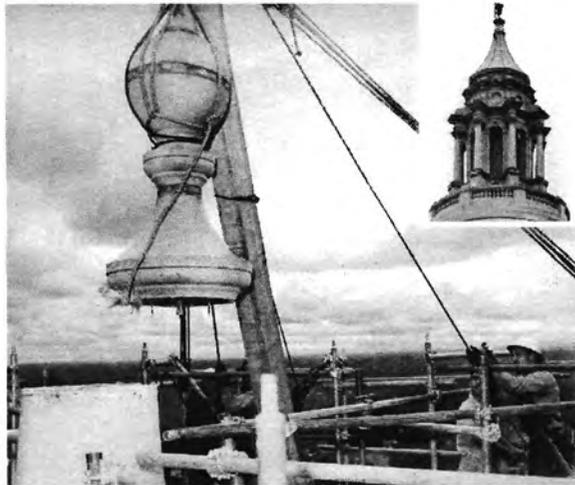
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2001 FINAL LEGISLATIVE REPORT

THE APRIL 13, 1949 QUAKE



Washington State Archives

On April 13, 1949 a 7.1-magnitude earthquake struck the south Puget Sound area resulting in eight deaths and millions of dollars in damage. The epicenter of the quake was located between Olympia and Tacoma and was felt over an area of approximately 150,000 square miles. The deaths were caused directly or indirectly by the quake and many people were injured. Estimates of the damage made by various engineers ranged from \$20 million to as high as \$50 million.

Two of the deaths occurred in Olympia and damage there was estimated at between \$5 and 10 million. Eight buildings on the capitol campus were damaged and two were closed. Damage to state office buildings was estimated at \$2 million.

Repairs to the capitol building included replacing the sandstone cap with the existing one made of nickel, copper and manganese. The stone cap has recently been located and efforts are underway to bring it back to the capitol campus for display.

SECTION I LEGISLATION PASSED

Numerical List

Initiatives

House Bill Reports and Veto Messages

House Memorials and Resolutions

Senate Bill Reports and Veto Messages

Senate Memorials and Resolutions

Sunset Legislation

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I 713
C 1 L 01

Prohibiting leghold traps, snares, body gripping traps and animal poisons.

By People of the State of Washington.

Background: The Fish and Wildlife Commission currently authorizes the use of leghold traps, live capture traps, instant-kill traps and snares for the taking of fur-bearing animals. Approximately 609 trappers are licensed annually in Washington State; they provide animal pelts for the fur trade.

Landowners, an owner's immediate family member, an owner's documented employee, or a tenant of real property may trap or kill on that property wild animals or birds that are damaging crops, domestic animals, or fowl.

Toxic chemicals are currently utilized for rodent control and by the federal wildlife services for coyote control.

Animals can suffer when trapped or killed.

Summary: The initiative prohibits the trapping of fur-bearers and damage-causing animals with the traps most commonly used: steel-jawed leghold traps, padded jaw leghold traps, conibear (instant kill) traps, neck snares, nonstrangling foot snares, or any other trap styles that grip an animal's body or body part. Permits may be issued for use of conibear traps set in water, padded leghold traps, and nonstrangling foot snares for animals causing threat to human health and safety. Permits for use of limited types of traps may also be issued for animal damage control if the problem cannot be abated with nonlethal methods.

Fur not already processed for purposes of retail sale (raw fur) must not be bought, sold bartered, or otherwise exchanged.

The use of sodium fluoroacetate (Compound 1080) and sodium cyanide is prohibited for animal control.

Violators of the initiative provisions are subject to gross misdemeanor penalties (up to one year in jail, maximum fine of \$5,000 or both).

Effective: December 7, 2000

I 722
C 2 L 01

Limiting/repealing taxes.

By People of the State of Washington.

Background: All property in this state is subject to the property tax each year based on the property's value unless a specific exemption is provided by law. Taxable property includes both real property and personal property.

Valuation. For property tax purposes, real property is valued at its true and fair value, which is its market

value. This value is determined by the market based on the highest and best use of the property. The highest and best use of the property is the most profitable use of the property, which may not necessarily be the current use of the property. There are three common approaches used in valuing real property: the sales approach (comparable sales); the cost approach (replacement cost); and the income approach (capitalized income potential). One, two, or all three methods may be applied to a given parcel. The sales approach is mainly used for residences, the cost approach is used for manufacturing and similar facilities, and the income approach is used principally for commercial property, including apartment houses.

Revenue Limit (106 percent limit). Under the state Constitution, aggregate property tax levies are limited to 1 percent of value, or \$10 per \$1,000 of assessed value, without a vote of the people. These levies are called regular levies. Each year, the regular property tax levies of taxing districts are limited to a percentage of the districts' highest levy of the three preceding years. The percentage is the limit factor.

The limit factor is equal to the lesser of 106 percent or 100 percent plus the percentage change in the implicit price deflator. However, a different limit factor applies in two instances. For a taxing district with a population of less than 10,000, the limit factor is 106 percent. A taxing district, other than the state, may provide for the use of a limit factor of up to 106 percent for the year. In districts with legislative authorities of four members or less, two-thirds of the members must approve the change. In districts with legislative authorities of more than four members, a majority plus one vote must approve the change.

Added to this is an amount equal to the amount of revenue that new construction, improvements to property, and changes in state-assessed property would have generated at the preceding year's tax rate.

To remove the incentive to maintain a high levy, taxing districts other than the state are assumed to have levied the maximum allowed since 1986. This additional capacity is known as levy "banking" or "stockpiling." The banked amount may allow a taxing district to increase its levy by a percentage greater than 6 percent.

Any levy by a taxing district in excess of the taxing district's limit requires voter approval. If such a levy is approved, it becomes the base for calculation of future levies, unless approved for only a limited time or purpose.

Exemptions. The only class of property which is exempt by the state Constitution is that owned by the United States, the state, its counties, school districts, and other municipal corporations, but the state Constitution allows the Legislature to exempt other property from taxation. During the 2000 session, the Legislature exempted motor vehicles, travel trailers, and campers from property tax, retroactive to January 1, 2000, in SSB

6115 (Chapter 136, Laws of 2000). SSB 6115 restored the property tax exemptions for vehicles as they existed before passage of Initiative 695.

Summary: Valuation Increases. Persons are exempt from property taxes on the increase in value of existing real and personal property over its 1999 valuation, plus the lesser of 2 percent per year or inflation. This exemption applies only as long as the sale of property is subject to the real estate excise tax.

Persons are exempt from property taxes on newly constructed or manufactured real and personal property after 1999 over the property tax imposed on the owner of a comparable property constructed as of 1999, plus the lesser of 2 percent per year or inflation. This exemption applies only as long as construction materials are subject to the retail sales tax.

“Inflation” means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent 12-month period by the bureau of economic analysis of the federal Department of Commerce in September of the year before the taxes are payable.

Property tax increases attributable to maintenance improvements made after January 1, 1999, are exempt from property tax. “Maintenance improvements” includes reconstruction after fire and natural disaster and replacement of existing components such as roofs, siding, windows, doors, and painting. This exemption applies only as long the retail sales tax remains in effect.

Revenue Limit. The revenue limit is decreased to the lesser of 102 percent or 100 percent plus the percentage change in the implicit price deflator. The maximum levy allowed by a super-majority vote of the legislative body of a taxing district is reduced from 106 percent to 102 percent.

The 1986 law which assumes that taxing districts have levied at the maximum amount since 1986 is repealed.

Vehicles. Vehicles are exempt from property taxes as long as the retail sales tax applies to vehicles. “Vehicles” are defined to include all vehicles licensed under the state’s vehicle licensing law, Chapter 46.16 RCW, including personal and business owned cars, trucks, sport utility vehicles, motorcycles, motor homes, campers, travel trailers, and mobile homes held as inventory.

Repeal of Taxes. Any tax increase adopted between from July 2, 1999, through December 31, 1999, by the state is repealed and must be refunded to the taxpayer.

“Tax” includes but is not limited to sales and use taxes; property taxes; business and occupation taxes; fuel taxes; impact fees; license fees; permit fees; water, sewer, and other utility charges, including taxes, rates, and hook-up fees; and any other excise tax, fee, or monetary charge imposed by the state. “Tax” does not include higher education tuition; civil and criminal fines and other charges collected in cases of restitution or violation

of law or contract; and the price of goods offered for sale by the state.

“Tax increase” is defined to include but is not limited to a new tax, a monetary increase in an existing tax, a tax rate increase, an expansion in the legal definition of a tax base, and an extension of an expiring tax.

“State” is defined to include the state and all its departments and agencies, any city, county, special district, and other political subdivision or governmental instrumentality of or within the state.

Effective: December 7, 2000. On November 30, 2000, the Thurston County Superior Court enjoined implementation of Initiative 722 pending summary judgment motion arguments. On February 23, 2001, the Thurston County Superior Court invalidated I-722 in its entirety on the grounds that it contained more than one subject, failed to set out statutes amended in full, and was a prohibited lending of state credit.

I 728

C 3 L 01

Public education and directing surplus state revenues to provide additional resources to support high standards of achievement for all students through class size reductions.

By People of the State of Washington.

Background: The Legislature appropriates money from the general fund for education and other purposes. Prior to the passage of Initiative 728, the nondedicated lottery and state collected property tax revenues were deposited in the state general fund.

Prior to the passage of Initiative 728, general fund-state revenues in excess of the state expenditure limit were deposited in the emergency reserve fund. If the emergency reserve balance exceeded 5 percent of annual general state revenues, the excess was deposited in the education construction fund. The education construction fund may be used for K-12 or higher education construction purposes.

Under Initiative 601, the state expenditure limit must be reduced when the cost of any state program or function is shifted from the state general fund or if money is transferred from the state general fund.

Summary: The fund in which the nondedicated lottery and state-collected property tax revenues are deposited is changed. The purposes for which those funds may be expended are changed. The distribution of the excess revenues from the emergency reserve fund is changed. Initiative 601 is amended.

State Lottery Proceeds. The nondedicated state lottery proceeds are deposited in two education funds: (1) education construction fund (existing fund) and (2) student achievement fund (new fund).

The lottery proceeds are distributed to these two funds as follows:

Fiscal Year 2002: 50 percent to the education construction fund and 50 percent to the student achievement fund.

Fiscal Years 2003 and 2004: 25 percent to the education construction fund and 75 percent to the student achievement fund.

After 2004: 100 percent to the education construction fund.

The new student achievement fund may be spent for the following purposes:

1. Create smaller classes in grades K-4 by hiring classroom teachers. (Includes non-employee related costs. Suggests that the state's goal be no more than 18 students per teacher in a K-4 class, to be phased in over several years.)
2. Create smaller classes in certain grade 5-12 classes (such as high school writing).
3. Provide extended learning opportunities in grades K-12. (Includes extended year, week or day programs, tutoring programs, and all-day kindergarten. Funds may be used for extended learning teaching contracts but may not be used for salary increases or additional compensation for existing teaching duties.)
4. Professional development for educators. (Includes paid time for curriculum alignment, mentoring and other training programs.)
5. Early childhood (birth to five) programs.
6. Improvements or additions to school buildings to support the class size reductions or the extended learning opportunities.

State Property Tax. A portion of the state property tax is deposited in the student achievement fund and distributed to each school district based on prior year enrollment as follows:

School Years 2001-02 through 2003-2004: \$140 per full time equivalent student (FTE).

School Year 2004-2005: \$450 per FTE student.

After 2004-2005: \$450 per FTE student adjusted for inflation using the implicit price deflator.

Emergency Reserve Fund. If there are funds in excess of the 5 percent cap, then 75 percent of the excess funds are transferred to the student achievement fund and 25 percent back to the state general fund.

When state-level funding of K-12 education (defined as maintenance and operations) reaches 90 percent of the national average of total funding from all sources per student, then further deposits from the excess emergency reserve fund to the student achievement fund are required only to the extent necessary to maintain the 90

percent level. The remaining excess emergency reserve funds go to the general fund and are subject to Initiative 601 expenditure limits and provisions.

Initiative 601. Initiative 601 is amended by specifying that the deposit of the lottery and the state property tax into the education funds does not reduce the state expenditure limit.

Fiscal Impact. The initiative has three types of fiscal impacts: reductions to state general fund revenues due to transfers for education purposes; increases in revenues to school districts for specified purposes; and potential reductions in state amounts available for education construction purposes when compared with laws prior to January 1, 2001. The three types of fiscal impacts are addressed below and are based on the state revenue and K-12 enrollment forecasts.

State general fund impacts: For the 2001-03 biennium, the net reduction to the state general fund is \$470 million. This decrease is due to the transfer of \$204 million of lottery revenues and a portion of state property tax revenues of \$265 million to the student achievement fund.

Revenues to school districts (student achievement fund): For the 2001-03 biennium, the increase in revenues to school districts from the student achievement fund is \$393 million. The components are as follows:

- \$265 million from the state collected property tax, and
- \$128 million of lottery revenues.
- These two revenue sources provide \$193.92 per FTE student in the 2001-02 school year and \$220.59 per FTE student in the 2002-03 school year.

Education construction fund: For the 2001-03 biennium, the initiative dedicates an estimated \$77 million of lottery revenues for education construction purposes.

The distribution of excess emergency reserve funds is changed, effective January 1, 2001. Excess emergency reserve funds are not deposited in the education construction account. Instead, 75 percent of the excess is directed to the student achievement fund and 25 percent is directed back to the state general fund.

Effective: January 1, 2001

July 1, 2001 (Section 4)

I 732
C 4 L 01

Annual cost-of-living increase for K-12 teachers and other school employees and for community and technical college faculty and other technical college employees.

By People of the State of Washington.

Background: Prior to the passage of Initiative 732, cost-of-living salary adjustments were provided for state-funded K-12 public school employees and higher education employees at the discretion of the Legislature within the state biennial operating budget. Not all K-12 public school employee salaries are funded by the state. Some employees are funded from federal and local dollars.

Summary: Beginning in the 2001-02 school year, Initiative 732 requires an annual cost-of-living increase for:

- All K-12 school employees including school district superintendents, school principals, teachers, librarians, security staff, custodial staff, food service staff, bus drivers and office staff.
- Community and technical college faculty including teachers, counselors, librarians and department heads but not administration.
- Technical college classified employees including teaching assistants, lab technicians, security staff, custodial staff, food service staff, business services staff and office staff.

The cost-of-living adjustment is based on the previous calendar year's annual average Seattle Consumer Price Index (CPI). Based on the November 2000 state economic forecast, this requires a 3.7 percent cost-of-living increase in the 2001-02 school year and 2.6 percent for the 2002-03 school year.

NOTE: To determine the inflation rate, the initiative requires use of the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) for the "state of Washington." However, the only available BLS index reflecting cost of living changes in the state is the Seattle-Tacoma-Bremerton CPI, which covers six counties: King, Pierce, Snohomish, Kitsap, Thurston, and Island counties.

Calculation of the Increase. Initiative 732 specifies how the state must calculate the K-12 portion of the increase: The state must apply the increase in the cost-of-living index to any state-funded salary base used in state funding formulas.

Distribution of the Increase. School districts and community and technical colleges must distribute state allocations for the cost-of-living increases in accordance with the local salary schedule, collective bargaining agreements, and local compensation policies.

Certification of the Increase. School districts and community and technical colleges must certify that the money allocated by the state for the cost-of-living increase is spent for salary increases and salary-related benefits. Salary-related benefits include the salary-based

contributions to the state retirement plans and to Social Security.

Fiscal Impact. For the 2001-03 biennium, the cost of providing a cost-of-living increase for K-12 employees in the state-funded salary base is \$318 million. For K-12 employees in the non-state funded salary base, the cost is \$108 million. The estimated total cost of providing a K-12 cost-of-living increase for all K-12 employees is \$426 million.

For the 2001-03 biennium, the cost of providing a cost-of-living increase for community and technical college staff covered under the initiative in the state-funded salary base is \$24 million. For community and technical college staff in the non-state funded salary base, the cost is \$7 million. The total cost of providing a cost-of-living increase to community and technical college staff covered under the initiative is \$31 million.

The 2001-03 combined cost of providing a cost-of-living increase for K-12 employees and community college and technical college staff covered under the initiative in the state-funded salary base is \$342 million. The combined cost of providing a cost-of-living increase for K-12 and community and technical college employees not in the state-funded salary base is \$115 million. The total cost for state and non-state funded employees is \$457 million for the 2001-03 biennium.

Effective: December 7, 2000

SHB 1000

C 131 L 01

Managing capital facility projects by the public works board.

By House Committee on Capital Budget (originally sponsored by Representatives Murray, Alexander, Ogden, Schoesler, Armstrong, Linville and McIntire; by request of Public Works Board).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: The Public Works Assistance Account, commonly known as the Public Works Trust Fund, was created by the Legislature in 1985 to provide a source of funding to assist local governments with infrastructure projects. The Public Works Board, within the Department of Community, Trade and Economic Development (CTED), is authorized to make low-interest or interest-free loans from the account to finance the repair, replacement, or improvement of the following public works systems: bridges, roads, water and sewage systems, and solid waste and recycling facilities. All local governments except port districts and school districts are eligible to receive loans.

The Public Works Assistance Account receives dedicated revenue from: a portion of the state real estate excise tax; utility and sales taxes on local water, sewer, and garbage collection; and loan repayments. The Legislative appropriation from the account is made in the capital budget, but the project list is submitted annually in separate legislation. Each year, the Public Works Board is required to submit a list of public works projects to the Legislature for approval. The Legislature may remove a project from the list, but it may not add any projects or change the order of project priorities.

Emergency Loan Program. The Emergency Loan Program under the Public Works Trust Fund was approved by the Legislature in 1988 to provide timely financial assistance to local governments for public works emergencies. The Public Works Board has defined an emergency as a public works project made necessary by a natural disaster, or an immediate and emergent threat to the public health or safety due to unforeseen or unavoidable circumstances. The loans may be used to fund all or part of an emergency public works project less any reimbursement from federal and state disaster funds, insurance settlements, or litigation. Not more than 5 percent of the biennial capital appropriation for the Public Works Trust Fund program may be appropriated for emergency loans in any biennium. To date, 48 emergency loans totaling \$8,278,183 have been executed. Legislative approval is not required for emergency loans from funds specifically appropriated for this purpose by the Legislature.

Pre-Construction Loan Program. In 1995, the Legislature authorized the Public Works Board to make low-interest loans to local governments for pre-construction activities on public works projects. The following types of activities are eligible for funding under the Pre-Construction Loan Program: design and engineering, bid document preparation, environmental studies, and right-of-way acquisition. To date, the Public Works Board has approved 104 pre-construction loans totaling \$21,875,121. Legislative approval is not required for pre-construction loans from funds specifically appropriated for this purpose by the Legislature.

Public Works Planning Loan Program. The Public Works Trust Fund requires that each applying jurisdiction have a capital facility plan for all trust fund eligible systems. To help clients meet this requirement, the Public Works Board developed the Public Works Planning Loan Program to finance the development of capital facility plans. During the 1993 session, legislation authorized the Public Works Board to make these loans available year round, without annual legislative approval. Since 1989, the Public Works Trust Fund has authorized 57 planning loans totaling \$1,217,799.

Summary: The definition of "public works project" is expanded to include planning projects that may include biological, hydrological, or other data on a county drainage basin or region, in order to develop a base of information for a capital facility plan.

The percentage of the Public Works Assistance Account that can be used for emergency loans, pre-construction loans and loans for capital facility planning is capped at 15 percent of the biennial capital appropriation for the program. Of the total biennial capital appropriation, not more than 10 percent may be used for emergency loans and not more than 1 percent may be expended for capital facility planning loans. These loans no longer need specific legislative approval.

The transfer of funds from the Public Works Assistance Account to the Flood Control Assistance Account authorized during the 1995-97 biennium is deleted.

Votes on Final Passage:

House	97	0
Senate	48	0

Effective: July 22, 2001

SHB 1001
C 132 L 01

Authorizing projects recommended by the public works board.

By House Committee on Capital Budget (originally sponsored by Representatives Alexander, Murray, Armstrong, Hatfield, Dickerson, Linville, Kenney, Simpson, McIntire, Edmonds, Keiser, Schual-Berke, Ogden and Fromhold; by request of Public Works Board).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: The Public Works Assistance Account, commonly known as the Public Works Trust Fund, was created by the Legislature in 1985 to provide a source of loan funds to assist local governments and special purpose districts with infrastructure projects. The Public Works Board, within the Department of Community, Trade and Economic Development (CTED), is authorized to make low-interest or interest-free loans from the account to finance the repair, replacement, or improvement of the following public works systems: bridges, roads, water and sewage systems, and solid waste and recycling facilities. All local governments except port districts and school districts are eligible to receive loans.

The account receives dedicated revenue from: utility and sales taxes on water, sewer service, and garbage collection; a portion of the real estate excise tax; and loan repayments. Approximately \$239 million is expected to be generated by these sources during the 2001-03 biennium.

The Public Works Assistance Account appropriation is made in the capital budget, but the project list is submitted annually in separate legislation. The CTED received an appropriation of approximately \$203 million from the account in the 1999-01 capital budget: \$191 million for construction loans; \$10 million for pre-construction loans; and \$2 million for emergency loans. The funding is available for public works project loans in the 2000 and 2001 loan cycles.

Each year, the Public Works Board is required to submit a list of public works projects to the Legislature for approval. The Legislature may remove projects from the list, but it may not add any projects or change the order of project priorities. Legislative approval is not required for funds specifically appropriated for pre-construction activities or emergency loans.

Summary: As recommended by the Public Works Board, 46 public works project loans totaling \$73,502,877 are authorized for the 2001 loan cycle. In addition, \$1 million from the Public Works Assistance Account is recommended for emergency infrastructure loans.

The 46 authorized projects fall into the following categories:

- (1) Twenty-eight water projects totaling \$32,943,282;
- (2) Thirteen sewer projects totaling \$27,314,095;
- (3) One road projects totaling \$3,000,000;
- (4) Two bridge projects totaling \$5,575,000; and
- (5) Two storm projects totaling \$4,670,500.

In addition, \$93.6 million is appropriated to the Department of Community, Trade and Economic Development for 27 additional project loans recommended by the Public Works Board. The 27 projects fall into the following categories:

- (1) Ten water projects totaling \$46,628,085;
- (2) Eleven sewer projects totaling \$28,846,991;
- (3) Three road projects totaling \$13,152,155;
- (4) One bridge project totaling \$897,812; and
- (5) Two storm projects totaling \$4,068,025.

Votes on Final Passage:

House	97	0
Senate	44	0

Effective: May 2, 2001

HB 1002
C 70 L 01

Limiting the public inspection and copying of residential addresses or residential phone numbers of public employees or volunteers of public agencies.

By Representatives Ruderman, Rockefeller, Santos, Lambert, Darneille, Haigh, McIntire and Hunt.

House Committee on State Government
Senate Committee on State & Local Government

Background: Passed by initiative in 1972, the Public Disclosure Act requires public agencies to provide full access to public records. The act states that its provisions are to be liberally construed in favor of disclosure, and all public records are subject to disclosure unless specifically exempted. A number of records are exempted, including:

- All applications for public employment, including the names of applicants, resumes, and other related materials submitted with respect to an applicant; and
- Personal information in files maintained for employees, appointees, or elected officials of any public agency to the extent that disclosure would violate their rights to privacy.

The residential addresses and residential telephone numbers of employees or volunteers of a public agency that are held by the agency in personnel records, employment or volunteer rosters, or mailing lists of employees or volunteers are also exempt from disclosure. Public agencies that have lists of the residential addresses and phone numbers of other agencies' employees, however,

are not specifically exempted from releasing the information.

Summary: The residential addresses or phone numbers of any public agency's employees or volunteers held by any public agency in personnel records, public employment related records, or volunteer rosters, or included in mailing lists are exempt from public disclosure.

Votes on Final Passage:

House 95 0
Senate 45 0

Effective: July 22, 2001

SHB 1004

C 134 L 01

Adjusting disability payments.

By House Committee on Appropriations (originally sponsored by Representatives Morris and Doumit).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The Volunteer Fire Fighters' Relief and Pension System (VFFRPS) provides death, disability, medical, and retirement benefits to volunteer fire fighters and reserve officers in cities, towns, and fire protection districts. The State Board for Volunteer Fire Fighters administers this system. The system is funded by member and employer contributions and a portion of the fire insurance premiums tax.

A volunteer firefighter disabled as a result of performing his or her duties receives a disability benefit from the VFFRPS. The State Board for Volunteer Fire Fighters determines the extent to which a disability qualifies for the benefit. For the first six months of a disability, the system pays a monthly disability benefit equal to the lesser of the disabled participant's monthly salary at his or her regular job or a dollar amount of \$2,550. After the first six months the disability benefit is \$1,275 per month. Additional amounts are granted if the member has a spouse or children, up to a maximum monthly allowance of \$2,550.

When a VFFRPS member is killed in the line of duty, the VFFRPS also provides survivor benefits for the member's spouse or designee. The designated survivors receive \$152,000 as a death benefit, and \$1,275 per month as a lifetime annuity (with additional compensation where there are dependent children). The lifetime annuity may not exceed a monthly maximum of \$2,550 per month.

Both the disability and survivor benefit amounts are set in statute and do not automatically increase to account for inflation.

Summary: The maximum disability payments and survivor benefits in the VFFRPS are increased annually, beginning July 1, 2001. The increase is equal to the per-

centage change in the annual average Consumer Price Index for Urban Wage Earners and Clerical Workers between the prior year and the year preceding that.

Votes on Final Passage:

House 97 0
Senate 49 0

Effective: May 2, 2001

EHB 1015

C 218 L 01

Prohibiting methyl tertiary-butyl ether as a gasoline additive.

By Representatives Pennington, Mielke, Schindler, Ogden, Esser, Ruderman, Linville, Pearson, Ericksen, Morell and Talcott.

House Committee on Agriculture & Ecology
Senate Committee on Environment, Energy & Water

Background: The Clean Air Act is a federal law enacted in 1970 to create a nationwide framework for controlling air pollution. In 1990 Congress added significant amendments to the Clean Air Act aimed at improving air quality in metropolitan areas that violate health-based standards. The 1990 amendments set acceptable standard levels for various air pollutants, including ozone, carbon monoxide (CO), and toxins. If the presence of a pollutant exceeds the acceptable level in a metropolitan area, the United States Environmental Protection Agency (US EPA) designates that area a "nonattainment area." Nonattainment areas are subject to federal, state, and local regulations aimed at reducing the amount of the pollutant in the air. Nonattainment status has been applied to metropolitan areas nationwide, including New York City, Los Angeles, Cleveland, and Spokane.

The Clean Air Act Amendments require that gasoline sold in CO nonattainment areas contain at least 2.7 percent oxygen. CO pollution results from the incomplete combustion of fuel, and 80 percent of CO pollution is generated from motor vehicles. Higher oxygen content in gasoline, which helps the fuel burn with fewer harmful emissions, can be achieved by the addition of oxygenates such as ethanol or methyl tertiary-butyl ether (MTBE). Refiners decide which oxygenate is used to produce cleaner burning gasoline. Some refineries in the United States have increased octane levels and engine efficiency by adding MTBE, a derivative of natural gas, to their gasoline.

The US EPA has issued a health advisory regarding oral consumption of MTBE. Although no data regarding the health effects of MTBE on humans are available, the California Environmental Protection Agency (CAL/EPA) has shown that long term exposure to the chemical causes cancer in laboratory rats and mice. The US EPA

lists MTBE as a possible human carcinogen. MTBE has been found in public drinking water supplies in California, Colorado, Iowa, Illinois, New Jersey, and Texas. The CAL/EPA reports that MTBE may invade drinking water wells and reservoirs through leaking underground storage tanks and pipelines.

After discovering MTBE in its drinking water, California began phasing the chemical out of that state's gasoline. California has prohibited the sale of any gasoline produced with the use of MTBE by December 31, 2002, and prohibits the sale of any gasoline containing more than 0.05 volume percent MTBE by December 31, 2004.

In Washington, Spokane is the only serious CO non-attainment area listed by the US EPA. Thus, only Spokane is mandated to use oxygenated fuels. The Washington Department of Ecology (DOE) reports that Washington refiners have used ethanol, not MTBE, as an oxygenate in the Spokane area. The DOE has no evidence that MTBE is being added as part of Washington's oxygenated fuel program; however, they cannot report that MTBE is absent from Washington's gasoline in the form of an octane booster for premium grades. The DOE samples at oil spill sites have detected the presence of MTBE.

Washington law contains no prohibitions or restrictions on MTBE. However, violators of the Motor Fuel Quality Act are subject to a misdemeanor conviction and a civil fine of up to \$10,000.

Summary: After December 31, 2003, the intentional addition of methyl tertiary-butyl ether (MTBE) to gasoline, motor fuel, or clean fuel for sale or use in Washington is prohibited. The MTBE may not be knowingly mixed in gasoline above six-tenths of 1 percent by volume.

Votes on Final Passage:

House 95 0
Senate 47 0 (Senate amended)
House 92 0 (House concurred)

Effective: July 22, 2001

HB 1018
C 113 L 01

Providing tax relief for disasters.

By Representatives Pennington, Mielke, Pearson and Alexander.

House Committee on Finance
Senate Committee on Ways & Means

Background: The sales tax is imposed on retail sales of most items of tangible personal property and some services. Charges for labor and services rendered to construct, repair, raze, or move buildings or structures are subject to sales tax. The state tax rate is 6.5 percent. Local governments may impose local sales and use taxes

for a variety of purposes. Local rates vary from 0.5 percent to 2.3 percent.

On October 16, 1998, President Clinton declared a federal disaster area in regard to a landslide occurring in the city of Kelso. According to Federal Emergency Management Office documents, the landslide is expected to ultimately destroy or make unlivable 137 homes.

Chapter 311, Laws of 1999 provided sales tax relief on labor and service charges associated with moving or demolishing houses or removing debris from a federal landslide disaster area; the act expired July 1, 2000. At the time that the act expired, a vast majority of the houses in the landslide area in Kelso had not yet been moved or demolished. As of January 16, 2001, the city of Kelso planned to move or demolish a remaining total of 99 houses, to be completed by the latter part of calendar year 2001.

Summary: Labor and service charges associated with the following activities are exempt from sales tax:

- moving houses out of a federal landslide disaster area;
- demolishing houses located in a federal landslide disaster area; and
- removing debris from a federal landslide disaster area.

These sales tax exemptions expire on July 1, 2003.

Votes on Final Passage:

House 98 0
Senate 47 0

Effective: April 27, 2001

SHB 1019
FULL VETO

Modifying the composition of the fish and wildlife commission.

By House Committee on Natural Resources (originally sponsored by Representatives Pennington, Hatfield, Mielke and Ogden).

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: The Washington Fish and Wildlife Commission (the commission) consists of nine members serving six-year terms. Members are appointed by the Governor, and confirmed by the Senate. Three members must reside east of the summit of the Cascade mountains, three must reside west of the summit, and the remaining three are "at large," and may reside anywhere in the state. Currently, the commission has four members from western Washington, and five members from eastern Washington. The nine members are residents of the following cities: Olympia, Bellingham, Wenatchee,

Bainbridge Island, Pullman, Spokane, Selah, Seattle, and Kettle Falls.

The commission serves as the supervising authority for the department. It received its authority from passage of Referendum 45 by both the Legislature and the public in 1995. The commission has a variety of duties, including: 1) the establishment of hunting and fishing seasons, 2) prescribing the time, place, and manner of game fish and wildlife harvest, 3) establishment of provisions regulating food fish and shellfish, 4) adoption of rules to implement the state's fish and wildlife laws, 5) and final authority over the department's budget proposals and any tribal, interstate, or international fish and wildlife agreements.

In 1986 the department organized six administrative regions, each with a regional supervisor, to implement programs in enforcement, habitat, and wildlife and fisheries management. The administrative regions are organized geographically, with three in western Washington and three in eastern Washington. These administrative regions are subject to change by the department.

Summary: Six of the nine members of the Fish and Wildlife Commission shall be appointed to represent the six administrative regions of the Department of Fish and Wildlife as the regions existed on January 1, 2001. Each of the six members must represent a different administrative region. The department must formally adopt the six regions by rule and the Governor is required to achieve this balance by administrative region as the terms of current commissioners expire and vacancies occur. The three members of the commission not appointed from a specific administrative region may reside in any region of the state.

Votes on Final Passage:

House	89	4
Senate	43	5

VETO MESSAGE ON HB 1019-S

April 13, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, Substitute House Bill No. 1019 entitled:

"AN ACT Relating to the fish and wildlife commission;"

The Fish and Wildlife Commission has nine members, three from the east side of the summit of the Cascade mountains, three from the west side of the summit, and three at-large. Substitute House Bill No. 1019 would have required that six of the nine commissioners be appointed to represent each of the six administrative regions of the Department of Fish and Wildlife. The three at-large positions would have remained unchanged.

RCW 77.04 already requires that the governor appoint, with the advice and consent of the senate, three members from the east side of the state and three members from the west side, with no two members being from the same county. The statute, passed in part by referendum of the people, also provides that Commission members have general knowledge of the habits and distribution of fish and wildlife and shall not hold another government office. The governor is also required to seek to

maintain a balance reflecting all aspects of fish and wildlife, including representation by organized groups of sportfishers, commercial fishers, hunters, private landowners and environmentalists. I take this charge very seriously and work hard to provide the Commission with a well-balanced group of highly skilled and experienced people.

As written, Substitute House Bill No. 1019 would limit my ability to find the best possible individuals, who must not only reflect these existing statutory requirements, but who must also be willing to fulfill the rigorous demands that are required -- both in terms of time commitment and in terms of formulating policies that guide the Department on very complex issues. I am also concerned that designating commissioners by agency region may limit the flexibility of the Department to make administrative changes. For example, if the Department were to decide it needed to consolidate its regions, it would be hampered from doing so if six of the commission appointments must come from the agency's regions, as they exist today.

While I have vetoed Substitute House Bill No. 1019 in its entirety for the reasons mentioned above, I would be willing to discuss with legislative leaders other possible appointment configurations to the Fish and Wildlife Commission that achieve the regional balance intended by this legislation.

For these reasons I have vetoed Substitute House Bill No. 1019 in its entirety.

Respectfully submitted,



Gary Locke
Governor

SHB 1027
C 18 L 01

Establishing the live horse racing compact.

By House Committee on Commerce & Labor (originally sponsored by Representatives Cairnes, Cody, Kenney, D. Schmidt and Dunn; by request of Horse Racing Commission).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce & Financial Institutions

Background: The Washington Horse Racing Commission regulates parimutuel horse racing in Washington. The commission licenses horse racing associations and individuals. Licensing of individuals includes licensing of all persons who participate in racing at Washington tracks, including owners, jockeys, trainers, groomers, exercise riders, and veterinarians.

Horse racing participants frequently travel from state-to-state to participate in various races and must apply for separate licensure in each state in which they participate. In 2000 the commission licensed approximately 4,000 individuals, of whom approximately 25 percent were out-of-state participants. Approximately 30 percent of licensed Washington-based owners and trainers race their horses in other states also.

In 1998 the Virginia Racing Commission, in consultation with the Federal Bureau of Investigation, initiated the effort to create a live horse racing interstate compact to develop a national licensing system. Five states (Delaware, Louisiana, Florida, Virginia, and West Virginia) have signed the compact.

Summary: The Washington Horse Racing Commission is authorized to participate in a compact committee that will create and issue a national license to participants in live horse racing. One official from the commission will be appointed by the Governor to serve a four-year term on the compact committee. The expenses of the designated official must be paid by the state. Participating states are not liable for the committee's financial obligations.

The compact committee will have the power to:

- determine the categories of participants to be licensed;
- establish the licensure and renewal requirements for each category;
- set license terms;
- charge application and renewal fees;
- investigate applicants and receive criminal history information necessary to determine if a license should be issued;
- issue and renew licenses;
- manage the business of the compact committee, including adopting bylaws, selecting officers, hiring employees, and entering into contracts; and
- receive funds through grants, appropriations, and gifts.

The effect of a criminal history on the issuance or renewal of a license will be based on standards equal to the most stringent standards applied by any member state. The committee does not have the power to deny a license. If the committee determines an applicant is not eligible for a national license, the committee must notify the applicant that the committee can not process the application further. The applicant may submit additional evidence to the committee, and the applicant also may apply to be licensed in the individual states. Participating states may not penalize applicants based solely on a decision of the committee.

By enacting the compact, Washington agrees to accept the decisions of the committee in issuing licenses. Washington reserves the right to charge a fee for the use of a national license at Washington tracks and the right to apply Washington standards in determining whether a national license should be revoked or suspended.

Washington may withdraw from the compact by enacting a statute repealing the compact.

Votes on Final Passage:

House	96	0
Senate	39	9

Effective: July 22, 2001

HB 1028

C 71 L 01

Revising the provision for military leave for public employees.

By Representatives Haigh, D. Schmidt, Romero, Conway, Kenney and Talcott.

House Committee on State Government
Senate Committee on State & Local Government

Background: Members of the Washington National Guard are required to attend one drill weekend per month and one training period per year. The annual training period usually lasts two weeks. The national guard uses the military's fiscal year, which runs from October 1 to September 30, for determining when the annual commitment must be served. In other words, a member of the national guard must attend one annual training period per military fiscal year, instead of per calendar year.

State and local employees who are members of the national guard or reserves are entitled to 15 days of leave per calendar year to fulfill their service obligations. This can lead to a situation where a member of the national guard does not have enough state leave to cover his or her service obligation. For example, if a national guard member is called for his or her annual two-week training period in January, the member will use up his or her state leave for the year. However, since the military's fiscal year begins in October, the member could conceivably be required to fulfill another annual training period in October, November, or December before he or she gains another 15 days of state leave.

Summary: The year in which state military leave is granted to members of the Washington National Guard and reserves is synchronized with the military's fiscal year (October 1 through September 30).

Votes on Final Passage:

House	98	0
Senate	44	0

Effective: October 1, 2001

HB 1035

C 135 L 01

Extending a program of steelhead recovery in certain counties.

By Representative Pennington.

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: In 1998 the Legislature created a pilot program for steelhead recovery in southwestern Washington. This pilot program established a management

board for the area designated as evolutionarily significant unit 4 by the National Marine Fisheries Service (NMFS), covering Clark, Cowlitz, Lewis, Skamania, and Wahkiakum counties.

The management board is responsible for assisting in the development of a recovery plan and for implementing the habitat portions of the Lower Columbia Steelhead Conservation Initiative approved by the state and the NMFS. The management board is also authorized to address other aquatic species listed under the Endangered Species Act. The management board acts as both a lead entity and a committee for purposes of applying for salmon habitat grants from the Salmon Recovery Funding Board.

The management board consists of the following 15 voting members: a county commissioner from each of the five participating counties; one state legislator elected from one of the legislative districts in the area covered; a representative of the Cowlitz Tribe; one representative of the cities located in the area covered; one representative of hydro utilities; one representative of the environmental community who resides in the area; and five representatives of private property interests. The board is required to appoint and consult with a technical advisory committee.

This pilot program terminates on July 1, 2002.

Summary: The management board created to implement the steelhead recovery program for southwestern Washington is extended until July 1, 2006. References to the program being a pilot program are deleted.

Votes on Final Passage:

House 98 0
Senate 45 0

Effective: August 1, 2001

HB 1036
C 176 L 01

Investigating alien banks.

By Representatives Benson and Hatfield; by request of Department of Financial Institutions.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: State law requires the director of the Department of Financial Institutions to visit the office of an "alien bank" at least once every year for the purpose of examining the operation of the bank. More frequent examinations may be conducted by the director, at his discretion. An "alien bank" is defined as any bank which is organized under the laws of a foreign country and has its principle place of business in that country.

The department conducts its examinations of foreign banks in coordination with its federal regulatory agency

counterparts. The Federal Reserve, together with other federal banking agencies, has issued a joint rule that will make some branches and some agencies of foreign banks eligible for an 18-month examination cycle. State law is not consistent with the rules governing the examination of alien banks by these federal banking agencies.

Summary: The director of the Department of Financial Institutions is required to visit the office of an alien bank at least once every 18 months for the purpose of examining the operation of the bank. The director will continue to have discretionary authority to conduct such examinations on a more frequent basis than this 18-month cycle.

Votes on Final Passage:

House 97 0
Senate 46 0

Effective: July 22, 2001

HB 1040
C 136 L 01

Authorizing crime victims' compensation benefits in hit-and-run vehicular assault cases.

By Representatives Ballasiotes, O'Brien, Jarrett, Conway and Simpson.

House Committee on Criminal Justice & Corrections
Senate Committee on Judiciary

Background: The Crime Victims' Compensation Program (CVCP) provides benefits to innocent victims of criminal acts. The benefits available to crime victims are based generally on benefits paid to injured workers under the Industrial Insurance Act, and include medical and mental health costs, disability payments, and benefits for survivors of deceased victims. The Department of Labor and Industries administers the program.

A person injured by a criminal act, or his or her surviving family, is generally eligible to receive benefits under the program, providing that the criminal act for which compensation is being sought is punishable as a gross misdemeanor or felony, the crime was reported to law enforcement within one year of its occurrence or within one year from the time a report could reasonably have been made, and the application for benefits is made within two years after the crime was reported to law enforcement or the rights of the person accrued.

Vehicular offenses are not considered "criminal acts" for the purposes of obtaining benefits under the CVCP, except in the following situations:

- 1) The injury or death was intentionally inflicted;
- 2) The operation of the vehicle was part of the commission of another non-vehicular criminal act;
- 3) A preponderance of the evidence establishes that the death was the result of vehicular homicide;
- 4) The injury or death was caused by a person driving while under the influence of liquor or any drug; or

2SHB 1041

5) In the case of vehicular assault, if a conviction was obtained, or if the defendant died while committing the vehicular assault or is otherwise unable to stand trial because of a physical or mental infirmity, in which cases the department may authorize benefits if it can establish by a preponderance of the evidence that a vehicular assault was committed.

Summary: In the case of injury caused by vehicular assault, if the perpetrator is unascertainable because he or she fled the scene of the accident, the Department of Labor and Industries may authorize benefits if it can establish by a preponderance of the evidence that a vehicular assault was committed.

Votes on Final Passage:

House 97 0
Senate 44 0

Effective: July 22, 2001

2SHB 1041

C 260 L 01

Allowing protection orders for unlawful harassment to restrain persons under the age of eighteen.

By House Committee on Appropriations (originally sponsored by Representatives Ballasiotes, O'Brien, Lambert, Ruderman, Woods and Hurst).

House Committee on Juvenile Justice
House Committee on Appropriations
Senate Committee on Judiciary

Background: A person who is unlawfully harassed by another may petition the court for a civil anti-harassment protection order. "Unlawful harassment" is defined to mean a knowing and willful course of conduct aimed at a specific person that seriously alarms, annoys, harasses, or is detrimental to that person and serves no legitimate purpose. If the court finds, by a preponderance of the evidence, that unlawful harassment exists, the court must grant an order to the petitioner prohibiting the other person from engaging in such harassment.

The parent or guardian of a child under the age of 18 may petition for an anti-harassment order restraining a person over the age of 18 from contact with that child upon a showing that such contact is detrimental to the welfare of the child. The statute does not authorize a parent to petition on behalf of child when the alleged harasser is 18 or under.

Any person who willfully violates a civil anti-harassment protection order is guilty of a gross misdemeanor and may be held in contempt of court.

Summary: The parent or guardian of a child under the age of 18 may petition the court for an anti-harassment protection order restraining a person under the age of 18 from contact with his or her child if the person to be

restrained has been adjudicated of an offense against the child, or is under investigation or has in the past been investigated for an offense against the child. In considering the petition, the court must take into account the severity of the offense, any continuing danger to the victim, and any difficulty that may be caused by transferring the restrained person to another school. If a protection order is issued, the court may order that the person restrained not attend the same school as the child protected by the order. The court must send notice of this restriction to the school the child attends and the school the restrained person will attend.

A person under the age of 18 who willfully disobeys an anti-harassment order is subject to a contempt sanction of not more than seven days detention.

Votes on Final Passage:

House 93 0
Senate 47 0 (Senate amended)
House (House refused to concur)
Senate 38 0 (Senate amended)
House 86 0 (House concurred)

Effective: July 22, 2001

SHB 1042

C 194 L 01

Establishing sterilization requirements for the commercial practices of electrology and tattooing.

By House Committee on Health Care (originally sponsored by Representatives Campbell, Schual-Berke, Skinner, Haigh and Lantz).

House Committee on Health Care
Senate Committee on Health & Long-Term Care

Background: There are no enforceable legal sterilization requirements for electrologists and tattoo artists in commercial practice using needles and instruments in serving their clients.

An electrologist is a person engaged in the business of permanently removing unwanted hair of a client through the use of solid needle electrode probes.

A tattoo artist is a person engaged in the business of inserting decorative designs in the skin of a client using dyes or pigments for cosmetic or figurative purposes.

The American Electrology Association and the Association of Professional Tattooists have adopted recommended sterilization standards for use by professional electrologists and tattooists respectively.

Summary: There is a declaration of legislative intent that the practices of electrology and tattooing involve invasive procedures with the use of needles which may present a risk of infecting a client with bloodborne pathogens if not properly sterilized.

An electrologist is defined as a person who employs a process for permanently removing hair from a client

using solid electrode needle probes involving thermolysis or electrolysis.

A tattoo artist uses needles for inserting dyes or pigments into the skin for making an indelible mark, figure, or decorative design for cosmetic or figurative purposes.

The Secretary of Health is directed to adopt by rule sterilization requirements for needles and instruments used by electrologists and tattoo artists in commercial practice in accordance with nationally recognized professional standards.

A violation of sterilization requirements is a misdemeanor and is considered negligence per se in any civil action.

Votes on Final Passage:

House	98	0	
Senate	49	0	(Senate amended)
House	93	0	(House concurred)

Effective: July 22, 2001

HB 1045

C 261 L 01

Reducing the law enforcement officers' and fire fighters' retirement system plan 2 disability actuarial reduction age from fifty-five to fifty-three.

By Representatives Conway, Delvin, Doumit, Barlean, H. Sommers, Lambert, Alexander, Kagi, O'Brien, McIntire, Hurst, Hatfield, Haigh, Kenney, Edmonds, Keiser and Van Luven; by request of Joint Committee on Pension Policy.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: Members of the Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) Plan 2 who become totally incapacitated for continued employment are eligible to receive a disability retirement allowance. The disability allowance is actuarially reduced to reflect the difference in the number of years between the age at disability and age 55. The policy reflected by the actuarial reduction is to provide the disabled member with access to his or her retirement benefit at an earlier age, but at no additional cost to the retirement plan.

Prior to September 2000, the normal retirement age for LEOFF Plan 2 members was age 55. Legislation enacted in the 2000 session lowered the normal retirement age to 53, but did not make a corresponding reduction in the age from which the disability allowance actuarial reduction was calculated.

Summary: For LEOFF Plan 2 members who first receive a disability allowance after September 1, 2000, the age from which a disability retirement allowance is actuarially reduced is lowered from age 55 to age 53. Members who retired due to disability between September 1, 2000, and the effective date of the act will have

their allowances recalculated to reflect an actuarial reduction from age 53.

Votes on Final Passage:

House	98	0
Senate	45	0

Effective: July 22, 2001

March 1, 2002 (Section 2)

HB 1048

C 317 L 01

Increasing the number of hours that teachers' retirement system plan retirees may work in an eligible position to eight hundred forty without a reduction in their retirement benefits.

By Representatives Lambert, Doumit, Cox, Mulliken, H. Sommers, Clements, Talcott, Pearson, Alexander, Conway, Kagi, Ruderman, Hunt, McIntire, Hurst, Haigh, Kenney, Edmonds, Keiser and Simpson; by request of Joint Committee on Pension Policy.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The Teachers' Retirement System (TRS) Plan 1 includes teachers and school administrators first hired prior to October 1, 1977. In general, TRS retirees could work no more than 75 days (525 hours) each school year in a public educational institution without a reduction in retirement benefits.

The Legislature has gradually expanded the amount that TRS Plan 1 retirees can work in certain settings without a reduction in their benefits. In a school district that has passed a resolution declaring a shortage of substitute teachers, a TRS Plan 1 retiree can work an additional 315 hours, for a total of 840 hours or about 120 days, as a substitute teacher. Only persons who substitute on a day-to-day basis are eligible for this extended period of employment. Persons who sign contracts for a school year are still limited to the 525-hour cap. A resolution declaring a shortage of substitutes is valid only for the school year in which it is adopted, and a copy of the resolution, with a list of retirees who have been hired, must be provided to the Department of Retirement Systems (DRS).

In a school district that has passed a resolution declaring an inability to find a replacement administrator to fill a vacancy, a TRS Plan 1 retiree may serve as a substitute administrator for an additional 105 hours, for a total of 630 hours or about 90 days. In 1999 the limit was also amended to provide that a retired principal working for a school district with a shortage of principals may work an additional 315 hours as a substitute principal. The ability to work these additional hours without a reduction in retirement benefits is available only to TRS Plan 1 retirees who work as substitute teachers, substi-

tute principals, or substitute administrators, and only in those school districts that have passed the required resolution.

Summary: All TRS Plan 1 retirees are permitted to work up to 840 hours per school year in any public education institution without a reduction in their retirement benefits. The DRS must provide the state actuary with data on TRS Plan 1 post-retirement employment for the Joint Committee on Pension Policy.

Votes on Final Passage:

House 94 0
Senate 48 0

Effective: July 22, 2001

HB 1055
C 26 L 01

Exempting certain leasehold interests from leasehold excise tax.

By Representatives Haigh and Eickmeyer.

House Committee on Finance
Senate Committee on Ways & Means

Background: Property owned by federal, state, or local governments is exempt from the property tax. However, private lessees of government property are subject to the leasehold excise tax. The purpose of the leasehold excise tax is to impose a tax burden on persons using publicly-owned, tax-exempt property similar to the property tax that they would pay if they owned the property. The tax is collected by public entities that lease property to private parties.

The tax rate is 12.84 percent of the amount paid in rent for the public property. Cities and counties may impose a local tax which is credited against the state tax. Counties may impose a tax of up to 6 percent, and cities may impose a tax of up to 4 percent. The city tax is credited against any county tax. The state tax is deposited into the state general fund, and county taxes are distributed to taxing districts within the county in the same manner as property taxes.

All real and personal property in the state is subject to the property tax each year based on its value, unless a specific exemption is provided by law. The property tax bill is determined by multiplying the assessed value by the tax rate for each taxing district in which the property is located. County assessors establish new assessed values on a regular revaluation cycle. State law requires the county assessor to value all taxable property at 100 percent of its true and fair market value. The values are set as of January 1. These values are used for calculating property bills to be collected in the following year.

Property taxes are due on April 30 each year. If one-half the tax is paid by April 30, then the other half is due on October 31. If property taxes are delinquent for three

years, the county forecloses and sells the property to recover the unpaid taxes.

Taxing district property tax amounts that are imposed within the constitutional 1 percent rate limit are constrained by a limit on annual increases. Taxing districts with population over 10,000 may increase the property tax amount by inflation. Taxing districts with population under 10,000 may increase the property tax amount by 6 percent. In either case, the district may also increase the property tax amount by the value of new construction in the district multiplied by the preceding year's property tax rate.

Summary: Private leases of publicly owned land consisting of 3,000 or more residential and recreational lots that are or may be subleased are exempt from leasehold excise tax and are subject to property taxation. Property values are determined in the same manner as privately owned property.

The sublessee of each lot pays the property tax on the lot and any buildings on the lot. Property taxes unpaid for more than three years are delinquent. The collection of delinquent property taxes proceeds in the same manner as for ordinary delinquent property taxes except that foreclosure proceedings take place only against the improvements on the lot.

For taxes collected in 2002, the increased property tax revenue attributable to taxing these leaseholds is treated as though it were produced by new construction. Thus, this one-time increase in revenue is exempt from the inflation or 6 percent limits.

The leasehold excise tax exemption starts January 1, 2002, and the property tax first applies for taxes due in 2002.

Votes on Final Passage:

House 63 34
Senate 42 2

Effective: January 1, 2002

2SHB 1058
C 4 L 01 E1

Providing assistance to treat breast and cervical cancer.

By House Committee on Appropriations (originally sponsored by Representatives Ruderman, Campbell, Cody, Skinner, Linville, Barlean, Lovick, Doumit, Ballasiotes, Lambert, Cox, Gombosky, Schual-Berke, Darneille, Van Luven, Ogden, Conway, Keiser, O'Brien, Edmonds, Anderson, Edwards, McDermott, Haigh, Kenney, Kirby, Kagi, Hunt, Esser, McIntire and Jackley).

House Committee on Health Care
House Committee on Appropriations
Senate Committee on Ways & Means

Background: The national Breast and Cervical Cancer Early Detection Program was established by the federal

government in 1990. The Department of Health and tribal entities operate the program in Washington. The program seeks to increase the early detection of breast and cervical cancer. Women with incomes below 250 percent of the federal poverty level are provided access to breast and cervical cancer screening and assistance in obtaining treatment. The program does not pay for treatment if a woman is identified with breast or cervical cancer.

In October 2000 the Breast and Cervical Cancer Prevention and Treatment Act of 2000 (Public Law 106-354) was signed into law. The act amends the Medicaid statute to allow states to provide medical assistance to women screened through the Department of Health or a tribal program and found to need breast or cervical cancer treatment.

If a state elects to exercise this option under the Medicaid statute, the federal government will provide an enhanced fund match to pay for treatment. The enhanced federal match will cover approximately 65 percent of the cost, compared to the usual 50 percent match provided for other Medicaid services. Federal funds are available retroactively for items and services provided on or after October 1, 2000.

Summary: Eligibility for medical assistance is modified to include women who are under the age of 65 and who have been screened through the Department of Health or a tribal breast and cervical cancer program, need treatment for cancer, and have no health insurance. Treatment is limited to the time required to treat the breast or cervical cancer.

Votes on Final Passage:

First Special Session

House	92	0
Senate	42	0

Effective: July 1, 2001

HB 1062
C 167 L 01

Modifying provisions pertaining to the certification of peace officers.

By Representatives O'Brien, Ballasiotes, Delvin, Lovick and Haigh; by request of Criminal Justice Training Commission.

House Committee on Criminal Justice & Corrections
House Committee on Appropriations
Senate Committee on Judiciary
Senate Committee on Ways & Means

Background: Law enforcement officers (also known as peace officers) must commence basic training during the first six months of their employment unless the basic training requirement has been waived or extended by the Criminal Justice Training Commission (CJTC). Suc-

cessful completion of the basic training requirement is requisite to the continuation of employment for new officers with a law enforcement agency.

Washington does not have a statewide certification or recertification process for peace officers. As a result, law enforcement certification is not required of new officers joining the police force or even returning peace officers who may have left full-time service and have later chosen to return to their law enforcement careers.

Summary: As a condition of continuing employment as a peace officer, all Washington peace officers must timely obtain and retain certification as peace officers. The CJTC has the authority to issue or revoke all peace officer certifications.

As a prerequisite to certification, a peace officer must release to the CJTC all personnel files, termination papers, criminal investigation files, or any other files, papers, or information that are directly related to the certification or decertification of the officer.

Denial or Revocation of Certification. A peace officer's certification may be denied or revoked if the officer has done one of the following actions:

- failed to timely meet all requirements for obtaining a certificate of basic law enforcement training or an authorized exemption from the training (certification lapses when there is a break of more than 24 consecutive months in the officer's service as a full-time law enforcement officer);
- knowingly falsified or omitted information on a training application or certification to the commission;
- been convicted of a felony unless the felony conviction was fully disclosed to the employing agency before being hired;
- been discharged for misconduct and the discharge was final;
- obtained a certificate that was previously issued by administrative error on the part of the commission; or
- interfered with an investigation or action for denial or revocation of a certificate by knowingly making a false statement to the commission or tampering with evidence or intimidating any witness.

Within 15 days of the termination or resignation of any peace officer, the agency of termination must notify the commission and, upon the request of the commission, provide any additional personnel documentation.

Re-application for Certification. A person denied certification based upon dismissal or withdrawal from a basic law enforcement academy for any reason, except discharge for disqualifying misconduct, is eligible for readmission for certification. A person denied certification for disqualifying misconduct may, five years after the revocation or denial, petition the commission for reinstatement of the certificate. A person whose certification is denied or revoked due solely to a felony crimi-

nal conviction is not eligible for certification. However, the officer may petition the commission for reinstatement if the court issues a final judicial reversal of the conviction.

Procedures for Denying or Revoking Certification. Any law enforcement officer or duly authorized representative of a law enforcement agency may submit a written complaint to the commission charging that a peace officer's certificate should be denied or revoked, and specifying the grounds for the charge. The commission has sole discretion whether to investigate a complaint and whether to investigate matters relating to certification, denial of certification, or revocation of certification without restriction as to the source or the existence of a complaint. A person who files a complaint in good faith is immune from suit or any civil action related to the filing or the contents of the complaint.

If the commission determines, upon investigation, that there is probable cause to believe that a peace officer's certification should be denied or revoked, the commission must prepare and serve upon the officer a statement of charges. The statement of charges must be delivered by mail or personal service to the officer. Notice of the charges must also be mailed to or otherwise served upon the officer's agency of termination and any current law enforcement agency employer.

The officer must, within 60 days of communication of the statement of charges, request a hearing before the hearings board. Failure of the officer to request a hearing within the 60 day period constitutes a default whereby the officer will lose the right to an adjudicative proceeding. If a hearing is requested, the date of the hearing must be scheduled no earlier than 90 days nor later than 180 days after communication of the charges to the officer. The 180 day period may be extended on mutual agreement of the parties or for good cause. The commission must give written notice of the hearing at least 20 days prior to the hearing specifying the date, time, and place of the hearing.

Hearings Panel. A five-member hearings panel must both hear the case and make the commission's final administrative decision. When an appeal is filed in relation to decertification of a peace officer who is not a peace officer of the Washington State Patrol, the hearings board must consist of the following persons: (1) a police chief, (2) a sheriff, (3) two police officers who are at or below the level of first line supervisor, who are from city or county law enforcement agencies, and who have at least 10 years of experience, and (4) one person who is not currently a peace officer and who represents a community college or a four-year college or university.

When an appeal is filed in relation to decertification of a peace officer of the Washington State Patrol, the commission must appoint to the hearings panel: (1) either one police chief or one sheriff, (2) one administrator of the state patrol, (3) one peace officer who is at or

below the level of first line supervisor, who is from a city or county law enforcement agency, and who has at least 10 years of experience as a peace officer, (4) one state patrol officer who is at or below the level of first line supervisor and who has at least 10 years of experience as a peace officer, and (5) one person who is not currently a peace officer and who represents a community college or four-year college or university.

Persons appointed to a hearings panel by the commission must, in relation to any decertification matter on which they sit, have the powers, duties, and immunities, and are entitled to the emoluments, including travel expenses, of regular commission members.

In cases where there is a charge (1) upon which revocation or denial of certification is based on a peace officer being discharged for disqualifying misconduct, (2) where the discharge is "final," and (3) where the officer received a hearing culminating in an affirming decision following separation from service by the employer, the hearings panel may revoke or deny certification if it determines that the discharge occurred and was based on disqualifying misconduct. The hearings panel does not need to redetermine the underlying facts, but may make a determination based solely on review of the records and the employment separation proceeding. However, the hearings panel may, in its discretion, consider additional evidence to determine whether a discharge actually occurred and whether it was based on disqualifying misconduct. The hearings panel must, upon written request by the subject peace officer, allow the peace officer to present additional evidence of extenuating circumstances.

Where there is a charge where revocation or denial of certification is based upon a peace officer being convicted at any time of a felony offense, the hearings panel must revoke or deny certification, if it determines that the peace officer was convicted of a felony. The hearings panel need not redetermine the underlying facts, but may make this determination based solely on review of the records and the decision relating to the criminal proceeding. However, the hearings panel must, upon the panel's determination of relevancy, consider additional evidence to determine whether the peace officer was convicted of a felony.

The commission, its boards, and individuals acting on behalf of the commission and its boards are immune from suit in any civil or criminal action contesting or based upon proceedings or other official acts performed in the course of their duties.

Disclosure of Records. The contents of personnel action reports, all files, papers, and other information obtained by the commission, and all investigative files relating to an officer's certification or decertification are confidential and exempt from public disclosure. Such records are not subject to public disclosure, subpoena, or discovery proceedings in any civil action.

Records that are confidential may be reviewed and copied by the following persons: (1) by the officer involved or the officer's counsel or authorized representative who may review the officer's file and may submit any additional exculpatory or explanatory evidence, statements, or other information, any of which must be included in the file; (2) by a duly authorized representative of the agency of termination or a current employing law enforcement agency; or (3) by a representative of or investigator for the commission.

Records that are otherwise confidential and exempt may also be inspected at the offices of the commission by a duly authorized representative of a law enforcement agency considering an application for employment by a person who is the subject of a record. A copy of records may later be obtained by an agency after it hires the applicant. Upon a determination that a complaint is without merit, that a filed personnel action report does not merit action by the commission, or that a matter otherwise investigated by the commission does not merit action, the commission must purge the records.

The hearings, but not the deliberations, of the hearings board are open to the public. The transcripts, admitted evidence, and written decisions of the hearings board on behalf of the commission are not confidential or exempt from public disclosure and are subject to subpoena and discovery proceedings in civil actions.

Every individual, legal entity, and agency of federal, state, or local government is immune from civil liability for providing information to the commission in good faith.

Authority of the Criminal Justice Training Commission. The commission has the authority to:

- adopt, amend, or repeal rules as necessary;
- issue subpoenas and administer oaths in connection with investigations and hearings;
- take depositions and other procedures as needed in investigations and hearings;
- appoint members of a hearings board;
- grant, deny, or revoke the certification of peace officers;
- designate individuals authorized to sign subpoenas and statements of charges; and
- hire investigative, administrative, and clerical staff or enter into contracts for professional services necessary to carry out its duties.

Votes on Final Passage:

House	93	1	
Senate	44	0	(Senate amended)
House			(House refused to concur)
Senate	46	0	(Senate amended)
House	90	0	(House concurred)

Effective: January 1, 2002

HB 1066

C 166 L 01

Revising the authority of the criminal justice training commission to own and operate training facilities.

By Representatives O'Brien, Ballasiotes, Delvin, Lovick, Keiser and Haigh; by request of Criminal Justice Training Commission.

House Committee on Criminal Justice & Corrections
House Committee on Capital Budget
Senate Committee on Judiciary

Background: The Washington State Criminal Justice and Training Commission (CJTC) is authorized to establish, operate, and contract with other organizations for the operation of training and other educational programs for criminal justice personnel. In addition, the CJTC is also authorized to lease the Washington State Training and Conference Center facility located in Burien, Washington upon the approval of the Department of General Administration (GA). However, the GA retains all funds collected for the rental of the center's space.

The Washington State Training and Conference Center located at 19010 First Avenue in Burien, Washington is owned by the GA, but managed and leased by the CJTC.

Summary: The GA will transfer the Washington State Training and Conference Center located at 19010 First Avenue, Burien, Washington, 98148, to the CJTC. Upon acquiring ownership of the training facility, the CJTC may rent the conference center as well as collect funds for the rental of the center itself. The CJTC is also authorized to own or otherwise acquire additional training facilities that are necessary to conduct its training programs subject to the approval of the GA.

Votes on Final Passage:

House	93	0
Senate	44	0

Effective: July 22, 2001

HB 1067

C 72 L 01

Revising provisions relating to the commissioning and training of railroad police.

By Representatives O'Brien, Ballasiotes, Delvin, Lovick and Haigh; by request of Criminal Justice Training Commission.

House Committee on Criminal Justice & Corrections
Senate Committee on Transportation

Background: The Governor has the responsibility of appointing and commissioning railroad police officers. Once appointed and commissioned, regulations provide that the officers must either complete a course of training

prescribed by the Criminal Justice Training Commission (CJTC) or complete an alternative training program. The railroad corporation is not required to pay for the cost of training the officers.

Railroad police officers are required to wear a metal shield in plain view while on duty.

Summary: The responsibility of commissioning and training railroad police is transferred from the Governor to the CJTC.

A railroad police officer is required to complete a course of training prescribed or approved by the CJTC. The corporation requesting the appointment of a railroad police officer must pay for the full cost of training.

While on duty, a railroad police officer may either wear a badge in plain view or carry official credentials and present them when requested.

Votes on Final Passage:

House 92 0
Senate 48 0

Effective: July 22, 2001

HB 1070
C 137 L 01

Revising provisions relating to the juvenile offender basic training camp program.

By Representatives Delvin, Dickerson, Ogden, Conway, Haigh, Kagi and Hurst; by request of Department of Social and Health Services.

House Committee on Juvenile Justice
House Committee on Appropriations
Senate Committee on Human Services & Corrections

Background: The juvenile offender basic training camp is a medium-security program for juvenile offenders. It provides education, prevocational training, work-based learning, work ethic skills, conflict resolution training, substance abuse and anger management counseling, and intensive physical training in a regimented environment. The camp is currently managed by the Department of Social and Health Services (DSHS) through a contract with a private provider. The DSHS is required to adopt rules for program operation and for the continued supervision of offenders who have completed the program. Juvenile offenders who have a disposition of not more than 65 weeks of confinement, and who are not violent offenders or sex offenders, are eligible for the camp. The court can recommend that an eligible offender be placed in the basic training camp; however, the Juvenile Rehabilitation Administration decides whether to place an offender in the program following a complete evaluation. An offender who is admitted to the program is required to spend 120 days of his or her disposition in the basic training camp. If an offender does not meet the standards of the program, the offender is returned to the

institution for the remainder of the original disposition. Upon successful completion of the 120 day program, the offender serves the remainder of the original disposition on intensive parole in the community. If the offender violates a condition of his or her parole, the secretary of the DSHS may order sanctions, including a term of confinement not to exceed 30 days.

The DSHS is responsible for the licensing of agencies caring for children, expectant mothers, and developmentally disabled individuals. An agency includes any person, corporation, association, or other facility that receives children, expectant mothers, or persons with developmental disabilities for control, care, or maintenance outside their own homes, or that arranges for the placement of these individuals for foster care or adoption. It does not include blood relatives, or agencies operated by a unit of local, state, or the federal government. The secretary is responsible for adopting minimum requirements for licensing applicable to each of the various categories of agencies to be licensed. Licenses are generally issued for a period of three years.

Summary: The secretary of DSHS may extend the 120-day period in the basic training camp program for up to 40 days if an offender needs additional time to complete the program. If an offender who has completed the basic training camp program violates a condition of his or her parole, the secretary may return the offender to confinement for the remainder of the original disposition.

Maximum or medium security programs for juvenile offenders operated by the DSHS, or under contract with the DSHS, including the juvenile offender basic training camp program, are exempt from the licensing requirements applicable to agencies caring for children.

The DSHS is not required to adopt rules for the operation of the program and the parole component, but instead must develop standards for these purposes.

Votes on Final Passage:

House 96 0
Senate 48 0

Effective: July 22, 2001

HB 1071
C 303 L 01

Adjusting deadlines for salmon recovery grant applications.

By Representatives Doumit, Buck, Sump, Ogden and Dunn; by request of Salmon Recovery Funding Board.

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: The Salmon Recovery Funding Board is required by statute to conduct two funding cycles each year for habitat projects. Lead entities must submit habi-

tat project lists to the board by January 1 and July 1 of each year.

The two funding cycles have pulled volunteers away from working on the projects themselves in order to prepare the grant applications for the next funding round. In addition, by eliminating the requirement for two funding cycles, the Salmon Recovery Funding Board itself could be conducting other work pertinent to salmon recovery rather than reviewing an additional round of projects.

Summary: The Salmon Recovery Funding Board is no longer required to conduct two funding cycles for habitat projects each year. The specific dates on which habitat project lists must be submitted to the board each year are deleted. Habitat project lists must be submitted to the board at least once a year on a schedule established by the board.

Project sponsors who complete approved salmon habitat projects within the grant application deadlines must be paid by the Salmon Recovery Funding Board within 30 days of project completion.

Votes on Final Passage:

House	97	0	
Senate	47	0	(Senate amended)
House	83	0	(House concurred)

Effective: July 22, 2001

EHB 1076
C 114 L 01

Removing the two-year limited license renewal limit on teaching-research medical professionals.

By Representatives Schual-Berke, Campbell, Cody, Skinner, Pennington, Ruderman, Kagi, Darneille, Edmonds, Marine, Edwards, McDermott, Haigh and Kenney.

House Committee on Health Care
Senate Committee on Health & Long-Term Care

Background: The state Medical Quality Assurance Commission is authorized by law to issue a limited license to practice medicine to a person who is invited to serve as a teaching-research faculty member at the University of Washington School of Medicine. The person must be a graduate of an approved medical school and hold a license to practice medicine. The person may only practice within the confines of the instructional program. A limited license is renewable annually, but its maximum duration is limited to two years.

Summary: A limited license to practice medicine issued to a teaching-research member of the School of Medicine's instructional staff is renewable annually. The two-year maximum limit on the duration of a limited license is repealed.

Votes on Final Passage:

House	95	0
Senate	48	0

Effective: April 27, 2001

HB 1084
C 73 L 01

Authorizing independent salary commissions for cities, towns, and counties.

By Representatives Ogden, Dunn, Boldt and Fromhold.

House Committee on Local Government & Housing
Senate Committee on State & Local Government

Background: Article XXVIII, Section 1 of the Washington Constitution establishes an independent salary commission to fix salaries for members of the Legislature, elected officials of the executive branch of state government, and judges of the state supreme court, court of appeals, superior courts, and district courts. No state official, public employee, lobbyist, or any immediate family member of a state official, public employee, or lobbyist may serve on the salary commission. The constitutional salary commission provisions supersede conflicting state constitutional salary provisions for legislators, state officers, and judges.

Salary changes established by the salary commission are filed with the Secretary of State and become effective 90 days after filing. Decisions of the salary commission are subject to referendum for a 90 day period.

The Washington Constitution also specifies that the salary of any county, city, town, or municipal officer may not be increased or decreased after the officer's election or during the officer's term of office unless these local officials do not fix their own compensation.

Summary: Salaries of city and town elected officials may be set by salary commissions in accordance with city charter or by ordinance. The members of these local salary commissions are appointed by the mayor with the approval of the city council.

Counties are authorized to establish ten member independent salary commissions for county commissioners and council members by ordinance or by resolution of the county legislative authority. Six members are selected at random by the county auditor from the list of registered voters in the district. The remaining four members are appointed by the county executive or commissioner, or by a majority vote of the county legislative authority. These four members must have experience in the personnel management field, and represent each of the following four sectors: business, professional personnel management, legal, and organized labor.

Salary commission members may not be appointed to more than two terms. City and county officers, officials, and employees and their immediate family mem-

bers are not eligible to serve on the salary commissions. Commission members may be removed during their terms only for incapacity, incompetence, neglect of duty, malfeasance in office, or a disqualifying change of residence.

Salary changes determined by the local salary commission are filed and become effective and incorporated into the budget without further action. Salary increases may be effective during the term of office, but salary decreases become effective during the subsequent term. Decisions of the local salary commissions are subject to referendum in the same manner as an ordinance upon filing a petition within 30 days. If a valid referendum petition is filed, any challenged salary changes do not become effective until approved by the voters at the next general or municipal election occurring at least 30 days after the petition is filed.

Local salary commission decisions to fix salaries supersede other provisions of state statute or local ordinances related to municipal budgets or salaries for local officials.

Current salaries established under an ordinance or charter provision substantially complying with the salary commission requirements remain in effect unless and until changed according to the new requirements.

Votes on Final Passage:

House 71 23
Senate 33 15

Effective: July 22, 2001

SHB 1091
FULL VETO

Changing sexual misconduct laws with regard to school employees.

By House Committee on Criminal Justice & Corrections (originally sponsored by Representatives Lambert, H. Sommers, Miloscia, Cairnes, Schindler, Talcott and Mielke).

House Committee on Criminal Justice & Corrections
Senate Committee on Judiciary

Background: The crime of sexual misconduct with a minor is committed if the victim is 16 or 17 years old and the perpetrator is at least five years older than the victim, is in a significant relationship to the victim, and abuses a supervisory position within that relationship to engage in sexual intercourse (first degree) or sexual contact (second degree) with the victim. The crime is also committed if the perpetrator causes the minor to have sexual intercourse or sexual contact with another minor. It is not a crime if the child and the perpetrator are married.

Sexual misconduct with a minor in the first degree is a class C felony, ranked at seriousness level V, and in the second degree is a gross misdemeanor.

The term "significant relationship" as it applies in this context means a situation in which the perpetrator is a person who is responsible for providing education, health, welfare, or organized recreational activities for minors, or who supervises minors in the course of his or her employment.

The term "abuse of a supervisory position" means a direct or indirect threat or promise to use authority to the detriment or benefit of a minor.

Summary: It is also sexual misconduct with a minor if a school employee has, or knowingly causes another minor to have, sexual intercourse (first degree) or sexual contact (second degree) with a registered student of the school who is at least 16 years old and not married to the school employee. The term "school employee" is defined to mean an employee of a public or private school, grades kindergarten through 12.

Votes on Final Passage:

House 98 0
Senate 40 4

VETO MESSAGE ON HB 1091-S

May 15, 2001

*To the Honorable Speaker and Members,
The House of Representatives of the State of Washington
Ladies and Gentlemen:*

I am returning herewith, without my approval, Substitute House Bill No. 1091 entitled:

"AN ACT Relating to sexual misconduct with a minor;"

Substitute House Bill No. 1091 would have made it a felony for any school employee to engage in sexual conduct with a student between 16 and 18 years old. Such conduct is already a felony if the perpetrator is at least five years older and abuses a supervisory position, such as that of a teacher or coach, by making threats or promises to the victim. The bill was intended to remove the requirement that threats or promises be made.

However, the bill is overly broad. It would allow felony prosecution even if both parties were teenagers, as long as one of them is a school employee. The term "employee" could include a student who is a part-time tutor, food service or maintenance worker. For example, there are high school students who are Washington Reading Corps tutors and are paid by their local school districts. Those students could be subject to prosecution if they have consensual sex with a classmate of approximately the same age. Such a person could be imprisoned and required to register as a sex offender after release.

I do not condone sexual activity among teenagers, but this bill is simply too broad.

As a legislator, I worked to strengthen our laws dealing with sex offenses against minors. This bill should be written to permit prosecution only of those 18 years or older and who are not students in the same school. Accordingly, I have forwarded suggested legislation to the prime sponsor of this bill.

For these reasons I have vetoed Substitute House Bill No. 1091 in its entirety.

Respectfully submitted,



*Gary Locke
Governor*

SHB 1093
FULL VETO

Changing physician license fees.

By House Committee on Health Care (originally sponsored by Representatives Schual-Berke, Ballasiotes, Cody, Campbell, Ruderman, Skinner, Conway, Edmonds, Kenney and Kagi).

House Committee on Health Care
Senate Committee on Health & Long-Term Care

Background: A statutory surcharge of \$25 is added to the licensing fee or license renewal fee of physicians to fund the Impaired Physician Program. The Medical Quality Assurance Commission is required by law to enter into a contract with a professional entity that provides evaluation and treatment services to physicians who, as a result of chemical abuse or mental illness, are unable to practice medicine with reasonable skill and safety to their patients.

Summary: The statutory surcharge of \$25 for financing the Impaired Physician Program is raised to no more than \$35.

Votes on Final Passage:

House	98	0
Senate	49	0

VETO MESSAGE ON HB 1093-S

April 30, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, Substitute House Bill No. 1093 entitled:

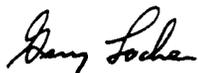
"AN ACT Relating to increasing the license surcharge for the impaired physician;"

Substitute House Bill No. 1093 would have authorized changes in the license surcharge for the impaired physician program to any amount not less than twenty-five dollars and not more than thirty-five dollars.

Senate Bill No. 5903 which was signed into law on April 19, 2001, is identical to Substitute House Bill No. 1093. Substitute House Bill No. 1093 is not needed, as it would create a double amendment to state statutes.

For this reason I have vetoed Substitute House Bill No. 1093 in its entirety.

Respectfully submitted,



Gary Locke
Governor

SHB 1094
C 195 L 01

Allowing a health care professional to surrender his or her license to practice.

By House Committee on Health Care (originally sponsored by Representatives Skinner, Schual-Berke, Cody, Campbell, Conway, Ruderman, Dunshee, Alexander, Edmonds, Kenney, Edwards and Kagi).

House Committee on Health Care
Senate Committee on Health & Long-Term Care

Background: The Uniform Disciplinary Act provides sanctions for unprofessional conduct committed by health professionals regulated by the Department of Health. Sanctions include revocation or suspension of a license to practice, restriction of practice, censure or reprimand, probation, fines, corrective action, and refund of client fees.

The voluntary surrender by a practitioner of a license to practice is not included as sanction.

Summary: The surrender of a practitioner's license to practice is included in the list of sanctions to be considered by professional disciplinary authorities in lieu of other sanctions provided under the Uniform Disciplinary Act. A surrender of a license must be reported to the federal data bank.

Votes on Final Passage:

House	95	0	
Senate	49	0	(Senate amended)
House			(House concurred in part)
Senate	39	0	(Senate receded in part)
House	98	0	

Effective: July 22, 2001

HB 1095
C 262 L 01

Updating oversize load permits.

By Representatives Mitchell, Fisher and Hankins; by request of Department of Transportation.

House Committee on Transportation
Senate Committee on Transportation

Background: The Legislature has given authority to the Department of Transportation (DOT) to issue permits that regulate the movement of vehicles that exceed size, weight, and load restrictions on state highways. There are two authorizations in statute: one provides the DOT with the authority to issue permits to over-sized vehicles; the other provides authority to issue permits to over-sized or over-weight vehicles or loads. This duplication has led to some minor confusion and has complicated the rule-making process by creating an unnecessary division for rule-making authority.

HB 1098

C 74 L 01

Applicants for excessive size, weight, or load permits are required to apply in writing for a permit and must show good cause for issuance. Good cause being shown, the DOT then grants the special permit in writing. To keep up with current capabilities and the future direction of e-government, the DOT would like to be able to issue these permits electronically as well as in writing.

The DOT can only issue permits for fire trucks that drive on public highways if their maximum gross weight on any single axle does not exceed 24,000 pounds and if the gross weight on any tandem axle does not exceed 43,000 pounds.

Some newer fire-fighting apparatus purchased for use in urban areas, usually for multi-story building fires, exceed these weight limits.

Summary: The duplicate statutory provision is repealed.

The DOT is authorized to issue excessive size, weight, and load special permits electronically, in addition to the method by which a permit is presently issued. The bill also identifies which statutory requirements an approved special permit applicant may exceed.

A new code section is created concerning size, weight, and load restrictions for fire-fighting apparatus.

Fire-fighting apparatus are defined and are required to comply with all federal and state laws, including rules adopted by agencies within each jurisdiction. Load restrictions of bridges within their service area shall be complied with. Fire-fighting apparatuses may operate without a permit if they do not exceed a specific weight and dimension and if there is no tridem axle set.

Overweight fire-fighting apparatus that were put into operation in this state before July 1, 2001 may be granted annual permits, subject to bridge limitations and other limitations stipulated on the permit. In issuing a permit to these vehicles, the Department of Transportation must compare the bridge load ratings to the vehicle and then denote on the permit those structures where the vehicles are either given special operating instructions or denied access.

Votes on Final Passage:

House 97 0
Senate 48 0 (Senate amended)
House 84 0 (House concurred)

Effective: July 22, 2001

Improving the effectiveness of the commute trip reduction program.

By Representatives Fisher, Woods, McIntire, Haigh, Edwards and Linville; by request of Department of Transportation.

House Committee on Transportation

Senate Committee on Transportation

Background: In 1991 the Commute Trip Reduction (CTR) law was enacted as part of the Washington Clean Air Act. The goals of the CTR are to reduce air pollution, traffic congestion, and fuel consumption through employer-based programs that decrease the number of employees traveling by single-occupant vehicles to the work place.

Certain counties, cities, and major employers are required to develop and implement CTR programs. Participation is required for employers with more than 100 employees at a single worksite within counties having a population greater than 150,000. If an employer is required to participate, and the worksite is within city limits, that city is also required to develop and implement a CTR program. Voluntary participation of others is allowed and encouraged.

Within the Department of Transportation (DOT) budget, funding is provided for DOT to administer the program, to provide technical assistance to organizations required to implement the program, and to distribute to local jurisdictions and employers to offset some of the implementation costs.

Funds available for distribution are allocated to the participating counties in proportion to the number of major employers and major worksites within each county. Subsequent distributions by counties are made to cities or towns in a similar manner. Furthermore, the county may contract with other organizations (such as the local transit system or Regional Transportation Planning Organization) to assist, oversee, and/or implement the program within the county.

Summary: The pro-rata distribution of CTR funds to the counties is eliminated. The DOT is enabled to distribute the funds directly to the organizations providing services to employers.

Votes on Final Passage:

House 97 0
Senate 48 0

Effective: July 22, 2001

EHB 1099

C 191 L 01

Outlining requirements for the operation of a PACE program in Washington state.

By Representatives Santos, Benson, Tokuda, Bush, DeBolt, Hatfield and McIntire.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: The Program of All-inclusive Care for the Elderly (PACE) is designed to provide an alternative to nursing home care. The PACE program offers a comprehensive package of services to older adults, including primary health care, rehabilitative services, social work, transportation, personal care, meals, and, if necessary, nursing home services. The purpose of the program is to allow the elderly to live independently, as members of the community, to the extent medically possible. The PACE program currently serves approximately 145 persons in Washington.

As managed care Medicare/Medicaid programs, PACE programs are extensively regulated by the federal government and operate in Washington under agreements with the Health Care Financing Administration and the Department of Social and Health Services.

To operate in Washington as a health care service contractor, a PACE program is required to demonstrate that it has a net worth of at least \$3 million.

Summary: PACE programs are specifically authorized by statute and are subject to regulation by the Department of Social and Health Services. A PACE program must maintain sufficient cash reserves to cover expenses in the event of an insolvency. The required minimum cash reserve is determined by a formula.

PACE programs are granted an exemption allowing them to operate in Washington without meeting the financial solvency requirements applicable to other health care service contractors.

Votes on Final Passage:

House 97 0
Senate 45 0

Effective: May 7, 2001

HB 1100

C 19 L 01

Modifying notice requirements.

By Representatives Fisher and Woods; by request of Marine Employees' Commission.

House Committee on Transportation
Senate Committee on Transportation

Background: The Marine Employees' Commission (MEC) was established in 1983 to oversee labor and management relations for the Washington State Ferry (WSF) system. The purpose of the MEC is to:

- Assist in resolving labor disputes by adjudicating all complaints, grievances, and disputes between labor and management arising from ferry operations; and investigating charges of unfair labor practices; and
- assist in the collective bargaining process by determining bargaining units; conducting fact-finding studies and salary surveys; certifying fair representation organizations; and determining whether labor agreements exceed statutory limitations and order reductions accordingly.

In the course of discharging these duties, the MEC issues several types of official communications. These include hearing notices, decisions, dismissals, and settlement conferences. Any notice the MEC serves must be mailed by restricted certified mail. This requirement also applies to the different parties the MEC works with.

Because of the strict delivery demands of restricted certified mail, serving notices by restricted certified mail can cause delays under some circumstances.

Summary: The requirement for service of notices under the Marine employees' employment relations law to be mailed by restricted certified mail is eliminated. Any party to an MEC proceeding is given the option to serve notices by certified mail or by fax with transaction report verification and same-day United States Postal Service mailing of copies.

Votes on Final Passage:

House 94 0
Senate 47 1

Effective: July 22, 2001

HB 1102

PARTIAL VETO

C 318 L 01

Regarding foster care.

By Representatives Boldt, Woods and Clements.

House Committee on Children & Family Services
Senate Committee on Human Services & Corrections

Background: The Department of Social and Health Services (DSHS) is responsible for licensing foster care homes and placing children in these homes when the children need out-of-home care. The law does not prohibit reprisals from employees of the Department of Social and Health Services if foster parents disagree with the care plan established for a child in their care, attempt to adopt a foster child, file a complaint, or seek to understand their rights as foster parents.

Summary: Foster parents have the right to be free of discrimination and reprisal in serving foster children. Employees of the Department of Social and Health Services are prohibited from retaliating or discriminating against foster parents. References to "within available resources" are deleted with regard to departmental sharing of information with the foster child's caregivers and consulting with them in the development of the child's case plan.

The Department of Social and Health Services may not place a child, or allow a child to remain, in out-of-home care when an adult with whom the child will reside has a conflict of interest. This prohibition may not be waived by the department under any circumstances. A conflict of interest exists when: (1) the adult, as a result of his or her employment, conducts or has conducted an investigation into allegations of abuse or neglect regarding that child; or (2) the child to be placed with the adult has been or is likely to be a witness in court action against that adult.

To constitute a conflict, the court action must include either: (1) an allegation of abuse or neglect against the child being placed or that child's sibling; or (2) a claim arising from the wrongful interference with the parent-child relationship of the child and his or her biological parents.

The Secretary of the Department of Social and Health Services must immediately suspend an employee who knowingly violates the conflict of interest provisions and move to terminate his or her employment. The same provisions apply to any employee of a contractor. Anyone discharged from employment for knowingly violating the conflict of interest provisions is considered discharged for misconduct for purposes of disqualification under the unemployment insurance law.

Votes on Final Passage:

House	97	0	
Senate	48	0	(Senate amended)
House	94	0	(House concurred)

Effective: July 22, 2001

Partial Veto Summary: The section setting forth the specific circumstances under which DSHS employees are prohibited from retaliating against foster parents is vetoed. The section directing the secretary to take certain enforcement actions against departmental employees or contractors who violate the conflict of interest prohibition is vetoed.

VETO MESSAGE ON HB 1102

May 15, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 2 and 5, House Bill No. 1102 entitled:

"AN ACT Relating to foster parents' rights;"

House Bill No. 1102 states the rights foster parents have to be free from coercion, discrimination, reprisal and retaliation in serving foster children. It also confirms that the Department of Social and Health Services (DSHS) must share information about a foster child and the child's family with foster parents, and prevents children from being placed in homes where a foster parent may have a conflict of interest.

Section 2 of the bill would have expressly prohibited DSHS from retaliating or discriminating against a foster parent because of a complaint he or she may have made against DSHS, as well as several other foster parent protections.

While it is an excellent idea to articulate foster parents' rights and responsibilities, section 2 was flawed. The section was unclear, and may have created unintended broad new liabilities for the state. DSHS would have been placed in a no-win position where any action it might have taken involving a foster parent who has complained could result in a lawsuit.

Other states have enacted comprehensive laws establishing the rights of foster parents, and the Child Welfare League of America has a model foster parent rights and responsibilities document. Many of these states' statutes and the Child Welfare League of America document would provide a model for developing strong, workable foster parent laws in Washington.

Section 5 of the bill was designed to enforce section 2, and is unnecessary after the veto of section 2.

To help ensure that there is no retaliation against foster parents in our state, I will direct the Secretary of DSHS to heighten his oversight of this issue.

For these reasons, I have vetoed sections 2 and 5 of House Bill No. 1102.

With the exception of sections 2 and 5, House Bill No. 1102 is approved.

Respectfully submitted,



Gary Locke
Governor

HB 1116
C 75 L 01

Clarifying tax exemptions for sale or use of orthotic devices.

By Representatives Campbell, Cody, Carrell, Morris, Roach, Santos, Pennington, Conway, Romero, O'Brien, Hunt, Edmonds, Darneille, Veloria, Schual-Berke, Reardon, Lantz, Simpson, Cairnes, Dunshee, Dickerson, Alexander, Fromhold, D. Schmidt, Haigh and Jackley.

House Committee on Finance
Senate Committee on Ways & Means

Background: The retail sales tax applies to the selling price of tangible personal property and certain services purchased at retail. The tax is imposed at a 6.5 percent rate by the state. Local governments may impose local sales and use taxes for a variety of purposes. Local rates vary from 0.5 percent to 2.3 percent. Sales tax is paid by the purchaser and collected by the seller.

The use tax is imposed on items used in the state which were not subject to the retail sales tax, and includes purchases made in other states and purchases

from sellers who do not collect Washington sales tax. The state and local rates are the same as those imposed under the retail sales tax. Use tax is paid directly to the Department of Revenue.

A sale of an orthotic device, or foot support, is exempt from state and local retail sales and use taxes, if the device is prescribed by a licensed chiropractor, osteopath, or physician. Sales of orthotic devices prescribed by licensed podiatrists are subject to the state and local retail sales and use taxes.

Summary: Sales of orthotic devices prescribed by licensed podiatrists are exempt from state and local retail sales and use taxes.

Votes on Final Passage:

House	94	0
Senate	48	0

Effective: April 19, 2001

SHB 1117
C 115 L 01

Providing procedures for enforcement of court-ordered restitution obligations in courts of limited jurisdiction.

By House Committee on Judiciary (originally sponsored by Representatives Carrell, Lantz, Lambert, O'Brien, Lovick, Hunt and Haigh).

House Committee on Judiciary
Senate Committee on Judiciary

Background: District and municipal courts are courts of limited jurisdiction. They have jurisdiction over misdemeanor and gross misdemeanor actions.

As part of an offender's sentence, a court of limited jurisdiction may order that the offender pay restitution to the victim. A court-ordered restitution obligation is not enforceable in the same manner as a civil judgment unless the obligation is converted to a civil judgment.

Under the Sentencing Reform Act, which only applies to felonies, courts may impose legal financial obligations, including restitution, as part of sentencing. Those legal financial obligations from superior courts are enforceable as civil judgments. They may be enforced at any time during the 10-year period following the offender's release from total confinement or within 10 years of entry of the judgment and sentence, whichever period is longer. Prior to the expiration of the initial 10-year period, the superior court may extend the criminal judgment an additional 10 years for payment of the legal financial obligation.

Summary: A court-ordered restitution obligation ordered as a result of a conviction for a criminal offense in a court of limited jurisdiction is enforceable in the same manner as a judgment in a civil action.

The restitution obligation is enforceable within 10 years following the offender's release from total confinement or within 10 years of entry of the judgment and sentence, whichever period is longer. Prior to the expiration of the initial 10-year period, the court may extend the judgment an additional 10 years for payment of court-ordered restitution if the court finds the offender has not made a good faith attempt to pay.

The party or entity to whom the restitution is owed may use any other remedies available to collect. Judgments enforced by a lien on real estate must be enforced under the existing statute governing judgment liens.

Votes on Final Passage:

House	96	0
Senate	47	1

Effective: July 22, 2001

SHB 1119
C 258 L 01

Modifying the taxation of new and used motor vehicle sales.

By House Committee on Finance (originally sponsored by Representatives Schoesler, Gombosky, Ahern and Schindler).

House Committee on Finance
Senate Committee on Ways & Means

Background: Washington's major business tax is the business and occupation (B&O) tax. Although there are several different rates, the rate on wholesaling is 0.484 percent and the rate on retailing is 0.471 percent.

The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Out-of-state companies that bring goods into Washington and sell these goods in Washington may be subject to the B&O tax.

Washington does not apply B&O tax on sales of goods which originate outside the state unless the goods are received by the purchaser in this state and the out-of-state seller has a connection to Washington. If the goods are located in Washington at the time of sale or the out-of-state seller either directly or by an agent performs significant services to establish or maintain sales in Washington then a sufficient connection exists for Washington tax to apply.

In 1997 the Legislature exempted from B&O tax wholesales of vehicles owned by motor vehicle manufacturers and their financing subsidiaries when sold to dealers at auto auctions.

Summary: Auto dealers, licensed in Washington or another state, are exempt from the business and occupations tax on wholesales of used motor vehicles to licensed dealers at auto auctions.

SHB 1120

New car dealers are exempt from the business and occupations tax on sales of new vehicles to another new vehicle dealer for the purpose of adjusting inventory levels.

In-state dealers that make courtesy deliveries of new vehicles on behalf of out-of-state vehicle dealers are deemed to be agents of the out-of-state dealers. Business and occupation tax must be paid on the sales of these vehicles. The tax paid by the in-state dealer is a debt of the selling dealer. The in-state dealer may withhold the tax from the proceeds of the sale.

Votes on Final Passage:

House	94	0
Senate	47	0

Effective: July 1, 2001

SHB 1120

C 263 L 01

Establishing requirements for employing holders of lapsed teaching certificates.

By House Committee on Education (originally sponsored by Representatives Rockefeller, Cox, Talcott, Quall, Santos, Haigh, Anderson, McDermott, Schindler, D. Schmidt, Pearson, Keiser and Jackley).

House Committee on Education
Senate Committee on Education

Background: Teachers must be certified by the state in order to teach in Washington's public or approved private schools. The State Board of Education establishes the rules that govern teacher certification, and the board requires teachers who received their continuing or professional teaching certificates after August 30, 1987, to obtain 150 clock hours of education every five years in order to maintain that certificate. If a teacher does not fulfill the requirement, the teacher's certificate lapses. Teachers with lapsed certificates may be eligible to teach as substitutes, but they may not be employed as regular teachers without obtaining additional credit hours.

Summary: School districts may employ teachers and former teachers with lapsed teaching certificates. The teachers must complete certificate renewal requirements within two years of re-employment. Teachers with certificates that were revoked or suspended are not eligible for conditional employment.

Votes on Final Passage:

House	97	1
Senate	45	0 (Senate amended)
House	81	2 (House concurred)

Effective: July 22, 2001

SHB 1125

C 6 L 01

Limiting the combined sales tax rate on lodging.

By House Committee on Finance (originally sponsored by Representatives Cairnes, Morris and Esser).

House Committee on Finance
Senate Committee on Ways & Means

Background: State and local sales taxes apply to lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. General retail sales tax rates range between 7.0 and 8.8 percent, depending on location. The state sales tax rate is 6.5 percent. In addition, local governments may impose local sales taxes for a variety of purposes. Local rates vary from 0.5 percent to 2.3 percent.

"Hotel-motel" taxes are special sales taxes on lodging rentals. Some hotel-motel taxes are credited against the state sales tax rather than being added to rental charges paid by customers. Other hotel-motel taxes are imposed in addition to ordinary state and local sales taxes and are added to the amount paid by the customer. The state imposes an additional hotel-motel tax to support the Washington State Convention and Trade Center. The rate of this tax is 7 percent in Seattle and 2.8 percent in the remainder of King County, and applies only to facilities with 60 or more lodging units. In general, cities and counties may impose additional hotel-motel taxes up to 2 percent, as long as the total sales tax rate when combined with other hotel-motel, convention center, and state and local sales taxes, does not exceed 12 percent. Because of exceptions to this general rule, some combined rates exceed 12 percent. For example, the total combined sales tax rate on lodging in Seattle is 15.6 percent, and in Bellevue is 14.4 percent. In most other areas of King County it is 12.4 percent.

An additional sales and use tax of two tenths of one percent to support King County Metro public transportation was approved by the voters of King County at the November 7, 2000, election. This additional tax will take effect April 1, 2001. The county ordinance for this new tax provides an exemption for lodging sales that are subject to the state convention and trade center tax. Thus, facilities with more than 60 lodging units are exempt from this tax. There is some question whether state law allows this exemption.

Summary: A local sales and use tax change adopted after December 1, 2000, must provide an exemption for sales of lodging if the total sales tax rate would exceed the greater of 12 percent or the total sales tax rate in effect on December 1, 2000.

Votes on Final Passage:

House	95	2
Senate	45	0

Effective: March 29, 2001

HB 1126
FULL VETO

Modifying collection of business to business debts by collection agencies.

By Representatives O'Brien, Benson, Hatfield, Ogden, Esser, Murray, McIntire, Miloscia, Barlean and Roach.

House Committee on Financial Institutions & Insurance
Senate Committee on Judiciary

Background: Collection agencies, including out-of-state collection agencies, are regulated by state law and must be licensed by the Department of Licensing. A collection agency cannot collect any sum other than principal and allowable interest, collection costs specifically authorized by statute, and attorneys' fees and court costs in the case of a lawsuit. Collection costs are not authorized with respect to the collection of commercial claims, i.e., claims between businesses.

Summary: For commercial claims, in addition to other authorized amounts, a collection agency may also collect any costs and fees authorized by written agreement between the debtor and the original creditor. However, total collection costs cannot exceed 35 percent of the commercial claim.

Votes on Final Passage:

House	98	0
Senate	45	0

VETO MESSAGE ON HB 1126

May 15, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, House Bill No. 1126 entitled:

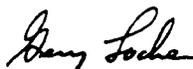
"AN ACT Relating to collection of business to business debts;"

House Bill No. 1126 would have, in the case of commercial claims, authorized collection agencies to recover the collection costs and fees agreed to between a debtor and creditor, in addition to the underlying claim.

Senate Bill No. 5331, which was signed into law on April 17, 2001, is identical to House Bill No. 1126. House Bill No. 1126 is not needed, as it would create a double amendment to the state statutes.

For this reason I have vetoed House Bill No. 1126 in its entirety.

Respectfully submitted,



Gary Locke
Governor

HB 1131
C 76 L 01

Modifying the powers of public hospital districts.

By Representatives Mulliken, Dunshee, Edwards, G. Chandler, DeBolt, Dunn and Hatfield.

House Committee on Local Government & Housing
Senate Committee on State & Local Government

Background: Public hospital districts are created to own and operate hospitals and other health care facilities for the residents of the district. There are approximately 50 public hospital districts in 29 counties. Of those districts, 42 have actual hospitals, while eight operate other types of health care facilities.

Public hospital districts are required to prepare a proposed budget for the ensuing year and file that budget with the hospital district commission on or before the first Monday in September of each year. Notice of the filing and a hearing date must be published for at least two consecutive weeks in a newspaper within the county. On the first Monday in October the commission shall hold a public hearing on the budget, and by resolution adopt the budget and fix the final expenditures for the ensuing year.

Summary: The date districts are required to submit their budgets is changed from the first Monday in September to the first Monday in November. Publication requirements are clarified to state that notice of filing and hearing date must be published at least one time each week, for two consecutive weeks. The October hearing date is also changed to on or before November 15.

Votes on Final Passage:

House	94	0
Senate	49	0

Effective: July 22, 2001

SHB 1133
C 138 L 01

Determining liability for donated labor on community projects.

By House Committee on Commerce & Labor (originally sponsored by Representatives Carrell, Lantz, Lambert, Hurst, Casada, Morell, Kagi, Marine, Cox, Talcott, Tokuda, Fisher, Bush, Edwards, O'Brien, Darneille, Edmonds, Esser and Haigh).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce & Financial Institutions

Background: Washington's industrial insurance law requires most employers to cover their workers for medical benefits and lost wages when the workers are injured or develop occupational diseases in the course of

employment. The law defines “employer” and “worker” but does not specify when an employment relationship exists. To determine whether an employment relationship exists, the courts have developed a two-part test: (1) the employer has the right to control the worker’s physical conduct in the performance of duties; and (2) the employee consents to this relationship. In litigation, whether an employment relationship exists is a question of fact that must be submitted to the jury.

One exception to the general requirement for an employment relationship involves volunteers providing services to a governmental entity. “Volunteers” are those who perform assigned or authorized duties by their own free choice, who receive no wages, and who are accepted as volunteers by the governmental entity. The industrial insurance law requires state agencies to cover all of their volunteers, while local governments may elect to have volunteer coverage programs. Covered volunteers receive medical benefits only.

Employers subject to the industrial insurance law are not liable in personal injury lawsuits brought by their workers for unintentional workplace injuries or illnesses covered by the industrial insurance law.

Summary: The Legislature finds that government and business partnerships can assist communities to preserve historic property, but that uncertainty about risks and obligations may deter employers otherwise willing to donate materials and equipment. The Legislature’s purpose is to encourage participation by establishing clear criteria for determining industrial insurance liability for labor that is donated on these projects.

A public entity, including the state and local governments, seeking partnerships on community improvement projects with volunteer groups and businesses must (1) provide prospective donors and participants with written notice of the risks and responsibilities to be assumed by the parties, (2) require volunteers, before beginning work, to document that they received the notice and are donating labor by their free choice, and (3) pay industrial insurance premiums to provide medical aid benefits to volunteers donating labor.

A contractor or employer donating equipment or materials for the project is not considered the employer, for industrial insurance purposes, of a person donating labor unless the contractor or employer pays the person wages for working on the project or makes working on the project a condition of employment. These criteria apply whether the contractor or employer informs the person about the project or encourages the person to donate labor, whether the person uses the donated materials or equipment, or whether the person is reimbursed for actual expenses incurred in working on the project.

A community improvement project means a project sponsored by a public entity using donated labor, materials, or equipment, including projects to repair, restore, or preserve historic property. Historic property means real

property owned by a public entity, such as barns, schools, military structures, and cemeteries.

Votes on Final Passage:

House 98 0
Senate 48 1

Effective: July 22, 2001

SHB 1135

C 203 L 01

Modifying power of attorney provisions.

By House Committee on Judiciary (originally sponsored by Representatives Lantz, Esser and McDermott).

House Committee on Judiciary
Senate Committee on Judiciary

Background: A person (the principal) may authorize another person (the agent) to act on the principal’s behalf, either for some particular purpose or for the transaction of business in general. The authority is conferred by an instrument in writing called a “power of attorney”. Although the agent is called the “attorney in fact” (AIF), the agent does not need to be a lawyer. The AIF has a fiduciary duty to act in the principal’s best interest.

A “durable power of attorney” authorizes an agent to act on behalf of the principal even if the principal becomes disabled or incapacitated. Unlike a guardianship proceeding that requires court hearings to determine if the person is incapacitated, a durable power of attorney may be created without court intervention.

The power of attorney may be revoked by: (a) the principal at anytime; (b) a court-appointed guardian; or (c) a court order. The power of attorney terminates automatically upon the principal’s death. However, the AIF’s exercise of power after death may be valid if done in good faith and without notice of the principal’s death.

The statutes limit certain powers of the AIF unless those powers are specifically granted in the power of attorney. For example, there are limitations on the AIF’s power to make gifts of the principal’s property. Also limited, unless specifically authorized, is the AIF’s power to make, amend, alter, or revoke estate planning documents. Those documents include: wills, codicils, life insurance beneficiary designations, and community property agreements. The principal may grant that authority to the AIF only by explicitly providing for that in the power of attorney.

A person acting without negligence and in good faith does not incur liability for reasonably relying on a power of attorney. Unless the document that the person is relying on requires that it be filed to be effective, the person may place reasonable reliance on it regardless of whether it is filed.

Summary: Various changes are made to the power of attorney statutes.

Revocation of the power of attorney upon dissolution. When a principal has appointed his or her spouse as the AIF, the power of attorney is revoked upon entry of a decree of dissolution, legal separation, or declaration of invalidity of marriage, unless the power of attorney or the decree provides otherwise.

Power of attorney regarding the principal's will. An AIF does not have the power to make, amend, alter, or revoke the principal's wills or codicils, whether or not those powers are specifically provided for in the document.

Reasonable reliance on a power of attorney. A person's reliance on the AIF is presumed to be without negligence and in good faith if:

- (a) the AIF presented the power of attorney to the person and requested the person to accept the AIF's authority;
- (b) the AIF presented to the person an acknowledged affidavit or declaration signed under penalty of perjury contemporaneously with presenting the power of attorney; and
- (c) the person accepting the power of attorney examined the document and confirmed the identity of the AIF.

The presumption may be rebutted by clear and convincing evidence that the person knew or should have known that one or more of the material statements in the affidavit is untrue. The specific statements that the affidavit must include are listed.

An organization will not be deemed to have known of circumstances that would revoke or terminate the power of attorney or limit or modify the authority of the AIF, unless the individual accepting the power of attorney on behalf of the organization knew or should have known of the circumstances.

Petition process regarding the AIF Procedures are created that allow certain interested persons to petition the court to:

- (a) determine whether the power of attorney is in effect or has terminated;
- (b) compel the AIF to submit an accounting if the AIF has failed to submit an accounting within 60 days of a written request from the person filing the petition (however, the 60 day waiting period is not required if the petitioner is a government agency);
- (c) ratify or approve past or proposed acts of the AIF;
- (d) order the AIF to exercise or refrain from exercising his or her authority in a particular manner or for a particular purpose;
- (e) modify the AIF's authority;
- (f) remove the AIF on a determination by the court that the AIF violated, or is unfit to perform,

fiduciary duties and removal of the AIF is in the best interest of the principal;

- (g) approve the resignation of the AIF and approve the final accountings of the resigning AIF if submitted;
- (h) confirm the authority of the successor AIF;
- (i) compel a third person to honor the AIF's authority, provided that the principal could have compelled the third person in the same circumstances; and
- (j) order the AIF to furnish a bond in an appropriate amount.

Those who may file a petition include the AIF, the principal, the spouse, the guardian, or any other person interested in the principal's welfare who has a good faith belief that the court's intervention is necessary and shows that the principal is incapacitated or otherwise unable to protect his or her own interests.

The principal may name in the power of attorney certain persons who may not petition the court. The provision is enforceable if: (a) the person prohibited from petitioning is not, at the time of filing the petition, the guardian; or (b) if the principal was advised by an attorney at the time of creating the power of attorney. The provision is enforceable unless the person named can establish that the principal was unduly influenced by another or under mistaken beliefs when excluding him or her from the petition process. The provision is unenforceable if it names a government agency charged with protecting vulnerable adults.

In the petition process, the court may award reasonable attorneys fees and costs to any person participating in the proceedings from any other person participating or from the principal's assets. The court must consider whether the petition was filed without reasonable cause, and it may order costs and fees paid by the AIF individually only if the court determines that the AIF clearly violated his or her fiduciary duties or refused without justification to cooperate. In a petition to compel a third party to accept a power of attorney, the court may order reasonable attorneys fees and costs to be paid by the third party only if the court determines that the third party did not have a good faith concern that the AIF's exercise of authority was improper.

To the extent possible, the dispute resolution procedures available for matters involving trust and estates also apply to the AIF petition process created in the bill.

Votes on Final Passage:

House	94	0	
Senate	48	0	(Senate amended)
House	94	0	(House concurred)

Effective: July 22, 2001

SHB 1136
C 77 L 01

Regarding product standards.

By House Committee on Agriculture & Ecology (originally sponsored by Representatives Schoesler, Wood, Ahern, Gombosky, Cox, Grant, Doumit, G).

House Committee on Agriculture & Ecology
Senate Committee on Environment, Energy & Water

Background: The federal Resource Conservation and Recovery Act as amended requires the Environmental Protection Agency (EPA) to prepare guidelines for the procurement by federal agencies of items containing recovered materials. The guidelines adopted by the EPA designate items that are or can be made with recovered materials and whose procurement by agencies will carry out the objectives of the federal Act, as determined by the EPA.

The EPA's product standards for a number of materials have been adopted by statute for state purchases, unless the director of the Department of General Administration finds that different standards would significantly increase recycled product availability or competition. Included among these products standards are those for building insulation. These standards apply to recycled product purchasing by state agencies and may be used by local governments in making purchases.

Summary: By July 1, 2001 the director of the Department of General Administration must adopt product standards for strawboard and for products made from strawboard. The straw in the strawboard must be that produced as a by-product in the production of cereal grain or turf or grass seed. The list of products for which the product standards of the EPA are adopted by reference, unless modified as authorized, includes all building products and materials, not just building insulation.

The state entities that make their recycled product purchases in conformity with these standards now expressly includes state postsecondary educational institutions.

Votes on Final Passage:

House 98 0
Senate 46 0

Effective: July 1, 2001

HB 1138
C 219 L 01

Depositing wage fines in the public works administration account.

By Representatives Cairnes, Conway, Campbell, Dunshee, O'Brien, Cooper, Simpson, Roach, Kenney, D. Schmidt, Kirby and Keiser.

House Committee on Commerce & Labor
House Committee on Appropriations
Senate Committee on Labor, Commerce & Financial Institutions

Background: Contractors and subcontractors on public works projects must comply with the state prevailing wage law. They must file statements of intent to pay prevailing wages and affidavits of wages paid. They also must pay prevailing wages to employees on public works projects.

The Department of Labor and Industries administers and enforces the state prevailing wage law. The department charges contractors and subcontractors fees for approving statements of intent, certifying affidavits of wages paid, and arbitrating prevailing wage disputes. The fees must be set at a level that generates revenue "as near as practicable" to the amount of the appropriation made to carry out these activities. The fees for approving statements of intent and certifying affidavits may not exceed \$25. The fees for arbitrating disputes are not limited. All fees are deposited in the public works administration account.

The department also assesses civil penalties against contractors and subcontractors for filing false statements of intent, failing to file statements of intent, or failing to pay prevailing wages. The civil penalty for filing a false statement or failing to file is \$500. The civil penalty for failing to pay prevailing wages is \$1,000, or 20 percent of the total prevailing wage violation, whichever is greater. All civil penalties are deposited in the state general fund.

Each quarter, an amount equaling 30 percent of the revenues received into the public works administration account is transferred into the state general fund. Except for money transferred into the state general fund, the money in the public works administration account may be appropriated only to administer the state prevailing wage law.

Summary: Civil penalties for prevailing wage law violations are deposited in the public works administration account, rather than the state general fund.

Votes on Final Passage:

House 94 0
Senate 43 4

Effective: July 22, 2001

SHB 1140

C 20 L 01

Modifying the taxation of grain warehouses.

By House Committee on Agriculture & Ecology (originally sponsored by Representatives Schoesler, Grant, Sump, G. Chandler, Cox, McMorris, Doumit, Mielke, Armstrong, Mastin, B. Chandler, Linville, Hatfield, Alexander, Benson, Haigh).

House Committee on Agriculture & Ecology
Senate Committee on Agriculture & International Trade

Background: In reporting for business and occupation (B&O) tax purposes, a taxpayer must report on a cash receipts or accrual basis according to the method of accounting regularly employed in keeping the taxpayer's books. If the books are kept on the basis of charges that are accruing, reporting for B&O tax purposes is to be based on those accruals although payment for those accruing changes may not yet have been received by the taxpayer.

Summary: A person operating a grain warehouse may elect to report for B&O tax purposes based on either a cash receipts or accrual basis regardless of the accounting method regularly employed by the warehouse.

Votes on Final Passage:

House	98	0
Senate	49	0

Effective: July 1, 2001

HB 1160

C 78 L 01

Providing for temporary real estate appraiser practice permits.

By Representatives Hunt, Clements, Conway and Kenney.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce & Financial Institutions

Background: Under federal law, federal agencies must use state-certified real estate appraisals for certain federally-related transactions. Federal law also requires the states to recognize on a temporary basis a real estate appraiser's certification or license from another state when: (1) the property being appraised is part of a federally-related transaction; (2) the appraiser's business is of a temporary nature; and (3) the appraiser registers with the state of temporary practice. A state may not impose excessive fees or burdensome requirements on this temporary practice.

These federal requirements are monitored by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council. Among its duties, the

subcommittee sets standards defining "burdensome" requirements. The subcommittee has determined that limiting a temporary practice permit to less than six months after issuance and failing to provide an effortless method of obtaining an extension are burdensome requirements.

With some exceptions, persons performing real estate appraisals in Washington must be licensed or certified by the Department of Licensing in order to receive compensation for performing these services. Washington's law authorizes temporary appraisal licenses or certificates for licensed or certified real estate appraisers from other states. These temporary privileges expire 90 days from issuance. There is no authority for extending a temporary license or certificate.

The subcommittee advised the department in 1997 that Washington law does not comply with federal requirements for temporary real estate appraisal practice. The department received another letter in January 2001 outlining the concerns that must be addressed to achieve compliance. These concerns included the state's limit of 90 days for temporary practice permits and the lack of a renewal process.

Summary: The requirement for out-of-state temporary real estate appraiser licensing and certification privileges to expire 90 days from issuance is deleted. Instead, the director of the Department of Licensing may adopt rules governing the term or duration of temporary licensing and certification privileges. However, an applicant may receive an extension of a temporary practice permit to complete an assignment if the department receives a written request stating the reason for the extension before the permit's expiration date.

A temporary practice permit allows an appraiser to perform independent appraisal services required by a contract for appraisal services.

Votes on Final Passage:

House	94	0
Senate	46	0

Effective: July 22, 2001

HB 1162

C 2 L 01 E2

Providing medical assistance reimbursements for small, rural hospitals.

By Representatives McMorris, Cody, Alexander, Schual-Berke, Mastin, Cox, Mulliken, Sump, G. Chandler, Lisk, B. Chandler, Hatfield, Schoesler, Grant, Armstrong, Kessler, Doumit, DeBolt, Delvin, Dickerson, Kenney, Bush, Conway, Edmonds, Pflug and Haigh.

House Committee on Health Care
House Committee on Appropriations

Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means

Background: The Federal Balanced Budget Act of 1997 established the Critical Access Hospital Program. The program provides enhanced reimbursement through the Medicare program for small rural hospitals that meet federal eligibility criteria. Eight rural hospitals are certified as Critical Access Hospitals and receive enhanced funding through the federal program. These same rural hospitals also provide large amounts of service and care for Medical Assistance recipients. There is no mechanism to provide small rural hospitals with enhanced reimbursement for services to recipients of medical assistance.

Summary: A Critical Access Hospital Program for medical assistance recipients is established. The Department of Social and Health Services will provide enhanced reimbursement rates for qualifying rural hospitals based on allowable costs incurred during the year.

Votes on Final Passage:

House 98 0
Senate 48 0 (Senate amended)
House (House refused to concur)
Senate (Senate refused to recede)

First Special Session

House 89 0

Second Special Session

House 86 0
Senate 40 0

Effective: September 20, 2001

SHB 1163
C 139 L 01

Changing provisions relating to disposal of garbage and junk vehicles.

By House Committee on Agriculture & Ecology (originally sponsored by Representatives Eickmeyer, Doumit, Rockefeller, Jackley and Haigh).

House Committee on Agriculture & Ecology
Senate Committee on Natural Resources, Parks & Shorelines

Background: A person violating the state litter or vehicle abandonment laws faces different penalties depending on whether the violation occurs in unincorporated or incorporated areas of a county. Littering more than one cubic foot of trash within the incorporated area is a class 1 civil infraction punishable by a \$250 fine. In addition to the civil infraction, a \$25 litter cleanup fee for every cubic foot of litter deposited and a court order to pick up the litter may be entered.

In an unincorporated area, littering in excess of one cubic foot, but less than one cubic yard, is a misdemeanor and littering greater than one cubic yard is a gross misdemeanor. In both cases, the violator must pay a litter restitution payment equal to twice the actual cost of cleanup. This restitution payment may not be less than \$50 for those littering less than one cubic yard or less than \$100 for those littering over one cubic yard. One-half of this restitution payment is distributed to the law enforcement agency investigating the incident, and one-half is distributed to the affected landowner. First-time offenders in an unincorporated area may have restitution payments waived if they agree to clean up the litter.

A similar distinction exists for junk vehicles that are abandoned in incorporated and unincorporated portions of counties. Abandoning a junk vehicle on property located within the incorporated area is class 1 civil infraction. The maximum penalty for this violation is a \$250 fine and reimbursement to the landowner for any costs associated with the vehicle's removal. Abandoning a junk vehicle on property located in the unincorporated county is a gross misdemeanor. The maximum penalty for this violation is a cleanup restitution of twice the costs incurred in the junk vehicle's removal. One half of the restitution payment is distributed to the affected landowner, and one-half is distributed to the state entity investigating the incident.

Summary: Penalties for littering or abandoning junk vehicles are the same in the unincorporated area and the incorporated portions of a county. The penalties for all littering and junk vehicle violations are modified as follows:

- 1) Littering:
 - Up to one cubic foot is a class 3 civil infraction (\$50 fine).
 - Between one cubic foot and one cubic yard is a misdemeanor (litter cleanup restitution of twice the actual cleanup cost, not less than \$50, may also be ordered with one-half to affected landowner and one-half to investigating enforcement agency).
 - Over one cubic yard is a gross misdemeanor (litter cleanup restitution of twice the actual cleanup costs, not less than \$100, may also be ordered with one-half to affected landowner and one-half to investigating enforcement agency).
- 2) Abandoning a junk vehicle:
 - Gross misdemeanor (cleanup restitution payment of twice the cost to remove the junk vehicle, may also be ordered with one-half to the affected landowner and one-half to the investigating enforcement agency).

Votes on Final Passage:

House 98 0
Senate 48 0

Effective: July 22, 2001

HB 1173

C 79 L 01

Purchasing material, supplies, or equipment by fire districts.

By Representatives Mulliken and Dunshee.

House Committee on State Government
Senate Committee on State & Local Government

Background: Whenever practicable, fire districts are required to make purchases and contracts for public works based on a competitive bid process. A formal sealed bid procedure must be used for purchases unless the purchase qualifies for an exception. One exception is the purchase of materials, supplies, or equipment when the total cost will not exceed \$4,500.

Even if the purchase of materials, supplies, or equipment does exceed \$4,500, the commissioners may, by resolution, use an alternative bid process when the total estimated cost does not exceed \$10,000. This alternative bid process allows the fire district to secure telephonic or written quotes from at least three different vendors. The alternative bid process must assure that a competitive price is established and that the contract is awarded to the lowest responsible bidder. These contracts must be open to public inspection but need not be advertised.

Summary: The cost limit on fire districts' authority to make purchases without using a formal sealed bid procedure is increased from \$4,500 to \$10,000. The cost limit on fire districts' authority to make purchases using an alternative bid procedure is increased from \$10,000 to \$50,000.

Votes on Final Passage:

House	98	0
Senate	44	0

Effective: July 22, 2001

SHB 1174

C 140 L 01

Authorizing vacation of records of conviction for misdemeanor and gross misdemeanor offenses.

By House Committee on Judiciary (originally sponsored by Representatives Hurst, Carrell, Lantz, Lovick and O'Brien).

House Committee on Judiciary
Senate Committee on Judiciary
Senate Committee on Ways & Means

Background: Some felony convictions can be "vacated." Misdemeanor convictions cannot.

Under the Sentencing Reform Act (SRA) an offender may be able to have his or her record of a felony conviction vacated after a certain amount of time has passed. Vacation of the record has the effect of removing

"all penalties and disabilities" that resulted from the offense. It also prevents the offense from being used as "criminal history" for purposes of sentencing for a subsequent offense. Finally, vacation of the record allows the offender to respond on an employment application that he or she has never been convicted of that crime. However, the vacation of a record of conviction does not prevent that conviction from being used in a later criminal prosecution for a crime in which one element is a prior conviction. (For instance, it is still possible to use a vacated prior conviction in a prosecution for a crime that becomes a felony on a second or subsequent conviction.)

Vacation of a felony record is at the discretion of a judge, with the following limitations:

- No vacation is possible for any class A felony, any violent offense, or any "crime against persons." (These categories cover many crimes, including all murders, all felony sex offenses, all assaults, and many other crimes that are covered by the Washington State Patrol's background check authority regarding prospective employees who may have contact with children.)
- No vacation is possible if the offender has any criminal charges pending.
- No vacation is possible if the offender has been convicted of any other crime since completion of his or her sentence for the offense for which vacation is being sought.
- At least 10 years must have passed since completion of the sentence if the offense was a class B felony.
- At least five years must have passed since completion of the sentence if the offense was a class C felony.

These vacation of record provisions apply only to offenders sentenced under the SRA. The SRA applies only to felonies committed on or after July 1, 1984.

For felonies committed before the SRA, and for misdemeanor and gross misdemeanor offenses, there are no provisions equivalent to this vacation of record procedure. Pre-SRA felons may be "released from all penalties and disabilities" that resulted from conviction, and misdemeanants may have their charges "dismissed" after successful completion of a suspended sentence. However, neither misdemeanants nor pre-SRA felons are authorized to respond to an employment application by saying that they have never been convicted of an offense.

Division III of the Washington Court of Appeals has held that with respect to a felony conviction, a vacation or sealing of the record removes the conviction from the public record. (*State v. Breazeale*.) On the other hand, the State Patrol had taken the position that vacated or sealed records remain public. Under this policy, even though a person with a vacated record might answer on a job application that he or she has never been convicted, the prospective employer could nonetheless get access to

the conviction record. The court of appeals decision has been accepted for review by the state supreme court.

Division II of the Washington Court of Appeals has held that there is no statutory authority for a court to vacate a misdemeanor conviction. However, the court also held that under Court Rule GR 15, upon a showing of "compelling circumstances," misdemeanor records may be "sealed." (*State v. Noel.*) Under the court rule, a "sealed" record is also still identified on the public record, but only by the defendant's name and the criminal charge, and with a notation that the record is sealed. Thus a sealed record indicates there has been a charge, but not whether there has been a conviction.

Under the Washington State Criminal Records Privacy Act, all conviction records are considered public. "Nonconviction data," on the other hand, is subject to restrictions on release and generally may only be exchanged between criminal justice agencies. Nonconviction data consists of all criminal history record information relating to an incident which has not led to a disposition adverse to the person who is the subject of the information.

Summary: Authorization is provided for the vacation of records of misdemeanor convictions. Special rules are provided with regard to vacation of records of convictions for domestic violence misdemeanor offenses.

Vacation of Misdemeanors Generally. Once a person has completed all the terms of a misdemeanor sentence, he or she may petition a court for the vacation of the record of conviction.

The court has discretion to grant or deny the petition, but may not grant the petition if:

- the applicant has any outstanding criminal charges;
- the misdemeanor conviction was for a violent offense, or attempted violent offense;
- the misdemeanor conviction was for drunk driving, or a related offense;
- the misdemeanor conviction was for pornography or sexual exploitation of children;
- the misdemeanor conviction was for a sex offense;
- less than three years have passed since completion of all terms of the sentence, including financial obligations;
- the applicant has been convicted of another offense since the conviction for which vacation is sought;
- the applicant has been the subject of a restraining, no-contact, or antiharassment order within the previous five years; or
- the applicant has previously had any record of conviction vacated.

Once a conviction has been vacated, it may not be used in sentencing for any subsequent offense. Upon the issuance of the vacation, the court is to notify law enforcement agencies to update criminal records accordingly. The record of a vacated conviction may not be disseminated by a law enforcement agency except to

another agency. The person whose record has been vacated is released from all disabilities resulting from the conviction, and he or she may respond to employment or housing application questions that he or she has not been convicted of the crime.

All costs of a vacation are to be paid by the applicant, unless he or she is indigent.

Vacation of Domestic Violence Misdemeanors in Particular. An application for the vacation of the record of a domestic violence misdemeanor conviction will be denied if any of the following is present:

- the applicant has failed to notify the prosecuting attorney of the application;
- the applicant has previously had a domestic violence conviction vacated;
- the applicant has said under penalty of perjury that he or she has not previously been convicted of a domestic violence offense, and a criminal history check reveals that he or she has been so convicted; or
- less than five years have passed since the applicant completed all terms of his or her sentence.

Votes on Final Passage:

House	98	0
Senate	47	1

Effective: July 22, 2001

E2SHB 1180
C 80 L 01

Obtaining and expending funds for the public health system.

By House Committee on Appropriations (originally sponsored by Representatives Cody, Marine, Ruderman, McMorris and Schual-Berke; by request of Department of Health).

House Committee on Health Care
House Committee on Appropriations
Senate Committee on Health & Long-Term Care

Background: The Department of Health (DOH) is authorized to accept gifts, grants, or other funds. Current statutory language does not authorize the department to solicit funds from public and private sources.

If the department receives gifts or grants, the funds are either treated as unanticipated receipts requiring Office of Financial Management approval, or are deposited in the general fund, requiring appropriation by the Legislature.

Summary: The DOH is authorized to solicit and accept grants, gifts, bequests, devises, and other public and private funding sources. It is the intent of the Legislature that gifts and other funds received by the DOH be used to expand or enhance programs, and not replace government funds.

All receipts from gifts and other funds must be deposited in a new "public health supplemental account" in the state treasury. Funds may only be expended after appropriation. Funds must be used to maintain and improve the health of Washington residents through the public health system and may not be used to pay for or add permanent full-time staff positions.

The DOH must file an annual report on the financial condition of any program funded under this act with the President of the Senate and the Speaker of the House of Representatives.

Votes on Final Passage:

House 80 14
Senate 40 6

Effective: July 22, 2001

HB 1198
C 141 L 01

Including drinking water accounts in interest-bearing accounts.

By Representatives G. Chandler and Cooper; by request of Department of Health.

House Committee on Agriculture & Ecology
House Committee on Appropriations
Senate Committee on Environment, Energy & Water

Background: The Drinking Water Assistance Account (DWAC) was created in the state treasury in 1995. The stated purpose of this account is to allow the state to use federal funding, made available to states as part of the reauthorization of the federal Safe Drinking Water Act, to fund a state revolving loan fund program. The loan program is administered through the Department of Health, the Public Works Board, and the Department of Community, Trade and Economic Development. The statute specifies any necessary subaccounts may be created within this account.

The account funds are to be used to assist local governments and water systems to provide safe and reliable drinking water, to provide services and assistance authorized by federal law, and to administer the revolving loan program. The account is specifically authorized to receive interest, and the interest transferred to the account may be used for eligible account purposes.

According to the Department of Health, a subaccount was established in 1999 as a separate account for processing fees charged for revolving fund loans from the DWAC. The department reports that interest is being transferred to this subaccount through an interim agreement with the Office of Financial Management.

Summary: The Drinking Water Assistance Administrative Account and the Drinking Water Assistance Repayment Account are created in the state treasury. These two accounts are specifically authorized to receive pro-

portionate shares of interest based on their average daily balance.

Votes on Final Passage:

House 94 0
Senate 47 0

Effective: July 22, 2001

SHB 1202
C 185 L 01

Improving property tax administration.

By House Committee on Finance (originally sponsored by Representatives Cairnes and Morris; by request of Department of Revenue).

House Committee on Finance
Senate Committee on Ways & Means

Background: All real and personal property in the state is subject to property tax each year based on its value unless a specific exemption is provided by law. Real property is listed on the tax rolls by the county assessor's office. Owners of taxable personal property provide a list of the property, either in person or by mail, to the county assessor's office or to the Department of Revenue in the case of ships and vessels.

The county assessor determines assessed value for each property. The county assessor also calculates the tax rate necessary to raise the correct amount of property taxes for each taxing district. The assessor calculates the rate so that the individual district rate limit, the district revenue limit, and the aggregate rate limits are all satisfied. The assessor delivers the county tax roll to the treasurer. The county treasurer collects property tax based on the tax roll starting February 15 each year. The county treasurer makes monthly distributions of the property taxes to the taxing districts.

Property owners may appeal the value determined by the assessor to the county board of equalization. The appeal petition must be filed before July 1 or within 30 days of the mailing of an assessment notice. The county board of equalization may waive the filing deadline for good cause.

There are a number of property tax programs where the county assessor either determines property value or eligibility. These programs include new and rehabilitated multi-unit housing, historic property, designated and classified forest land, open space land, senior citizen property tax relief, conservation property, nonprofit organizations, and senior citizen property tax deferral.

The state imposes an annual property tax. The state property tax is allocated across the state according to the market value of each county. The Department of Revenue estimates the market value of each county by determining the ratio of assessed value to market value.

The properties of inter-county and inter-state utility companies are valued by the Department of Revenue rather than the county assessor. This process is called central assessment. These market values are adjusted by the ratio of assessed value to market value so that centrally assessed properties are treated in an equivalent manner to locally assessed properties.

Generally, the ratio of assessed value to market value for real property is determined by comparing sales prices with assessed values. For personal property, a county's ratio of assessed value to market value is determined from Department of Revenue audits of personal property accounts maintained by the county assessor. The ratio of assessed value to market value varies from county to county, but on average is about 90 percent of market value.

Referendum 47, approved by the voters in November 1997, placed a limitation on adding to the tax rolls large valuation increases in real property, beginning with taxes payable in 1999. On July 30, 1998, the Washington Supreme Court in *Belas v. Kiga*, 135 Wn.2d 913 (1998), held that the value-averaging provisions of Referendum 47 violated the constitutional requirement that taxes on real property be uniform.

Summary: Lists of taxable personal property may be reported by electronic transmittal.

The time limits and good cause exceptions for appeals of assessor decisions to the county board of equalization in programs involving new and rehabilitated multi-unit housing, historic property, designated and classified forest land, open space land, senior citizen property tax relief, conservation property, nonprofit organizations, and senior citizen property tax deferral are made consistent.

Assessors are required to correct errors that resulted in all taxpayers within a district paying an incorrect amount of property tax. The correction is made in the property tax for the taxing district in the succeeding year. For large adjustments, the governing body of the district may choose to phase in the adjustment over three years. Corrections are limited to taxes no more than three years old.

Treasurers are required to correct errors in the distribution of property tax receipts to taxing districts. Adjustments are made in the following year. If the adjustment is large it may be taken over a three-year period. Corrections are limited to distributions made within the prior three years.

The amount of data used to determine the ratio of assessed value to market value for personal property is increased from one to three years.

Some of the value-averaging provisions of Referendum 47 that were invalidated by the court are removed from the statutes.

The changes related to correcting errors in property taxes and errors in distributions of property taxes apply

to errors that occur after January 1, 2002. The other changes start with 2002 property taxes.

Votes on Final Passage:

House	98	0	
Senate	47	0	(Senate amended)
House	85	0	(House concurred)

Effective: July 22, 2001

January 1, 2002 (Section 14)

SHB 1203

C 116 L 01

Authorizing the department of revenue to modify sales tax exemption documentation and retention requirements for simplification purposes.

By House Committee on Finance (originally sponsored by Representatives Cairnes and Morris; by request of Department of Revenue).

House Committee on Finance
Senate Committee on Ways & Means

Background: A seller must collect sales tax on each retail sale, unless the buyer provides a resale or exemption certificate. A buyer must provide the following information on a resale or exemption certificate:

- (1) The name and address of the buyer;
- (2) The uniform business identifier number of the buyer;
- (3) The type of business engaged in;
- (4) The categories of items or services to be purchased for resale or that are exempt, unless the buyer is in a business classification that may present a blanket resale certificate as provided by the department by rule;
- (5) A statement that the items or services purchased either: (i) Are purchased for resale in the regular course of business; or (ii) are exempt from tax pursuant to statute; and
- (6) The name and signature of the authorized individual.

Sellers are held liable for the tax if they are not able to produce the required exemption certificates when audited by the Department of Revenue.

Before disclosing information obtained from a taxpayer, the Department of Revenue must inform the taxpayer what will be disclosed.

Summary: The Department of Revenue may enter into agreements with sellers for a project on sales and use tax exemption requirements. This project will allow the use of electronic data collection in lieu of paper certificates.

The object of the project is to determine whether using an electronic system provides the same level of reliability as the current system while lessening the burden on the seller.

A seller that wishes to participate in the project may make application to the department. To be eligible for such participation, a seller must demonstrate its capability to take part in the project and to provide data to the department in a form in which the data can be used by the department. A seller selected as a participant by the department will be relieved of other sales and use tax exemption documentation requirements provided by law as covered by the project.

Votes on Final Passage:

House 98 0
 Senate 48 0

Effective: July 22, 2001

HB 1205
 C 81 L 01

Licensing and regulation of consumer loan companies.

By Representatives Keiser, DeBolt, Barlean, Simpson and Santos; by request of Department of Financial Institutions.

House Committee on Financial Institutions & Insurance
 Senate Committee on Labor, Commerce & Financial Institutions

Background: Consumer loan companies are lenders authorized to make loans at higher interest rates than other financial institutions or credit card issuers. They are authorized and regulated because the Legislature has recognized the need for lenders to serve the credit needs of borrowers who represent a higher than average credit risk. Consumer loan companies may charge up to 25 percent simple interest as well as certain prescribed loan origination fees. Consumer loan companies are regulated by the Department of Financial Institutions under the Consumer Loan Act.

Summary: Consumer loan companies are prohibited from engaging in specified practices, including fraud, deception, failure to disclose, unfair business practices, and other acts that might adversely affect consumers or thwart the regulatory process. Violations of the chapter that constitute an unfair or deceptive act or practice are declared to be violations of the Consumer Protection Act and are thus subject to the remedies provided by that act.

The authority of the director of the Department of Financial Institutions is both broadened and defined with respect to: 1) the promulgation and enforcement of administrative regulations; 2) the issuance, suspension and revocation of licenses; 3) the imposition of fines and other steps necessary for enforcement; 4) the removal from office of any officer, principal or employee of a licensee, under certain specified conditions; 5) the issuance of cease and desist orders; and 6) the general power to enforce the requirements of the Consumer Loan Act and to impose sanctions.

Licensing requirements for consumer loan companies are made more stringent and include provisions requiring that the applicant has not had a license suspended or revoked in Washington or any other state, and that no officer or principal has been convicted within seven years of a gross misdemeanor involving dishonesty or financial misconduct, a felony, or a violation of banking laws.

Within three days of the receipt of a loan application, a licensee must provide the borrower with a written disclosure and explanation of all costs and fees imposed in connection with obtaining the loan. Compliance with the Federal Truth in Lending Act and Real Estate Settlement Procedures Act constitutes compliance with the Consumer Loan Act.

The director's authority is clarified with respect to compelling the production of records, files, documents, and other evidence relevant to the investigation of a licensee. The director is empowered to compel the appearance of a witness and/or the production of records.

The regulations regarding interactions with mortgage brokers are clarified. A borrower may be required to pay a fee to a mortgage broker with respect to a loan secured by real estate, provided the broker is not owned by or under common ownership with the lender. The borrower must actually obtain a loan before a fee may be paid to a mortgage broker. The lender may not collect any fee as a mortgage broker with respect to any loan made by the lender.

The director is given express authority to define injurious business practices by rule and to seek injunctive relief in superior court with respect to violations of the act.

Administrative proceedings for denying, suspending or revoking a license, or imposing civil penalties, are to be conducted under the Administrative Procedures Act.

Votes on Final Passage:

House 97 0
 Senate 45 0

Effective: July 22, 2001

HB 1211
 C 177 L 01

Creating the financial services regulation fund.

By Representatives Benson, Simpson, Barlean and Hatfield; by request of Department of Financial Institutions.

House Committee on Financial Institutions & Insurance
 House Committee on Appropriations
 Senate Committee on Labor, Commerce & Financial Institutions

Background: The operation of the Department of Financial Institutions (DFI) is supported by three dis-

crete funds: (1) the bank examination fund, (2) the credit union examination fund, and (3) the securities regulation fund. The bank and credit union funds are dedicated, non-appropriated funds. All money received pursuant to those activities is deposited in its respective fund. Thirteen percent of the money received by the Division of Securities is deposited in the securities regulation fund, with the balance going to the state general fund. The dedicated, non-appropriated status of the bank and credit union funds allows the DFI to respond to regulatory developments without waiting for legislative appropriation.

This system of separate, discrete funds reflects a time when the regulatory lines between the various financial institutions were distinct and separate. With financial modernization and globalization, these lines have become blurred, requiring the DFI to pursue functional regulation across traditional divisional lines. For example, securities analysts determine compliance of broker/dealers located at banks, and banks examiners determine whether debenture companies are in unsound condition.

Summary: A new financial services regulation fund is created, which is dedicated, non-appropriated, and the sole fund for the Department of Financial Institutions. All money received by the various divisions is deposited into the unified fund, with the exception of the Division of Securities, which will deposit 13 percent of money received into the unified fund. The remaining 87 percent of the money received by the Division of Securities will continue to be deposited into the general fund. The current level of fees, assessments, and fines is unchanged.

The credit unions examination fund and the securities regulation fund are both repealed.

Votes on Final Passage:

House 98 0
Senate 48 0

Effective: May 7, 2001

SHB 1212
C 174 L 01

Sealing certain juvenile records.

By House Committee on Juvenile Justice (originally sponsored by Representative Bush).

House Committee on Juvenile Justice
Senate Committee on Human Services & Corrections

Background: A juvenile adjudicated of an offense may petition the court to vacate its order and findings and seal the records of the case when certain conditions are met. A juvenile record for an offense may not be sealed until the offender has paid full restitution. Any subsequent adjudication of a juvenile offense or subsequent charging

of an adult felony nullifies a sealing order on the offender's juvenile records.

Juvenile records related to class A or sex offenses may not be sealed. Juvenile records relating to class B offenses may be sealed if the offender has spent 10 years in the community without committing an offense. Juvenile records relating to class C offenses may be sealed after the offender has spent five years in the community without committing an offense. There is no provision in current law authorizing the court to seal juvenile records for diversions, misdemeanors, or gross misdemeanors.

Summary: A person's juvenile records for misdemeanors may be sealed if the person is at least 18 years old, and has spent two consecutive years after release from confinement, if any, or entry of the order of disposition, in the community without committing an offense or crime that subsequently results in conviction or diversion.

A person's juvenile records for gross misdemeanors may be sealed if the person is at least 18 years old and has spent three consecutive years after release from confinement, if any, or entry of the order of disposition, in the community without committing an offense or crime that subsequently results in conviction.

Votes on Final Passage:

House 98 0
Senate 49 0 (Senate amended)
House 84 0 (House concurred)

Effective: July 22, 2001

HB 1213
C 180 L 01

Correcting statutes pertaining to the public employees' and school employees' retirement systems.

By Representatives Delvin, Conway, H. Sommers, Lambert, Doumit and Hurst; by request of Joint Committee on Pension Policy.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: Legislation to create a new School Employees Retirement System (SERS) Plans 2 and 3 was enacted in 1998, with an effective date of September 2000. In the 2000 session, changes were made to SERS Plans 2 and 3. In that session, the Legislature also created a new Public Employees Retirement System (PERS) Plan 3 with an effective date of March 2002.

After the 2000 session, the Office of the State Actuary, the Department of Retirement Systems, and the State Investment Board (SIB) identified certain technical drafting problems in the new SERS Plan 3 and PERS Plan 3 acts.

Summary: Various statutes dealing with SERS and PERS are amended to correct drafting errors and omissions. Changes are as follows:

- (1) Inconsistencies are corrected that were created by the passage of two amendments in 2000 that set SERS Plan 2 employee contribution rates using different benchmarks. The correction makes employee contribution rates for SERS equal to the SERS employer rate in Plans 2 and 3;
- (2) The omission of PERS is corrected in the section dealing with the declaration of monthly unit values by the SIB for Plan 3 members;
- (3) A disability definition is removed that is used in the PERS Plan 1 definition section but is not used in SERS;
- (4) The statute that limits the ability of a person to join a second state retirement plan after retiring from another state or city retirement system is amended to apply to SERS; and
- (5) An obsolete provision dealing with PERS membership is decodified.

Votes on Final Passage:

House	98	0
Senate	48	0

Effective: July 22, 2001

March 1, 2002 (Sections 1 and 2)

SHB 1214
C 181 L 01

Clarifying certain administrative and investment duties of the department of retirement systems and the state investment board.

By House Committee on Appropriations (originally sponsored by Representatives H. Sommers, Lambert, Doumit and Delvin; by request of Joint Committee on Pension Policy).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: Legislation passed in 1995 created both the Employee Retirement Benefits Board (ERBB) and Teachers Retirement System (TRS) Plan 3, a state-administered defined contribution retirement plan. Prior to 1996, the only defined contribution plan administered by the state was the Judicial Retirement Account, made available to judges who opted to join the Public Employees Retirement System (PERS). In 2000 a new School Employees' Retirement System (SERS) Plan 3 was established, and a new PERS Plan 3 was created, effective in March of 2002.

The ERBB originally had authority to select the Plan 3 and Deferred Compensation Plan (DCP) investment options. When trusteeship of the DCP was transferred to the State Investment Board (SIB), the ERBB statute was

also amended to provide that trusteeship of the DCP funds be placed with the SIB, and that the SIB would select investment options, based on the advice of the ERBB.

The ERBB provides guidance to the SIB regarding Plan 3 and DCP investment options, and selects, in coordination with the Department of Retirement Systems (DRS), the payment distribution options for TRS Plan 3 and the DCP.

The ERBB includes 11 members appointed by the Governor: three members each for the PERS, TRS, and SERS retirement systems, and two people with experience in defined contribution pension systems. The DRS director serves as the ERBB chair.

Summary: A DCP participant is added to the membership of the ERBB. Duplicative language from the DCP statute regarding treatment of deficiencies in the DCP fund is eliminated. The duties of the SIB and the DRS with regard to DCP administration and investment are clarified, as are the duties of the SIB and the DRS with regard to TRS Plan 3, SERS Plan 3, and PERS Plan 3 administration and investment.

Votes on Final Passage:

House	98	0
Senate	48	0

Effective: July 22, 2001

HB 1216
C 82 L 01

Investigating sudden unexplained deaths of children.

By Representatives Lambert, O'Brien, Carrell and Delvin.

House Committee on Judiciary
Senate Committee on Judiciary

Background: The Washington State Forensic Investigations Council (FIC) was created to, among other things, manage the Death Investigations Account and provide training to county coroners and medical examiners for performing death investigations.

The FIC developed training on the subject of sudden unexplained child deaths. The training includes: (a) medical information for first responders; (b) information on community resources and support groups for families; and (c) a protocol for investigating cases of sudden, unexplained child death.

The training is offered on a voluntary basis to first responders, coroners, medical examiners, prosecuting attorneys serving as coroners, and investigators, through their various associations and as a course offering at the Criminal Justice Training Center.

Each county has either: (a) an elected county coroner; (b) a prosecutor who acts as a coroner in counties

with a population of 40,000 or less; or (c) an appointed medical examiner who is a certified pathologist.

Pathologists perform autopsies to determine the cause of death. Counties without a medical examiner contract with other county medical examiners for autopsies. Generally, the county in which the autopsy is performed bears the cost of the autopsy. The county is reimbursed from the death investigations account as follows:

- up to 40 percent of the cost of contracting for the services of a pathologist to perform an autopsy; and
- up to 25 percent of the salary of pathologists who are primarily engaged in performing autopsies for the county.

Not all pathologists are certified as forensic pathologists.

Summary: Training for death investigators must include a scene investigation protocol endorsed or developed by the FIC.

Training for investigating the sudden unexplained death of a child under the age of three is required for city and county law enforcement officers and for certified emergency medical personnel as part of their basic training through the Criminal Justice Training Commission or the Department of Health emergency medical training certification program. Counties must use a protocol endorsed or developed by the FIC for scene investigations of these kinds of deaths.

The FIC must develop a protocol for autopsies of children under the age of three whose deaths are sudden and unexplained. Pathologists who are not certified forensic pathologists and who are providing autopsy services to coroners and medical examiners must use the FIC protocol.

A county will be reimbursed for an autopsy of a child under the age of three whose death was sudden and unexplained if the death scene investigation and the autopsy were conducted under the protocols and the autopsy was done at a facility designed for the performance of autopsies.

Votes on Final Passage:

House	93	0
Senate	47	0

Effective: July 22, 2001

HB 1227
C 264 L 01

Changing provisions relating to escaping from custody.

By Representatives Ballasiotes, Lovick and O'Brien.

House Committee on Criminal Justice & Corrections
Senate Committee on Judiciary

Background: Generally, the crime of escape is committed when a person flees from a detention facility or flees

from custody having been charged with a criminal offense. However, escape does not include a person civilly committed under a plea of insanity for a sex, violent, or felony harassment offense who 1) has been conditionally released on a less restrictive alternative and 2) leaves or remains absent from the state without authorization.

Escape in the First Degree. Escape in the first degree is committed when a person escapes from custody or a detention facility while being detained pursuant to a felony or an equivalent juvenile offense. Although knowledge is not a statutory element of the crime, the element has been added by the case law. Escape in the first degree is a seriousness level IV, class B felony

Escape in the Second Degree. Escape in the second degree occurs when a person:

escapes from a detention facility; escapes from custody having been charged with a felony or an equivalent juvenile offense; or leaves Washington without prior authorization having been found to be a sexually violent predator and placed under an order of conditional release.

Although knowledge is not a statutory element of the crime, the element has been added by the case law. Escape in the second degree is a seriousness level III, class C felony.

Willful Failure to Return to Work Release or from Furlough. The general escape statutes are inapplicable to felony prisoners who fail to return from work release or furlough. Instead, these offenders are charged with willfully failing to return to work release or from furlough. Willful failure to return from work release is a seriousness level III, class B felony. Willful failure to return from furlough is a seriousness level IV, class B felony.

Bail Jumping. The crime of bail jumping occurs when a person 1) has been released by court order or admitted to bail with the requirement of a subsequent personal appearance before a court and 2) knowingly fails to appear as required by the court. The punishment for bail jumping varies depending on the type of crime for which the offender is being held.

Uniform Criminal Extradition Act. Under the Uniform Criminal Extradition Act, the Governor is authorized to issue a warrant for the arrest of any person who is charged with committing a crime in another state, has fled from justice, and is found in this state. A demand for the extradition of the person from the Governor of that foreign state must precede the warrant. However, the Governor may exercise his or her discretion as to whether to issue the warrant and have the fugitive arrested and delivered to the executive authority of the demanding state.

Summary: Escape in the First Degree. The element of knowledge is added to the crime of escape in the first degree. An affirmative defense to the crime is that:

- uncontrollable circumstances prevented the person from remaining in custody or in the detention facil-

ity, or from returning to custody or to the detention facility;

- the person did not contribute to the creation of the circumstances in reckless disregard of the requirement to remain or return; and
- the person returned to custody or the detention facility as soon as the circumstances ceased to exist.

Escape in the Second Degree. The element of knowledge is added to the crime of escape in the second degree. Leaving Washington without prior authorization having been found to be a sexually violent predator and placed under an order of conditional release is removed from escape in the second degree. The crime is expanded to include persons civilly committed under a plea of insanity for a sex, violent, or felony harassment offense who 1) have been conditionally released on a less restrictive alternative, and 2) leave or remain absent from the state without authorization.

An affirmative defense to the crime is that:

- uncontrollable circumstances prevented the person from remaining in custody or in the detention facility, or from returning to custody or to the detention facility;
- the person did not contribute to the creation of the circumstances in reckless disregard of the requirement to remain or return; and
- the person returned to custody or the detention facility as soon as the circumstances ceased to exist.

Willful Failure to Return to Work Release or from Furlough. The crimes relating to willfully failing to return to work release and from furlough are repealed.

Bail Jumping. The crime of bail jumping is expanded to include failing to report to a correctional facility for service of sentence. The element of knowledge in the crime is changed: instead of requiring a person to knowingly fail to appear in order to be convicted of bail jumping, the act requires the person to have knowledge of the requirement to appear before a court or to report to a correctional facility.

An affirmative defense to the crime is that:

- uncontrollable circumstances prevented the person from remaining in custody or in the detention facility, or from returning to custody or to the detention facility;
- the person did not contribute to the creation of the circumstances in reckless disregard of the requirement to remain or return; and
- the person returned to custody or the detention facility as soon as the circumstances ceased to exist.

For purposes of escape in the first degree, escape in the second degree, and bail jumping, "uncontrollable circumstances" means an act of nature such as a flood, earthquake, or fire, or a medical condition that requires immediate hospitalization or treatment, or an act of man such as an automobile accident or threats of death, forcible sexual attack, or substantial bodily injury in the

immediate future for which there is no time for a complaint to the authorities and no time or opportunity to resort to the courts.

Uniform Criminal Extradition Act. Under the Uniform Criminal Extradition Act, a law enforcement agency must deliver a person in custody to the accredited agent or agents of a demanding state without the governor's warrant if:

- the person is alleged to have broken the terms of his or her probation, parole, bail, or any other release of the demanding state; and
- the law enforcement agency has received from the demanding state an authenticated copy of a prior waiver of extradition signed by the person as a term of his or her probation, parole, bail, or any other release of the demanding state as well as photographs, fingerprints, or other evidence properly identifying the person as the person who signed the waiver.

Votes on Final Passage:

House	98	0	
Senate	48	0	(Senate amended)
House			(House refused to concur)
Senate	47	0	(Senate amended)
House	91	0	(House concurred)

Effective: July 1, 2001

SHB 1234

C 204 L 01

Revising apprenticeship law to respond to a 1999 United States department of labor audit.

By House Committee on Commerce & Labor (originally sponsored by Representatives Clements, Conway, Lisk, Wood, B. Chandler, Kessler, Kenney, Hurst, Keiser, Simpson, Ogden, Lovick, Morris, McIntire, D. Schmidt, Ruderman, O'Brien, Schual-Berke, Edwards, Kagi, Cody and Edmonds; by request of Washington State Apprenticeship and Training Council, State Board for Community and Technical Colleges and Department of Labor & Industries).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce & Financial Institutions

Background: The Washington State Apprenticeship and Training Council establishes apprenticeship program standards, approves apprenticeship training programs, and otherwise governs the programs. The state Department of Labor and Industries encourages and promotes apprenticeship agreements, registers apprenticeship agreements, and otherwise aids the council in carrying out its functions. State law makes the Commission for Vocational Education, which was terminated under the

Sunset Act in 1986, responsible for apprentice-related and supplemental instruction.

The secretary of the United States Department of Labor delegates to the Washington State Apprenticeship and Training Council authority to certify apprenticeship programs for federal purposes. Employers of apprentices in certified programs may pay the apprentices less than journey-level wages on public works jobs. Apprentices that complete certified programs are recognized as qualified journey-level workers nationwide. The secretary delegates certification authority only if state apprenticeship law conforms with federal apprenticeship regulations.

In 1999 the United States Department of Labor Bureau of Apprenticeship and Training reviewed Washington's apprenticeship law and related rules and policies. The bureau identified a number of conflicts between state law and federal regulations and notified the council that changes were needed to make state law conform with federal regulations. Among the conflicts are the following:

- The council, according to a decision of the state Court of Appeals, may require sponsors of apprenticeship training programs to select apprenticeship committee members from a bona fide labor organization. Federal regulations require that state law allow for approval of an open shop committee.
- Joint apprenticeship training programs that receive any state assistance must include entrance of women and minorities into the programs in a ratio not less than their respective representation in the labor force in the program sponsor's labor market area. Federal regulations require that this ratio apply to all programs with five or more apprentices.
- The council must obtain consent from employer and employee groups to establish apprenticeship program standards, adopt rules, and perform other duties. Federal regulations require only the Department of Labor and Industries to seek consent of employer and employee groups, and then, only in limited circumstances.

The bureau also identified a number of other concerns, including a concern that standards for apprenticeship program standards are enacted in state law and adopted in related rules and policies. The bureau recommended that the standards be identified in either state law or rule.

Summary: State apprenticeship law is amended to conform with federal apprenticeship regulations and to respond to other federal recommendations. Among the revisions made for these purposes are the following:

- New apprenticeship programs may be represented by either a joint labor/management apprenticeship committee or a unilateral apprenticeship committee. The committees must be composed of an equal number of employer and employee representatives chosen

either from names submitted by employer and labor organizations, or in a manner which selects representatives of management and nonmanagement. If there is no feasible method to choose a nonmanagement representative, the Washington State Apprenticeship and Training Council may act as the apprentice representative.

- Apprenticeship programs with five or more apprentices must conform with federal regulations on equal employment opportunity in apprenticeship while advancing the principles of state law prohibiting discrimination on the basis of race, sex, color, ethnicity, or national origin in public employment, public education, or public contracting.
 - The requirement is deleted for the council to obtain consent from employer and employee groups to perform its duties.
 - Apprenticeship program standards in state law are deleted. A requirement is added that standards conform to rules adopted by the council.
- Other revisions include the following:
- The council is responsible for apprentice-related and supplemental instruction. The council must consider recommendations from the State Board for Community and Technical Colleges on matters related to instruction. Obsolete references to the Commission on Vocational Education are deleted.
 - The council's membership is expanded to include four ex-officio members representing the Work Force Training and Education Coordinating Board, the State Board for Community and Technical Colleges, the Employment Security Department, and the United States Department of Labor.
 - Technical corrections are made.

Votes on Final Passage:

House	95	0
Senate	48	0

Effective: July 22, 2001

HB 1243

C 142 L 01

Changing provisions relating to the admissibility into evidence of a refusal to submit to a test of alcohol or drug concentration.

By Representatives Hurst, Esser, Carrell, Lovick, Lantz and Lambert.

House Committee on Judiciary
Senate Committee on Judiciary

Background: The crime of DUI is committed by driving under the influence of alcohol or drugs.

Under the state's Implied Consent Law, every driver in the state has impliedly agreed to submit to a test of his

or her breath or blood when lawfully stopped for DUI. The test may be for alcohol or drugs.

Refusal to submit to a test for alcohol or drugs results in the administrative loss of driving privileges. The fact of a refusal to submit to a test for alcohol is also admissible in evidence in a criminal trial. There is no express statement to this effect with respect to a refusal to submit to a test for drugs.

Summary: The fact of a person's refusal to submit to a drug test under the Implied Consent Law is admissible in a criminal trial.

Votes on Final Passage:

House 98 0
Senate 47 0

Effective: July 22, 2001

2SHB 1249
C 265 L 01

Regarding the quality of foster care services.

By House Committee on Appropriations (originally sponsored by Representatives Kagi, Boldt, Ballasiotes, Tokuda, Dickerson, Gombosky, Darneille, Morell, Anderson, Schual-Berke, Esser, McIntire, Doumit, Kenney, Clements, Edwards, Fromhold, Miloscia, Barlean, Talcott, Ruderman, Conway, Kessler, Ogden, Lovick, D. Schmidt, O'Brien, Edmonds, Wood and Haigh).

House Committee on Children & Family Services
House Committee on Appropriations
Senate Committee on Human Services & Corrections

Background: The Children's Administration of the Department of Social and Health Services (DSHS) served over 19,000 children in out-of-home care during fiscal year 2000. Over 6,300 licensed foster homes were available to serve the majority of these children.

A 1999 Foster Care Task Force identified a number of priorities for improving the foster care system. Foster care rates, assessments for children entering foster care, and foster parent recruitment and retention were identified as priorities for immediate action. Restructured rates are being implemented and assessment improvement efforts are underway. Recruitment and retention efforts are ongoing.

Illinois and Oklahoma have achieved accreditation for their child welfare programs, including foster care, by a nationally recognized evaluation entity. The Vancouver office of the Division of Child and Family Services is in the process of pursuing accreditation. Accreditation involves self-evaluation and evaluation by an outside entity against performance standards developed nationally.

Summary: The Legislature finds that accreditation of children's services improves the quality of services to the children and families. The DSHS is required to undertake accreditation of children's services with the goal of completing the process by July 2006. The department and accrediting entity are required to report annually on progress toward achieving accreditation.

Votes on Final Passage:

House 94 0
Senate 47 0 (Senate amended)
House (House refused to concur)
Senate 46 0 (Senate amended)
House 90 0 (House concurred)

Effective: July 22, 2001

HB 1255
C 266 L 01

Including educational service districts in school district provisions.

By Representatives Cox, Fromhold, Haigh, Schoesler and Hunt.

House Committee on Education
Senate Committee on Education

Background: By law, school districts may permit their employees to participate in deferred compensation programs. The conditions that govern the programs are described in the law.

In addition, school districts may provide different types of insurance policies to students, employees, board members, and the dependents of each. The types of insurance policies offered may include liability, life, health, health care, accident, disability, salary protection, and other types of unspecified insurance protection. If funds are available, the district may contribute all or a part of the money needed to pay employee insurance premiums. Students and board members must cover the cost of their own insurance policies. However, school districts may require and help pay the cost of insurance premiums for students participating in interscholastic athletics.

Summary: Educational service districts (ESDs) may permit their employees to participate in deferred compensation programs. The conditions that govern permissible programs are identical to conditions governing school district sponsored deferred compensation programs.

ESDs may provide different types of insurance policies to students, employees, board members, and the dependents of each. ESDs may offer the same types of insurance coverage that school districts may offer. ESDs, like school districts, may also offer and pay all or

SHB 1256

part of the cost of insurance protection for students in interscholastic athletics.

Votes on Final Passage:

House 98 0
Senate 47 1

Effective: July 22, 2001

SHB 1256

C 182 L 01

Regarding educational service districts' superintendent review committees.

By House Committee on Education (originally sponsored by Representatives Cox, Haigh, Fromhold, Schoesler and Hunt).

House Committee on Education
Senate Committee on Education

Background: The governing boards of educational service districts (ESDs) must nominate and select their superintendents through a process described in law. First, a superintendent review committee must be formed. The committee is composed of three people, two school district superintendents selected by the ESD board and one representative of the Office of the Superintendent of Public Instruction (OSPI), selected by OSPI. The two school district superintendents must be selected from within the ESD.

The superintendent review committee is required to screen all candidates for ESD superintendent and nominate to the board a list of three of the candidates. The ESD board must select one of the three candidates or reject all three and request a new list of three candidates. The process is repeated until a candidate is selected.

Summary: The process governing the selection of ESD superintendents is revised. The superintendent review committee is expanded to include a subcommittee of the ESD board. The review committee will screen candidates against a set of established qualifications and will recommend to the board a list of three or more candidates for the position. The board must either select the superintendent from the list presented by the review committee, ask the review committee to add additional names to the list, or reject the list and ask the committee to submit a new list. The board must repeat the process until a superintendent is selected.

Votes on Final Passage:

House 98 0
Senate 45 0

Effective: July 22, 2001

HB 1257

C 143 L 01

Modifying educational service districts' borrowing authority.

By Representatives Cox, Haigh, Fromhold, Schoesler and Hunt.

House Committee on Education
Senate Committee on Education

Background: By law, educational service districts (ESDs) may purchase, lease, receive by gift, or contract for any real or personal property needed by the district. The ESDs that serve a minimum of 200,000 students may also borrow money for the same purposes. The State Board of Education must approve the acquisition of any real property and may determine the conditions under which the property is acquired. The ESDs that borrow money to acquire property must use that property as collateral and must have a note signed by the district and the lender.

Puget Sound ESD is the only ESD serving 200,000 students.

Summary: All ESDs may borrow money in order to acquire real or personal property.

Votes on Final Passage:

House 95 0
Senate 47 0

Effective: July 22, 2001

SHB 1259

C 192 L 01

Authorizing provision of independent living services for persons through age twenty who have been in foster care.

By House Committee on Appropriations (originally sponsored by Representatives Tokuda, Boldt, Kagi, Schual-Berke, Kenney, Lambert and Edwards; by request of Department of Social and Health Services).

House Committee on Children & Family Services
House Committee on Appropriations
Senate Committee on Human Services & Corrections

Background: The federal Foster Care Independence Act of 1999 (P.L. 106 -169) allows states to extend Medicaid coverage to young people between the ages of 18 and 21 who were in foster care on their 18th birthday. The act also allows states to provide independent living services, including room and board, to young people up to age 21 who become age 18 while in foster care, or are "likely to remain in foster care until age 18."

Independent living services are designed to assist young people as they transition to adulthood. Services may include: assistance with obtaining a high school diploma; vocational training; daily living skills training;

and counseling. Approximately 100 youth up to age 21 are provided independent living services each month by the Children's Administration of the Department of Social and Health Services (DSHS).

Summary: Young people up to age 21 who have been in foster care are made eligible for the array of independent living services created by the federal Foster Care Independence Act of 1999.

Examples of independent living services are provided. Requirements are established for program and recipient accountability. Each recipient must develop a written plan for achieving independent living and may be declared ineligible for failing to consistently adhere to the plan.

Votes on Final Passage:

House	98	0	
Senate	48	0	(Senate amended)
House	90	0	(House concurred)

Effective: July 22, 2001

2ESHB 1266
C 1 L 01 E2

Making supplemental transportation appropriations.

By House Committee on Transportation (originally sponsored by Representatives Fisher and Mitchell; by request of Governor Locke).

House Committee on Transportation

Background: The transportation budget provides appropriations to the major transportation agencies: the Department of Transportation, the Washington State Patrol, the Department of Licensing, the Transportation Improvement Board, the County Road Administration Board, and the Washington Traffic Safety Commission. The budget also provides appropriations out of the transportation funds to many smaller agencies with transportation functions.

Summary: Supplemental budget adjustments are provided to the original 1999-01 transportation budget (includes 2000 supplemental transportation budget) due to new emerging issues.

1999-01 Transportation Budget

1999-01 Appropriations	\$ 3.282 billion
Proposed Supplemental	\$ 18 million
Revised 1999-01 Appropriations	\$ 3.300 billion

Department of Transportation

Original 1999-01 Appropriations	\$ 2.508 billion
Proposed Supplemental	\$ 17 million
Revised 1999-01 Appropriations	\$ 2.525 billion

Washington State Patrol

Original 1999-01 Appropriations	\$ 229.4 million
Proposed Supplemental	\$ 1.5 million
Revised 1999-01 Appropriations	\$ 230.9 million

Department of Licensing

Original 1999-01 Appropriations	\$ 158.0 million
Proposed Supplemental	\$ (.07) million
Revised 1999-01 Appropriations	\$ 157.9 million

Washington Traffic Safety Commission

Original 1999-01 Appropriations	\$ 11.5 million
Proposed Supplemental	\$.2 million
Revised 1999-01 Appropriations	\$ 11.7 million

Adjustments have been made for debt service due to changes in interest rates, for transferring amounts for changes in revenue forecasts, and for having the Department of Transportation transfer unexpended funds from discontinued transportation accounts to the Multimodal Transportation Account.

Votes on Final Passage:

House	90	3	
Senate	46	0	(Senate amended)

Second Special Session

House	89	0
Senate	45	0

Effective: June 11, 2001

HB 1280
C 17 L 01

Increasing the seriousness ranking for hit and run death.

By Representatives Simpson, Ballasiotes, O'Brien, Cairnes, Lovick, Santos, Armstrong, Campbell and Keiser.

House Committee on Criminal Justice & Corrections
Senate Committee on Judiciary

Background: Criminal Sentencing. Under the Sentencing Reform Act (SRA) an offender convicted of a felony is subject to a standard sentence range based on the offender's prior convictions and seriousness of the offense.

Crimes are categorized into one of 16 "seriousness levels" depending on the seriousness of the offense, from level I, punishable by zero days to 29 months imprisonment, to level XVI, punishable by life imprisonment without parole or by death. An adult offender is also assigned an "offender score" generally based on the number of the offender's prior convictions.

A table that matches the "seriousness level" of the crime with the "offender score" is used to determine what sentence the offender will receive, unless the court determines that the conditions for imposing an exceptional sentence are met.

Hit-and-Run Accident. A driver of a vehicle involved in an accident must remain at the scene and provide required information, including the driver's name, address, and insurer, to any person struck or injured or any person occupying a vehicle that has been struck. The driver must also provide reasonable assis-

SHB 1282

tance to a person injured in an accident. A driver who is incapable of complying due to injuries sustained in the accident is not subject to penalty.

Failure to remain at the scene and provide required information in the case of an accident resulting in death is a class B felony ranked at level VIII on the sentencing grid. The presumptive sentence range for a level VIII offender with no prior criminal history, is 21 to 27 months.

Summary: The seriousness level for hit-and-run resulting in death is increased from level VIII to level IX. Accordingly, the presumptive sentence range for an offender with no prior criminal history increases from 21 to 27 months to 31 to 41 months.

Votes on Final Passage:

House	98	0
Senate	40	7

Effective: July 22, 2001

SHB 1282

C 205 L 01

Adding the code reviser to the uniform legislation commission.

By House Committee on State Government (originally sponsored by Representatives D. Schmidt and Romero; by request of Washington Uniform Legislation Commission).

House Committee on State Government
Senate Committee on State & Local Government

Background: The Uniform Legislation Commission was established to promote uniformity of legislation with other states. The commission works with similar commissions from other states, including the National Conference of Commissioners on Uniform State Laws, to draft and recommend uniform laws for approval and adoption by the various states. The commission consists of three commissioners appointed by the Governor who usually include judges, law professors, or other members of the Washington State Bar Association. The code reviser compiles the statutory laws enacted by the Legislature into the Revised Code of Washington. The code reviser serves as a non-voting deputy commissioner on the Uniform Legislation Commission. The commissioners are not compensated for their service, but are reimbursed for travel expenses.

Summary: Effective August 1, 2001, the code reviser will serve as an additional member of the board of commissioners on the Uniform Legislation Commission.

Votes on Final Passage:

House	93	0
Senate	48	0

Effective: August 1, 2001

ESHB 1286

PARTIAL VETO

C 337 L 01

Providing hatchery origin salmon eggs in order to replenish fish runs.

By House Committee on Natural Resources (originally sponsored by Representatives Lisk, Grant, Sump, Cox, Doumit, G. Chandler, Mulliken, Mielke, Clements, Lambert, Hankins, Pflug, Dunn, B. Chandler, Buck, Cairnes, Pennington, Boldt, Hatfield, Delvin, Armstrong, Skinner, Alexander, Kessler, Pearson, D. Schmidt, Anderson, Rockefeller and Esser).

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: The Department of Fish and Wildlife may sell or transfer surplus salmon eggs from stocks that are not suitable for salmon rehabilitation or enhancement in the state. The department is required, however, to give a high priority to private contractors who will rear and release smolts into public waters when making surplus salmon eggs available. The department may also authorize the sale of surplus salmon eggs by cooperative projects. Tribes, other volunteer groups, and other governmental hatcheries outside the state are not provided a priority opportunity to obtain surplus salmon eggs.

Summary: The Department of Fish and Wildlife (DFW) is prohibited from destroying salmon that originated from a hatchery for the purpose of destroying viable eggs that would otherwise be useful for replenishing fish runs as determined by the department and Indian tribes with treaty fishing rights. Surplus salmon eggs may only be sold by the DFW after the salmon harvest on surplus salmon has been maximized by both commercial and recreational fishers.

If the state determines that there are surplus salmon eggs, these eggs must be provided to these groups in the following order of priority: 1) voluntary groups that have entered into a cooperative agreement with the department for salmon culture programs under the supervision of the department; 2) regional fisheries enhancement groups for salmon culture programs under the supervision of the department; 3) salmon culture programs requested by lead entities and approved by the Salmon Recovery Funding Board; 4) hatcheries of federally approved tribes within the state; and 5) governmental hatcheries in Washington, Oregon, and Idaho. Providing eggs to these groups is given priority over making salmon eggs available to private contractors for the purpose of contract rearing to release smolts into public waters. The priority list established for distributing surplus eggs does not apply when there is a shortfall in the supply of eggs. If a group on the priority list requests viable eggs from the DFW, the DFW must include the

request within the brood stock document prepared for review by the regional offices.

The Fish and Wildlife Commission is required to adopt rules that contain directives for allowing more hatchery salmon to spawn naturally in areas where progeny of hatchery fish have spawned, including outplanting of adult fish, in order to increase the number of viable salmon eggs and restore healthy fish runs. The rules must also contain protocols for brood stock handling, including the outplanting of adult fish, spawning, incubation, rearing and release, as well as a prioritized schedule for implementing these provisions.

The DFW must conduct annual workshops in each administrative region that has fish stocks listed as threatened or endangered under the federal Endangered Species Act to help volunteers with egg rearing, share information on successful volunteer projects within the state, and provide basic training on monitoring appropriate for volunteers to conduct.

The DFW is directed to prepare an annual surplus salmon report and include it as part of the biennial state of the salmon report by the Governor. The report must include information on requests for viable salmon eggs and a brief explanation for each denial of a request. The report must contain information on the number and estimated weight of surplus salmon and steelhead and a description of the disposition of the adult carcasses.

Votes on Final Passage:

House	94	0	
Senate	48	0	(Senate amended)
House			(House refused to concur)
Senate	43	0	(Senate amended)
House	93	0	(House concurred)

Effective: July 22, 2001

Partial Veto Summary: The Governor vetoed the emergency clause.

VETO MESSAGE ON HB 1286-S

May 15, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 6, Engrossed Substitute House Bill No. 1286 entitled:

"AN ACT Relating to the use of viable salmon eggs;"

Engrossed Substitute House Bill No. 1286 provides direction and priorities to the Department of Fish and Wildlife (WDFW) and the Fish and Wildlife Commission regarding the use of surplus salmon eggs.

Although I have approved the majority of this bill, I do have concerns about how it may be implemented.

Section 4 of the bill directs the Commission to issue rules allowing more hatchery salmon to spawn naturally in the state's watersheds. In view of the significant concerns and uncertainties surrounding the interaction between hatchery and wild salmon, the Commission should take into account the recommendations of the federal agencies with jurisdiction over this issue, namely the National Marine Fisheries Service and the U.S. Fish and Wildlife Service.

Nothing in this legislation infringes on WDFW's co-management responsibilities with the tribes. I anticipate that any rules will comply with WDFW's Hatchery Genetic Management Plans, satisfying the requirements of the Endangered Species Act and the goal of wild fish recovery. I also expect the state and tribes to continue to improve hatchery practices and to develop recommendations consistent with the findings of the Hatchery Scientific Review Group.

Although hatcheries currently, and in the future, will play an important role in the recovery of wild salmon populations, they are not a substitute for the protection and restoration of habitat and reform of our state water code. Wild salmon will not recover without our addressing habitat, hatcheries, harvest and hydropower.

I also note that there is a technical conflict in the priorities for the distribution of surplus eggs in section 1 of the bill and existing law (RCW 77.100.060(3)). I ask that the WDFW work with the legislature to address this issue.

Section 6 of this bill is an emergency clause. My discussions with WDFW indicate that this provision is not necessary and that the development of the appropriate rule package will take some time.

For these reasons, I have vetoed section 6 of Engrossed Substitute House Bill No. 1286.

With the exception of section 6, Engrossed Substitute House Bill No. 1286 is approved.

Respectfully submitted,



Gary Locke
Governor

HB 1287
C 267 L 01

Extending the prohibition on mandatory local measured telecommunications service.

By Representatives Reardon, Delvin, Hunt, Ruderman, Campbell, Simpson, McIntire, Crouse, Casada, Hankins, Doumit, Mielke, Bush, Quall, Cooper, Haigh, Skinner, Ballasiotes, Morris, Woods, DeBolt, Lambert, O'Brien, Tokuda, Pennington, Hatfield, Fisher, Eickmeyer, Erickson, Ahern, Anderson, Pflug, Schindler, Dunshee, Ogden, Veloria, Grant, Morell, Romero, Kenney, Schoesler, Barlean, Keiser, Cody, Roach, Miloscia, Dickerson, Esser, Conway, Murray, Edmonds, Edwards, Kessler, Linville, D. Schmidt, Jackley, Hurst, Kagi and Van Luven.

House Committee on Technology, Telecommunications & Energy
Senate Committee on Economic Development & Telecommunications

Background: Most telephone customers in Washington pay a flat monthly rate for local telephone service. Many of the local exchange companies offer their customers the option of paying for local calls on a per call basis. This practice is commonly known as local measured service. Under this option, the telephone customer pays a lower monthly rate and then pays for the calls actually

made, based on factors such as the time of day, length of call, and distance of the call.

Telecommunications service providers file tariffs or price lists with the Washington Utilities and Transportation Commission (WUTC). In 1984 the Legislature temporarily prohibited the WUTC from approving telecommunications tariffs that include mandatory local measured service. The prohibition also does not apply to mobile services, pay telephone services, or to any other service that has traditionally been offered on a measured basis.

The prohibition has been extended a few times, most recently in 1998, and is set to expire June 1, 2001.

Summary: The prohibition on mandatory local measured service is extended until June 1, 2004.

Votes on Final Passage:

House 98 0
Senate 49 0 (Senate amended)
House 93 0 (House concurred)

Effective: May 11, 2001

SHB 1295
C 304 L 01

Modifying revenue bond provisions of the economic development finance authority.

By House Committee on Trade & Economic Development (originally sponsored by Representatives Dunn, Dunshee, Mielke, Fromhold, Hunt, Miloscia, Roach and Benson).

House Committee on Trade & Economic Development
Senate Committee on Economic Development & Telecommunications

Background: The Washington Economic Development Finance Authority (WEDFA) was created in 1989 to help meet the capital needs of small and medium-sized businesses, in particular businesses located in distressed areas of the state. The WEDFA is authorized to provide financing to businesses, for eligible project costs, through the issuance of tax-exempt or taxable nonre-course revenue bonds. The bonds issued by the WEDFA are not obligations of the state. The WEDFA is authorized to provide financing for activities related to manufacturing, processing, research and development, production, assembly, tooling, warehousing, pollution control, and energy generation, conservation and transmission.

The WEDFA is required to develop an annual finance plan that outlines its financing objectives. As part of the financing plan, the WEDFA is required to develop an outreach and marketing plan that is designed to increase its financial services to distressed counties. The WEDFA is limited to having no more than \$500 million in total outstanding indebtedness at any time. After

June 30, 2004, the WEDFA may not issue bonds for its financing programs.

Summary: The Washington Economic Development Finance Authority's (WEDFA) required outreach and marketing plan, which is part of the WEDFA financing plan, is revised by removing reference to distressed counties and replacing it with rural counties and counties that are smaller than 225 square miles in size. A rural county is defined as a county with a population density of less than 100 people per square mile.

The WEDFA statutory limitation on the amount of its outstanding indebtedness limit is increased from \$500 million to \$750 million. The WEDFA prohibition against issuing bonds for the purpose of its programs is extended from June 30, 2004 to June 30, 2006.

Votes on Final Passage:

House 98 0
Senate 49 0 (Senate amended)
House 91 0 (House concurred)

Effective: May 14, 2001

HB 1296
C 21 L 01

Restricting the investment of insurers in depository institutions or any company which controls a depository institution.

By Representatives Hatfield, Benson and McIntire; by request of Insurance Commissioner.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: The insurance industry is explicitly recognized under the law as one that is affected by the public interest, and thus insurers are subject to stringent regulatory oversight by the Insurance Commissioner. Key to the regulatory scheme imposed on the insurance industry are the statutory provisions regulating insurance company investments. The purpose of such regulation is to ensure that insurance companies invest prudently and thus remain solvent.

Insurance companies may not invest more than 4 percent of total assets in the securities of any one person, institution, or municipal corporation.

Summary: An insurer is prohibited from investing more than 5 percent of its total assets in the voting securities of a depository institution (i.e., bank, savings and loan, credit union, etc.) or any company that controls such institution, absent the consent of the Insurance Commissioner.

Votes on Final Passage:

House 98 0
Senate 47 0

Effective: July 22, 2001

HB 1309
C 22 L 01

Establishing training standards for hemodialysis technicians.

By Representatives Edwards, Van Luven, Cody, Skinner, Schual-Berke, O'Brien, Reardon, Mulliken, Dunshee, Pennington, Rockefeller, Eickmeyer, Ruderman, Darneille, Fromhold, Wood, Cooper, Hatfield, Linville, Grant, Keiser, Kenney, McIntire, Campbell, Edmonds and Kagi.

House Committee on Health Care
Senate Committee on Health & Long-Term Care

Background: Hemodialysis technicians are exempt from regulation as health care assistants.

Hemodialysis is a form of dialysis that uses an artificial kidney machine to remove fluids and waste products from the bloodstream. The blood must be passed through a dialyzer and returned to the body by means of surgically implanted devices. A hemodialysis technician works under the supervision of a trained dialysis nurse and is trained on site by the facility.

Hemodialysis functions do not include the process of connecting vascular catheters.

There are approximately 325 hemodialysis technicians in the state and approximately 2,700 renal care patients. It is estimated that the number of patients will double in the next few years because people are living longer; people on dialysis live longer; and the number of people with high blood pressure and diabetes are increasing, accounting for some 30 percent of dialysis patients.

A report by the Department of Health under the Sunrise Review Act found that improper dialysis techniques present risks of serious harm to patients.

Summary: A statement of legislative intent acknowledges concerns about the quality of care dialysis patients are receiving due to the lack of uniform training standards for hemodialysis technicians working in renal dialysis facilities. There is a legislative finding that the regulation of these technicians will provide increased quality assurance for patients, health providers, third-party payers, and the public.

Hemodialysis technicians are regulated as a category of health care assistants. Renal dialysis facilities are required to certify that their technicians are capable of performing the functions authorized for hemodialysis and must register them with the Department of Health. The department must establish educational, occupational, and training qualifications of hemodialysis technicians. However, persons trained in federally approved facilities performing in-home dialysis are exempt from certification.

The functions authorized for hemodialysis technicians are expanded to include the process of connecting vascular catheters.

An advisory task force is established to assist the Secretary of Health in developing core competencies and minimum training standards for hemodialysis technicians. The members of the task force include nephrologists, dialysis nurses, patient care hemodialysis technicians, dialysis patients and other persons with recognized expertise.

Votes on Final Passage:

House	97	1
Senate	49	0

Effective: July 22, 2001
March 1, 2002 (Section 2)

HB 1313
C 23 L 01

Changing liability and licensure provisions for private vocational schools.

By Representatives Cox, Kenney, Lantz, Dunn, Rockefeller and Haigh; by request of Workforce Training and Education Coordinating Board.

House Committee on Higher Education
Senate Committee on Higher Education

Background: The Workforce Training and Education Coordinating Board (WTECB) regulates private vocational schools to ensure adequate educational quality and to monitor for false, deceptive, misleading, or unfair practices of private vocational schools. Among its duties, the WTECB maintains minimum standards for private vocational schools, manages a tuition recovery trust fund for settlement of claims related to school closures, and monitors for unfair business practices of the schools.

The tuition recovery trust fund was established to settle claims relating to school closures. A minimum operating balance of one million dollars is maintained in the fund. The WTECB calculates as a percentage of the total liability the figure required for each school to deposit into the account. This amount is payable in up to twenty increments over a ten-year period. Additional deposits to the tuition recovery trust fund are required to be made by the schools in the event that disbursements from the fund cause the operating balance to fall below the maintenance level.

Summary: Technical changes are made to clarify the responsibilities of owners and entities operating private vocational schools. The liability limits of the tuition recovery trust fund are changed from an incremental scale established by the WTECB to the amount of unearned prepaid tuition in possession of the owner. Initial licensing of a school is no longer held until after a

SHB 1314

school's share of the tuition recovery trust fund is satisfied. If ownership of the school changes, the new owner is not required to begin a new payment schedule, but is obligated to make the payments remaining on the ten-year payment schedule. Authorization is extended to the WTECB to deny, revoke or suspend the license of a private vocational school if the school has been found to engage in a substantial number of, or significant, unfair business practices.

Votes on Final Passage:

House	98	0
Senate	48	0

Effective: July 22, 2001

SHB 1314

C 117 L 01

Making supplemental operating appropriations for 1999-01.

By House Committee on Appropriations (originally sponsored by Representatives H. Sommers and Sehlin; by request of Governor Locke).

House Committee on Appropriations

Background: The state government operates on the basis of a fiscal biennium that begins on July 1 of each odd-numbered year. The 1999 legislative session enacted a 1999-01 biennial budget for the time period from July 1, 1999 to June 30, 2001. During the biennial budget period, the Legislature often makes adjustments or corrections to the biennial budget in a supplemental budget. The 99-01 biennial operating budget appropriated \$20.6 billion from the state general fund. The 2000 supplemental budget appropriated an additional \$278 million to increase the biennial budget level to \$20.9 billion.

Summary: Appropriations are modified for the 1999-01 fiscal biennium. The total appropriation for the 1999-01 fiscal biennium was \$37.9 billion, of which \$20.9 billion was from the state general fund.

The 2001 Supplemental Operating Budget increases appropriations from the state general fund by \$194.5 million. Total appropriations, including other funds, are increased by \$474 million. \$56 million of the total was appropriated from the Emergency Reserve Fund to pay for damage caused by the February 28, 2001 earthquake.

For additional information, see "2001 Supplemental Budget Highlights" published by the House Appropriations Committee.

Votes on Final Passage:

House	89	5	
Senate	39	8	(Senate amended)
House			(House refused to concur)
Senate	41	5	(Senate amended)
House	88	4	(House concurred)

Effective: July 22, 2001

HB 1317

C 24 L 01

Removing the expiration date on emergency administration of epinephrine.

By Representatives Ballasiotes and Morell.

House Committee on Health Care

Senate Committee on Health & Long-Term Care

Background: Anaphylaxis (a severe allergic reaction) is an allergic hypersensitivity reaction of the body to a foreign protein or drug. Anaphylaxis can be caused by drugs, insect stings, foods, and inhalants. In some cases it can result in convulsions, unconsciousness, and even death. Epinephrine is used to treat anaphylactic reactions. Persons with severe allergies that could result in an anaphylactic reaction may receive a prescription to self administer a dose of epinephrine through the use of an autoinjector device called the "Epi-Pen."

In 1999 the Washington State Legislature passed the "Kristine Kastner Act" requiring that all ambulance and aid services make epinephrine available to emergency medical technicians (EMTs) in their supplies. EMTs are now authorized to administer epinephrine to patients of any age with evidence of a prescription. They are also authorized to administer epinephrine to patients under the age of 18 upon the request of a parent or guardian or upon the request of a person who presents written authorization from the patient, parent, or guardian. The Department of Health was required to develop and distribute protocols and guidelines for medical training, establish the procurement process for the Epi-Pens, notify the over 500 licensed emergency medical services providers of the new requirements, and report to the Legislature on the statewide incidence of anaphylaxis and the training and care necessary to allow EMTs to carry and administer epinephrine.

The report by the Department of Health indicated that in 13 different counties across the state there were 26 different cases involving the use of Epi-Pens by EMTs. Of those cases, 50 percent showed improvement of their allergic condition, 42 percent showed a reversal of the allergic reaction, and one patient was in cardiac arrest when the emergency medical services personnel arrived and the condition was considered irreversible. The department recommended that EMTs continue to be allowed to carry and administer epinephrine.

The legislative authorization for allowing EMTs to continue to carry and administer epinephrine is scheduled to end on December 31, 2001.

Summary: The scheduled expiration date for the legislative authorization allowing Emergency Medical Technicians to continue to carry and administer epinephrine is

removed. Emergency Medical Technicians are allowed to carry and administer epinephrine indefinitely.

Votes on Final Passage:

House 96 2
Senate 48 0

Effective: July 22, 2001

SHB 1320
PARTIAL VETO
C 319 L 01

Modifying provisions concerning adult family homes.

By House Committee on Health Care (originally sponsored by Representatives Edmonds, Skinner, Pennington, Cody, Gombosky, Campbell, Darneille, Ruderman, Conway, Schual-Berke, Edwards, Mielke, Linville, Kenney, Jackley and Kagi).

House Committee on Health Care
Senate Committee on Health & Long-Term Care

Background: Adult family homes are residential homes licensed to care for up to six residents. These homes provide room, board, laundry, necessary supervision, assistance with activities of daily living, personal care, and nursing services, if necessary. There are a total of 2,086 licensed adult family home facilities. Approximately 18,992 persons live in adult family home. Of that total, approximately 4,614 are state-funded residents. The Department of Social and Health Services (DSHS) is responsible for licensing adult family homes, which provide community-based residential care for elderly and disabled individuals. The minimum qualifications for getting an adult family home license include being at least age 21, being literate, being able to demonstrate management ability, and having completed some basic training. Background checks are also required to rule out any criminal convictions. The department may refuse to license an applicant who has a history of significant non-compliance with federal or state regulations or laws in providing care or services to vulnerable adults or children.

The department does not have statutory authority to deny an adult family home license based on the applicant's lack of ability or experience to provide care to vulnerable adults. There are no educational degree requirements or minimum hours of experience necessary to become a provider.

Home visits are made by the DSHS for complaint investigations, re-inspections of current licensed homes, follow-up to serious findings, and initial inspections for new or transferring homes. The department may inspect all records of the provider and enter any room of the adult family home any time it makes a home visit inspection. There is no statutory authority for establishing a

priority status or for a provisional license for adult family home pending resale with only the home inspection pending.

A food safety permit is required for adult family home providers and staff as a result of the State Board of Health's recent rewrite of the regulations.

Summary: The personal records and the separate bedroom of the adult family home provider are off limits to the DSHS inspectors unless the visit is made as part of a complaint investigation or for the initial inspection for licensing the home.

If a violation is found during an adult family home inspection, the DSHS is required to mail the notice of violation within 10 working days of the completed inspection. The department is required to provide consultation and technical assistance to providers who have been found to have a violation during the inspection process if the provider requests such assistance.

The minimum qualifications needed to become a licensed adult family home provider are modified. After September 1, 2001, providers and resident managers must have a high school diploma or a general educational development (GED) certificate and at least 320 hours of successful direct caregiving experience obtained after the age of 18 to adults or children in a licensed contracted setting. They must also be English literate or assure that there is a person on staff and available that is literate enough in the English language to deal with emergencies and read and understand the resident's care plan.

Adult family homes are required to comply with all statutes regarding the control and treatment of sexually transmitted diseases, including training requirements for staff.

The DSHS is required to give processing priority or may issue a provisional license to applicants seeking a new license when purchasing a home with an existing license. Provisional licenses may be issued only if the application has been initially processed and all that remains to complete is an on-site inspection by the DSHS.

The DSHS is required to develop educational opportunities for licensing and quality assurance staff to assure that they become familiar with the actual environment and daily hands-on care and services in an adult family home.

The DSHS is required to implement a food safety component as part of the required training for staff and providers in adult family homes. The food safety component must meet the standards established by the State Board of Health. Beginning in 2002, adult family home providers and staff will not be required to have an individual food handlers permit if they successfully complete training.

Any long-term care employer who discloses information about a former or current employee to a prospec-

tive employer of long-term care services, is immune from civil and criminal liability. Sharing this information between employers is presumed to be done in good faith if it relates to the employee's ability to do the job, the diligence, skill, or reliability the employee shows, or any illegal or wrongful act committed by the employee in his or her capacity as a caregiver.

Expired legislation enacting the moratorium on authorization of adult family home licenses is repealed.

Votes on Final Passage:

House	94	0	
Senate	49	0	(Senate amended)
House	93	0	(House concurred)

Effective: July 22, 2001

Partial Veto Summary: The veto removed the authority for employees of adult family homes to replace a food handlers license from the Department of Health with approved additional food safety training as part of their regular care giver training. The implementation date for the elimination of the food handlers permit for adult family home employees was also removed.

The requirement for the Department of Social and Health Services to develop opportunities for its staff to become familiar with the routines of adult family homes was also eliminated.

VETO MESSAGE ON HB 1320-S

May 15, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 11, 12 and 15, Substitute House Bill No. 1320 entitled:

"AN ACT Relating to adult family homes;"

Substitute House Bill No. 1320 strengthens and improves the training, licensing and inspection processes for adult family homes. Adult family homes are an integral part of our long-term care system. I support the efforts to balance the need of the Department of Social and Health Services (DSHS) to ensure a high quality of care, and the need of providers for certainty in the licensing and inspection processes.

Section 11 of the bill would have eliminated the requirement that employees in adult family homes have food handler permits from the Department of Health (DOH). Instead, DSHS would have been required to include food safety training in its regular training and continuing education curricula. Asking DSHS to provide education on food safety and to enforce DOH rules is not efficient or effective. In addition, under current law food handler permits must be obtained within fourteen days of employment. The DSHS training must be obtained with six months of the date of employment. Food safety is too important to delay the training in this manner.

Section 12 of the bill would have required DSHS to work with providers and resident communities to develop opportunities for its staff to become familiar with the routines of adult family homes. This language is vague and unenforceable. It is also insulting to the agency staff, because it implies that DSHS employees are unfamiliar with the industry they are regulating. Opportunities for exchanges of information and experience can be developed without a statutory requirement. I encourage DSHS to take these steps but it need not be mandated by statute.

Section 15 is unnecessary because it sets the implementation date for section 11.

For these reasons, I have vetoed sections 11, 12 and 15 of Substitute House Bill No. 1320.

With the exception of sections 11, 12 and 15, Substitute House Bill No. 1320 is approved.

Respectfully submitted,



Gary Locke
Governor

SHB 1325
C 268 L 01

Creating a joint committee on veterans' and military affairs.

By House Committee on State Government (originally sponsored by Representatives D. Schmidt, Conway, Haigh, Bush, Talcott, Romero, Mielke, Anderson, Rockefeller, Campbell and Wood; by request of Joint Select Committee on Veterans' and Military Affairs).

House Committee on State Government
Senate Committee on State & Local Government

Background: A variety of military personnel reside in Washington including veterans, active military personnel, members of the National Guard, and members of the reserve. A variety of state agencies handle issues relating to military personnel including the Military Department and the Department of Veterans Affairs.

In 2000 the Joint Select Committee on Veterans' and Military Affairs (JSCVMA) was created. The purpose of the committee was to examine and define issues and make recommendations with respect to desirable changes in programs, laws, and administrative practices affecting veterans and military affairs. The committee consisted of 16 members, eight from the House and eight from the Senate. Because it was created by concurrent resolution, the JSCVMA ceased to exist after the last biennium.

Summary: The Joint Committee on Veterans' and Military Affairs (JCVMA) is created. The committee must study issues relating to veterans, active military forces, the National Guard, the Reserves, the Military Department, and the Department of Veterans Affairs. The JCVMA must make recommendations to the Legislature regarding these issues and may create subcommittees to perform its duties. The committee must also study recommending legislation requiring public entities to display the POW/MIA flag on certain holidays.

The JCVMA consists of 16 members, four members from each caucus in the House appointed by the Speaker (or Co-Speakers) of the House, and four members from each caucus in the Senate appointed by the President of

the Senate. The committee must establish a four-member executive committee and may adopt rules and procedures for its orderly operation.

The committee terminates December 31, 2005.

Votes on Final Passage:

House	94	0	
Senate	47	0	(Senate amended)
House			(House refused to concur)
Senate			(Senate refused to recede)
House			(House refused to concur)
Senate	44	0	(Senate amended)
House	88	0	(House concurred)

Effective: July 22, 2001

SHB 1339
C 118 L 01

Providing equity in the taxation of farmers.

By House Committee on Finance (originally sponsored by Representatives Linville, Ericksen, Barlean and Van Luven; by request of Department of Revenue).

House Committee on Finance

Senate Committee on Agriculture & International Trade

Background: There are a number of provisions in the excise tax statutes pertaining to farmers. These include definitions and exemptions within the business and occupation tax, exemptions within the retail sales and use taxes, and exemptions within the litter tax.

Definitions; Tax Exemptions for Farmers. An "extractor" is defined as a person who produces or takes natural resources from his/her own land for the ultimate purpose of sale. Extractors include persons that take, cultivate, or raise shellfish or other sea or inland water products. The definition excludes persons who cultivate or raise fish or who take plantation Christmas trees.

A "farmer" is any person who grows or produces any agricultural product for sale. The definition excludes persons who use agricultural products in manufacturing.

A farmer that sells agricultural products at wholesale is exempt from business and occupation (B&O) tax. The exemption does not apply to persons selling agricultural products at retail.

Definition of Agricultural Product and Retail Sales and Use Tax Exemptions for Livestock. An "agricultural product" is defined as any product of plant cultivation or animal husbandry. Animals intended to be pets are excluded from the definition.

Sales of purebred livestock for breeding purposes or of cattle and milk cows used on a farm are exempt from the retail sales tax. The use of purebred livestock for breeding purposes or of cattle and milk cows on the farm is exempt from the use tax.

Application of the Litter Tax and Exemption for Certain Farming Products. The litter tax is imposed on the

value or gross proceeds of certain manufactured, wholesaled, or retailed products, including groceries, soft drinks, newspapers, and certain other items. The revenues are intended to be used toward the effective control of litter within the state.

For the purposes of the litter tax, the provisions of the B&O tax statute apply, with the exception of those sections that impose B&O tax and the section that provides an exemption from the B&O tax for farmer's receipts from wholesales.

An exemption from the litter tax is provided for the value or gross proceeds of sales of certain farm-raised products relating to animals, including animals, birds, insects, milk, eggs, wool, fur, meat, and honey.

Summary: Provisions are clarified regarding farmers in the B&O tax, eliminating an overlap with provisions regarding extractors and manufacturers. In addition, the taxable status and exempt status of farmers within the sales, use, and litter taxes, are clarified.

Definitions; Tax Exemptions for Farmers. The definition of extractor is amended to exclude terms and provisions that are part of the definition of farmer within the B&O tax statute. Specific references to persons who cultivate or raise shellfish or fish, or who take plantation Christmas trees, are deleted.

The definition of farmer is modified to include any person who grows, raises, or produces an agricultural product to be sold. The exclusion for persons who use agricultural products as ingredients in a manufacturing process is deleted.

The exemption from the B&O tax for farmers is extended to farmers who grow, raise, or produce agricultural products owned by others (such as custom feed lot operations). Additionally, the exemption is broadened to exclude persons who sell manufactured items.

Definition of Agricultural Product and Retail Sales and Use Tax Exemptions for Livestock. The definition of agricultural product, regarding the exclusion of pets, is modified to cross-reference the definition of pets in the statute concerning control of pet animals.

The sales and use tax exemption for livestock sales is modified to cross-reference the definition of livestock in the statute concerning animal health.

Application of the Litter Tax and Exemption for Certain Farming Products. Technical changes are made in the litter tax statute to references to the B&O tax statute. The exemption from the litter tax for certain agricultural products is modified by referencing the exemption for farmers under the B&O tax statute.

Votes on Final Passage:

House	97	0
Senate	46	0

Effective: July 22, 2001

SHB 1341

C 269 L 01

Developing a home and community-based waiver for persons in community residential settings.

By House Committee on Appropriations (originally sponsored by Representatives Campbell, Conway, Boldt, Ruderman and Van Luven; by request of Department of Social and Health Services).

House Committee on Health Care
House Committee on Appropriations
Senate Committee on Health & Long-Term Care

Background: The Community Options Program Entry System (COPEs) is a federally matched long-term care waiver program. The COPEs program provides long-term care services to individuals in adult family homes, boarding homes, nursing homes, or in their own home. Medicaid-funded long-term care in a person's own home or in a community residential facility (boarding home or adult family home) is only available for people with income under \$1,590 per month. However, individuals with income in excess of \$1,590 per month, while not able to participate in the COPEs for community-based care, are eligible for the COPEs Medicaid-funded nursing home care. For individuals who want community-based care but are over the \$1,590 per month income limit, their options are to pay privately for services if possible, to enter a nursing facility, or to go without services if they are unwilling to be placed in a nursing facility.

Individuals who have been admitted into a nursing home with incomes above \$1,590 are referred to as "medically needy" and the program under which they are served is referred to as the "medically needy" program. They are eligible under this program because their income is less than the cost of that care. Since the state pays an average of about \$3,600 per month for nursing home care, this means that single people with incomes below about \$43,000 per year (\$3,588 per month), and \$60,000 per year for couples, can qualify for publicly funded nursing home care under this program. This same income standard is not applied to community care. The "medically needy" program is provided under a waiver of federal rules that allows Washington to limit the total number of persons served.

Summary: A new waiver program is established that will allow nursing home-eligible individuals with income above \$1,590 per month (the COPEs standard) to receive long-term care services in boarding homes and adult family homes. The Department of Social and Health Services is given authority to set the level of participation in this program.

No current resident of a nursing facility who requires a nursing facility level of care is required to be discharged against his or her will due to the availability of

home and community service alternatives. The option of seeking admission to a nursing facility for prospective residents requiring a nursing facility level of care is preserved. Individuals eligible for waiver services under this act must be given full disclosure of the services available to make an informed decision in choosing an appropriate care setting.

Votes on Final Passage:

House 94 0
Senate 45 0 (Senate amended)
House 92 0 (House concurred)

Effective: July 22, 2001

HB 1346

C 144 L 01

Exempting from child care regulations persons who place or care for children entering the United States for medical care.

By Representatives Dickerson, Tokuda, Kenney, Kagi and Santos.

House Committee on Children & Family Services
Senate Committee on Human Services & Corrections

Background: Agencies that arrange for, or directly provide, out-of-home care to children, expectant mothers, or persons with developmental disabilities are licensed by the Department of Social and Health Services (DSHS). Licensed entities include family day care providers, day care centers, group care facilities, crisis residential centers, and family foster homes.

Entities exempt from licensing for the provision of out-of-home placement include relatives of children, expectant mothers or persons with developmental disabilities, boarding schools, seasonal camps, and families who host international exchange students.

Organizations that bring international children to the United States temporarily for medical care, and the families who host these children, are not exempted from licensing.

Summary: Organizations that provide placement or similar services to international children who are in the United States on medical care visas, and host families for these children, are exempt from licensing by the DSHS.

Votes on Final Passage:

House 93 0
Senate 49 0

Effective: July 22, 2001

EHB 1347

C 178 L 01

Creating the structured settlement protection act.

By Representatives Benson and Hatfield.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: In the settlement of large tort claims, damages are often paid by a defendant to a plaintiff in the form of a "structured settlement." In its simplest form, a structured settlement typically involves the initial payment of a lump sum, followed by a series of subsequent smaller payments that are made at specified intervals over a period of years (an "annuity").

This approach to the payment of damages can be advantageous to both parties. Structured settlements are usually paid by an insurance company (the "obligor"), that obtains a benefit by paying off the obligation in installments over a long period of time, rather than as a single lump sum. The recipient of the structured settlement proceeds (the "payee") can benefit as well, since the annuity payments are not subject to federal income tax and the receipt of payments over the long term can provide financial security.

It has become commonplace for a payee to transfer his or her right to receive the annuity to a third party corporation (the "transferee"), via a contract called a "transfer agreement." In return, the payee receives a single lump sum payment representing the discounted present value of the annuity.

Washington does not specifically regulate the practice of companies acquiring the right to receive the annuity proceeds of structured settlement agreements.

Summary: A statutory framework is created for regulating the transfer of rights under structured settlement agreements.

A transferee may not acquire a payee's right to receive annuity payments from an obligor under a structured settlement agreement unless a court approves the transferee's formal application for transfer.

The burden of acquiring the court order is on the transferee, who must arrange a court hearing and serve all interested parties, including the payee and obligor, with at least 20 days advance notice. The notice must describe the proposed transfer, contain a copy of the transfer agreement, list the names and ages of the payee's dependents, and describe the procedural rights of the parties.

A court may not enter an order approving a transfer agreement without first making factual findings that 1) the agreement is in the best interests of the payee and his or her dependents, 2) the payee received professional advice about the transfer or knowingly waived such

advice in writing, and 3) the transfer does not violate any court order, statute, or government regulation.

The transferee is required to provide specific written disclosures to the payee not less than three days prior to the date on which the payee signs the transfer agreement. The disclosures must include: 1) the amount of the lump sum payment to be received by the payee and an itemization of any deductions for expenses; 2) the aggregate amount of the payments being transferred; 3) the discounted present value of the payments being transferred; 4) the amount of penalties or liquidated damages for which the payee may be liable in the event of breach of the agreement by the payee; and 5) the statement that the payee may cancel the agreement not later than the third business day after signing.

These requirements may not be waived by a payee, and any such waiver is void.

Once a transfer agreement has been formally approved via court order, the obligor is relieved of any legal obligation towards the payee with respect to the transferred payments. The legal obligations between the obligor and transferee are specified with respect to costs, fees, and taxes.

The transferee is solely responsible for compliance with these provisions and assumes all risks associated with noncompliance. The payee may not be held liable or in any way penalized for a transfer that violates these provisions.

The transfer agreement approval process may be undertaken through administrative proceedings rather than court action.

Votes on Final Passage:

House	93	0	
Senate	46	0	(Senate amended)
House	85	0	(House concurred)

Effective: July 22, 2001

SHB 1349

C 27 L 01

Authorizing a funding mechanism for removal and disposal of derelict vessels.

By House Committee on Appropriations (originally sponsored by Representatives Kessler, Buck, Morris, Sehlin, Linville and Rockefeller).

House Committee on Appropriations
Senate Committee on Environment, Energy & Water

Background: The State Toxics Control Account and the Local Toxics Control Account were created by the Legislature during the 1988 session and subsequently affirmed by the voters with the passage of Initiative 97, the Model Toxics Control Act, in November 1988. The main purpose of the Model Toxics Control Act is to raise sufficient funds to clean up all hazardous waste sites and

to prevent the creation of future hazards due to improper disposal of toxic wastes into the state's land and waters.

The primary source of revenue to the accounts is the hazardous substances tax, a privilege tax on the first possession of hazardous substances in the state. Fifty-three percent of hazardous substance tax receipts are deposited in the Local Toxics Control Account and 47 percent of receipts are deposited in the State Toxics Control Account. Revenues to the Local Toxics Control Account are estimated to be \$61.0 million for the 1999-01 biennium.

Moneys deposited in the Local Toxics Control Account are used for grants or loans to local governments for the following purposes, in descending order of priority:

- (1) remedial actions to identify, eliminate, or minimize any threat or potential threat posed by hazardous substances to human health or the environment, including investigations, health assessments, and monitoring;
- (2) hazardous waste plans and programs; and
- (3) solid waste plans and programs.

Summary: Local governments are eligible to apply for Local Toxics Control Account grants or loans for the cleanup and disposal of hazardous substances from abandoned or derelict vessels that pose a threat to human health or the environment. Abandoned or derelict vessels are defined as having little or no value and either no identified owner or an owner lacking financial resources to clean up and dispose of the vessel. The cleanup of derelict vessels follows remedial actions, hazardous waste planning, and solid waste planning in funding priority.

Votes on Final Passage:

House	92	1
Senate	47	0

Effective: July 22, 2001

EHB 1350
C 220 L 01

Changing water right appeals procedures for rights subject to a general stream adjudication.

By Representatives G. Chandler and Linville.

House Committee on Agriculture & Ecology
Senate Committee on Environment, Energy & Water

Background: The Surface Water Code has established a means by which the various existing rights to surface water from a water body may be adjudicated in court to determine the validity of claims to water rights and to identify the amounts of water to which each person with a right is entitled, the order of priority (seniority) of those rights, and other aspects of the rights. It is called a general adjudication of water rights and is analogous to a

quiet title action involving various claims of land ownership in a particular area. The Ground Water Code applies this procedure to determining rights to ground water as well. The rights subject to such an adjudication proceeding include all rights to use the water, including diversionary and instream uses and water rights of the United States. Federal law authorizes the water rights of the United States to be adjudicated in state court if certain findings are made by a federal court. A general adjudication proceeding for water rights has been underway for surface water rights in the Yakima River watershed since the late 1970s.

In such a general adjudication proceeding, the Department of Ecology (DOE) acts as a referee for the superior court conducting the proceeding. Although the Pollution Control Hearings Board (PCHB) generally has jurisdiction to review appeals of the decisions of the DOE, that jurisdiction does not apply to proceedings of the department relating to such a general adjudication proceeding.

Summary: The jurisdiction of the PCHB is altered regarding actions related to general adjudication proceedings for water rights. Excluded from the jurisdiction of the PCHB are such general adjudication proceedings that are conducted by the DOE, rather than proceedings of the DOE that are simply related to such general adjudications. Once the PCHB has reviewed a decision of the DOE regarding transfers or changes of existing water rights that are themselves subject to a general adjudication proceeding for water rights, any petition for obtaining superior court review of the PCHB's decision must be filed directly with the superior court conducting the general adjudication. The petition for review must be consolidated with the general adjudication.

Special rules are established for any review of change or transfer decisions made by the DOE for rights that are subject to a general adjudication proceeding that was begun before October 13, 1977. If the appeal includes a challenge to the DOE's tentative determinations regarding the validity and extent of the water right being changed or transferred, the court's review is de novo. If the appeal includes a challenge to a part of the DOE's decisions other than those regarding the validity and extent of the water right, that part must be certified by the court to the PCHB for the board's review and decision. The PCHB's review must be scheduled to afford all parties full opportunity to participate before the court and the board.

The decision of the PCHB may be appealed to the court conducting the general adjudication proceeding. A party to the general adjudication is a party to such an appeal of the PCHB's decision only if the party files or is served with a petition for review. Standing to appeal is not limited to the parties to the general adjudication proceeding.

The provisions of this act do not affect or modify any rights of an Indian tribe, or the rights of a federal agency or other entity arising under federal law. Nothing in the act may be construed as affecting or modifying any existing right of a federally recognized Indian tribe to protect from impairment its federally reserved water rights in federal court.

Votes on Final Passage:

House	89	5	
Senate	44	1	(Senate amended)
House	83	0	(House concurred)

Effective: May 9, 2001

HB 1361
PARTIAL VETO
C 320 L 01

Simplifying excise tax application and administration.

By Representatives Jackley, Cairnes and Dunshee; by request of Department of Revenue.

House Committee on Finance
Senate Committee on Ways & Means

Background: The excise tax code contains the business and occupation tax, the retail sales and use taxes, and a number of other excise taxes, as well as administrative provisions and various other statutes pertaining to excise taxes. The code contains various definitions, tax exemptions, taxpayer requirements, and requirements of the Department of Revenue.

Definitions. Laws relating to estate taxation and probate and trust define the Internal Revenue Code as the United States Internal Revenue Code of 1986, as amended on January 1, 1999.

Business and Occupation Tax. Under the business and occupation (B&O) tax, a person who wishes to receive the B&O environmental remediation tax classification (at a tax rate of 0.484 percent) must submit to the Department of Revenue a certification with a description of the proposed environmental remedial actions to be taken as well as certain identification information. The department must rule on eligibility within 30 days of receipt of the certification.

A person who receives income from royalties is subject to a B&O tax rate of 0.484 percent. Royalties are defined as compensation for the use of intangible property, such as copyrights or licenses, but do not include compensation for any natural resource.

Retail Sales and Use Taxes. Acquisitions of passenger vehicles to be used for ride-sharing purposes are exempt from retail sales and use taxes if the vehicles are also exempt from motor vehicle excise taxes for 36 consecutive months from the time that the application is made to the Department of Revenue for exemption from

retail sales and use taxes. If the vehicle is used for ride-sharing purposes for less than the 36 consecutive months, the owner is liable for retail sales and use taxes.

Regional transit authorities are authorized to enter into sale and leaseback agreements in order provide flexibility in the acquisition and financing of equipment or facilities. A sale and leaseback agreement is an agreement in which property is sold to a buyer and then leased from the new owner to the previous owner. An exemption is provided from the use tax for the use of tangible personal property, such as vehicular equipment or facilities, if the seller or lessee under an authorized sale and leaseback agreement uses such property. A use tax exemption is also provided to a lessee for the purchase amount paid under an option to purchase at the end of a lease term, as long as the lessee owes no back retail sales and use taxes.

For any change to a local retail sales and use tax rate, including a change that would be credited against the state sales and use tax, a local jurisdiction is required to submit notice to the department. The actual rate change may not occur sooner than 75 days after the department receives notification and may only occur on the first of the month in January, April, July, or October.

Tax Status of Solid Waste Businesses. The state public utility tax (PUT) is imposed on the gross receipts of specific public service businesses, including those in the business of light and power, gas distribution, and certain other activities. The tax also applies to public service businesses other than those specifically enumerated in statute at a rate of 1.926 percent. Public service businesses are defined to include any business subject to control by the state or declared by the Legislature to be of public service in nature.

The B&O tax is imposed at a rate of 1.5 percent on the gross receipts of businesses that are not specifically taxed elsewhere within the B&O statutes.

The establishment of solid waste collection and handling businesses is authorized in several places under statute. Neither the PUT nor the B&O tax statutes refer to solid waste-related businesses specifically.

Enhanced Food Fish Tax and Tax Incidence. A tax is imposed on the first possession of an enhanced food fish in the state by an owner (at rates varying from 0.0856 percent to 5.6175 percent, depending on the type of fish), as measured by the value of the fish at the point of landing. Food fish are species of fish that may not be fished for except as authorized by rule of the director of the Department of Fish and Wildlife. For excise tax purposes, "enhanced food fish" means all food fish except for tuna, mackerel, jack, shellfish, and certain anadromous game fish.

Departmental Authorization. The director of the Department of Revenue is authorized to issue written determinations to clarify interpretation of excise tax statutes. Such determinations may serve as precedents and

thus apply to future taxable activity. The department must index determinations by subject matter and must publish determinations and the corresponding index.

For the purposes of collecting and remitting sales and use taxes, the department has developed and provided technology that allows persons to calculate the appropriate amount of tax liability. Persons who use the technology properly are held harmless from any calculation errors that occur.

B&O Jobs Tax Credits. A credit against B&O tax liability (also known as the B&O jobs tax credit) is allowed for certain eligible business projects conducted by manufacturing or research and development firms in certain rural counties. Eligible business projects are defined to include manufacturing, research and development activities conducted by firms whose employment is 15 percent higher in the year the credit is sought than in the previous year. Businesses that receive a sales tax deferral for certain manufacturing, research and development activities are ineligible for the B&O jobs credit; however, the deferral was repealed in 1995 when the comprehensive sales tax exemption for manufacturing machinery was enacted.

The Department of Revenue is required to keep a running total of B&O jobs tax credits allowed for a year. The department must disallow any credit that would cause the total impact to exceed \$7.5 million for any fiscal year. Businesses may carry disallowed credits over to the next fiscal year if the tabulation does not exceed the \$7.5 million for the next fiscal year at the time the credit is claimed. Credits may not be used against taxes that have not yet been paid.

Upon receipt of a credit under the B&O jobs tax credit, a recipient is required to submit a report to the department by December 31 of each year. The report must provide the department with information to determine whether the recipient is meeting the requirements of the jobs tax credit. If the department deems the report to be inadequate, the department may require the recipient to pay taxes for which the credit was claimed.

Timber Excise Tax. Timber owners pay a 5 percent timber excise tax on the value of their timber when they cut it. The tax is based on timber stumpage values. Stumpage is the value of timber as it stands uncut in the woods. The Department of Revenue is required by law to establish timber stumpage values semi-annually. The new stumpage values may go into effect not less than 60 days after the department notifies the Legislature.

Until the early 1990s, the department used publicly-owned timber sales as comparable sales for computing stumpage values. Since that time, the number of public sales has declined significantly. In 1994 legislation was adopted that required purchasers of more than 200,000 board feet of privately owned timber to report transaction details to the department. Under this program,

purchasers of privately-owned timber who failed to report were liable for a penalty of \$250 per failure.

The original legislation expired in 1997 and was extended to July 1, 2000, by the 1997 Legislature.

B&O Deduction for Investment Income. Certain moneys may be deducted from gross income for the purposes of determining taxable income under the B&O tax. One example is a deduction for dividends received by a parent corporation from its subsidiaries. There is also a deduction for the investment of income of all persons other than those engaging in banking, loan, security, or other financial businesses. In other words, only banking, loan, security and other financial businesses pay B&O tax on investment income. Private investors are not taxed. Investment income received by nonfinancial businesses is not taxed.

The meaning of "other financial business" for B&O tax purposes has been the subject of some question and litigation. The Washington Supreme Court has defined a financial business as one that meets two requirements: (1) The business has a primary purpose of earning income through utilization of significant cash outlays; and (2) The business is comparable to a banking, loan, or security business. The court's interpretation was most recently applied in the Simpson Investment Company case decided in July, 2000. Simpson Investment gets a small portion of its income from interest on bank deposits, stock dividends, and profits from market hedging and futures trading. The Department of Revenue assessed B&O tax on this income. Simpson Investment appealed, and the Supreme Court upheld the department. The court held that Simpson Investment was a financial business.

Hotel/Motel Taxes. Counties or cities may levy hotel and motel taxes on lodging services for purposes relating to the promotion of tourism. King County levies a separate hotel and motel tax to fund a convention and trade center. Both these hotel and motel taxes are credited against the state retail sales tax.

Summary: The excise tax code is amended to make a number of housekeeping changes, including the clarification and simplification of definitions and exemptions; the clarifications of departmental authority and required departmental action; the modification to reporting and implementation requirements for taxpayers; and updates to statutory references.

Definitions. The definition of Internal Revenue Code for purposes of estate taxation and probate and trust laws is updated to mean the United States Internal Revenue Code of 1986, as amended as of January 1, 2001.

Business and Occupation Tax. Upon request, the Department of Revenue may provide copies of certifications made to the department to receive the business and occupation tax environmental remediation classification. In addition, the definition of royalties is updated to exclude licensing of canned software to the end user.

Retail Sales and Use Taxes. Passenger vehicles to be used for ride-sharing purposes may receive an exemption from retail sales and use taxes if the vehicles are used as ride-sharing vehicles for 36 consecutive months from the date of purchase.

The use tax exemption provided to a lessee under an option to purchase at the end of a lease term is clarified to apply to the use of tangible personal property under an exercise of the option.

A change in a local retail sales and use tax rate that is a credit against the state retail sales and use tax may take effect no sooner than 30 days after notification to the Department of Revenue and only on the first day of the month.

Tax Status of Solid Waste Businesses. A section is added to the public utility tax statute that specifically exempts the business of solid waste collection, transportation, or disposal from the tax. The section clarifies that such activities are taxable under the B&O tax general services classification that applies to persons not specifically taxed elsewhere in the B&O tax statute.

Enhanced Food Fish Tax and Tax Incidence. The tax on enhanced food fish is clarified to apply to the event in which the fish is first possessed in Washington by an owner after the fish has been landed.

Departmental Authorization. The Department of Revenue is required to publish the determinations issued by the department concerning interpretations of excise tax statutes, but is not required to publish a corresponding index.

A person is held harmless from any calculation errors that occur specifically using department-provided geographic information system technology.

B&O Jobs Tax Credit. Under the B&O jobs tax credit statute, the obsolete reference to a farmer sales tax deferral law is deleted.

The limit on allowable B&O jobs tax credits is clarified to provide that any credit disallowed for a given year may be carried over to the next to the extent that the cap for the ensuing year is not exceeded. The restriction on the use of the credit is clarified to indicate that the credit may be used against any B&O tax due and may be carried over until used. However, the credit may not be exchanged for a refund.

The reporting deadline for a business that receives a B&O jobs tax credit is extended to January 31 of the following year. In addition, the recipient is now required to keep records, such as payroll records and employment security reports, to allow the Department of Revenue to verify eligibility.

Timber Excise Tax. The reporting requirement for private timber sales is reestablished until July 1, 2004. The timber stumpage values established by the Department of Revenue may go into effect 30 days after the Legislature is notified.

B&O Deduction for Investment Income. The Department of Revenue is prohibited from imposing B&O tax on the investment income of any business that the department has not previously determined to be in the category of "other financial business" for the purposes of taxability. The department may not impose B&O tax on investment income unless the investment income has been determined to be taxable as a result of either: a final court decision; an excise tax advisory issued by the department before January 1, 2001; or a departmental ruling or determination before January 1, 2001. This prohibition expires July 1, 2002.

The department is required to report to the fiscal committees of the Legislature by November 30, 2001, on progress made in working with stakeholders on future legislation that would clarify the application of the B&O deduction on investment income earned by businesses in the "other financial business" category.

Hotel/Motel Taxes. Cross references are added to the hotel/motel tax statutes to refer to the amendments made in the act regarding the timing for credits against the state sales and use taxes and regarding the hold harmless provision for the use of department-provided geographic information system technology.

Votes on Final Passage:

House	93	0	
Senate	47	0	(Senate amended)
House	92	0	(House concurred)

Effective: July 1, 2001

Partial Veto Summary: The Governor vetoed the section that prohibits the Department of Revenue from imposing the B&O tax on the investment income of any business that the department has not previously determined to be in the category of "other financial business" for the purposes of administering the B&O tax.

VETO MESSAGE ON HB 1361

May 15, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 19, House Bill No. 1361 entitled:

"AN ACT Relating to simplifying excise tax application and administration;"

House Bill No. 1361 was introduced as the Department of Revenue's annual housekeeping bill. It makes several technical corrections and clarifications to the law implemented by the Department. However, it was amended to include sections 18 and 19, provisions that affect the Business & Occupation (B&O) tax treatment of money earned from investments by businesses other than banks, loan, security or other financial businesses.

Section 19 of the bill would have implemented the intent expressed in section 18, which is to delay any change in the manner or extent of taxation of certain investment income as a result of the recent Washington Supreme Court decision, *Simpson Investment Co. v. Department of Revenue*. However, parties on both sides of the discussion agree that section 19 is clearly unconstitutional. Section 19 would require the Department to

...treat similarly situated taxpayers differently, contrary to principles of sound tax administration and the equal protection clauses of the state and federal constitutions. Also, the fiscal cost of a successful challenge would be much greater than the legislature assumed when it enacted this bill.

I fully support the goals inherent in section 19 of this bill. However, we should not make tax policy or administrative changes until there has been a thorough evaluation of the implications of the Washington Supreme Court's ruling on the affected parties.

I have directed the Department to adhere to the spirit of section 19 and to not change or expand the application of the law to include activities that heretofore have not been made subject to the tax. The Department will continue to apply pre-Simpson Investment Co. policies and interpretations with respect to RCW 82.04.4281. I have further directed the Department to work closely with all affected parties to develop a suitable, constitutional proposal that can be considered by the legislature in 2002.

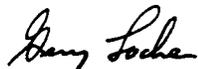
The Director has formed a task force including representatives of Frank Russell Co., Microsoft, Washington Mutual Bank, Safeco, Allied Daily Newspapers, and Eagle River Partners, as well as Arthur Anderson, Perkins Coie, Davis Wright Tremaine, Stoel Rives, the Association of Washington Business and the Washington State Bar Association on behalf of clients and general interests. I fully anticipate that this group, working cooperatively with the Department, will be able to reach a consensus.

It is important that actions of the legislative and executive branches of government not result in actual or perceived damage to our business climate. The business community is understandably concerned about the implications of the Simpson Investment Co. case. However, I cannot in good conscience sign into a law a provision that is clearly unconstitutional and unfair to some businesses. Additionally, I reiterate that the Department will continue to apply only pre-Simpson Investment Co. policies and interpretations with respect to RCW 82.04.4281.

For these reasons, I have vetoed section 19 of House Bill No. 1361.

With the exception of section 19, House Bill No. 1361 is approved.

Respectfully submitted,



Gary Locke
Governor

ESHB 1364

C 321 L 01

Mandating general anesthesia services.

By House Committee on Health Care (originally sponsored by Representatives Pflug, Edmonds, Cody, Campbell, Boldt, Doumit, Pennington and Schual-Berke).

House Committee on Health Care
Senate Committee on Health & Long-Term Care

Background: There is no mandated offering or benefit for the medical procedure of general anesthesia required by law to be covered in public employee benefit plans under the State Health Authority or health benefit plans provided by health carriers. Public employee benefit plans cover state employees; employees of higher educa-

tion and community colleges; retirees of public schools (K through 12); and all other employees of local political jurisdictions that opt for coverage. Health carriers cover beneficiaries under health benefit plans offered by disability insurers, health care service contractors, and health maintenance organizations.

Anesthesia is a medical procedure for inducing a state of unconsciousness in a patient.

Summary: General anesthesia is defined as a state of unconsciousness accompanied by a loss of protected reflexes, including the ability to maintain an airway independently and respond purposefully to physical stimulation or verbal command.

Public employee benefit plans and health carriers that offer group health insurance plans which include hospital, medical, or ambulatory surgery services must cover hospital and general anesthesia services in conjunction with dental procedures performed in a hospital or surgery center under certain conditions. The procedure must be medically necessary because the person is under the age of seven, or is physically or developmentally disabled, with a dental condition that cannot be safely treated in a dental office or the person has at least one medical condition that would create an undue medical risk if performed in a dental office.

Public employee benefit plans and health carriers that offer group health plans which include dental services must cover general anesthesia services in conjunction with dental procedures performed in a dental office. The procedure must be medically necessary because the person is under the age of seven or is physically or developmentally disabled.

Prior authorization, cost-sharing, and participating health care facility requirements may apply. The authority to negotiate rates and contracts with providers is not limited. This procedure is not covered under any Medicare supplement policies nor any supplemental contracts for a specific disease.

This requirement becomes effective for health benefit plans issued or renewed after January 1, 2002.

Votes on Final Passage:

House	94	0	
Senate	47	0	(Senate amended)
House	94	0	(House concurred)

Effective: July 22, 2001

SHB 1365

C 257 L 01

Establishing a statewide infant and children product safety campaign.

By House Committee on Children & Family Services (originally sponsored by Representatives Doumit, Pflug, Tokuda, Boldt, Pennington, Rockefeller, Hatfield, Eickmeyer, Campbell, Edwards, Cairnes, Murray, Cody, Jackley, Mastin, Kirby, Buck, Kessler, Chopp, McIntire, Grant, Morris, Lisk, Ruderman, Van Luven, Kenney, Conway, Kagi and Schual-Berke).

House Committee on Children & Family Services

House Committee on Appropriations

Senate Committee on Health & Long-Term Care

Background: The United States Consumer Products Safety Commission maintains an Internet website listing all recalled products. Included on the website is a category for infant and child products.

The Department of Health has one staff person who is designated by the United States Consumer Products Safety Commission as its state contact. The agency and the local health jurisdictions receive press releases from the commission related to recalls and recommended product modifications.

The Washington State Library maintains a website for consumers that provides search capability of over 70 recommended consumer protection sites. The site also highlights specific product recalls. The website is sponsored by the Office of the Attorney General, Department of Ecology, Department of Social and Health Services, Liquor Control Board, North Central Educational Service District, Office of the Governor, and the Utilities and Transportation Commission.

The Infant Crib Safety Act requires any crib that is sold, leased, manufactured or otherwise placed into the stream of commerce must comply with federal safety regulations and voluntary industry safety standards. The act requires the Department of Health to make materials on crib safety available to the public and to encourage public and private collaboration in distributing materials about crib safety to parents, child care providers, and those who sell cribs.

Summary: The Department of Health may develop and maintain a product safety education campaign. The campaign must focus on unsafe infant and child products (excluding toys) that have been recalled by the United States Consumer Products Safety Commission, that do not meet federal safety regulations and voluntary safety standards, or that are illegal to place into the stream of commerce under the state's Infant Crib Safety Act.

The target population for the campaign includes parents, foster parents, and other caregivers, child care workers, resale stores, and charities and government entities serving children and families.

The DOH must coordinate any campaign with other child-serving entities, such as pediatricians and obstetricians and relevant manufacturers, and with other agencies to avoid duplication of effort. The DOH may receive funding from private and government sources to implement the program.

Votes on Final Passage:

House	98	0	
Senate	46	0	(Senate amended)
House	93	0	(House concurred)

Effective: July 22, 2001

HB 1366

C 83 L 01

Regulating credit unions.

By Representatives Hatfield, Benson and Keiser; by request of Department of Financial Institutions.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: A credit union is a not-for-profit cooperative financial institution created to serve members of a defined group or residents of a defined neighborhood, community, or rural district.

Credit unions doing business in Washington may be chartered by the state or federal government. The National Credit Union Administration regulates federally-chartered credit unions and the Department of Financial Institutions regulates state-chartered institutions.

The Washington State Credit Union Act provides for the organization, regulation, and examination of state credit unions.

Summary: The regulations governing the operation of credit unions are revised, and the regulatory authority of the Department of Financial Institutions (DFI) is expanded and clarified.

Numerous definitions are amended, and new definitions added, to clarify terminology and to implement the acts revisions. Definitions of "senior operating officer" and "small credit unions" are added, among others, to implement various provisions.

The requirement that the bylaws of a credit union specify the duties of board officers is deleted.

The director of the DFI is given greater discretion with respect to allowing start-up credit unions additional time to begin doing business following the filing of the articles of incorporation.

Changes and clarifications are made regarding board membership and termination of directors. Operating officers and employees cannot form a majority of the board. A director must be terminated for failure to attend the requisite number of board meetings.

Certain duties of the board may be delegated, such as acting on membership applications, declaring dividends, and setting membership fees, terms, and conditions of loans.

Senior operating officers have the same fiduciary duty to the credit union as do directors and board members.

Generally, credit unions are authorized to provide insurance coverage to directors and committee members if the coverage is available to employees of the credit union generally.

The general powers of a credit union are expanded to permit a credit union to offer its members the same types of insurance as other state-chartered financial institutions may sell.

All credit unions are required to maintain adequate risk insurance.

The law giving state chartered credit unions general parity of powers with federally chartered credit unions is amended to include out-of-state credit unions operating a branch in Washington. However, Washington credit unions must still have federal share insurance or the equivalent as required under current law.

The establishment of a new type of credit union known as a "low income credit" union is allowed. At least 50 percent of the members, or potential members, must have incomes of no more than 80 percent of the state or national median income; whichever is higher. The department may establish other requirements.

The requirement that consumer loans be given preference over business loans is eliminated.

State and federal credit unions are allowed to "merge," and the rules regarding such mergers and/or conversions are clarified.

The DFI's authority is expanded to allow it to promulgate rules to provide relief for small credit unions and to require that non-federally insured credit unions comply with safety and soundness requirements.

The DFI's powers to regulate and conduct examinations are clarified and expanded. The department is given access to credit unions' records and the authority to revalue a credit union's investments, consistent with thrift and bank statutes. The department is given authority to examine out-of-state and foreign credit unions permitted to operate a branch in Washington. The department may compel the production of records and the testimony of witnesses as necessary, in connection with examinations.

The department is empowered to issue temporary cease and desist orders, and may also seek injunctive relief in superior court with respect to specified violations of the requirements of the act.

Administrative hearings conducted by the department must be in accordance with the Administrative Procedures Act, except to the extent that the act explicitly states otherwise.

Several statutes are repealed, as necessary to implement the provisions of the act.

Votes on Final Passage:

House 98 0
Senate 49 0

Effective: July 22, 2001

HB 1369

C 211 L 01

Making technical corrections to chapter 19.28 RCW, electricians and electrical installations.

By Representatives Esser, McDermott and Lovick; by request of Office of the Code Reviser.

House Committee on Judiciary

Senate Committee on Labor, Commerce & Financial Institutions

Background: The Legislature, in the 2000 session, recodified the provisions of Chapter 19.28 RCW. As a result, many of the cross-references in Chapter 19.28 RCW are inaccurate and do not reflect the recodifications.

Summary: Technical corrections are made to provisions of Chapter 19.28 RCW, which relates to electricians and electrical installations. These technical changes correct inaccurate cross-references that resulted when provisions of this chapter were recodified in 2000. In addition, a requirement that is not relevant because of a gubernatorial veto is removed.

Votes on Final Passage:

House 91 0
Senate 46 0

Effective: July 22, 2001

ESHB 1371

C 165 L 01

Allowing participation in health care authority insurance plans and contracts by surviving spouses and dependent children of emergency service personnel killed in the line of duty.

By House Committee on Appropriations (originally sponsored by Representatives Morell, O'Brien, Woods, Bush, Cooper, Haigh, Simpson, Armstrong, Ahern, Lovick, Marine, Anderson, Pearson, Benson, Keiser, Conway, Hurst, Santos and Campbell).

House Committee on Appropriations

Senate Committee on Ways & Means

Background: Retired or disabled employees of the state, school districts, counties, cities, and other political subdivisions whose active employees purchase insurance

from the Public Employees' Benefits Board (PEBB) may purchase health care benefits from the PEBB. This coverage is purchased at full cost based on a risk pool. The cost includes an additional administrative fee for each participant. Participants eligible for Medicare parts A and B are placed in one risk pool. All other retired or disabled participants are placed in a risk pool with active employees. Both groups are charged based on the per capita costs incurred by the appropriate risk pool, minus a subsidy in the case of Medicare eligible participants.

Summary: Surviving spouses and dependant children of emergency service personnel killed in the line of duty may purchase health care benefits from the Public Employees' Benefits Board. "Emergency service personnel" means members of the Law Enforcement Officers' and Fire Fighters' Retirement System and members of the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension System. The act applies to all surviving spouses and dependant children of emergency service personnel killed in the line of duty on or after January 1, 1998.

Votes on Final Passage:

House	93	0	
Senate	49	0	(Senate amended)
House	94	0	(House concurred)

Effective: May 7, 2001

May 1, 2002 (Section 2)

SHB 1375
C 25 L 01

Reauthorizing the expedited rule adoption process.

By House Committee on State Government (originally sponsored by Representatives Miloscia and Cox; by request of Governor Locke).

House Committee on State Government
Senate Committee on State & Local Government

Background: Before adopting a rule, state agencies must follow specified procedures detailed in the Administrative Procedure Act (APA), including publishing notice in the state register and holding a hearing. Prior to December 31, 2000, the APA allowed an agency to adopt a rule under an expedited process if the proposed rule: (1) related to internal governmental operations; (2) adopted or incorporated a federal or Washington statute, rule, or regulation; (3) corrected typographical errors; (4) updated addresses or names; (5) clarified rule language; (6) was the subject of negotiated rule making or another process that involved participation by interested parties; or (7) was being amended following a significant legislative rule analysis. An agency was required to follow the standard rule-making requirements, but was not required to prepare a small business economic impact statement, indicate whether the rule constituted a significant legisla-

tive rule, prepare a significant legislative rule analysis, or prepare a statement of inquiry. The agency was also not required to conduct public hearings. The agency was required to notify the public of the use of the expedited rule adoption process and how to object. If a party did properly object within 45 days, the agency was required to proceed under the standard rule adoption process. If there were no objections, the agency could adopt and publish the rule without further notice or a public hearing. The expedited rule-making process expired December 31, 2000.

An agency may repeal a rule under an expedited repeal process if the statute on which the rule is based has been repealed or declared unconstitutional, if the rule is no longer necessary, or if the rule has become redundant. The agency must notify the public that the rule is proposed for expedited repeal and that objections may be filed. If a party properly objects within 30 days, the agency may proceed under the standard repeal process. If there are no objections, the agency may repeal the rule without further notice or a public hearing.

Summary: The expedited rule adoption process that expired December 31, 2000, is reauthorized. The expedited repeal process and the expedited rule adoption process are consolidated into one expedited rule-making section, allowing for more consistent language. The time period for objecting to an expedited repeal of a rule is changed from 30 days to 45 days.

Votes on Final Passage:

House	94	0
Senate	49	0

Effective: July 22, 2001

SHB 1376
C 84 L 01

Exempting certain veterans affairs personnel from the state civil service law.

By House Committee on State Government (originally sponsored by Representatives Armstrong, McDermott, McMorris, D. Schmidt, Haigh and Woods; by request of Department of Veterans Affairs).

House Committee on State Government
Senate Committee on State & Local Government

Background: State voters approved Initiative Measure No. 207 in 1960 establishing a civil service system of personnel administration for most state employees. The civil service system is based upon merit principles to appoint, promote, transfer, layoff, recruit, retain, classify and pay, remove, discipline, and train employees.

Employees who are subject to the civil service system are referred to as classified employees, while employees who are not subject to the civil service system are referred to as unclassified or exempt employees.

Among others, exempt employees include all employees of the legislative and judicial branches of government, elected officials, state patrol officers, members of boards or commissions, and the executive head of each agency. In addition, exempt employees in each state agency with 50 or more employees include deputy agency heads, assistant directors or division directors, and not more than three principal policy assistants who report directly to the agency head or deputy agency heads.

The Washington Personnel Resources Board may exempt additional state employee positions from the civil service laws by following a specified procedure. These additional exemptions may not exceed one percent of the employees covered by the civil service system.

In addition, a number of exempt positions are expressly designated for various state agencies. The civil service system of personnel administration expressly does not apply to the director, the deputy director, and no more than two assistants in the Department of Veterans' Affairs.

Summary: The positions in the Department of Veterans' Affairs that are designated as exempt or unclassified positions are clarified and expanded. It is clarified that the two assistants who are unclassified positions are two assistant directors. Additional unclassified positions are added as a confidential secretary for deputy secretary and a confidential secretary for each assistant director.

Votes on Final Passage:

House 92 0
Senate 36 13

Effective: July 22, 2001

SHB 1384
C 216 L 01

Clarifying the circumstances under which the governing body of a public agency may hold an executive session to discuss litigation.

By House Committee on State Government (originally sponsored by Representatives Romero, McMorris, Simpson, Conway, Miloscia, Haigh, D. Schmidt, Clements, Delvin, Hunt, Lambert, Benson and Schindler; by request of State Auditor).

House Committee on State Government
Senate Committee on State & Local Government

Background: Under the Open Public Meetings Act (OPMA), a public body may not hold a meeting at which the official business of the body is transacted unless the meeting is open to the public. Unless there is an emergency, the public body must give advance notice of all meetings to the public. Citizens may bring court actions to challenge the validity of past meetings, or to enjoin future violations of the act. Actions taken at a meeting in violation of the OPMA are void. A public official know-

ingly attending a meeting in violation of the OPMA may be subject to a civil penalty.

Public bodies may hold executive sessions out of the public eye for certain enumerated purposes. One of these purposes is to discuss with legal counsel litigation or potential litigation to which the body is likely to become a party when knowledge of the discussion is likely to result in adverse legal or financial consequences.

Summary: A public body may not hold an executive session under the "potential litigation" exception simply because an attorney is present or is consulted on a matter. "Potential litigation" is defined to mean matters protected by the attorney-client privilege concerning:

- litigation that has been specifically threatened;
- litigation that the public body reasonably believes may be commenced by or against the body; or
- litigation or legal risks of a proposed action or current practice that the public body has identified when public discussion of the litigation or legal risks is likely to result in an adverse legal or financial consequence.

The Attorney General may provide information, technical assistance, and training on the provisions of the OPMA.

Votes on Final Passage:

House 87 7
Senate 44 1 (Senate amended)
House 93 0 (House concurred)

Effective: July 22, 2001

HB 1385
C 186 L 01

Clarifying the taxable situs and nature of linen and uniform supply services.

By Representatives Reardon and Pennington; by request of Department of Revenue.

House Committee on Finance
Senate Committee on Ways & Means

Background: The sales tax is imposed on retail sales of most items of tangible personal property and some services, including cleaning of tangible personal property, such as in the case of laundry supply and uniform services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service when purchased at retail in-state. In addition, local governments may impose local sales taxes for a variety of purposes. Local rates vary from 0.5 percent to 2.3 percent, depending on location. Sales taxes are collected by the seller from the purchaser and remitted to the Department of Revenue.

According to the Department of Revenue's rules, the taxability of linen and uniform supply services under the retail sales tax depends on the location of the laundering

activity and not the location of delivery to the customer. Sales tax applies to linen and uniform supply services sold to Washington residents if the laundering activity and delivery take place in Washington. In contrast, if the delivery to the customer takes place in Washington, but the laundering activity takes place out-of-state, no sales tax is collected. In the 2000 session, the Legislature introduced HB 2850 which provided that a retail sale of linen and uniform supply services occurs at the place of delivery to the customer. The Legislature passed the bill, which the Governor vetoed, citing a drafting error that would have applied the retail sales tax to any item of tangible personal property purchased in Washington for delivery out-of-state.

Summary: The retail sale of linen and uniform supply services is deemed to occur at the place of delivery to the customer. Linen and uniform supply services is defined as the activity of providing customers with a supply of clean linen, towels, uniforms, gowns, protective apparel, clean room apparel, mats, rugs, and similar items, regardless of whether the linen business or its customer owns the item. The definition includes supply services operating their own cleaning establishments as well as those contracting with other laundry or dry cleaning businesses.

Votes on Final Passage:

House	98	0
Senate	43	4

Effective: July 1, 2001

SHB 1391

C 259 L 01

Overseeing statutory legislative committees.

By House Committee on State Government (originally sponsored by Representatives Kessler and Mastin).

House Committee on State Government
Senate Committee on State & Local Government

Background: There are many legislative agencies that help the Legislature carry out its constitutional duties. The agencies include: (1) the Joint Legislative Audit and Review Committee; (2) the Joint Committee on Pension Policy; (3) the Legislative Evaluation and Accountability Program Committee; (4) the Joint Legislative Systems Committee; and (5) the Legislative Transportation Committee.

I. The Joint Legislative Audit and Review Committee (JLARC). Formerly known as the Legislative Budget Committee, the JLARC has many duties including conducting performance audits of state agencies and programs, conducting sunset reviews, and providing assistance to legislative committees. The committee consists of eight representatives and eight senators who appoint a legislative auditor to assist them in their statu-

tory duties. The committee also has a four-member executive committee. The executive committee and the legislative auditor are responsible for the administrative functions of the committee, including hiring staff and setting their salaries.

II. The Joint Committee on Pension Policy (JCPP). The JCPP studies pension issues, develops pension policies, studies pension funding, and makes recommendations to the Legislature. The committee consists of eight representatives and eight senators. The JCPP appoints the state actuary whose duties include performing actuarial services for the Department of Retirement Systems, advising the Legislature and the Governor on pension issues, and preparing actuarial fiscal notes on pension bills. The actuary is responsible for hiring staff and, with the approval of the JCPP, setting staff salaries.

III. The Legislative Evaluation and Accountability Program Committee (LEAP). The LEAP provides the Legislature with analysis and monitoring of state agency expenditures, budgets, and related fiscal matters. The committee consists of four representatives and four senators. The committee has administrative responsibilities that include entering into contracts and hiring permanent and temporary staff.

IV. The Joint Legislative Systems Committee (JLSC). The JLSC adopts policies, procedures, and standards regarding the information processing and communications technology of the Legislature. The committee consists of two representatives and two senators. The JLSC appoints a legislative systems coordinator who is responsible for the administration of the committee. The committee also has the power to enter into contracts and hire staff.

V. The Legislative Transportation Committee (LTC). The LTC performs studies and analyses relating to transportation. The committee consists of 12 representatives and 12 senators. The LTC has an eight member executive committee and may enter into contracts and hire staff.

Summary: To ensure the operational adequacy of legislative agencies, the JLARC, the JCPP, the LEAP, the JLSC, and the LTC are subject to operational policies, procedures, and oversight as deemed necessary by the House Executive Rules Committee and the Senate Facilities and Operations committee. The operational policies, procedures, and oversight include the development process of biennial budgets, contracting procedures, personnel policies and compensation plans, selection of a chief administrator, facilities, and expenditures. The operational policies, procedures, and oversight do not grant the Senate Facilities and Operations Committee oversight authority over any standing committee in the House of Representatives, or the House Executive Rules Committee oversight authority over any standing committee in the Senate.

Votes on Final Passage:

House	98	0	
Senate	47	1	(Senate amended)
House			(House refused to concur)
Senate	40	0	(Senate amended)
House	86	0	(House concurred)

Effective: July 22, 2001

HB 1394
C 221 L 01

Clarifying the use of county road funds in salmon recovery projects.

By Representatives Eickmeyer, Schoesler, Rockefeller, Sump, Jackley, Kessler, Cox and Dunshee.

House Committee on Transportation
Senate Committee on Transportation

Background: The use of county road funds is restricted to county road purposes.

County roads can affect streambeds and fish passage in those streams. The effects of a county road, including culverts, can impact streambeds beyond the county road right-of-way.

Summary: Counties may use county road moneys for the removal of barriers to fish passage related to county roads if that removal is clearly the county's responsibility. This may include engineering services, stream bank stabilization, stream restoration, or channel modification. These expenditures may be used for activities beyond the county right-of-way if caused by the county road or culvert. Activities related to the removal of barriers to fish passage performed beyond the county right-of-way may not exceed 25 percent of project costs and the annual cost of activities may not exceed of 1 percent of the county road budget.

Expenditure of county road moneys for removal of barriers to fish passage and accompanying streambed and stream bank repair is declared to not be a diversion from road purposes.

Votes on Final Passage:

House	98	0	
Senate	46	0	(Senate amended)
House	92	0	(House concurred)

Effective: July 22, 2001

EHB 1407
C 270 L 01

Modifying the taxation of fuel.

By Representatives Fisher and Mitchell; by request of Department of Licensing.

House Committee on Transportation
Senate Committee on Transportation

Background: Prior to 1999 taxes on motor fuel were collected by the Department of Licensing from fuel distributors. At that time, there were approximately 740 licensed fuel distributors in Washington. In addition, approximately 27,000 individuals held licenses that allowed them to purchase fuel without paying taxes up front. These users held the fuel in bulk storage tanks, using some of the fuel for non-highway purposes (usually agriculture). They only had to remit taxes for portions of fuel used for highway purposes.

In 1994 the Federal Highway Administration estimated that fuel tax was being evaded on 3 to 7 percent of gasoline gallons, and 15 to 25 percent of diesel gallons. In 1996 the Legislative Transportation Committee concluded that significant fuel tax evasion was occurring in Washington, and made recommendations to address the issue.

In 1998 the Legislature enacted SHB 2659, which imposes fuel taxes at the time of removal of such fuel from the terminal rack in Washington. This is referred to as "tax-at-the-rack." Taxes are remitted to the Department of Licensing.

Summary: Technical corrections are made to the motor vehicle fuel tax and special fuel tax statutes. The definition of "motor vehicle fuel supplier" is amended to conform to federal regulations. The term "position holder" is changed to "licensed supplier." The statute is changed to clarify that special fuel sold by a licensed supplier to a distributor, importer, or blender is a taxable event. Distributors may offer lines of credit, assets, or other financial security in lieu of a surety bond.

Votes on Final Passage:

House	97	0	
Senate	46	0	

Effective: July 22, 2001

ESHB 1418

C 212 L 01

Promoting community revitalization.

By House Committee on Finance (originally sponsored by Representatives Gombosky, McMorris, Mulliken, Pennington, Ahern, Wood, Ogden, Benson, Reardon, Linville, Haigh, Miloscia, Simpson, McIntire, Santos, Rockefeller and Kessler).

House Committee on Trade & Economic Development
 House Committee on Finance
 Senate Committee on Economic Development & Telecommunications

Senate Committee on Ways & Means

Background: State voters defeated proposed constitutional amendments in 1973, 1982, and 1985 authorizing counties, cities, and towns to engage in tax increment financing or community redevelopment financing. Tax increment financing or community redevelopment financing is a method of redistributing property tax collections within designated areas to finance infrastructure improvements within these designated areas. Enabling legislation was enacted in 1982, along with the constitutional amendment that year, but the enabling legislation was not made contingent on the approval of the constitutional amendment that was defeated later that year.

The city of Spokane attempted to use this enabling legislation but the Washington State Supreme Court found the statute to be defective in 1995.

The state constitution requires that all property taxes must be uniform on the same class property within the territorial limits of the authority levying the tax.

Summary: Counties, cities, towns, and port districts are authorized to create tax increment areas within their boundaries where community revitalization projects and programs are financed by diverting a portion of the regular property taxes imposed by local governments within the tax increment area.

Community revitalization projects and programs include:

- traditional infrastructure improvements, such as: (1) street and road construction and maintenance; (2) water and sewer system construction; (3) sidewalks and streetlights; (4) parking, terminal, and dock facilities; (5) park and ride facilities of a transit authority; (6) storm water and drainage systems; and (7) park and recreation facilities.
- environmental analysis, professional management, planning, and promotion, management and promotion of retail trade activities, maintenance and security for common areas, and historic preservation.

A county, city, town, or port district may pledge and use the diverted regular property tax collections to pay principal and interest on general obligations issued to finance the community revitalization projects and pro-

grams. A nonpublic participant may be required to provide security to protect the public investment in the tax increment area.

Regular property taxes imposed by all local governments within the tax increment area on 75 percent of any increase in assessed valuation occurring in that area after its creation are diverted to finance the projects. Regular property taxes imposed by any local government on all of the remaining value (the assessed valuation in the year before the tax increment area was created plus 25 percent of any increase in assessed valuation in the tax increment area) are distributed to the local governments as if the tax increment area had not been created.

The state's property taxes are not affected. Most regular property taxes imposed by port districts and public utility districts are subject to this potential diversion, but port district and public utility district regular property tax levies that are allowed specifically for bond retirement purposes are not affected.

The county, city, town, or port district creating the tax increment finance area may agree to reduce the amount of property taxes that is diverted.

Each local government taxing district authorized to impose regular property taxes is granted the express authority to provide the infrastructure improvements financed by a property tax increment financing, but if the taxing district is not otherwise granted this authority, the additional authority is only provided to the extent the taxing district agrees to participate in the tax increment financing.

The projects financed by property tax increment financing must be expected to encourage private development and increase the fair market value of real property within the tax increment area. Private development that is anticipated to occur within the tax increment area as a result of the public improvements must be consistent with the countywide planning policy adopted by the county under the Growth Management Act and the county's, city's, or town's comprehensive plan and development regulations adopted under the Growth Management Act.

Any diversion of county road district regular property tax levies for such purposes is allowed without penalizing the distribution of state highway moneys to the county.

Limitations under what is called the 106 percent limitation continue whether or not a tax increment area has been created.

A direct or collateral attack on a tax increment area must be commenced within 30 days of the date the county, city, town, or port district publishes a notice that the tax increment area has been created.

The creation of a tax increment area involves a number of steps, as follows:

- The county, city, town, or port district adopts an ordinance designating the tax increment area within

its boundaries and specifies the public improvements to be financed.

- The tax increment area may not be established unless the local government taxing districts (not including the state) imposing at least 75 percent of the regular property taxes within this area sign written agreements approving the tax increment financing.
- A public hearing on the proposal is held.
- Any fire protection district with territory located in the increment area must approve the creation of the increment area.
- The county, city, town, or port district adopts an ordinance establishing the tax increment finance area.

Votes on Final Passage:

House	77	20	
Senate	35	10	(Senate amended)
House	68	19	(House concurred)

Effective: July 22, 2001

HB 1419
C 55 L 01

Requiring a notation in the driving record when a driver is required to use an ignition interlock or other biological or technical device.

By Representatives Hurst, Esser, Lantz, Carrell, Haigh, O'Brien, Roach and Ruderman.

House Committee on Judiciary
Senate Committee on Judiciary

Background: An ignition interlock is a device that prevents a person who has recently consumed alcohol from starting a motor vehicle.

For any offense involving the use, consumption, or possession of alcohol that is committed while driving, the court may order that an ignition interlock system be installed on any car the person is to drive. For all DUI offenders (except first-time offenders with low alcohol concentrations) the court must order the use of an interlock. The time that the interlock must be used begins after any period of driver's license loss, and the length of required use increases with the number of times an interlock has been ordered in the past. The periods of required use range from one year to 10 years.

The Department of Licensing is directed to "attach or imprint" a notation on the driver's license of any person who has been ordered to use an ignition interlock. It is a misdemeanor "for a person with such a notation" to drive a vehicle without an interlock.

Apparently, in some instances persons who have been ordered to use an interlock have not had their driver's licenses marked, and courts have refused to convict them of violating the interlock law.

Summary: Notations of required ignition interlock use are to be made on the driving records maintained by the Department of Licensing, rather than on the driver's license.

Votes on Final Passage:

House	98	0
Senate	49	0

Effective: July 22, 2001

ESHB 1420
C 173 L 01

Prohibiting discrimination against volunteer fire fighters.

By House Committee on Commerce & Labor (originally sponsored by Representatives Hurst, Roach, Dunshee, Lovick, Woods, Jackley, Mielke, Wood, Carrell, Cooper, Sump, Hatfield, Pflug, Haigh, Conway, Reardon, Morris, Edmonds, Ruderman, O'Brien, Veloria, Poulsen, Morell, Kenney, Bush, Anderson, Cody, Santos, Rockefeller and Kessler).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce & Financial Institutions

Background: In Washington, the general rule is that employment is "terminable at-will." In other words, an employer may discharge an employee at any time without cause, and an employee may quit employment at any time without cause. Similarly, an employer may take other employment action that he or she deems appropriate.

Wrongful Discharge: Exceptions to the general rule that employment is "terminable at-will" have been enacted by Congress and the Legislature and recognized by Washington courts. For example, an employer may not discharge an employee for exercising rights under certain federal and state laws (e.g., the federal Family and Medical Leave Act (FMLA) and the state Minimum Wage Act). An employer also may not discharge an employee because he or she is a member of a protected class under the Washington Law Against Discrimination or other anti-discrimination laws. An employer may be liable for wrongful discharge for terminating an employee because he or she refused to commit an illegal act or because he or she performed a public duty.

Wrongful Disciplinary Action: Exceptions to the general rule that an employer may take other employment action that he or she deems appropriate also have been enacted by Congress and the Legislature. For example, an employer may not use the taking of FMLA-leave as a negative factor in employment actions, such as hiring, promotions or disciplinary actions. An employer also may not discriminate against a person in compensation or in other terms or conditions of employment

because he or she is a member of a protected class under anti-discrimination laws.

Summary: An employer is prohibited from discharging or disciplining a volunteer fire fighter because of leave related to an alarm of fire or an emergency call, but not leave related to training or other nonemergency activities. These protections apply only to a volunteer fire fighter who is not at his or her place of employment when called to serve as a volunteer, and who has been ordered to remain at his or her position by the commanding authority at the scene.

A volunteer fire fighter who is discharged or disciplined because of such leave may file a complaint with the director of the Department of Labor and Industries within 90 days of the discharge or the disciplinary action. Upon receipt of a complaint, the director must investigate and determine whether the volunteer fire fighter was discharged or disciplined because of the leave. The director also must send a notice of his or her determination to the volunteer fire fighter and the employer within 90 days of receipt of the complaint. If the director determines that the volunteer fire fighter was discharged or disciplined because of the leave and the employer fails to reinstate the employee or withdraw the disciplinary action within 30 days of receipt of notice of the director's determination, the volunteer fire fighter may bring an action against the employer in superior court seeking reinstatement or withdrawal of the disciplinary action. Reinstatement or withdrawal of the disciplinary action must be with back pay, without loss of seniority or benefits, and with removal of any related adverse material from the volunteer fire fighter's personnel file.

An employer is a person who employed 20 or more full-time equivalent employees in the previous year.

Votes on Final Passage:

House	93	0	
Senate	49	0	(Senate amended)
House			(House refused to concur)
Senate			(Senate receded)
Senate	44	3	

Effective: July 22, 2001

HB 1422
FULL VETO

Increasing the size of the state investment board.

By Representatives Benson, Hatfield and Bush; by request of State Treasurer and Superintendent of Public Instruction.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: The Legislature created the State Investment Board (SIB) in 1981 to administer public trust and

retirement funds. There are 14 members that serve on the board: one active member of the Public Employees Retirement System, one active member of the Law Enforcement Officers and Firefighters Retirement System, one active member of the Teachers Retirement System, the State Treasurer, a member of the state House of Representatives, a member of the state Senate, a representative of retired state employees, the director of the Department of Labor and Industries, the director of the Department of Retirement Systems, and five nonvoting members appointed by the SIB with experience in making investments.

Washington law requires that the SIB establish investment policies and procedures that are designed to maximize return at a prudent level of risk. The SIB manages 31 funds which total approximately \$56 billion.

Summary: Two members are added to the SIB, thus increasing total membership from 14 to 16. One member will represent local government employers and will be appointed for a two-year term by the governor, subject to confirmation by the Senate. A second member who is an active member of the school employees' retirement system will be appointed for a three-year term by the Superintendent of Public Instruction, subject to confirmation by the Senate.

The quorum requirement for the SIB is increased from five to six voting members. No action may be taken by the board without the affirmative vote of at least six members.

Votes on Final Passage:

House	96	1	
Senate	45	3	(Senate amended)
House	85	0	(House concurred)

VETO MESSAGE ON HB 1422

May 15, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, House Bill No. 1422 entitled:

"AN ACT Relating to increasing the size of the state investment board;"

This bill would have added two members to the State Investment Board: a representative of local government appointed by the Governor for a two-year term, and an active member of the School Employees Retirement System (SERS) appointed by the Superintendent of Public Instruction for a three-year term.

I do not dispute that local governments and school employees have a valid interest in State Investment Board decisions. However, I am concerned that House Bill No. 1422 does not address the equally valid interests of the many other groups whose funds are managed by the Board but who would continue to be excluded.

Rather than increasing the size of the Board by granting membership to selected individual stakeholders to the exclusion of others, a better approach would be to restructure the Board to allot seats to classes of stakeholders, without increasing the number of Board members. I would be pleased to work with the

Legislature and stakeholders to develop legislation toward this end.
For these reasons I have vetoed House Bill No. 1422 in its entirety.

Respectfully submitted,



Gary Locke
Governor

SHB 1426
C 85 L 01

Establishing a quality improvement program for boarding homes.

By House Committee on Health Care (originally sponsored by Representatives Edmonds, Skinner, Cody, Pflug, Dunn, Schual-Berke, Boldt, Kagi, Kenney, Campbell, Conway and Marine).

House Committee on Health Care
Senate Committee on Health & Long-Term Care

Background: The Quality Improvement Consultation Program was developed in response to a legislative mandate which specified that the Department of Social and Health Services (DSHS) system of quality improvement for long-term care services be client-centered and promote privacy, independence, dignity, choice, and a home or home-like environment for consumers. The statute specifies that providers should be supported in their efforts to improve quality and address identified problems initially through training, consultation, technical assistance, and case management, and that problem prevention both in monitoring and in screening potential providers of service be emphasized.

In July 1999 the Legislature funded implementation of this statutory language by allocating funding for eight full-time equivalent positions. It was determined by the DSHS that the program would be voluntary with the following services available:

- 1) Onsite facility visits initiated by and working with providers to assist them to develop and implement a quality improvement plan to address the identified needs of providers and residents.
- 2) Selected topic training for all area providers (i.e., regional provider training; provider self-study guides and targeted training to be conducted upon provider request at facilities).
- 3) Telephone consultation for all area providers (i.e., consultants were available by telephone to answer provider questions related to statute or rule requirements).

Individuals with background in quality improvement, education, and consultation in the boarding home program were hired to implement the program. Quality

improvement consultants reported to area managers who, at that time, retained primary responsibility to ensure statutory compliance and quality assurance within boarding homes. The primary role of the quality improvement consultant was defined as an adjunct to, but separate from, the enforcement process. Quality improvement consultants were not involved in enforcement activities including, but not limited to, informal dispute resolution meetings or other duties, to allow them to focus on implementing quality improvement activities in facility settings.

A recent report by the DSHS found that of the approximately 500 boarding home facilities in the state, 126 (25 percent) participated in the onsite portion of the program. Overall, 81.6 percent of all boarding homes in Washington participated in one or more parts of the program. Satisfaction questionnaires evidenced that more than 90 percent of residents, providers, and facility staff were satisfied with the program.

Summary: The boarding home quality improvement program is made voluntary for all boarding homes. The DSHS is allowed to establish a priority process for providing the consultation services. Quality improvement program staff are not allowed to simultaneously work as licensors or complaint investigators within the region in which they consult unless there is an emergency high-risk complaint within their consultation region. Quality improvement staff are also prohibited from participating in any enforcement-related decisions. Quality improvement consultation records are available to managerial staff but cannot be shared with non-managerial licensing or complaint investigation staff.

Technical changes are made to remove non-quality improvement program language and reinsert it into a new section.

Votes on Final Passage:

House	95	0
Senate	46	0

Effective: April 19, 2001

2SHB 1445
PARTIAL VETO
C 316 L 01

Managing short-term treasury surplus funds.

By House Committee on Finance (originally sponsored by Representatives Kessler, Lambert, Ogden, Edmonds, Kagi, Dickerson, Jackley, Fromhold, Keiser, Veloria, Miloscia, Cody and McDermott; by request of State Treasurer).

House Committee on Financial Institutions & Insurance
House Committee on Finance

Senate Committee on Labor, Commerce & Financial Institutions

Senate Committee on Ways & Means

Background: One of the State Treasurer's duties is to oversee the management of short term treasury surplus funds to ensure a maximum return while these funds are on deposit in public depositories. The framework for the management of such funds is determined by statute, but the treasurer has considerable discretionary authority, including rule-making authority, with respect to promulgating and implementing necessary procedures. The goal of the procedures is to minimize non-interest earning demand deposits and provide fair compensation to financial institutions for services rendered to the state through the investment of state funds in time deposits.

The treasurer regularly has surplus funds available. The treasurer limits the amount of funds that must be kept in demand deposits to the amount necessary for current operating expenses and to efficiently manage the treasury. Surplus funds not in demand deposits generally are held in certificates of deposit.

The Linked Deposit Program was established in 1993 by the Legislature using surplus funds not required to be in demand deposits. Under that program, the treasurer deposits surplus state funds in public depositories as a certificate of deposit on the condition that the public depository make qualifying loans under the program. "Qualifying loans" are loans that are made to minority or women's business enterprises that are defined as small businesses, for a period not to exceed 10 years, and at an interest rate that is at least two percentage points below the market rate that normally would be charged for a loan of that type. Points or origination fees are limited to 1 percent of the loan principal. In turn, the bank or other public depository pays an interest rate on the certificate of deposit equal to 2 percent below the market rate for such certificates.

The treasurer may use up to \$50 million per year of surplus funds for deposit in the Linked Deposit Program.

The statutes authorizing the creation of the Link Deposit Program are subject to repeal as of June 30, 2001, pursuant to sunset provisions enacted in 1993.

Summary: The sunset provisions pertaining to the Linked Deposit Program are repealed.

The sunset date for the Linked Deposit Program is extended from June 30, 2001 to June 30, 2004.

Loans made under the Linked Deposit Program are to be made to a "socially and economically disadvantaged business enterprise." Language requiring that such loans be made to a "minority or women's business enterprise" is stricken.

Votes on Final Passage:

House	97	1
Senate	26	21

Effective: May 15, 2001

Partial Veto Summary: The requirement that loans made under the Linked Deposit Program be granted to a "socially and economically disadvantaged business enterprise" is eliminated. This change has the effect of restoring the original statutory language requiring that loans made under the program be granted to a "minority or women's business enterprise."

VETO MESSAGE ON HB 1445-S2

May 15, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 3 and 4, Second Substitute House Bill No. 1445 entitled:

"AN ACT Relating to the time certificate of deposit investment program;"

Second Substitute House Bill No. 1445 continues the state's Linked Deposit Program, under which low-interest loans are made available for women and minority-owned businesses beyond its June 30, 2001 sunset date. This is an important program that aids in the creation and expansion of many businesses. Additionally, the program has spurred economic development in distressed areas of our state.

Section 3 of the bill was an amendment to the original bill and would have directed the program to socially and economically disadvantaged business enterprises, deleting all references to women or minority-owned businesses. As such, several legislators who supported the bill believe section 3 would have significantly diluted the Linked Deposit Program, making it inconsistent with the original legislative intent.

Section 4 also references socially and economically disadvantaged business enterprises, and it would create confusion if section 3 were vetoed alone.

For these reasons, I have vetoed sections 3 and 4 of Second Substitute House Bill No. 1445.

With the exception of sections 3 and 4, Second Substitute House Bill No. 1445 is approved.

Respectfully submitted,



Gary Locke
Governor

SHB 1450

C 305 L 01

Providing property tax relief for certain land transfers.

By House Committee on Finance (originally sponsored by Representatives Rockefeller and Morris).

House Committee on Finance
Senate Committee on Ways & Means

Background: Property meeting certain conditions may have property taxes determined on current use values rather than market values. There are five categories of lands that may be classified and assessed on current use. Three categories are covered in the open space law: open space lands; farm and agriculture lands; and timber

lands. The two remaining categories are in the timber tax law: classified and designated forest land.

The land remains in current use classification as long as it continues to be used for the purpose it was placed in the current use program. Land is removed from the program at the request of the owner; by sale or transfer to an ownership making the land exempt from property tax; or by sale or transfer of the land to a new owner, unless the new owner signs a notice of classification continuance. The assessor may also remove land from the program if the land is no longer devoted to its open space purpose.

When property is removed from current use classification, back taxes, plus interest, must be paid. For open space categories, back taxes represent the tax benefit received over the most recent seven years. For classified and designated forest land, back taxes are equal to the tax benefit in the most recent year multiplied by the number of years in the program (but not more than 10). There are some exceptions to the requirement for payment of back taxes. For example, back taxes are not required on the transfer of the land to an entity using the power of eminent domain or in anticipation of the exercise of that power.

In 1992 the Legislature removed an exception to the payment of back taxes for property sold within two years of the death of an owner of at least 50 percent interest in the property.

Summary: The exception for payment of back property taxes when property is sold or transferred within two years of the death of an owner of at least 50 percent interest in the property is restored for properties that have been in current use programs continuously since 1993.

Votes on Final Passage:

House	94	0	
Senate	48	0	(Senate amended)
House			(House refused to concur)
Senate	49	0	(Senate receded)

Effective: July 22, 2001

ESHB 1458
C 322 L 01

Relating to establishing a timeline for final decisions on project permit applications.

By House Committee on Local Government & Housing (originally sponsored by Representatives Edwards, Mulliken, Hatfield, DeBolt, Mielke, Edmonds and Rockefeller).

House Committee on Local Government & Housing
Senate Committee on State & Local Government

Background: Legislation enacted in 1995 required counties and cities required or choosing to plan under the Growth Management Act (GMA jurisdictions) to estab-

lish an integrated and consolidated development permit process for all projects involving two or more permits and to provide for no more than one open record hearing and one closed record appeal. Other jurisdictions may incorporate some or all of the integrated and consolidated development permit process. The 1995 legislation also included provisions regarding determining the completeness of project permit applications.

The 1995 legislation contained some provisions of limited duration:

- 120-day permit period -- A GMA jurisdiction was required to issue a final permit decision within 120 days after the applicant was notified the application is complete, with exemptions for certain types of projects and provisions for time periods not included in the 120-day calculation; and
- Local government liability waiver -- GMA jurisdictions were deemed not liable for damages due to failure to make a final decision within this 120-day period.

Both the 120-day permit period and the local government liability waiver expired on June 30, 2000.

Another provision enacted in the 1995 legislation required local development regulations to include periods for local government actions and provide timely and predictable procedures to determine whether completed project permit applications meet the development regulations' requirements.

The GMA requires six western Washington counties (Snohomish, King, Pierce, Kitsap, Thurston, and Clark counties) and their cities to establish a monitoring and evaluation program to determine whether their county-wide planning policies are meeting planned residential densities and uses. This "buildable lands" evaluation must be conducted every five years. If the evaluation shows that the densities are not being met, the county and its cities must take measures to increase consistency between what was envisioned and what has occurred.

Summary: Time periods for actions by GMA jurisdictions on project permit applications should not exceed 120 days unless the local government makes written findings that a specified amount of additional time is needed for processing of specific complete project permit applications or project types. This requirement does not preclude local governments and project permit applicants from mutually agreeing to extend the established deadlines for reasonable periods of time.

Counties subject to the buildable lands review and evaluation program (i.e., Snohomish, King, Pierce, Kitsap, Thurston, and Clark counties), and the cities within those counties that have populations of at least 20,000 must identify the types of project permit applications for which decisions are issued and must establish deadlines for issuing final decisions and minimum requirements for complete applications. These jurisdictions also must, through September 1, 2003, prepare at least two annual

performance reports including at least the following information for each type of project permit application:

- total number of complete applications received during the year;
- number of complete applications received during the year for which a notice of final decision was issued before the established deadline;
- number of applications received during the year for which a notice of final decision was issued after the established deadline;
- number of applications received during the year for which an extension of time was mutually agreed upon by the applicant and the county or city; and
- variance of actual performance, excluding applications for which mutually agreed time extensions have occurred, to the established deadline.

Until July 1, 2003, counties and cities subject to the performance report requirements must provide notice of and access to the reports through their websites or by reasonable methods if a county or city does not maintain a website.

Votes on Final Passage:

House	88	5	
Senate	47	1	(Senate amended)
House	88	5	(House concurred)

Effective: July 22, 2001

SHB 1467

C 187 L 01

Improving property tax administration by correcting terminology and deleting obsolete provisions.

By House Committee on Finance (originally sponsored by Representatives Reardon, Cairnes and Santos; by request of Department of Revenue).

House Committee on Finance
Senate Committee on Ways & Means

Background: When timber is purchased at public auction from the Department of Natural Resources, the purchaser must deliver a performance bond or sureties acceptable to the Department of Natural Resources. After the timber is cut, the state releases the sureties or the bond. In order to secure release of the bond, the purchaser of timber must pay all taxes including the excise and personal property taxes that are due or that become due as a result of a timber contract.

Referendum 47, approved by the voters in November 1997, placed a limitation on adding to the tax rolls large valuation increases in real property, beginning with taxes payable in 1999. Each year, the current appraised (market) value was to be compared to the assessed (taxable) value of the property for the previous year. The new assessed value was limited to the greater of (1) the previous assessed value plus an increase of 15 percent or

(2) the previous assessed value plus 25 percent of the difference between the previous assessed value and the appraised value. This limitation was known as value averaging.

On July 30, 1998 the Washington Supreme Court, in *Belas v. Kiga*, 135 Wn.2d 913 (1998), held that the value-averaging provisions of Referendum 47 violated the constitutional requirement that taxes on real property be uniform.

In 1999 the Legislature twice amended a section of law relating to the property tax exemption for homes for the aging.

In 1973 the Legislature provided for the exemption of business inventories from property taxation. The exemption was phased in by allowing a business and occupation (B&O) tax credit equal to 10 percent of the property taxes paid on business inventories in 1974 increasing to 100 percent in 1983. In 1984 the credit expired and business inventories were exempt from the property tax. However, there exist several other property tax exemptions for items that could also be considered business inventories. This results in multiple exemptions for the same property.

All property is subject to property tax unless specifically exempted by statute. In 1967 the Legislature enacted an exemption for real property where the owner dedicates the perpetual use of the air space above the property to a political subdivision for a stadium or parking facility used in connection with the stadium. This exemption was enacted at the time the King County stadium was being planned but it has never been used.

In 1980 the Legislature enacted a six year property tax exemption for manufacturers of alcohol for use as motor vehicle fuel. The original 1986 sunset date was extended to 1992 during the 1985 legislative session. Only one firm used the exemption. No exemptions have been taken since 1990.

Summary: In order to secure release of a performance bond, a purchaser of Department of Natural Resources timber need only present proof of payment of property taxes rather than all taxes.

The value-averaging provisions of Referendum 47 that were invalidated by the court are removed from the statutes. If a constitutional amendment authorizing implementation of the value averaging provision is approved by the voters in November 2001, then the sections repealing the value averaging provisions are null and void.

The two 1999 session laws that amended the homes for the aging property tax exemption statute without reference to each other are integrated.

Property tax provisions related to the business inventory exemption are consolidated.

The statutes related to business inventories that are consolidated under another section are repealed. The property tax exemption for real property beneath air

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space dedicated to a public body for a stadium or related parking facility is repealed. The property tax exemption for alcohol fuel manufacturers is repealed.

All sections apply for property taxes due in 2002.

Votes on Final Passage:

House 68 30

Senate 37 11

Effective: July 22, 2001

SHB 1471

C 175 L 01

Regarding diversions.

By House Committee on Juvenile Justice (originally sponsored by Representatives Darneille, Delvin, Dickerson and Armstrong).

House Committee on Juvenile Justice
Senate Committee on Human Services & Corrections

Background: Diversion. Diversion is an agreement entered into between a juvenile accused of an offense and a diversionary unit, such as a community accountability board, in which the juvenile agrees to fulfill certain conditions in lieu of prosecution. If the juvenile violates the terms of his or her diversion agreement, the case is referred back to the prosecutor for the filing of charges.

Sealing of Records. A juvenile adjudicated of an offense may petition the court to vacate its order and findings and seal the records when certain conditions are met. A juvenile record for an offense may not be sealed until the offender has paid full restitution. Any subsequent adjudication of a juvenile offense or subsequent charging of an adult felony nullifies a sealing order on the offender's juvenile records.

Juvenile records related to class A or sex offenses may not be sealed. Juvenile records relating to class B offenses may be sealed if the offender has spent 10 years in the community without committing an offense. Juvenile records relating to class C offenses may be sealed after the offender has spent five years in the community without committing an offense. There is no provision in current law authorizing the court to seal juvenile records for diversions, misdemeanors, or gross misdemeanors.

Destruction of Records. A person 18 years of age or older who has only one referral for diversion on his or her criminal history may request the court to destroy the records in that case. If it has been at least two years since the diversion agreement was completed, the court must grant the request and order the destruction of the official juvenile court file, the social file, and any other file named in the order.

In addition, a juvenile justice agency may develop procedures for the routine destruction of records related to juvenile offenses and diversions. A juvenile justice

agency may routinely destroy records once the person that is the subject of the complaint has reached the age of 23. The official juvenile court file may not be routinely destroyed under this authority.

Deferred Disposition. Deferred disposition is a disposition alternative for some juveniles offenders. In a deferred disposition, a guilty plea or finding of guilt is entered, the case is continued generally for up to one year, and the juvenile is placed on community supervision. If the juvenile complies with the conditions of supervision and pays full restitution, the guilty plea is vacated and the case is dismissed with prejudice. If the juvenile fails to comply with the conditions of the community supervision, the court must enter the original disposition order.

A juvenile is ineligible for deferred disposition if the juvenile has two or more diversions in his or her criminal history. No limit is placed on the number of prior misdemeanors or gross misdemeanors a juvenile may have before becoming ineligible for deferred disposition.

Summary: Sealing of Diversion Records. Diversion records may be sealed if the juvenile has reached the age of 18 and has spent two years since completion of the diversion agreement in the community without committing a new offense that subsequently results in conviction or diversion.

Destruction of Diversion Records. A juvenile who is 23 years of age or older and has two or more diversions in his or her criminal history, but no other adjudications, may request that the diversion records be destroyed. The court must grant the request if it finds that all diversion agreements have been successfully completed and no criminal proceedings are pending.

Deferred Disposition. A juvenile is ineligible for deferred disposition if he or she has two or more adjudications of any kind in his or her criminal history. Thus, a juvenile with two prior misdemeanors or gross misdemeanors would be ineligible for a deferred disposition.

Votes on Final Passage:

House 93 0

Senate 46 2 (Senate amended)

House 88 0 (House concurred)

Effective: July 22, 2001

SHB 1498

C 306 L 01

Requiring holders of fish and wildlife licenses purchased over the internet or telephone to provide enforcement officers with photo identification.

By House Committee on Natural Resources (originally sponsored by Representatives Jackley and Pearson; by request of Department of Fish and Wildlife).

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: The Washington Department of Fish and Wildlife (WDFW) is authorized to issue licenses for various activities involving fish and wildlife. A WDFW license is required to hunt for wild animals or birds, to fish, or to harvest shellfish or seaweed. A non-transferable recreational license may be purchased through one of the WDFW's many authorized dealers throughout the state. The authorized dealer collects the license fee, verifies identification, and provides the paper license to the customer. Beginning in May 2001, the WDFW plans to offer licenses for sale over the internet and telephone. Customers purchasing their license in this way are not required to provide photo identification at the time of purchase.

Enforcement officers employed by the WDFW are authorized to temporarily stop a person who is engaged in hunting or fishing activities in order to check for valid licenses, tags, permits, stamps, or catch records. If the person is detained while in the process of fishing or harvesting shellfish or seaweed, the officer may require the person to provide a signature for comparison with the signature on the license. The enforcement officers have no authority to ask for photo identification.

Summary: A person engaged in hunting or fishing may be required to exhibit photo identification to a WDFW enforcement officer if the person purchased his or her hunting or fishing license over the internet or telephone and the person is 18 years of age or older. The enforcement officer may also require a person hunting to provide a signature for comparison to the signature on his or her license.

Votes on Final Passage:

House	93	0	
Senate	47	0	(Senate amended)
House			(House refused to concur)
Senate	43	0	(Senate receded)

Effective: July 22, 2001

2SHB 1499

C 86 L 01

Regulating marine fin fish aquaculture.

By House Committee on Appropriations (originally sponsored by Representatives Jackley, Buck, Rockefeller, Eickmeyer, Sump, Doumit, Pennington and Dunn).

House Committee on Natural Resources
House Committee on Appropriations
Senate Committee on Natural Resources, Parks & Shorelines

Background: Concerns have been raised about the accidental release of Atlantic salmon into Puget Sound. The Department of Ecology regulates waste discharge from marine fin fish rearing facilities, but has no rules that address preventing the escape or the recapture of these fish.

The Administrative Procedure Act establishes administrative law procedures and provides greater public and legislative access to administrative decision making. Under the act, agencies may use negotiated rule making to work with affected parties to seek consensus on terms of proposed rules and the process by which those rules are negotiated.

Summary: The director of the Department of Fish and Wildlife is required to develop proposed rules through a negotiated rule-making process for the implementation, administration, and enforcement of marine fin fish aquaculture programs in cooperation with fin fish aquatic farmers. The proposed rules must be submitted to the appropriate legislative committee by January 1, 2002, to allow for legislative review. The rules may be adopted no earlier than 30 days after the end of the 2002 regular legislative session. The director must provide the appropriate legislative committees with a written progress report on the program by January 1, 2003.

The proposed rules must include provisions for: 1) developing and implementing management plans for the rapid recapture of live marine fin fish that have escaped, and to prevent the spread or permanent escape of these fish; 2) development of management practices based upon the latest available science; 3) eradication of those marine fin fish that have escaped and which spawn in state waters; 4) determining the appropriate species, stocks, and races of marine fin fish allowed to be cultured at specific locations and sites; 5) development of an Atlantic salmon watch program similar to the program currently operating in British Columbia, Canada; and 6) the development of an education program to assist marine aquatic farmers so that they can operate in an environmentally sound manner.

The proposed rules regarding the development of management practices must include procedures for inspections of marine aquatic farming locations on a regular basis and operating procedures at marine aquatic farming locations to prevent the escape of marine fin fish and the use of net antifoulants.

The proposed rules regarding the establishment of an Atlantic salmon watch program must provide for monitoring of escapes of Atlantic salmon from marine aquatic farming locations, monitoring the occurrence of naturally produced Atlantic salmon, determining the impact of Atlantic salmon on naturally produced and cultured fin fish stocks, a focal point for consolidation of scientific information, and a forum for interaction and education of the public.

SHB 1501

A "marine aquatic farming location" is defined as a complete complex that may be composed of various marine enclosures, net pens or other rearing vessels, food handling facilities, or other facilities related to rearing Atlantic salmon or other fin fish in marine waters.

Votes on Final Passage:

House 94 0
Senate 46 0

Effective: July 22, 2001

SHB 1501

C 307 L 01

Authorizing the electronic filing of corporation and limited liability company annual reports.

By House Committee on Commerce & Labor (originally sponsored by Representatives Conway and Clements; by request of Secretary of State).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce & Financial Institutions

Background: Domestic corporations and limited liability companies, and foreign corporations and limited liability companies authorized to do business in Washington, must file annual reports with the Secretary of State and pay an annual licensing fee. Under the master licensing system, these reports and fees are actually filed with the Department of Licensing's business license center which collects the data and remits the fees to the Secretary of State. The business license center processes more than 100,000 annual reports each year.

Documents filed with the Secretary of State generally must be typewritten or printed and executed and signed by specified officers of the company. The filing must be accompanied by a duplicate or conformed copy of the document.

Summary: The Secretary of State may allow corporations and limited liability companies to file annual reports electronically. If electronic filing is allowed, the Secretary of State must adopt rules detailing when electronic filing would be permitted and how the reports would be filed. These electronic reports may be delivered without a signature or a conformed copy, but the filing must include the name of the person executing the filing and the capacity in which the person is executing the filing.

Votes on Final Passage:

House 93 0
Senate 48 0

Effective: May 1, 2001

SHB 1515

C 38 L 01

Changing public works provisions for institutions of higher education.

By House Committee on State Government (originally sponsored by Representatives Armstrong, O'Brien, Barlean, Hunt, Schoesler, Eickmeyer, Ahern, Darneille, Anderson, Carrell, G. Chandler, Hatfield, Buck, Lovick and Edwards).

House Committee on State Government
Senate Committee on Higher Education

Background: Public works projects for regional and state universities and the Evergreen State College that equal or exceed \$25,000 are subject to a public bid process, the contract for which must be awarded to the lowest responsible bidder. The public bid process must also be used if the project exceeds \$10,000 but only involves one trade or craft area. The public bid process is not required if the contract is awarded under the small works roster process. Publication of the project is not required if the estimated cost is under \$25,000 or if the contract is awarded under the small works roster process. Public bid procedures may be waived during an emergency.

Summary: The cost limit for public works projects at regional and state universities and the Evergreen State College that are exempt from the public bid procedure is increased from \$25,000 to \$35,000. The cost limit on public works projects that involve only one trade or craft that are exempt from the public bid procedure is increased from \$10,000 to \$15,000.

Votes on Final Passage:

House 92 0
Senate 49 0

Effective: July 22, 2001

HB 1523

C 200 L 01

Reconciling conflicting provisions in laws pertaining to cities and towns.

By Representatives Mielke, Mulliken, Dunshee and Edmonds.

House Committee on Local Government & Housing
Senate Committee on State & Local Government

Background: Code cities are cities that operate under the alternative statutory classification of municipal government, which provides broad statutory home rule authority in matters of local concern.

Code City Board of Adjustment. A code city board of adjustment hears appeals from decisions or determinations made by a code city enforcement official, applications for variances, applications for conditional use

permits, and any other administrative determinations as delegated by its authorizing ordinance.

The action of the board of adjustment is final, unless an appeal is filed by the applicant in superior court within 10 days.

Code cities of 2,500 or more residents that create a planning agency are required to create a board of adjustment. Code cities of less than 2,500 residents may create a board of adjustment at their option.

Code City Debt Limits. The city indebtedness limit without a vote of the people is 1.5 percent of the value of taxable property in the city, and with such vote the total indebtedness is not to exceed 2.5 percent the value of taxable property.

The code city indebtedness limit without a vote of the people is 0.75 percent of the value of taxable property in the city, and with such vote the total indebtedness is not to exceed 2.5 percent of the value of taxable property.

In 1994 the Legislature passed SSB 6069 which raised the debt limit without a vote from 0.75 percent to 1.5 percent of the value of taxable property for counties, cities and towns; however, the statute pertaining to code cities was not amended at that time.

Summary: The time window for an appeal of a code city board of adjustment action is increased to 21 days.

The code city debt limit without voter approval is altered from 0.75 percent to 1.5 percent, to be consistent with all cities and counties.

Votes on Final Passage:

House	92	0
Senate	46	0

Effective: July 22, 2001

EHB 1530
C 119 L 01

Providing for the appointment of an agent to receive claims against local government entities.

By Representatives Lantz and Carrell.

House Committee on Judiciary
Senate Committee on Judiciary

Background: The state has waived sovereign immunity for government's tortious conduct, allowing itself and local governments to be sued for the torts of government officials, employees, or volunteers.

Before an injured party may bring a suit against a local government entity, the injured party must make a claim against the entity for the damages sought. A lawsuit for the recovery of those damages may not be commenced until at least 60 days after the claim has been filed with the local government. (Any applicable statute of limitations is tolled during the 60-day wait to start the lawsuit.)

The law requires that a claim for damages must be "presented to and filed with the governing body" of the local government entity.

Summary: Each local government entity is required to appoint an agent to receive claims for damages. The identity, and location during business hours, of the agent must be recorded with the county auditor.

Votes on Final Passage:

House	95	0
Senate	47	0

Effective: July 22, 2001

SHB 1537
C 120 L 01

Protecting credit union directors and committee members.

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Roach, Hatfield, Benson, Miloscia and Keiser).

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: State credit unions are governed by a board of directors that must have at least five, but not more than 15 members. The directors are elected by the credit union members at an annual meeting, and serve terms of between one and three years. Officers and employees of the credit union may serve as directors. By statute, board members are deemed to stand in a fiduciary relationship to the credit union, and have specified duties stemming from this relationship.

A "supervisory committee" of at least three members must be elected at the annual membership meeting, to serve a term of three years. It is the duty of the supervisory committee to monitor both the financial condition of the credit union and the decisions of the board. Officers and employees of the credit union are prohibited from serving on the supervisory committee.

Summary: Credit union directors and committee members are made exempt from personal liability for harms caused by negligent acts or omissions, under the following conditions:

- the act was performed on behalf of the credit union; and
- the act was within the scope of his or her official duties; and
- the act did not constitute a breach of fiduciary duty; and
- the act was not criminal, wilful, or grossly negligent; and

- the act was not committed while he or she was operating any vehicle, vessel, or aircraft requiring either a license or insurance.

The liability exemption does not affect the liability of credit union employees acting within the scope of their employment.

The exemption does not affect a director's or committee member's liability to the credit union or a governmental entity for harm caused by the director or committee member.

The exemption does not affect the liability of the credit union itself with respect to harm to any person caused by the negligent acts of a director or committee member.

Votes on Final Passage:

House 98 0
Senate 47 0

Effective: July 22, 2001

HB 1542
C 87 L 01

Exempting certain financial or proprietary information provided to the department of community, trade, and economic development from public disclosure.

By Representatives Van Luven, Gombosky, Fromhold and Dunn; by request of Department of Community, Trade, and Economic Development.

House Committee on State Government
Senate Committee on Economic Development & Telecommunications

Background: I. Public Records Disclosure. Initiative 276, approved by the voters in 1972, requires all state agencies to make all public records available for public inspection and copying unless they fall within certain statutory exceptions. The provisions requiring public records disclosure must be interpreted liberally and the exceptions narrowly in order to effectuate a general policy favoring disclosure.

Examples of statutory exceptions to the public records disclosure law include: 1) personal information in agency files, the disclosure of which would violate an individual's right to privacy; 2) financial and commercial information supplied by individuals applying for various programs; and 3) residential addresses and telephone numbers of state agency employees.

II. The Department of Community, Trade, and Economic Development (DCTED). One of the duties of the DCTED is to conduct research and analysis on market, demographic, and economic trends. The DCTED also is required to contract for surveys of business and employment sectors. Some of the data the department receives when fulfilling these duties are sensitive or proprietary in nature.

Summary: Information collected by the DCTED to conduct research and analysis on market, demographic, and economic trends, or in connection with surveys of business and employment sectors, is exempt from public inspection and copying. The work product based on this information, however, remains available for public inspection and copying.

Votes on Final Passage:

House 93 0
Senate 46 0

Effective: July 22, 2001

SHB 1545
C 271 L 01

Regulating nonprofit organizations.

By House Committee on Judiciary (originally sponsored by Representatives Lantz, Esser, Carrell and Cody).

House Committee on Judiciary
Senate Committee on Judiciary

Background: A business that is operated on a nonprofit basis may organize under the Nonprofit Miscellaneous and Mutual Corporations Act. This act sets forth the powers, duties, rights, and obligations of both the corporation and members or shareholders of the corporation.

A corporation organized as a nonprofit miscellaneous or mutual corporation is formed by filing articles of incorporation with the Secretary of State. The corporation is governed by the provisions of the articles of incorporation and the bylaws adopted by the board of directors. The corporation is managed by a board of directors and officers and may have members or shareholders.

Articles of Incorporation. The articles of incorporation must contain certain provisions, including the corporate name, duration and purpose for which organized, qualifications and rights of members, and whether the corporation will have capital stock. The provisions of the articles of incorporation may be amended by adoption of a resolution by the board of directors and approval by a two-thirds vote of the members and shareholders.

Meetings of Members/Shareholders and Directors. A corporation must have an annual meeting and may call special meetings. Notice of regular and special meetings must be provided to each member or shareholder entitled to vote at the meeting. A member or shareholder may vote in person, or unless the articles of incorporation provide otherwise, by mail, electronic transmission, or proxy.

Action may be taken at a meeting if there is a quorum. For meetings of members and shareholders involving matters that require a two-thirds vote, a quorum is established when 25 percent of the members or share-

holders entitled to vote are present. For all other matters, the articles of incorporation may specify a different quorum requirement, but if none is specified a quorum of 25 percent is required. Actions that require a two-thirds vote of those present include mergers, dissolutions, and the sale of all or most of the corporation's property and assets.

Directors and Officers. There is no general release of liability for a director's or officer's acts or omissions with respect to the corporation or its members or shareholders. However, the articles of incorporation may eliminate or limit the personal liability of a director for damages that result from the director's conduct except for acts or omissions that involve intentional misconduct or a knowing violation of the law, or any transaction from which the director will personally benefit and to which the director is not legally entitled.

A corporation may indemnify a director or an officer for expenses incurred in an action in which the director or officer is a party because he or she is a director or an officer. However, the corporation may not indemnify the director or officer for liability that results from negligence or misconduct in the performance of his or her duty.

Mergers and Dissenters' Rights. A corporation may merge or consolidate with one or more corporations. The board of directors must adopt a resolution approving the plan of merger and the plan must also be approved by a two-thirds vote of the members and shareholders.

A member or shareholder may dissent from the following corporate actions: a merger or consolidation; a sale of all or most of the corporation's property or assets; or an amendment to the articles of incorporation that changes voting or property rights or that reorganizes a corporation. The ability to dissent from a merger does not apply if the surviving corporation owns all shares of all other corporations that are part of the merger or if the merger does not require a vote of the members or shareholders.

A dissenter must make a written demand within 10 days of the corporate action for payment of the fair value of the dissenter's membership or shares. The corporation must make an offer of fair value that it deems reasonable. If the member or shareholder does not agree with this determination, the corporation must file a petition with the court for a determination of fair value.

A corporation's articles of incorporation may limit the amount payable to a dissenter to less than fair value, but not to less than the consideration paid for membership or shares unless the fair value is less than the consideration paid.

Summary: A number of changes are made to provisions of the Nonprofit Miscellaneous and Mutual Corporations Act relating to provisions of the articles of incorporation, corporate name changes, meetings and quorum require-

ments, liability of directors or officers, and dissenters' rights.

Articles of Incorporation. The board of directors may amend the articles of incorporation to change the name of the corporation without approval of the members or shareholders.

A statement is added that members or shareholders do not receive vested property rights from any provision of the articles of incorporation.

Meetings of Members/Shareholders and Directors. The quorum requirements for meetings of members and shareholders of consumer cooperatives is lowered to 5 percent of members or shareholders entitled to vote. The articles of incorporation may provide different quorum requirements except for actions requiring a two-thirds vote. A consumer cooperative is defined as a corporation that sells goods or services for personal, family, or living uses to its members and other consumers.

If the articles of incorporation allow, a member or shareholder may participate in a meeting by any means of communication that allows all parties to hear each other. A member or shareholder participating in this manner is deemed to be present in person at the meeting. Similarly, unless the articles of incorporation or bylaws provide otherwise, a director may participate in a meeting of the board by any means of communication and is deemed to be present in person.

The only business that may be conducted at special meetings is business within the purposes specified in the special meeting notice.

Voting by mail or electronic transmission may be authorized in the corporation's bylaws.

Directors and Officers. Duties of directors and officers of a corporation are established. A director or an officer must act in good faith, in a manner the director or officer believes to be in the best interests of the corporation, and with the care an ordinarily prudent person would use in a like situation. In performing his or her duties, a director or an officer may rely on opinions, reports, or statements prepared or presented by: officers or employees believed to be reliable; legal counsel, accountants, or others as to matters believed to be within their expertise; or board committees as to matters within the committees' authority.

Unless the articles of incorporation provide otherwise, a director or an officer is not individually liable to the corporation or its members or shareholders, except for acts or omissions that involve intentional misconduct, a knowing violation of the law, or transactions from which the director or officer will personally benefit.

The ability of a corporation to indemnify its directors and officers is expanded. The corporation may indemnify a director or an officer for expenses incurred in a court action, except for acts or omissions that involve intentional misconduct, a knowing violation of the law,

or transactions from which the director or officer will personally benefit.

Mergers and Dissenters' Rights. The types of actions from which a member or shareholder may dissent are changed. A member or shareholder may not dissent from a merger where the member's or shareholder's status continues on substantially similar terms. A member's or shareholder's right to dissent from an action that changes voting or property rights is limited to situations where the action materially reduces the number of shares owned to a fraction of a share if this fractional share is to be acquired by the corporation for cash. The ability of a member or shareholder to dissent from an action that reorganizes a corporation is removed.

The process for dissenting from a corporate action and making a demand on the corporation for fair value is amended. If the member or shareholder does not agree to an offer of fair value made by the corporation, the member or shareholder must make a demand on the corporation within 60 days of the corporate action requesting the corporation to file a petition with the court for a determination of fair value. A member or shareholder who fails to make this request within 60 days forfeits the right to demand payment of fair value. The corporation must file a petition with the court within 30 days after receiving a demand from a member or shareholder to file the petition.

The fair value payable to a dissenting member of a consumer cooperative is fixed at the amount of consideration paid for the membership unless the articles of incorporation provide otherwise.

Votes on Final Passage:

House 98 0
Senate 48 0 (Senate amended)
House 94 0 (House concurred)

Effective: July 22, 2001

HB 1546

C 28 L 01

Authorizing address confidentiality for victims of stalking.

By Representatives Schual-Berke, Campbell, Ballasiotes, D. Schmidt, Simpson, Conway, Keiser, Darneille, Kagi, Woods, Ruderman, Hurst and McIntire; by request of Secretary of State.

House Committee on State Government
Senate Committee on State & Local Government

Background: A victim of domestic violence or sexual assault may apply to the Secretary of State to have an alternative address designated as the victim's address. This allows state and local agencies to comply with requests for public records without disclosing the confidential location of a victim of domestic violence or

sexual assault. The application must include a sworn statement from the applicant that he or she is a victim of domestic violence or sexual assault and fears for his or her safety, a designation of the Secretary of State as an agent, a mailing address and phone number where the applicant can be contacted by the Secretary of State, a new address that the applicant requests to remain confidential, and a signature. Applicants are certified as program participants for four years, subject to renewal, withdrawal, or invalidation. State, local, and non-profit agencies that provide counseling and shelter services to victims of domestic violence or sexual assault may assist in the application process.

Summary: Victims of stalking are added to the list of victims eligible for the address confidentiality program administered by the Secretary of State.

Votes on Final Passage:

House 94 0
Senate 47 0

Effective: July 22, 2001

HB 1547

C 56 L 01

Licensing insurance agents, brokers, solicitors, and adjusters.

By Representatives Simpson, Bush, Benson, Hatfield, Santos and Keiser; by request of Insurance Commissioner.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: The Insurance Commissioner is granted broad power to regulate the licensing of insurance agents, brokers, solicitors, and adjusters. The commissioner has considerable discretionary authority to issue rules, regulate the application process, and to otherwise determine whether an applicant meets the legal requirements for a license.

The commissioner may suspend, revoke, or refuse to issue or renew a license if the applicant or licensee has been found to be unfit due to incompetence or specific types of misconduct, including criminal behavior, fraud, misrepresentation, and unfair business practices.

Summary: A nonresident seeking a license as an insurance agent, broker, solicitor, or adjuster may apply to the Insurance Commissioner using any form that has been approved by the commissioner pursuant to administrative rule. Additional application information must be provided as required by statute or rule, whether or not such information is required by the form.

The licensing reciprocity provisions of the insurance code are clarified with respect to issuing licenses to non-

resident insurance agents and brokers. To be issued an insurance license in Washington, a nonresident applicant must have a valid license from another state that reciprocally honors corresponding licenses issued in Washington. In addition, the nonresident applicant must not have a history of incompetence, professional misconduct, or criminal behavior of the types specifically identified by statute.

With respect to the recognition of insurance licenses issued by other states, the definition of "state" is expanded to include the District of Columbia, Canadian provinces, and various other territories.

Votes on Final Passage:

House 98 0
Senate 48 0

Effective: July 22, 2001

HB 1548
C 29 L 01

Expanding the small works roster process to include metropolitan park districts.

By Representatives Kirby and Carrell.

House Committee on State Government
Senate Committee on State & Local Government

Background:

I. Local Government Contracting Procedures.

A. Competitive Bidding. Many units of local government must follow formal competitive bidding procedures when awarding public works projects over a certain dollar amount. Local government required to use formal competitive bidding must advertise the projects in advance, and typically all bid proposals must be accompanied by a check or a bond certifying that the bidder will enter into a contract in accordance with its bid. The local government generally must award the project to the lowest possible bidder.

Municipalities may forego the competitive bidding process for:

- purchases that are limited to a single source;
- purchases involving special facilities or market conditions;
- purchases necessitated by an emergency;
- purchases of insurance or bonds; and
- public works necessitated by an emergency.

B. Small Works Roster. In addition to formal competitive bidding, most local governments may use the small works roster process to award public works projects under \$200,000. Under the small works roster process, a local government must construct lists of responsible contractors. The local government then contacts at least five contractors on the roster in a manner that will equitably distribute the opportunity among the

contractors on the roster. The local government then awards the contract to the lowest responsible bidder.

II. Metropolitan Park Districts.

Any city with a population over 4,999 may create a metropolitan park district to manage, control, improve, maintain, and acquire parks, parkways, and boulevards. Metropolitan park districts may acquire land through the power of eminent domain, and may make improvements to parks, parkways, boulevards, avenues, aviation landings, and playgrounds.

There are currently no statutory procedures for metropolitan park district contracting.

Summary: Metropolitan park districts must use formal competitive bidding procedures when entering into contracts for work over \$5,000. The park district must give notice in a newspaper of general circulation 13 days before the last day upon which bids will be received. Bids must be accompanied by a check or a bond guaranteeing that the bidder will enter into a contract in accordance with the bid. The park district must award the contract to the lowest responsible bidder, but may also reject all bids for good cause.

As an alternative to competitive bidding, the park district may utilize the small works roster process.

The park district may waive the competitive bidding requirements altogether for the same reasons provided for municipalities.

Votes on Final Passage:

House 93 0
Senate 40 8

Effective: July 22, 2001

HB 1564
C 308 L 01

Reenacting provisions relating to obstructing governmental operations.

By Representatives Casada, Lantz, Carrell, Hurst, Esser and O'Brien.

House Committee on Judiciary
Senate Committee on Labor, Commerce & Financial Institutions

Background: In 1995 the Legislature included several provisions related to various criminal laws in a bill entitled "An Act Relating to insurance fraud." In December 2000, Division II of the Washington Court of Appeals held that the inclusion of one of those provisions violated the state constitution. That decision, *State v. Thomas*, 103 Wn. App. 800 (2000), overturned a conviction under the state's anti-profiteering law.

In 1984 the Legislature had enacted the Washington State Racketeering Act, which was to take effect July 1, 1985. The 1985 Legislature, however, substantially amended the act before it took effect. One of the changes

was to rename the act the Criminal Profiteering Act. The 1985 legislation also put a 10-year sunset clause on the entire act. The sunset clause called for the act to expire on July 1, 1995, unless the Legislature enacted another bill before then to extend the life of the act.

In 1995 the Legislature repealed the sunset clause on the Criminal Profiteering Act. The repeal of the sunset clause was intended to prevent the act from expiring that July and to extend the life of the act indefinitely. However, the repeal was done as part of E2SHB 1557 which was a bill entitled "An Act Relating to insurance fraud." E2SHB 1557 became Chapter 285, Laws of 1995.

Division II of the Washington Court of Appeals held that this 1995 act "relating to insurance fraud," was invalid because it violated Article II, Section 19, of the state constitution. Article II, Section 19, requires that a bill contain only one subject and that the subject be expressed in the title of the bill. The court found that the subject of "criminal profiteering" was not related to the subject of "insurance fraud" and therefore the bill violated the single subject requirement. Likewise, the court found that the subject of criminal profiteering was not "expressed" in the title of the bill and therefore the bill violated the "subject-in-the-title" requirement. As a result, the attempted repeal of the sunset clause in 1995 was ineffective, and the court held that the criminal profiteering law had in fact expired on July 1, 1995.

The attempted repeal of the profiteering act's sunset clause was the subject of the court's decision in *State v. Thomas*. However, there were several other provisions in that same 1995 act that very likely could be found unconstitutional as well. Some of these provisions dealt with the crime of making false or misleading statements to public servants. The 1995 act created a separate gross misdemeanor crime of making a false material statement to a public servant, and removed a narrower but similar provision from the existing crime of obstructing a law enforcement officer. These provisions, if challenged, might also be found to be a second subject, not related to "insurance fraud," or to be a subject not expressed in the title.

Summary: Provisions of Chapter 285, Laws of 1995 that dealt with the crimes of obstructing a law enforcement officer and of making false or misleading statements to public servants are reenacted without change.

Votes on Final Passage:

House	98	0	
Senate	46	0	(Senate amended)
House	94	0	(House concurred)

Effective: May 14, 2001

Increasing the penalty for intentional misuse of abstracts of driving records.

By Representatives Fisher, Hankins, Lovick and Mitchell; by request of Department of Licensing.

House Committee on Criminal Justice & Corrections
Senate Committee on Transportation

Background: The Department of Licensing maintains abstracts of driving records. These abstracts contain information relating to a person's driving record, including:

- a list of motor vehicle accidents in which the person was driving;
- whether any of the motor vehicle accidents resulted in a fatality;
- any reported convictions, forfeitures of bail, or findings that an infraction was committed based upon a violation of any motor vehicle law;
- the status of the person's driving privilege in this state; and
- any reports of failure to appear in response to a traffic citation or failure to respond to a notice of an infraction.

Washington law restricts the distribution and use of abstracts. Certified abstracts may only be released to specified persons, including:

- the individual named in the abstract;
- an employer or agent, or prospective employer or agent;
- specified insurance companies;
- an alcohol/drug assessment or treatment agency approved by the Department of Social and Health Services (DSHS); and
- city and county prosecuting attorneys.

A full abstract may be released to the individual named in the abstract, an employer or agent, prospective employer or agent, or a city or county prosecuting attorney. A partial abstract may be released to specified insurance companies and alcohol/drug assessment or treatment agencies approved by the DSHS.

Information may only be used for specific purposes, depending on who requests the abstract. For example, an abstract provided to an insurance company may only be used for its own underwriting purposes. In addition, an abstract provided to an employer may only be used to determine whether the individual named in the abstract should be permitted to operate a commercial vehicle or school bus. Furthermore, an abstract provided to an alcohol/drug assessment or treatment agency may only be used to assist its employees in determining the appropriate level of treatment.

Persons requesting the abstract, other than the individual named in the abstract, may not give any information contained in the abstract to a third party.

Misusing an abstract of a person's driving record is a gross misdemeanor. A gross misdemeanor carries a maximum sentence of one year of incarceration or a fine of \$5,000, or both.

Offenders convicted of "unranked felonies," felonies without an established seriousness level on the sentencing guidelines grid, are not subject to standard sentence ranges. Generally, in these cases, courts are required to impose a determinate sentence which may include not more than one year of confinement and may also include community service, legal financial obligations, a term of community supervision not to exceed one year, or a fine.

Summary: It is an unranked class C felony to intentionally misuse an abstract of a person's driving record. It is a gross misdemeanor to negligently misuse an abstract of a person's driving record.

Votes on Final Passage:

House	93	0	
Senate	45	1	(Senate amended)
House	91	0	(House concurred)

Effective: July 22, 2001

HB 1568
FULL VETO

Updating procedures for actions against driving school licensees.

By Representatives Lovick, Delvin, Fisher, Hankins, Mitchell, O'Brien and Hurst; by request of Department of Licensing.

House Committee on Transportation
Senate Committee on Transportation

Background: The Department of Licensing issues licenses to driver training schools and to their instructors. However, the authority of the department to suspend a school or instructor license is limited.

Summary: Technical corrections are made to the statute authorizing the director of the Department of Licensing to suspend, revoke, deny, or refuse to renew the license of a driver training school or a driver school instructor that clarify these licenses can be suspended when the requirements for licensing are no longer met.

Votes on Final Passage:

House	93	0
Senate	47	0

VETO MESSAGE ON HB 1568

May 11, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, House Bill No. 1568 entitled:

"AN ACT Relating to suspension, revocation, and denial of driver training school instructor licenses;"

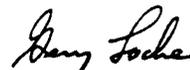
House Bill No. 1568 would have specified in statute that the Department of Licensing has the authority to suspend the license of a driving school instructor, if that instructor no longer meets the initial requirements to obtain an instructor's license.

Although well intentioned, this legislation is not necessary. After careful review of RCW Chapter 46.82, and RCW 46.82.330 and 46.82.350(1)(c) in particular, I believe the Department of Licensing already has the authority to apply the requirements that a person must satisfy to obtain an instructor's license to suspension, revocation or renewal of that same license. Given the current language of the statutes, it is disingenuous to argue, for example, that a person may not be granted an instructor's license if he or she has had alcohol-related traffic violations within the preceding three years, but is eligible to renew his or her license with recent alcohol-related traffic violations on his or her record.

I encourage the Department of Licensing to proceed with any steps necessary to amend and clarify its standards, rules, and procedures regarding the suspension, revocation and renewal of driving school instructor licenses consistent with this letter.

For these reasons I have vetoed House Bill No. 1568 in its entirety.

Respectfully submitted,



Gary Locke
Governor

HB 1577
C 30 L 01

Clarifying standards for candidates using party designations.

By Representatives D. Schmidt and Romero; by request of Secretary of State.

House Committee on State Government
Senate Committee on State & Local Government

Background: No laws direct how the names of major party candidates for president and vice-president are placed on the general election ballot.

Statutes describe how minor party and independent candidates for partisan offices are placed on the primary ballot and on the general election ballot. A minor party may only nominate a single candidate for a partisan office.

Minor party and independent candidates for all partisan offices must be nominated by a convention. Conventions must be held no earlier than the last Saturday in

June and not later than the first Saturday in July and be attended by at least 25 registered voters. A petition nominating candidates for a minor party or as an independent for president and vice-president, or a candidate for the United States Senate or any statewide partisan office, must be signed by at least 200 registered voters of the state. A petition nominating candidates for a minor party or as an independent for any other partisan office must be signed by at least 25 registered voters who are registered to vote in the jurisdiction for which the nomination is made.

A major or minor political party, or an independent candidate convention, that nominates candidates for president and vice-president must also nominate a slate of electors for this state.

Summary: It is clarified that a major political party may certify the names of its nominees for president and vice-president.

The Secretary of State must certify candidates to the ballot for president and vice-president if, at least 50 days before the general election, the candidates have certified to the Secretary of State a slate of presidential electors and the candidates were either: (1) certified by a major political party; or (2) nominated at a minor party or independent convention and a nominating petition with sufficient valid voter signatures was filed nominating the candidates.

A minor party or independent convention to nominate candidates for president and vice-president may be held at the normal convention dates or at a similar convention that is held not earlier than the first Sunday in July and not later than 70 days before the general election. The special convention for a minor party or independent candidate to be nominated to fill a vacancy in a partisan office must be held no later than five days after the close of the special filing period and a certificate of the nomination must be filed no later than three days after the convention. A minor party or independent candidate who is nominated to fill a vacancy in office will be included on the primary ballot if the ballots are ordered to be printed before this filing deadline and the certificate has not been filed, but the candidate will only appear on the general election ballot if the certificate is timely filed and the candidate otherwise qualifies to appear on the general election ballot.

Provisions are made to resolve conflicting claims of two or more persons to be the nominee of a minor party for the same partisan office if a valid nominating certificate for each of the candidates was filed from the same party. The conflict may be resolved by mutual agreement of the candidates or by the superior court of the county in which the filing officer is located, but the candidates are treated as independent candidates if the conflict is not resolved. The Thurston County Superior Court has jurisdiction if both the Secretary of State and one other filing officer are involved. Principles are pro-

vided guiding the superior court in its resolution of the conflict, including the prior use of the name during previous elections by a party led by the same individuals, prior established public use of the name earlier in the same election cycle, nomination of a more complete slate of candidates throughout the state, documented affiliation with a national or statewide party organization, and the earlier date of filing a certificate of nomination.

Provisions are made for designating a single political party for a candidate if the candidate has been nominated by two or more minor political parties or independent conventions or the candidate has filed a declaration of candidacy declaring affiliation with a major political party and also has been nominated by a minor political party or independent convention. The candidate may file written notice with the filing office making the choice within three business days after the close of the filing period. If notice is not made, the filing officer shall give effect to the party designation shown on the first document filed.

Votes on Final Passage:

House 95 0
Senate 42 6

Effective: July 22, 2001

HB 1578

C 222 L 01

Reenacting provisions relating to criminal profiteering.

By Representatives Carrell, Hurst and Lantz.

House Committee on Judiciary

Senate Committee on Labor, Commerce & Financial Institutions

Background: In 1995 the Legislature included several provisions related to various criminal laws in a bill entitled "An Act Relating to insurance fraud." In December 2000, Division II of the Washington Court of Appeals held that the inclusion of one of those provisions violated the state constitution. That decision, *State v. Thomas*, 103 Wn. App. 800 (2000), overturned a conviction under the state's anti-profiteering law.

In 1984 the Legislature had enacted the Washington State Racketeering Act, which was to take effect July 1, 1985. The 1985 Legislature, however, substantially amended the act before it took effect. One of the changes was to rename the act the Criminal Profiteering Act. The act dealt generally with a variety of civil and criminal sanctions against various criminal activities, particularly crimes committed as part of a "pattern" of criminal profiteering. The 1985 legislation also put a 10-year sunset clause on the entire act. The sunset clause called for the act to expire on July 1, 1995, unless the Legislature enacted another bill before then to extend the life of the act.

In 1995 the Legislature repealed the sunset clause on the Criminal Profiteering Act. The repeal of the sunset clause was intended to prevent the act from expiring that July and to extend the life of the act indefinitely. However, the repeal was done as part of E2SHB 1557 which was a bill entitled "An Act Relating to insurance fraud." E2SHB 1557 became Chapter 285, Laws of 1995.

Division II of the Washington Court of Appeals held that this 1995 act "relating to insurance fraud," was invalid because it violated Article II, Section 19, of the state constitution. Article II, Section 19, requires that a bill contain only one subject and that the subject be expressed in the title of the bill. The court found that the subject of "criminal profiteering" was not related to the subject of "insurance fraud" and therefore the bill violated the single subject requirement. Likewise, the court found that the subject of criminal profiteering was not "expressed" in the title of the bill and therefore the bill violated the "subject-in-the-title" requirement. As a result, the attempted repeal of the sunset clause in 1995 was ineffective, and the court held that the criminal profiteering law had in fact expired on July 1, 1995.

Summary: The Criminal Profiteering Act is reenacted without substantive change.

Votes on Final Passage:

House	98	0	
Senate	46	0	(Senate amended)
House	94	0	(House concurred)

Effective: May 9, 2001

HB 1579
C 310 L 01

Reenacting provisions relating to the wrongful practice of law.

By Representatives Carrell, Lantz, Hurst and Rockefeller.

House Committee on Judiciary
Senate Committee on Labor, Commerce & Financial Institutions

Background: In 1995 the Legislature included several provisions related to various criminal laws in a bill entitled "An Act Relating to insurance fraud." In December 2000, Division II of the Washington Court of Appeals held that the inclusion of one of those provisions violated the state constitution. That decision overturned a conviction under the state's anti-profiteering law.

In 1984 the Legislature had enacted the Washington State Racketeering Act, which was to take effect July 1, 1985. The 1985 Legislature, however, substantially amended the act before it took effect. One of the changes was to rename the act the Criminal Profiteering Act. The 1985 legislation also put a 10-year sunset clause on the entire act. The sunset clause called for the

act to expire on July 1, 1995, unless the Legislature enacted another bill before then to extend the life of the act.

In 1995 the Legislature repealed the sunset clause on the Criminal Profiteering Act. The repeal of the sunset clause was intended to prevent the act from expiring that July, and to extend the life of the act indefinitely. However, the repeal was enacted as part of E2SHB 1557 which was a bill entitled "An Act Relating to insurance fraud." E2SHB 1557 became Chapter 285, Laws of 1995.

Division II of the Washington Court of Appeals held that this 1995 act "relating to insurance fraud," was invalid because it violated Article II, Section 19, of the state constitution. Article II, Section 19, requires that a bill contain only one subject, and that the subject be expressed in the title of the bill. The court found that the subject of "criminal profiteering" was not related to the subject of "insurance fraud," and therefore the bill violated the single subject requirement. Likewise, the court found that the subject of criminal profiteering was not "expressed" in the title of the bill, and therefore the bill violated the "subject-in-the-title" requirement. As a result, the attempted repeal of the sunset clause in 1995 was ineffective, and the court held that the criminal profiteering law had in fact expired on July 1, 1995.

The attempted repeal of the profiteering act's sunset clause was the subject of the court's decision in *State v. Thomas*. However, there were several other provisions in that same 1995 act that very likely could be found unconstitutional as well. Some of these provisions had to do with the crime of practicing a profession or business without a license. These provisions, if challenged, might also be found to be a second subject, not related to "insurance fraud," or to be a subject not expressed in the title.

Persons practicing law in the state are required to be licensed by the Washington State Bar Association. The 1995 bill specified what actions constitute the unlawful practice of law and made a single violation a gross misdemeanor and each subsequent violation a class C felony. The 1995 bill also added the crime of practicing law without a license to the list of crimes that may constitute criminal profiteering.

Summary: Relevant provisions regarding the unlicensed practice of law are reenacted, without making any changes, to respond to the court decision that may have invalidated those provisions.

Votes on Final Passage:

House	98	0	
Senate	32	13	(Senate amended)
House	91	0	(House concurred)

Effective: May 14, 2001

HB 1581
C 272 L 01

Revising provisions for licensing of motor vehicle dealers and manufacturers.

By Representatives Cooper, Haigh, Morell, Hankins, Rockefeller and Delvin; by request of Department of Licensing.

House Committee on Transportation
Senate Committee on Transportation

Background: Applicants for a vehicle dealer license must, among other things, submit an application to the Department of Licensing (DOL) disclosing such information as their qualifications and business history, their financial history, franchise information, and their current service agreement with a manufacturer. The applicant must also pay a fee of \$500 and file a \$15,000 surety bond with the DOL.

Once the license has been issued, the DOL provides the dealer with a copy of the Vehicle Dealer Manual which contains information on the various state laws and rules related to vehicle dealers. Outside of this manual, vehicle dealers are not provided any in-depth training on state laws and rules, nor do they receive any information or education on related federal laws and regulations. Because of this, oftentimes new licensees later find themselves to be overwhelmed and unaware of critical laws and regulations which can sometimes become known to them only after it is too late and a violation has occurred.

In an effort to limit dealer violations and provide consumer protection, DOL has the authority to monitor and regulate the business and sales practices of licensed vehicle dealers. Part of the department's responsibility in regulating dealers is to investigate complaints filed by customers. After conducting an investigation, if the department finds a dealer to be in violation of current regulations, the department may issue a correction notice, assess a fine, or suspend or revoke their license.

However, the law does not explicitly authorize the department to regulate or monitor lease agreements. This fact notwithstanding, the department has historically investigated lease complaints which have been done with dealer consent and cooperation. However, because this practice is not specifically authorized in statute, it could be questioned and challenged if so desired. With vehicle leasing becoming a very popular option with the general public, it is likely that there will be an increase in lease complaints filed with the DOL, thus the need for clarification on regulatory authority.

Summary: To ensure that vehicle dealers are fully aware and knowledgeable of relevant state and federal laws, applicants for a vehicle dealer license must successfully complete eight hours of education on state and federal laws regulating dealer business practices prior to

submitting their application. When the application is submitted to the DOL, a certificate of completion from the education provider must be included. Additionally, for licensed vehicle dealers who are renewing their dealer license, five hours per year of continuing education on state and federal laws is required.

Those individuals who are franchise dealers selling new vehicles, franchise dealers selling new recreational vehicles, franchise car rental companies, manufactured housing dealers, wholesale auto auction companies, or national auction companies disposing of totaled vehicles, are exempt from the education requirements.

The education programs and test must be developed by motor vehicle industry organizations including, but not limited to, the state independent auto dealers association and the DOL.

To strengthen consumer protection, the amount of the surety bond required to be filed with the department prior to the issuance of the vehicle dealer license is increased from \$15,000 to \$30,000.

To clarify the DOL's authority as it relates to regulating and monitoring vehicle lease practices of auto dealers, the word "lease" is added throughout the "Dealers and Manufacturers" chapter, to be included with current authority over vehicle sales.

To save time and money, language is added authorizing the DOL to electronically transmit the Vehicle Dealer Manual, which is provided to dealers when they initially license their business and when they renew their license if any revisions or updates have occurred.

In an effort to ensure that a dealer is both registered and in good standing with the Department of Revenue (DOR), language is added which authorizes the DOL to suspend or revoke a dealer's business license if the dealer does not have a current certificate or registration with the DOR.

Technical amendments are made to gender-neutralize the language.

Votes on Final Passage:

House	93	0	
Senate	47	0	(Senate amended)
House	73	18	(House concurred)

Effective: July 22, 2001
July 1, 2002 (Section 12)

HB 1582
C 121 L 01

HB 1584
C 206 L 01

Exempting certain motorcycles used for training from the use tax.

By Representatives Hatfield, Delvin, Cooper, Ericksen, Linville, Kenney, Rockefeller and Lisk; by request of Department of Licensing.

House Committee on Finance
Senate Committee on Transportation

Background: The use tax is imposed on items used in the state that were not subject to the retail sales tax. Tax liability arises when property is first put to use in the state, whether the property is purchased by a seller that is not required to collect sales tax, is received as a gift, is extracted or manufactured and used by the extractor or manufacturer, or is acquired by bailment, which is the act of placing property in the custody and control of another. The state and local rates are the same as those imposed under the retail sales tax. The state rate is 6.5 percent and local rates vary from 0.5 percent to 2.3 percent. Use tax is paid directly to the Department of Revenue.

All items in the use tax base are subject to the tax unless specifically exempted. An exemption is provided to the use of property donated to a state or local governmental entity, and to the subsequent use of the same property by a person to whom the property is loaned, as long as the person's use is consistent with the purpose for which the property was originally donated.

The Department of Licensing (DOL) operates a voluntary motorcycle operator training and education program. The DOL is authorized to contract with private individuals for the instruction. Under the use tax exemption for property donated to the department, the department pays no use tax on motorcycles donated to the department. However, motorcycles that are loaned to private individuals who provide training under contract with the department are subject to the use tax.

Summary: An exemption from the use tax is provided for the use of motorcycles that are obtained by the Department of Licensing or by persons under contract with the DOL to provide motorcycle training under the motorcycle operator training and education program.

Votes on Final Passage:

House	93	0
Senate	48	0

Effective: July 22, 2001

Revising requirements for vehicle license renewal.

By Representatives Haigh, Cooper, Ericksen and Morell; by request of Department of Licensing.

House Committee on Transportation
Senate Committee on Transportation

Background: The registered owner of a vehicle must submit his or her last certificate of registration to renew a vehicle license. However, because this language was written over 40 years ago, this requirement has now become obsolete with the advent of technology and automation. Today, a vehicle license can be renewed a couple of ways: a) through the mail using the renewal notice sent by the Department of Licensing (DOL) to all vehicle owners; or b) by going into any DOL office and, with or without any documentation, simply giving the license plate number to the DOL employee who can then pull up the entire file on that vehicle via computer. Thus, the need for a vehicle owner to provide the actual, hard-copy of the last certificate of registration is no longer needed to process the renewal and, because of this, has not been a business practice of the department for many years.

Summary: To update statutory language to reflect the current business practices of the department, the requirement for a registered owner of a vehicle to submit the last certificate of registration to DOL when renewing their vehicle license is removed.

Votes on Final Passage:

House	98	0
Senate	47	0

Effective: July 22, 2001

2SHB 1590
C 88 L 01

Supporting the practice of breastfeeding.

By House Committee on Appropriations (originally sponsored by Representatives Cody, Clements, Conway, Skinner, Gombosky, Mitchell, Edmonds, Hatfield, Keiser, Kenney, Kagi, McIntire, Wood, Ruderman, Santos and Hurst).

House Committee on Health Care
House Committee on Appropriations
Senate Committee on Labor, Commerce & Financial Institutions

Background: Good nutrition is especially important for pregnant women and developing children. Breastfeeding is one way to provide good nutrition to the nation's children. Low rates of breastfeeding remain a public health concern, although the number of mothers who breastfed newborns in the hospital increased over the past few

years, the nation is well below the objectives established by federal government's Healthy People 2010 commission.

At least half of the states have enacted legislation related to breastfeeding within the last seven years. Most such laws allow mothers to breastfeed in any public or private location or provide that breastfeeding does not constitute indecent exposure. Some states have taken legislation a step further. California requires the Human Service Department to promote breastfeeding in public health campaigns and hospitals to provide lactation consultation and support to patients. Hawaii prohibits employers from discriminating against a mother who breastfeeds or expresses milk at the workplace. Georgia, Minnesota, and Tennessee require employers to provide reasonable, unpaid break time for an employee to express breast milk, and Georgia further provides that employers may make reasonable efforts to provide a private location (other than toilet stalls) to do so. Missouri law establishes that certain obstetrical care facilities must distribute information on breastfeeding to new mothers. In Iowa and Oregon, laws exclude nursing mothers from participating in jury duty, and California and Idaho allow a nursing mother to postpone jury duty.

A person is guilty of indecent exposure if the person intentionally makes any open and obscene exposure of himself or herself knowing that such conduct is likely to cause reasonable affront or alarm. Indecent exposure can be either a misdemeanor, gross misdemeanor, or class C felony, depending upon various factors.

Summary: The Legislature finds and declares the importance and need for promoting more infant breastfeeding and acknowledges the social and workplace challenges in accomplishing higher infant breastfeeding goals. State and local governmental agencies and businesses are encouraged to consider the benefits of providing a private room for mothers to express breast milk.

The act of breastfeeding or expressing breast milk is not indecent exposure.

An employer may use the designation "infant-friendly" on its promotional materials if the employer follows certain requirements:

- a flexible work schedule that provides time for expression of breast milk;
- a place, other than a restroom, for expressing breast milk;
- a water source for washing hands and cleaning breast-pumping equipment; and
- a refrigerator in the workplace specifically for mothers' breast milk.

Employers, both governmental and private business, seeking approval of a workplace breastfeeding policy are required to submit the breastfeeding policy to the Department of Health (DOH). The DOH is authorized to contract for the development and implementation of criteria for infant-friendly designations.

Votes on Final Passage:

House	86	9
Senate	44	3

Effective: July 22, 2001

SHB 1591
C 311 L 01

Revising requirements for service of orders in harassment matters.

By House Committee on Judiciary (originally sponsored by Representatives Esser, Lantz, O'Brien, Lisk, Kirby, B. Chandler, Linville and Doumit).

House Committee on Judiciary
Senate Committee on Judiciary

Background: A person who is the victim of unlawful harassment may petition the court for a civil anti-harassment protection order. A person seeking an anti-harassment protection order may obtain a temporary order by filing an affidavit that shows reasonable proof of unlawful harassment and irreparable harm if the temporary order is not granted. Notice of the petition, the hearing, and any temporary order must be personally served on the alleged harasser (respondent). Service of the summons by publication is authorized in limited circumstances. The summons must contain specified information, including a statement that an anti-harassment protection order will be issued for a period of one year if the person does not respond to the petition.

An anti-harassment protection order must be personally served on the respondent except under two circumstances: (1) if the order recites that the respondent appeared in person before the court, the order does not have to be served; and (2) if the court previously allowed service by publication of the notice of hearing and temporary order, the court may permit service by publication.

A respondent who willfully disobeys an anti-harassment protection order is guilty of a gross misdemeanor. The person must know of the order in order to be guilty of the crime.

Summary: A civil anti-harassment protection order does not require personal service on a respondent who failed to appear at the hearing if the material terms of the order have not changed from the temporary order and the respondent has previously been personally served with the temporary order.

The notice of hearing that must be personally served on the respondent must contain the following information: date and time of the hearing; notice that an ex parte order will be issued for a period of one year if the respondent fails to appear; a brief statement of the provisions of the ex parte order; and notice that the ex parte order has been filed with the clerk of the court.

Votes on Final Passage:

House 95 0
 Senate 48 0 (Senate amended)
 House 93 0 (House concurred)

Effective: July 22, 2001

SHB 1596

C 89 L 01

Authorizing transportation for persons with special needs.

By House Committee on Transportation (originally sponsored by Representatives G. Chandler, Wood, Mulliken, Fisher, Mitchell, Ogden and Santos).

House Committee on Transportation
 Senate Committee on Transportation

Background: Several different units of government, including public transportation benefit areas and county transportation authorities, are authorized to provide public transportation services. There are presently 25 systems providing public transportation services in 26 counties of the state. All but two of these systems are funded through a voter approved local option sales tax.

State law is silent on whether a public transportation system can be for a specific class of users. The authorization for public transportation agencies, however, is for providing public transportation services to best serve the residents of the area. State law does provide that fares can be adjusted for specific routes, classes of service, or distinguishable classes of users.

Propositions to provide public transportation services in some areas have been turned down by voters. Some feel that there is majority support for providing services for only those persons with special needs. Persons with special needs are those who, because of physical or mental disability, income status, or age, cannot transport themselves.

Summary: Specific authority is provided, allowing service to be provided to only those persons with special needs, for county transportation authorities established after January 1, 2001 and to public transportation benefit areas established after January 1, 2001 or which have not received voter approval for transit taxes.

The use of the sales tax for public transportation services provided by public transportation benefit areas and county transportation authorities is expanded, allowing it to be used for persons with special needs only.

Votes on Final Passage:

House 95 0
 Senate 46 0

Effective: July 22, 2001

EHB 1606

C 122 L 01

Allowing tariffs for irrigation pumping installations to reduce energy usage.

By Representatives Clements, Crouse, B. Chandler, G. Chandler, Schoesler and Lisk.

House Committee on Technology, Telecommunications & Energy

Senate Committee on Environment, Energy & Water

Background: The Washington Utilities and Transportation Commission has authority to approve or set rates for retail electricity service provided by investor-owned utilities. Rates must be fair, just, reasonable, and sufficient to return reasonable compensation to the utility for the service provided.

Rates charged by publicly owned utilities are generally set by the utility's board, or by another governing body such as a commission or council. Elected officials in most cases are ultimately accountable for rates that are set.

Low water conditions and a tight energy supply have prompted some private investor-owned utilities to submit proposals to the Washington Utilities and Transportation Commission to compensate agricultural irrigators for reducing their electrical consumption and disconnecting irrigation pumps for this agricultural growing season. The utilities will pay irrigators a specified amount per kilowatt hour for electricity not used during the 2001 growing season.

Summary: A public or private utility may offer an irrigation pumping service program to buy back electricity from customers to reduce electricity usage during the irrigation season.

This provision applies to investor-owned utilities, municipal utilities, public utility districts, electric cooperatives and mutuals, and irrigation districts.

Votes on Final Passage:

House 98 0
 Senate 47 0

Effective: April 27, 2001

HB 1611

C 223 L 01

Modifying missing persons record retention policies.

By Representatives Schindler and Romero; by request of Washington State Patrol.

House Committee on Criminal Justice & Corrections
 Senate Committee on Judiciary

Background: When a missing person has not been found for 30 days, the law enforcement agency conducting the investigation requests consent from the missing

HB 1613

person's family to obtain the missing person's dental records. After conferring with the county coroner or medical examiner, the law enforcement agency then submits both a missing person's report and the dental records of the missing person to the Washington State Patrol (WSP).

The missing person's dental records are entered into the WSP's dental identification system. The dental identification system stores the dental examination records and compares the records with other dental records filed by law enforcement authorities of unidentified human remains. When an unidentified body is discovered, the dental records are used as a means of identification.

The dental identification system maintains a file of information for all persons reported missing, but not reported found. All of a missing person's records must be erased from the dental identification system when the person is found.

Summary: The dental records of persons reported as missing must remain in the dental identification system after the person is found.

Votes on Final Passage:

House	98	0
Senate	45	2

Effective: July 22, 2001

HB 1613 C 172 L 01

Providing a time limit for the transmittal of unidentified persons information.

By Representatives Romero and Schindler; by request of Washington State Patrol.

House Committee on Criminal Justice & Corrections
Senate Committee on Judiciary

Background: When unidentified human remains are found, a county coroner or medical examiner attempts to identify the remains. If the coroner or medical examiner is unable to identify the remains, a qualified dentist then attempts to identify the remains by way of a dental examination. If the human remains are still unidentifiable, the coroner or medical examiner forwards the dental examination records of the unidentified remains to the Washington State Patrol (WSP). The dental examination records are then entered into the WSP's dental identification system.

The dental identification system stores the dental examination records and compares the records with other dental records of unidentified human remains filed by law enforcement authorities.

Summary: The dental examination records of unidentified human remains must be forwarded to the WSP for

entry into the dental identification system within 30 days of the date the remains are found.

Votes on Final Passage:

House	98	0
Senate	45	0

Effective: July 22, 2001

HB 1614 C 224 L 01

Reenacting provisions relating to the crime of commercial bribery.

By Representatives Lovick, Carrell and Hurst.

House Committee on Judiciary
Senate Committee on Labor, Commerce & Financial Institutions

Background: In 1995 the Legislature included several provisions related to various criminal laws in a bill entitled "An Act Relating to insurance fraud." In December of 2000, Division II of the Washington Court of Appeals held that the inclusion of one of those provisions violated the state constitution. That decision, *State v. Thomas*, 103 Wn. App. 800 (2000), overturned a conviction under the state's anti-profiteering law.

In 1984 the Legislature had enacted the Washington State Racketeering Act, which was to take effect July 1, 1985. The 1985 Legislature, however, substantially amended the act before it took effect. One of the changes was to rename the act the Criminal Profiteering Act. The 1985 legislation also put a 10-year sunset clause on the entire act. The sunset clause called for the act to expire on July 1, 1995, unless the Legislature enacted another bill before then to extend the life of the act.

In 1995 the Legislature repealed the sunset clause on the Criminal Profiteering Act. The repeal of the sunset clause was intended to prevent the act from expiring that July, and to extend the life of the act indefinitely. However, the repeal was enacted as part of E2SHB 1557 which was a bill entitled "An Act Relating to insurance fraud." E2SHB 1557 became Chapter 285, Laws of 1995.

Division II of the Washington Court of Appeals held that this 1995 act "relating to insurance fraud," was invalid because it violated Article II, Section 19, of the state constitution. Article II, Section 19, requires that a bill contain only one subject, and that the subject be expressed in the title of the bill. The court found that the subject of "criminal profiteering" was not related to the subject of "insurance fraud," and therefore the bill violated the single subject requirement. Likewise, the court found that the subject of criminal profiteering was not "expressed" in the title of the bill, and therefore the bill violated the "subject-in-the-title" requirement. As a result, the attempted repeal of the sunset clause in 1995

was ineffective, and the court held that the criminal profiteering law had in fact expired on July 1, 1995.

The attempted repeal of the profiteering act's sunset clause was the subject of the court's decision in *State v. Thomas*. However, there were several other provisions in that same 1995 act that very likely could be found unconstitutional as well. Some of these provisions had to do with creating the crime of commercial bribery and repealing the crime of employee grafting. These provisions, if challenged, might also be found to be a second subject, not related to "insurance fraud," or to be a subject not expressed in the title.

The 1995 act repealed a statute on employee grafting and replaced it with a new provision on commercial bribery. Commercial bribery may be committed by offering a benefit to a person who has a duty of fidelity or trust (trusted person), or as a trusted person accepting a benefit, in exchange for the trusted person violating his or her fidelity or trust duty. Commercial bribery may also be committed by an employee or agent of an insurer who requests or accepts a benefit in exchange for not referring or inducing claimants to have services performed. Commercial bribery is a class B felony.

Summary: A provision of Chapter 285, Laws of 1995, relating to commercial bribery is reenacted and ranked under the Sentencing Reform Act without changes. The employee grafting statute, Chapter 249, Laws of 1909, is re-repealed.

Votes on Final Passage:

House	98	0	
Senate	47	0	(Senate amended)
House	94	0	(House concurred)

Effective: May 9, 2001

HB 1623

C 31 L 01

Authorizing four-year public institutions of higher education to participate with the state in investing surplus funds.

By Representatives Kenney, Cox, Skinner, Benson, Gombosky, Rockefeller, Edwards and Mulliken.

House Committee on Higher Education
Senate Committee on Higher Education

Background: Political subdivisions, community and technical college districts, and the State Board for Community and Technical Colleges may participate with the state in investing surplus public funds. These entities may utilize the resources of the State Treasurer's office to maximize the potential of surplus funds while ensuring the funds' safety.

Summary: The public four-year institutions of higher education are added to the list of organizations eligible to

invest surplus funds and to utilize the resources of the State Treasurer's office for this purpose.

Votes on Final Passage:

House	98	0
Senate	48	0

Effective: July 22, 2001

SHB 1624

PARTIAL VETO

C 23 L 01 E2

Clarifying the taxation of amounts received by public entities for health or welfare services.

By House Committee on Finance (originally sponsored by Representatives Morris, Cairnes, Reardon, Conway, Dunshee, Ogden, Pennington, Van Luven, Doumit, Voloria, Dickerson, Fromhold, Anderson and Edwards).

House Committee on Finance
Senate Committee on Ways & Means

Background: Washington's major business tax is the business and occupation (B&O) tax. This tax is imposed on the gross receipts of business activities conducted within the state. Nonprofit organizations pay B&O tax unless specifically exempted by statute. Exemption from federal income tax does not automatically provide exemption from state taxes.

Specific B&O exemptions and deductions, covering all or most income, exist for several types of nonprofit organizations. The eligibility conditions vary for each exemption. The B&O tax deduction for nonprofit organizations or local government jurisdictions for the support of health or social welfare programs is provided only for payments made directly by federal, state, or local governments.

Summary: Nonprofit hospitals and public hospitals are exempt from B&O tax on payments they receive from organizations under contract with the federal or state government to manage health benefits for medicare, medical assistance, children's health, or the basic health plan.

The exemption applies to taxes collected after the act's effective date, including amounts from reporting periods before the act's effective date.

Votes on Final Passage:

First Special Session

House	93	2
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Second Special Session

House	87	0
Senate	48	0

Effective: July 13, 2001

Partial Veto Summary: The Governor vetoed the section which provided an exemption for tax amounts from reporting periods before the act's effective date.

VETO MESSAGE ON HB 1624-S

July 13, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 3, Substitute House Bill No. 1624 entitled:

"AN ACT Relating to the business and occupation tax deduction for health or social welfare services as applied to government-funded health benefits paid through managed care organizations;"

Substitute House Bill No. 1624 authorizes a business and occupation (B&O) tax deduction for amounts received by a health or social welfare organization that is a non-profit hospital or a public hospital, from a managed care organization or other entity that is under contract with the federal or state government to manage certain health care benefits. The deduction is equal to the amount of payments the entity receives for health benefits for Medicare; medical assistance, children's health, or other programs authorized pursuant to RCW 74.09; or the Washington Basic Health Plan. The credit amount is limited to the extent these payments are received as compensation for health care services within the scope of benefits covered by the pertinent government health care program.

Section 3 of this bill would have applied the deduction to taxes collected in the future, on reporting periods prior to the effective date of this act. The retroactive nature of the provision is not fair to taxpayers who have timely reported and remitted their taxes. Taxpayers who failed to pay their taxes due before the effective date of this bill would have been rewarded for being delinquent, while those who paid on time would not receive a refund (such refunds are prohibited by Article VIII, Section 7 of the Washington Constitution as interpreted by the Washington Supreme Court).

For this reason, I have vetoed section 3 of Substitute House Bill No. 1624.

With the exception of section 3, Substitute House Bill No. 1624 is approved.

Respectfully submitted,



Gary Locke
Governor

ESHB 1625
C 123 L 01

Providing for supplemental capital budget appropriations.

By House Committee on Capital Budget (originally sponsored by Representatives Esser, McIntire, Alexander and Murray; by request of Office of Financial Management).

House Committee on Capital Budget

Background: Washington State is on a biennial budget cycle. The Legislature authorizes expenditures for capi-

tal needs in the capital budget for a two-year period, and authorizes bond sales through passage of a Bond Bill associated with the capital budget. The current capital budget covers the period from July 1, 1999, through June 30, 2001. The Legislature passed a supplemental capital budget in 2000 for the 1999-2001 biennium.

Summary: A supplemental capital appropriation is made for the 1999-2001 biennium of \$2.5 million for the University of Washington to purchase land for its Tacoma branch campus, and an additional \$1.3 million for the classroom/laboratory project at Highline Community College. These appropriations are made from the Education Construction Account.

The \$2 million appropriation in the 1999-01 capital budget for design of the Legislative Building renovation is increased to \$4.5 million, and these funds are also for earthquake repairs and for planning, developing, and securing relocation space related to the renovation. The Department of General Administration must accelerate the design/construction of the renovation by moving tenants of the Legislative Building to other locations. The Legislative Building must be vacated by September 15, 2001. The renovation and earthquake repairs and mitigation must conform to FEMA rules, regulations, and requirements.

A reference to 48 beds in the first housing unit of the new Special Commitment Center is removed, leaving the number of beds unstated.

Votes on Final Passage:

House	91	0	
Senate	48	0	(Senate amended)
House			(House refused to concur)
Senate	48	0	(Senate amended)
House			(House refused to concur)
Senate	45	0	(Senate amended)
House	87	0	(House concurred)

Effective: April 27, 2001

SHB 1632
C 39 L 01

Prescribing criminal penalties for fraudulently obtaining or using digital signatures and digital certificates.

By House Committee on Technology, Telecommunications & Energy (originally sponsored by Representatives Ruderman, Anderson, Schual-Berke and Casada; by request of Department of Information Services).

House Committee on Technology, Telecommunications & Energy
Senate Committee on Economic Development & Telecommunications

Background: Digital signature encryption systems are used to both protect the confidentiality of an electronic document and to authenticate its source or signer.

These systems operate on the basis of two digital “keys,” or codes, created by the person desiring to send an encrypted message or document. One key is the “private” key, which is known only to the signer of the electronic message or document, and the other is the signer’s “public” key, which is provided to the individuals with whom the sender wishes to exchange the confidential or authenticated message. A message or document encrypted by the private key is digitally signed by the sender and the message can be read only by those using the corresponding public key. The public key is used to verify both that the message was signed by the person holding the private key and that the message itself was not altered during its transmission.

To ensure authenticity in the use of digital signatures, each public key is registered with a certification authority and is part of a digital signature certificate issued by the authority. The certificate is a computer-based record that identifies the certification authority that issues it, names or identifies the subscriber (holder of the private key), and contains the public key. This certificate is used to verify that the public key belongs to the person possessing the corresponding private key. In this way, the identity of the signer of a document is verified. Digital certificates can be used much like a driver’s license or a passport as electronic identification.

A person forges a digital signature when he or she creates a digital signature without authorization of the holder of the private key or uses a digital signature where the subscriber in the digital certificate is a person that does not exist or that does not hold the private key that corresponds to the public key in the certificate.

Summary: A criminal violation is established for fraudulent actions in applying for digital certificates and using digital signatures.

It is unlawful for a person to knowingly misrepresent his or her identity or authorization when obtaining a digital certificate. It is also unlawful to knowingly forge a digital signature or use the signature of another person. A violation of these provisions is a class C felony that carries a penalty of up to five years in prison or a fine of up to \$10,000, or both.

Votes on Final Passage:

House	94	1
Senate	48	0

Effective: July 22, 2001

HB 1633

C 196 L 01

Making technical corrections to provisions concerning the individual health insurance market.

By Representatives Campbell and Cody; by request of Insurance Commissioner.

House Committee on Health Care
Senate Committee on Health & Long-Term Care

Background: The Legislature made several changes to the statutes governing the individual health insurance market during the 2000 legislative session. The changes were designed to address issues raised by private health carriers who had earlier withdrawn from the individual market. The legislation required individuals applying for individual health insurance to complete a standard health questionnaire, which health carriers use to determine if they will cover the applicant or refer them instead to the Washington State Health Insurance Pool.

Summary: Portability language relating to preexisting condition waiting periods is clarified to be consistent with federal requirements under the health insurance portability and accountability act of 1996. Annual filings by health carriers offering individual health benefit plans are clarified as to the information transmitted to the Insurance Commissioner and the review period during which the commissioner may contest the contents of the filing.

Votes on Final Passage:

House	91	0	
Senate	47	0	(Senate amended)
House	94	0	(House concurred)

Effective: May 7, 2001

HB 1634

C 40 L 01

Prioritizing and ordering the distribution of claims of an insurer’s estate.

By Representatives Santos, DeBolt, Hatfield and Benson; by request of Insurance Commissioner.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: The regulatory authority of the Office of the Insurance Commissioner (OIC) includes the power to initiate court proceedings to “liquidate” an insurer. Such liquidation can be based on a variety of grounds, including insolvency, failure to transact business for a period of one year, or the failure of an effort by the OIC to “rehabilitate” a troubled insurer.

In a liquidation, a court determines the rights and liabilities of an insurer and its creditors, policyholders,

stockholders, and other interested parties in accordance with the pertinent regulations in the insurance code. Among these regulations are fixed rules pertaining to the distribution of the insurer’s assets among the various claimants. The claimants are divided into classes for the purpose of prioritizing the order in which claims are to be satisfied.

The order of priority for distributing an insurer’s assets is determined by reference to eight classes of claims:

Class 1 - Those claims arising from the costs and expenses of administration of the rehabilitation and/or liquidation;

Class 2 - Reasonable compensation owed to employees of the insured, but subject to numerous conditions and limitations;

Class 3 - “Loss claims” arising from the policies of the insurer;

Class 4 - Claims relating to refunds for unearned premiums and the claims of general creditors;

Class 5 - All federal, state, and local government claims, subject to certain conditions;

Class 6 - Claims filed late and all claims not falling within other listed classes;

Class 7 - Surplus or contribution notes, and premium refunds on assessable policies; and

Class 8 - Claims of shareholders or other owners.

The United States Supreme Court has held that federal law preempts state law with respect to claims of the federal government against the assets of an insolvent insurance company. Under federal law, the federal government’s claims must take precedence over other claims, except those claims arising from the policies of the insolvent insurer. Washington law is thus at odds with federal law, insofar as it prioritizes federal claims behind those of several classes of claimants who are not policy holders.

Summary: The classes of claims against the assets of an insurer subject to liquidation are redefined and re-prioritized as follows:

Class 1 - Those claims arising from the costs and expenses of administration of the rehabilitation and/or liquidation;

Class 2 - “Loss claims” arising from the policies of the insurer and claims relating to refunds from unearned premiums;

Class 3 - Claims of the federal government, excluding federal claims falling under Class 2;

Class 4 - Reasonable compensation owed to the employees of the insurer, but subject to numerous conditions and limitations. This class shares top priority with Class 1 if the federal government has no claims or potential claims against the assets of the insurer;

Class 5 - Claims of general creditors;

Class 6 - Claims of state and local governments;

Class 7 - Claims filed late and all claims not falling within other listed classes;

Class 8 - Surplus or contribution notes, and premium refunds on assessable policies; and

Class 9 - Claims of shareholders or other owners.

These provisions are applicable to all claims in liquidation proceedings filed on or after January 1, 2001.

Votes on Final Passage:

House	98	0
Senate	48	0

Effective: July 22, 2001

SHB 1643
C 209 L 01

Limiting liability of volunteers.

By House Committee on Judiciary (originally sponsored by Representatives Lantz, Skinner, Fromhold, Ogden, Esser, Jarrett, McIntire, Rockefeller, Doumit, Keiser and Dunn).

House Committee on Judiciary
Senate Committee on Judiciary

Background: A volunteer working on behalf of a non-profit organization or government entity may be held personally liable to a person who is harmed by the volunteer’s actions or omissions committed in the course of his or her volunteer duties.

In 1997 Congress passed the Volunteer Protection Act (VPA). The VPA limits the liability of nonprofit or government volunteers. Under the VPA a volunteer may only be held liable for harm resulting from acts or omissions that constitute gross negligence, willful misconduct, or reckless misconduct. A volunteer is exempted from liability for simple negligence.

The VPA preempts any inconsistent state law except where state law provides additional protections for the volunteer. A state may choose to opt out of the VPA by enacting a statute declaring that the VPA does not apply. Washington has not opted out of the VPA.

Summary: A volunteer of a nonprofit organization or governmental entity is not personally liable for harm caused by an act or omission of the volunteer on behalf of the organization or entity if:

- The volunteer was acting within the scope of his or her responsibilities at the time;
- The volunteer was properly licensed, certified, or authorized to engage in the activity;
- The harm was not caused by willful or criminal misconduct, gross negligence, recklessness, or a conscious, flagrant indifference to the rights or safety of others;
- The harm was not caused by the volunteer operating a motor vehicle, vessel, aircraft, or other vehicle for

which the state requires an operator's license or insurance; and

- The nonprofit organization carries public liability insurance in specified amounts.

This limitation on the personal liability of volunteers does not affect the nonprofit organization's or governmental entity's direct or vicarious liability for the harm caused by the volunteer, nor does it affect the ability of the organization or entity to bring a cause of action against the volunteer.

"Volunteer" is defined as an individual performing services for a nonprofit organization or governmental entity who does not receive compensation, other than reasonable reimbursement for expenses actually incurred, over \$500 per year. "Volunteer" includes a volunteer serving as a director, officer, trustee, or direct service volunteer.

"Nonprofit organization" is defined as any 501(c)(3) or 501(c)(14)(A) organization under the Internal Revenue Code, as well as any not-for-profit organization that is organized and conducted for public benefit and operated primarily for charitable, civic, educational, religious, welfare, or health purposes.

Definitions of "harm," "economic loss," and "non-economic loss," are provided.

Votes on Final Passage:

House	94	0
Senate	46	0

Effective: July 22, 2001

SHB 1644

C 225 L 01

Clarifying recount procedures.

By House Committee on State Government (originally sponsored by Representatives McMorris, Romero, Linville and Kenney; by request of Secretary of State).

House Committee on State Government
Senate Committee on State & Local Government

Background: Each county canvassing board canvasses and certifies primary and election results for all offices and ballot measures appearing on the ballot countywide or in a less than countywide area. Each county auditor prepares an abstract of the votes cast in the county at a primary or election for all greater than countywide offices and ballot measures and forwards the abstract to the Secretary of State. The Secretary of State canvasses and certifies the returns on these greater than countywide offices and ballot measures.

Both mandatory and requested recounts of primary and election results are allowed.

A mandatory recount occurs if the difference between the votes cast for a candidate apparently nominated or elected, and the number of votes cast for the

closest apparent defeated opponent, is less than 0.5 percent. The recount is of all votes cast for the office. A mandatory recount is conducted manually if the difference is both less than 150 votes and less than 0.25 percent, but a different recount method may be used if the two candidates sign and file an agreement for this alternative recount method.

A request for a recount may be made by an officer of a political party, a candidate, or any five or more registered voters. The request must be made within three days (excluding Saturdays, Sundays, and holidays) from the date the results are certified. An application may be for a recount of all or a portion of the votes and must specify whether the recount will be done manually or by tally system. Recounts by a tally system must use a separate and distinct programming from that used in the original count with a separate and distinct test of the logic and accuracy of that program. An application for a recount must include a deposit fee equal to 5 cents per ballot cast for the office or measure. The person requesting a recount is liable for any costs in excess of the deposit fee but is reimbursed if the costs are less than the deposit fee. No charges are made if the recount changes the result.

After the initial recount in a single precinct, no more than two recounts may be made.

Summary: Recount procedures are altered.

The term "recount" is defined to be the process of retabulating ballots and producing amended election returns based on the retabulation, even if the totals have not changed.

The requirement is deleted for a requested recount that separate and distinct programming must be used and a separate and distinct logic test must be made. Programming in a requested recount may only recount and report the office or measure in question.

A mandatory recount only occurs if the difference between the apparent winner and the closest apparent defeated opponent, or if the number of votes cast for and against a state ballot measure, is less than 2,000 votes, along with the existing requirement that the difference be less than 0.5 percent.

The Secretary of State only conducts recounts for offices if the declaration of candidacy is made with the Secretary of State, rather than if the office appears on the ballot in more than one county.

Deposit fees for requested recounts are increased from 5 cents per ballot cast to 25 cents per ballot cast for manual recounts and 15 cents per ballot cast for a machine recount.

The time for making the recount is shortened from less than five days after the filing of the recount request or certification of the results causing an automatic recount, to less than three business days after that event. The county auditor must notify the affected parties of the time and place of the recount by either telephone, fax, or

E-mail at the same time the notice is mailed to these parties.

A canvassing board may not stop a recount if the remaining ballots to be recounted could not alter the election results.

If a partial recount alters the election results, the canvassing board or Secretary of State must order a complete recount of all ballots cast for the office or issue and this expanded recount is treated like an automatic recount.

A county auditor must transmit the cumulative report of the election, and a copy of the certificate of the election, to the Secretary of State immediately through electronic means if an office or measure is voted upon in a greater than countywide basis. The cumulative report and election certificate must be mailed, along with the abstract of the election results, no later than three business days after certification by the canvassing board.

Votes on Final Passage:

House 94 0
Senate 47 0

Effective: July 22, 2001

SHB 1649

C 145 L 01

Including striking the body of a deceased person within hit and run.

By House Committee on Judiciary (originally sponsored by Representative Kessler).

House Committee on Judiciary
Senate Committee on Judiciary

Background: A driver of a vehicle involved in an accident must remain at the scene and provide required information, including the driver's name, address, and insurer, to any person struck or injured or any person occupying a vehicle that has been struck. The driver must also provide reasonable assistance to a person injured in an accident. A driver who is incapable of complying due to injuries sustained in the accident is not subject to penalty.

Failure to remain at the scene in the case of an accident resulting in death is a class B felony. Failure to remain at the scene of an accident resulting in injury to a person is a class C felony.

In a recent case, the Washington Court of Appeals considered whether or not the term "person" as used in the hit and run statute included a dead body. The court concluded that the hit and run statute did not apply to a driver who hit the body of a person already deceased because a dead body is not a person under this statute.

Accordingly, because the statute makes it a crime for any hit and run causing injury to a person, it is not a

crime for a hit and run causing injury to the body of a deceased person.

Summary: A driver who commits a hit and run involving striking the body of a deceased person is guilty of a gross misdemeanor.

Votes on Final Passage:

House 96 2
Senate 49 0

Effective: July 22, 2001

SHB 1650

PARTIAL VETO

C 323 L 01

Requiring monitoring of the performance of the community mental health service delivery system.

By House Committee on Health Care (originally sponsored by Representatives Cody, Alexander, Tokuda, Mulliken, Doumit, Schual-Berke, Edwards and Kagi).

House Committee on Health Care
House Committee on Appropriations
Senate Committee on Human Services & Corrections

Background: The Joint Legislative Audit and Review Committee (JLARC) recently conducted an audit of the community mental health delivery system. The audit found that services to mental health clients were not well-coordinated, system accountability activities focus on processes rather than outcomes of care, data collected for accountability purposes is not consistent, geographic allocation of funding is inequitable resulting in disparities in service, and a wide range of operating practices and costs made it impossible to identify best practices across the service delivery system.

The audit recommends 14 improvements. They include: (1) improve coordination of services for clients with multiple needs; (2) require Regional Support Networks to collaborate with allied service providers; (3) ensure timely hospital discharge and community placements; (4) streamline and reduce process-oriented accountability activities; (5) specify in statute that the delivery system should operate efficiently and effectively; (6) improve the consistency of fiscal data collected; (7) change fiscal accountability standard to include all system costs; (8) develop uniform definitions for reporting of client and service data; (9) use outcome information to manage the system; (10) implement an outcome-based performance system consistent with the JLARC consultant's report; (11) reduce the complexity of and disparity in rates paid to regional support networks, and allocate state hospital funding to regional support networks; (12) conduct periodic prevalence studies to ensure continued relationship between payments to regional support networks and the prevalence of mental

illness; (13) limit regional support network fund balances to 10 percent of annual revenue; and (14) use outcome information to identify and reward best practices.

Summary: The Department of Social and Health Services (DSHS) is required to propose funding transfers between department divisions and administrations to improve outcomes for clients. The community mental health service delivery system will be evaluated based on outcome and performance measures. The outcome and performance measures will be developed jointly by the department and representatives of consumers, service providers, and regional support networks. The department will use the outcome measure information to manage the community mental health service delivery system. The department is required to deem compliance with state minimum standards for individuals and organizations accredited by recognized accrediting bodies. The DSHS is required to submit a plan to the Legislature on reducing administrative costs to 10 percent or less.

Votes on Final Passage:

House	96	0	
Senate	47	0	(Senate amended)
House			(House refused to concur)
Senate	42	0	(Senate amended)
House	93	0	(House concurred)

Effective: July 22, 2001

Partial Veto Summary: The Governor vetoed sections (1) requiring the Department of Social and Health Services to use outcome and performance measures, to be developed jointly with consumers, providers, and regional support networks and (2) requiring the department to submit a plan to the Legislature for reducing administrative cost to 10 percent or less.

VETO MESSAGE ON HB 1650-S

May 15, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 5, 6, 7, and 20, Substitute house Bill No. 1650 entitled:

"AN ACT Relating to community mental health services;"

Substitute House Bill No. 1650 implements several recommendations of a recent performance audit of the community mental health system by the Joint Legislative Audit and Review Committee (JLARC). I support those recommendations relating to funding flexibility, performance measurement, and other improvements. I also support the bill's goal of minimizing administrative expenses at all levels of the mental health system.

Section 5 of the bill would have required the Department of Social and Health Services (DSHS), to collaborate with others, including Regional Support Networks and community treatment providers, to develop performance measures for use in evaluating and managing the mental health system. I strongly support this recommendation. However, developing these measures and designing the data system they will require would cost over \$1 million. The budget adopted by the House includes this funding, but the Senate budget does not. Without assurance of funding, I am unwilling to let this requirement become law.

Sections 6 and 7 of the bill would have required use of the performance measures in section 5 to evaluate programs and make reports to the legislature. Without section 5, sections 6 and 7 have no meaning.

If, during the special session, the legislature chooses to enact sections 5, 6, and 7, with funding assured, I will gladly sign those sections because I support their intent.

Section 20 of the bill would have required DSHS to develop a plan to reduce mental health system administrative expenses, including in the Regional Support Networks and community-based treatment providers, to ten percent of available funds, and submit the plan to the legislature by December 15, 2001, with an assumed implementation date of July 1, 2003.

Minimizing administrative costs is an important goal for any program. But the Secretary of DSHS advises me that developing a realistic plan to achieve that goal for the mental health system as a whole will take longer than seven months, in part because it requires the active participation of mental health providers and Regional Support Networks.

The legislature's intent to see a plan implemented in July 2003 allows enough time to develop such a plan properly. Therefore, I have vetoed section 20 and direct DSHS to work with appropriate stakeholders to complete the plan, and make recommendations to me and to the legislature by October 1, 2002.

For these reasons, I have vetoed sections 5, 6, 7, and 20 of Substitute House Bill No. 1650.

With the exception of sections 5, 6, 7, and 20, Substitute House Bill No. 1650 is approved.

Respectfully submitted,



Gary Locke
Governor

ESHB 1655

C 312 L 01

Appointing a fish and wildlife advisory committee composed of disabled persons.

By House Committee on Natural Resources (originally sponsored by Representatives Sump, Doumit, Pearson, Rockefeller and Clements).

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: The Fish and Wildlife Commission has a variety of duties, including: 1) establishing hunting and fishing seasons, 2) prescribing the time, place, and manner of game fish and wildlife harvest, 3) establishing provisions regulating food fish and shellfish, 4) adopting rules to implement the state's fish and wildlife laws, 5) and authorizing the department's budget proposals and any tribal, interstate, or international fish and wildlife agreements.

The commission provides some opportunities for persons with disabilities. These programs include the issuance of a disabled hunter permit and the establishment of Persons with Disabilities Hunts.

Summary: The Fish and Wildlife Commission must appoint seven volunteers with disabilities, one from each of the department’s administrative regions, and one from anywhere in the state, to an advisory committee. The advisory committee generally represents the interests of disabled hunters and fishers on matters such as special hunts, modified sporting equipment, access to public land, and hunting and fishing opportunities.

The advisory committee must meet twice a year at a minimum. All official advisory committee meetings are staffed by the department. The members of the advisory committee are reimbursed for travel expenses and provided with a per diem.

The advisory committee is a pilot program expiring on July 1, 2005. By December 1, 2004, the commission will present a report to the Legislature detailing the effectiveness of the advisory committee, including information on participation levels, general interest, quality of advice, and recommendations for the advisory committee’s continuance or modification.

Votes on Final Passage:

House	93	0	
Senate	45	0	(Senate amended)
House	92	0	(House concurred)

Effective: July 22, 2001

E2SHB 1658
C 273 L 01

Establishing a pilot project culturing shellfish on nonproductive oyster reserve land.

By House Committee on Appropriations (originally sponsored by Representatives Buck, Doumit, Ericksen, Linville, Haigh, G. Chandler, Cooper and Dunshee).

House Committee on Natural Resources
House Committee on Appropriations
Senate Committee on Natural Resources, Parks & Shorelines

Background: The state established oyster reserves in the Puget Sound and Willapa Harbor to furnish shellfish to growers and processors and to stock public beaches. In 1985 the Legislature directed the Department of Fisheries to develop an oyster reserve management plan so that the oyster reserves could be managed on a sustained yield basis. As part of this management plan, the following five management zones were created: 1) native Olympia oyster broodstock reserves; 2) commercial shellfish harvesting zones; 3) commercial shellfish propagation zones designated for long-term leasing to private aquaculturists; 4) public recreational shellfish harvesting zones; and 5) unproductive land.

In 1985 the state also authorized the director of the Department of Fisheries to reestablish dike cultivated production of Olympia oysters on a trial basis on the

oyster reserves. No intensive pilot project has been attempted to culture shellfish on currently nonproductive oyster reserves.

The Department of Natural Resources (DNR) may lease first or second class tidelands that have been set aside as oyster reserves. If the DNR receives an application for the lease of such oyster reserves, the director of the Department of Fish and Wildlife (DFW) must cause an inspection of the reserve to determine whether the reserve or any part of the reserve should be retained or vacated. If the director of the DFW approves the vacation of any part or the whole of the reserve, and the Fish and Wildlife Commission recommends the disposal or lease, the DNR may vacate the land and offer the reserve for lease. All moneys received from leasing such land is paid to the DNR.

Failing on-site septic systems have been identified as a threat to aquatic resources and public health. Although some assistance is available to replace failing systems, it is not great enough to address the need.

Summary: Oyster Reserve Pilot Program. A pilot program is created to evaluate the feasibility of growing shellfish on non-productive oyster reserve lands in Puget Sound. This pilot program may not include the culture of geoduck. The DFW is directed to enter into at least three long-term lease agreements with commercial shellfish growers in the Puget Sound area. The department must submit a brief progress report on the status of the pilot program to the appropriate legislative committees by January 7, 2003.

The DFW is required to form an advisory committee for the Willapa Bay oyster reserve lands and an advisory committee for the Puget Sound oyster reserve lands. Each advisory committee must try to include an equal representation between shellfish growers that participate in reserve sales and those growers who do not participate in reserve sales.

The advisory committees must make recommendations on management practices to conserve, protect, and develop these oyster reserve lands. The advisory committees may also make recommendations regarding the use of funds in the oyster reserve land account for managing the oyster reserve lands and for new research and development activities at the Pt. Whitney and Nahcotta shellfish laboratories. In addition, they may develop recommendations on ways to increase revenue from these lands by producing high-value shellfish, managing the oyster reserve lands so that they will not be detrimental to the market for shellfish grown on nonreserve lands, and avoiding negative impacts to existing shellfish populations.

The DNR is responsible for administering leases for oyster reserves in consultation with the DFW. The DNR may lease the oyster reserves without vacating them. The DNR may recover reasonable administrative costs for administering the leases for the oyster reserves.

Oyster Reserve Land Revenues. Proceeds from the lease of land or sale of shellfish from oyster reserve lands must be deposited into the oyster reserve land account. Moneys in this account must be used in the following manner: 1) up to 40 percent of the funds may be used for management expenses by the DFW directly attributable to managing oyster reserve lands and for new research and development activities at the Pt. Whitney and Nahcotta shellfish laboratories; 2) up to 10 percent of the funds may be deposited into the state general fund; and 3) the remaining funds must be used for the shellfish - on-site sewage grant program. Moneys in the oyster reserve land account may only be spent after appropriation.

Shellfish - On-site Sewage Grant Program. The Puget Sound Action Team is directed to establish a shellfish - on-site sewage grant program in Puget Sound and for Pacific and Grays Harbor counties. The grants must be given to improve on-site sewage systems in areas that could adversely affect water quality in commercial and recreational shellfish growing areas. A grant recipient must enter an agreement to maintain the system according to local health jurisdiction requirements.

In providing funds for the shellfish - on-site sewage grant program, the action team must work closely with local health jurisdictions and must try to attain geographic equity between Willapa Bay and the Puget Sound areas. Attaining geographic equity means issuing grants in an area at a level that matches the funds generated from the oyster reserve lands from that area.

The action team must give first priority in the Puget Sound area to property that is located within shellfish protection districts or that has been designated as an area of special concern in accordance with the Department of Health rules. The action team must give first priority in Grays Harbor and Pacific counties to preventing the deterioration of water quality in areas where commercial or recreational shellfish are grown.

The action team must enter into a memorandum of understanding with each participating local health jurisdiction that establishes income eligibility requirements for individual grant applicants and other terms and conditions of the grant program.

The action team may recover administrative costs for the grant program not to exceed 10 percent of the grant program. For the 2001-03 biennium, the department may use up to one-half of the grant program funds for grants to local health jurisdictions to establish areas of special concern, or for operation and maintenance programs therein, where commercial and recreational uses are present.

Votes on Final Passage:

House	96	0	
Senate	48	0	(Senate amended)
House	93	0	(House concurred)

Effective: July 22, 2001
March 1, 2002 (Section 6)

SHB 1661

C 197 L 01

Regulating juvenile life insurance.

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Keiser, Bush, Santos and Miloscia).

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: The Legislature has explicitly recognized the insurance industry as being one that is affected by the public interest, and thus insurers are subject to stringent regulatory oversight by the Office of the Insurance Commissioner. The commissioner regulates the corporate activities of insurers and oversees the provision of insurance services to consumers.

The issuance of life insurance policies is regulated under state law. Washington law allows for the purchase of life insurance with respect to juveniles and is not subject to any statutory regulation or restriction specific to insuring juveniles.

Summary: Life insurers are required to develop standards and practices designed to prevent the purchase of life insurance on juveniles where the purchase is done for fraudulent or speculative purposes. Insurers must make the standards and practices available to the commissioner for review.

Insurers are also required to maintain for 10 years all records of juvenile life insurance applications that are rejected.

Votes on Final Passage:

House	98	0
Senate	49	0

Effective: August 1, 2001

SHB 1678

PARTIAL VETO

C 201 L 01

Funding advance right-of-way acquisitions.

By House Committee on Transportation (originally sponsored by Representatives Fisher, Mitchell and Poulsen; by request of The Blue Ribbon Commission on Transportation).

House Committee on Transportation
Senate Committee on Transportation

Background: Within the Blue Ribbon Commission on Transportation's recommendation to "achieve construction and project delivery efficiencies," a specific sub-recommendation was to "use right-of-way banking." Buying right-of-way property well in advance of a project going to construction has been the practice of the Department of Transportation since 1969 through the use of the Advance Right-of-Way Revolving Fund. Cities and counties have typically not been financially able to adopt this type of practice and there has never been a dedicated fund source from which they could draw on to fund the advanced purchase of right-of-way.

Summary: The City and County Advance Right-of-Way Revolving Fund is created and the Transportation Improvement Board (TIB) is established as the administrator of the fund. The TIB and the County Road Administration Board (CRAB), in consultation with the Association of Washington Cities and the Washington Association of Counties, will adopt rules and develop policies to implement this program which will function as a "loan program" similar to the Public Works Trust Fund. Through this approach, low interest funding is made available to cities and counties for the purpose of purchasing right-of-way property for projects approved by the TIB or CRAB as part of a city or county six-year plan or program.

Once the approved local jurisdiction has purchased the property, it is its responsibility to manage the property in accordance with sound business practices and provide annual status reports to the TIB. Any funds received by the local jurisdiction during the interim management of the property must be deposited into the revolving fund.

When the local jurisdiction proceeds with the construction of a project that will require the use of any of the property acquired, the local jurisdiction must reimburse the revolving fund for the original cost of the property plus interest. The rate of interest will be determined annually by the TIB and the interest rate set must be disclosed in the TIB's annual report to the transportation committees.

If a local jurisdiction determines that any property acquired through the revolving fund will not be required for a project, or the property has been held for more than six years, the local jurisdiction must either sell the property at fair market value or reimburse the revolving fund at fair market value. All proceeds from a sale must be deposited into the revolving fund.

At the board's discretion, a portion of savings on TIB projects realized through the use of the revolving fund may be deposited back into the revolving fund. Deposits made into the fund may be re-expended without further or additional appropriations. The revolving fund will receive 80 percent of its proportionate share of interest earnings based on its average daily balance for the period.

The Department of Transportation (DOT) is directed to develop joint trenching policies to encourage coordination of under-roadway access between multiple utility providers and/or municipalities. Persons performing utility trenching on a state highway are responsible for the following: expenses of restoration and inspection; financial impact of not completing trenching within permit period; and compensating for loss of useful pavement life. A city with trenching jurisdiction over a state highway running through its boundaries must require any trenching it permits to meet or exceed restoration standards adopted by DOT.

If funding is not provided by June 30, 2001, the act is null and void.

Votes on Final Passage:

House	93	1	
Senate	48	0	(Senate amended)
House	89	0	(House concurred)

Effective: July 22, 2001

Partial Veto Summary: The Governor vetoed the null and void section.

VETO MESSAGE ON 1678-S

May 7, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 9, Substitute House Bill No. 1678 entitled:

"AN ACT Relating to advance right-of-way acquisition;"

Substitute House Bill No. 1678 creates the city and county advance right of way revolving fund. This account was recommended by the Blue Ribbon Commission on Transportation, and will allow local governments to acquire land in advance of construction, as funds become available. This has proved to be a very effective tool at the state level, allowing construction to start as soon as construction funding is available.

Section 9 of the bill would have rendered the fund null and void if there is no appropriation for the fund in this year's biennial transportation budget. I strongly support the revolving fund, and have recommended an appropriation in my transportation budget proposal. I urge the legislature to do the same. Clearly, the merits of this bill extend beyond June 30th of this year.

For these reasons I have vetoed section 9 of Substitute House Bill No. 1678.

With the exception of section 9, Substitute House Bill No. 1678 is approved.

Respectfully submitted,



Gary Locke
Governor

SHB 1680
C 226 L 01

Extending design-build for public works.

By House Committee on Transportation (originally sponsored by Representatives Fisher, Mitchell and Poulsen; by request of The Blue Ribbon Commission on Transportation).

House Committee on Transportation
Senate Committee on Transportation

Background: In December 1996 the Department of Transportation (DOT) created an in-house task force to investigate the use of design-build (D-B) contracting for DOT projects. In 1998 the Legislature granted the DOT statutory authority to use D-B contracting on two pilot projects, each of which had to cost over \$10 million. The DOT was also required to present a detailed report to the Legislative Transportation Committee within one year of completion of the pilot projects.

The act required the DOT to develop criteria for use of the D-B process, which had to include the scope of services, contractor pre-qualification requirements, evaluation criteria, and a dispute resolution procedure.

Further, any request for proposal used had to fulfill the requirements used by specified higher education institutions, cities, counties, and port districts in their D-B contracting. These contracting provisions sunset on June 30, 2001.

The D-B act sunsets on April 30, 2001.

The Blue Ribbon Commission on Transportation recommended that the Legislature grant statutory authority to transportation agencies to use design-build techniques and other alternative delivery concepts, such as design-build-operate, design-build-operate-own, design-build-operate-transfer, and general contractor/construction management.

Summary: The DOT is authorized to utilize the D-B process and other alternative project delivery concepts in projects costing over \$10 million until April 30, 2008. The DOT is required to select projects based upon either greater innovation, highly specialized construction activities, or significant savings in project delivery time.

The WSF is authorized to use the D-B process for design and construction of auto ferries through use of a detailed request for proposal process.

Votes on Final Passage:

House	90	8	
Senate	48	0	(Senate amended)
House			(House refused to concur)
Senate	44	0	(Senate amended)
House	87	0	(House concurred)

Effective: July 22, 2001

HB 1692
C 171 L 01

Reenacting provisions relating to the crime of perjury.

By Representatives Boldt, Carrell and Hurst.

House Committee on Judiciary
Senate Committee on Labor, Commerce & Financial Institutions

Background: In 1995 the Legislature included several provisions related to various criminal laws in a bill entitled "An Act Relating to insurance fraud." In December 2000, Division II of the Washington Court of Appeals held that the inclusion of one of those provisions violated the state constitution. That decision, *State v. Thomas*, 103 Wn. App. 800 (2000), overturned a conviction under the state's anti-profiteering law.

In 1984 the Legislature had enacted the Washington State Racketeering Act, which was to take effect July 1, 1985. The 1985 Legislature, however, substantially amended the act before it took effect. One of the changes was to rename the act the Criminal Profiteering Act. The 1985 legislation also put a 10-year sunset clause on the entire act. The sunset clause called for the act to expire on July 1, 1995, unless the Legislature enacted another bill before then to extend the life of the act.

In 1995 the Legislature repealed the sunset clause on the Criminal Profiteering Act. The repeal of the sunset clause was intended to prevent the act from expiring that July, and to extend the life of the act indefinitely. However, the repeal was enacted as part of E2SHB 1557 which was a bill entitled "An Act Relating to insurance fraud." E2SHB 1557 became Chapter 285, Laws of 1995.

Division II of the Washington Court of Appeals held that this 1995 act "relating to insurance fraud," was invalid because it violated Article II, Section 19, of the state constitution. Article II, Section 19, requires that a bill contain only one subject, and that the subject be expressed in the title of the bill. The court found that the subject of "criminal profiteering" was not related to the subject of "insurance fraud," and therefore the bill violated the single subject requirement. Likewise, the court found that the subject of criminal profiteering was not "expressed" in the title of the bill, and therefore the bill violated the "subject-in-the-title" requirement. As a result, the attempted repeal of the sunset clause in 1995 was ineffective, and the court held that the criminal profiteering law had in fact expired on July 1, 1995.

The attempted repeal of the profiteering act's sunset clause was the subject of the court's decision in *State v. Thomas*. However, there were several other provisions in that same 1995 act that very likely could be found unconstitutional as well. Some of these provisions had to do with the crime of perjury in the second degree,

which involves knowingly making a materially false statement under oath in an examination under an insurance contract or with intent to mislead a public servant. These provisions, if challenged, might also be found to be a second subject, not related to "insurance fraud," or to be a subject not expressed in the title.

Summary: Provisions of Chapter 285, Laws of 1995, relating to the crime of perjury in the second degree are reenacted without changes.

Votes on Final Passage:

House	98	0	
Senate	47	0	(Senate amended)
House	94	0	(House concurred)

Effective: May 7, 2001

HB 1694
C 207 L 01

Reenacting provisions relating to the crime of unlicensed practice of a profession or business.

By Representatives Boldt, Carrell and Hurst.

House Committee on Judiciary
Senate Committee on Labor, Commerce & Financial Institutions

Background: In 1995 the Legislature included several provisions related to various criminal laws in a bill entitled "An Act Relating to insurance fraud." In December 2000, Division II of the Washington Court of Appeals held that the inclusion of one of those provisions violated the state constitution. That decision, *State v. Thomas*, overturned a conviction under the state's anti-profiteering law.

In 1984 the Legislature had enacted the Washington State Racketeering Act, which was to take effect July 1, 1985. The 1985 Legislature, however, substantially amended the act before it took effect. One of the changes was to rename the act the Criminal Profiteering Act. The 1985 legislation also put a 10-year sunset clause on the entire act. The sunset clause called for the act to expire on July 1, 1995, unless the Legislature enacted another bill before then to extend the life of the act.

In 1995 the Legislature repealed the sunset clause on the Criminal Profiteering Act. The repeal of the sunset clause was intended to prevent the act from expiring that July, and to extend the life of the act indefinitely. However, the repeal was enacted as part of E2SHB 1557, which was a bill entitled "An Act Relating to insurance fraud." E2SHB 1557 became Chapter 285, Laws of 1995.

Division II of the Washington Court of Appeals held that this 1995 act "relating to insurance fraud" was invalid because it violated Article II, Section 19, of the state constitution. Article II, Section 19, requires that a

bill contain only one subject, and that the subject be expressed in the title of the bill. The court found that the subject of "criminal profiteering" was not related to the subject of "insurance fraud," and therefore the bill violated the single subject requirement. Likewise, the court found that the subject of criminal profiteering was not "expressed" in the title of the bill, and therefore the bill violated the "subject-in-the-title" requirement. As a result, the attempted repeal of the sunset clause in 1995 was ineffective, and the court held that the criminal profiteering law had in fact expired on July 1, 1995.

The attempted repeal of the profiteering act's sunset clause was the subject of the court's decision in *State v. Thomas*. However, there were several other provisions in that same 1995 act that very likely could be found unconstitutional as well. Some of these provisions had to do with the crime of practicing a profession or business without a license. These provisions, if challenged, might also be found to be a second subject, not related to "insurance fraud," or to be a subject not expressed in the title.

Persons practicing certain professions in the health industry are required to be licensed by the Department of Health or various boards and commissions having jurisdiction over those professions. Professions included in the category are naturopaths, midwives, dental hygienists, nursing assistants, chemical dependency professionals, and adult family home providers. The unlicensed practice of a profession or business is a gross misdemeanor. The 1995 bill made a subsequent violation a class C felony and added the crime to the list of crimes that may constitute criminal profiteering.

Summary: Relevant provisions regarding the unlicensed practice of a business or profession are reenacted, without making any changes, to respond to the court decision that may have invalidated those provisions.

Votes on Final Passage:

House	98	0	
Senate	47	0	(Senate amended)
House	94	0	(House concurred)

Effective: May 7, 2001

HB 1706
C 188 L 01

Authorizing the department of revenue to issue direct pay permits.

By Representatives Morris and Cairnes; by request of Department of Revenue.

House Committee on Finance
Senate Committee on Ways & Means

Background: The sales tax is paid on each retail sale of most articles of tangible personal property and certain services. Taxable services include construction, repair,

telephone, lodging of less than 30 days, restaurant meals, physical fitness, and some recreation and amusement services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

The state tax rate is 6.5 percent. Local sales and use taxes also apply. The local sales tax is imposed by the jurisdiction in which the sale occurs. The local use tax is imposed by the jurisdiction where the property is first used. The total state and local sales tax rate imposed is between 7 percent and 8.8 percent, depending on the location.

The sales tax must be collected by the seller from the buyer and is held in trust by the seller until paid to the Department of Revenue. The use tax must be collected from the buyer by a business that maintains in this state a place of business or a stock of goods, or engages in business activities within this state. In all other cases, the use tax must be paid by the user.

Taxpayers who report taxes of over \$240,000 per year on the combined excise tax return are required to remit the tax by electronic funds transfer to the Department of Revenue.

Direct payment is a program that allows a business to buy goods without payment of sales tax to the seller at time of purchase. Instead, the business would pay the sales tax due, if any, directly to the Department of Revenue. According to a survey by the Federation of Tax Administrators, 33 of the 40 states with sales taxes provide for the direct payment of sales tax. Application procedures, requirements, and restrictions vary widely. For example, California limits the program to taxpayers with at least \$75 million in taxable purchases in each calendar quarter, while Idaho allows participation whenever it is to the "mutual convenience of the Tax Commission, the taxpayer, and the taxpayer's vendors."

Summary: A direct payment permit program is created under which a taxpayer may remit state and local sales and use taxes directly to Department of Revenue rather than to the seller. Generally the local tax will be assigned to the taxpayer's location rather than to the seller's location.

Taxpayers who remit taxes through electronic funds transfer or make taxable purchases of at least \$10 million annually may apply to the Department of Revenue for permission to directly pay sales and use taxes. The department will approve or deny applications based on the taxpayer's capability with regard to local sales and use tax coding, vendor notification, record keeping, electronic data, and tax reporting procedures.

Sellers of products for which a purchaser uses a direct pay permit are relieved of the duty to collect and remit sales or use tax.

Direct pay permits may not be used when purchasing meals or beverages, motor vehicles, trailers, boats, air-

planes, auto towing services, hotel-motel services, auto parking, landscape maintenance services, telephone services, and personal services, such as amusement and recreation services, physical fitness services, and tattoo parlor services.

Votes on Final Passage:

House	94	0
Senate	47	0

Effective: August 1, 2001

HB 1716

C 111 L 01

Providing income assistance benefits to qualified World War II veterans living in the Republic of the Philippines.

By Representatives Veloria, Mielke, Buck, O'Brien, Conway, Talcott, Hunt, Crouse, Clements, Murray, Schoesler, Miloscia, Benson, Tokuda, Santos, D. Schmidt, McDermott, Lovick, Cody, Campbell, Haigh, Keiser, Ogden and Dickerson; by request of Governor Locke.

House Committee on Children & Family Services
Senate Committee on Human Services & Corrections

Background: Subtitle B of the federal Public Law 106-169 of 1999 permits the payment of 75 percent of federal social security retirement (SSI) benefits to World War II veterans who live outside the United States.

To be eligible for this benefit, the veteran must have served in the United States Armed Forces, served under the command of the Armed Forces of the United States in the military forces of the Government of the Commonwealth of the Philippines, or served in organized guerilla forces in the Pacific Area.

Washington pays a state-funded supplement to eligible federal SSI beneficiaries. The state supplement monthly benefit varies with the recipients' location and living situations.

Summary: A one-time lump sum payment of \$1,500 is provided to certain veterans of World War II who are recipients of the SSI state supplement as of December 14, 1999.

The veterans must have been in the service of the United States as members of the Commonwealth of the Philippines military forces, or a Regular Philippine Scout or Special Philippine Scout. The veterans must move to the Philippines and establish and maintain a residence.

The lump sum payment is in lieu of the SSI state supplement benefit.

Votes on Final Passage:

House	94	0
Senate	47	0

Effective: July 22, 2001

HB 1727
C 90 L 01

Regulating the investment limits of insurers in noninsurance subsidiaries.

By Representatives Roach, Miloscia, Benson and Hatfield; by request of Insurance Commissioner.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: The insurance industry is explicitly recognized under the law as one that is affected by the public interest, and thus insurers are subject to stringent regulatory oversight by the Office of the Insurance Commissioner. Key to the regulatory scheme imposed on the insurance industry are the statutory provisions regulating insurance company investments. The purpose of such regulation is to ensure that insurance companies invest prudently and thus remain solvent.

An insurer may invest its funds in an aggregate amount of up to 10 percent of total assets or 50 percent of surplus over its capital and other liabilities, whichever is less. This investment limitation does not apply with respect to an insurer's investments in its subsidiaries.

Summary: With respect to the aggregate investment of funds in one or more subsidiaries, an insurer's investment is limited to the lesser of either 10 percent of its assets or 50 percent of its surplus. An insurer's investments in subsidiaries that are either insurance companies, health care service contractors, or health maintenance organizations are not subject to this limitation.

Votes on Final Passage:

House 98 0
Senate 48 0

Effective: July 22, 2001

HB 1729
C 91 L 01

Licensing surplus line brokers.

By Representatives Benson, Hatfield, McIntire, Cairnes, Roach, Simpson and Keiser.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: A surplus lines insurer is an insurance company that does not have a certificate of authority issued by the Insurance Commissioner to transact business in the state and may only operate under certain rules, specified by statute. The insurance offered by such a broker must be of a type that is not available from

other authorized insurers, and the broker must be licensed as a surplus lines broker.

In Washington an individual must be a resident of the state to be licensed as a surplus lines broker.

Summary: The Insurance Commissioner is authorized to license a nonresident person as a surplus lines broker if he or she meets all other requirements of the law, and if his or her state or province of residence extends a similar privilege to Washington residents. A nonresident surplus lines licensee is subject to the commissioner's supervision as though he or she were a resident of this state.

Votes on Final Passage:

House 98 0
Senate 47 0

Effective: July 22, 2001

SHB 1739
C 41 L 01

Protecting the integrity of elections.

By House Committee on State Government (originally sponsored by Representatives Bush, D. Schmidt, Romero, Miloscia, Anderson, Campbell, Talcott, Esser and Casada; by request of Secretary of State).

House Committee on State Government
Senate Committee on State & Local Government

Background: I. Voter Registration. To register to vote in Washington, a person must be at least 18 years old, a citizen of the United States, and a resident of the state of Washington. In addition, persons convicted of felonies are ineligible to vote.

A. Registration Procedures. A qualified person may register to vote in many locations including with the county auditor, at many public buildings, when renewing or applying for a driver's license, and when applying for disability or public services. Federal law provides that the state may only ask a person registering to vote for the minimum amount of information necessary to complete the voter's registration (this requirement only applies to registering to vote for federal offices). In addition to such information, a person registering to vote must sign the following oath:

"I declare the facts on this voter registration form are true. I am a citizen of the United States, I am not presently denied my civil rights as a result of being convicted of a felony, I will have lived in Washington at this address for thirty days before the next election at which I vote, and I will be at least eighteen years old when I vote."

B. Changing Voter Registration. When a person moves out of the county in which he or she is registered, the person must re-register in his or her new county. When re-registering, the person must sign an authorization to cancel his or her old registration, which must be

promptly forwarded to the county in which the person was previously registered. Upon receiving and authenticating such an authorization, the county auditor in the county in which the person was previously registered must cancel the person's registration.

C. List Maintenance. County auditors maintain their voter lists by updating information and removing voters with canceled registrations. Additionally, the county auditors participate in an annual list maintenance program with the Secretary of State to detect persons registered in more than one county.

II. Enforcement

A. Challenges. A person's right to vote may be challenged at the polls only by a precinct election officer. Up until the day before an election, a registered voter may also challenge another person's right to vote. A person who has been challenged may still vote by paper ballot. The person making the challenge must prove to the canvassing board by clear and convincing evidence that the person challenged is not qualified to vote. If this burden is not met, the person's paper ballot is counted.

B. Criminal Penalties. There are a variety of federal and state laws providing civil and criminal sanctions for violations of the election laws. For example, federal sanctions exist for persons who deprive others of their rights to equal access to the polls. Also, under state law, a person who votes twice is guilty of a gross misdemeanor, and persons who vote knowing they are unqualified are guilty of an un-ranked class C felony.

C. Prosecuting Violations. County prosecuting attorneys must present all violations of the election laws that come to the prosecuting attorney's attention to a proper jury.

Summary: I. Voter Registration

A. Registration Procedures. The Secretary of State must provide voter registration information in the foreign languages required of state agencies by July 1, 2002. Persons registering to vote must be given information about the age and citizenship requirements for voter registration. Voter registration forms must contain conspicuous language reminding registrants that they must be citizens to vote.

The Department of Licensing must post signs at driver licensing facilities informing the public of voter registration services and the qualifications necessary to register. A person registering to vote at a driver licensing facility must be: 1) asked if they want to register to vote, and 2) reminded that they must be 18 years of age and a citizen to register.

B. Changing Voter Registration. A person re-registering in a new county must provide all information necessary to cancel his or her previous voter registration. The county auditor must forward this information to the county in which the voter was previously registered. If the person was previously registered in another state, notification must be sent to the state's elections office. A

county auditor receiving this information must immediately cancel the voter's registration.

C. List Maintenance. The annual list maintenance program is expanded to include the detection of persons voting more than once in an election. If a person is suspected of voting in more than one county in a single election, the county auditors in the two counties must cooperate with their respective county prosecutors to determine the voter's true residence.

II. Enforcement

A. Challenges. Only a precinct judge or inspector may challenge a person's right to vote at the polls. In addition, county prosecuting attorneys may initiate challenges in the same manner as registered voters.

B. Criminal Penalties. A person who intentionally disenfranchises eligible citizens or discriminates against people eligible to vote by denying voter registration is guilty of a misdemeanor. A person who attempts to register to vote knowing that he or she is unqualified is guilty of a misdemeanor.

The Secretary of State must provide a "voter guide" detailing what constitutes voter fraud and discrimination under state election laws. The Secretary of State must also provide a toll-free media and web page designed to facilitate voter communications. The Secretary of State's training and certification program for state and county election administration is expanded to include training on election law violations and discrimination.

C. Prosecuting Violations. A county auditor who suspects a person of fraudulent voter registration, vote tampering, or irregularities in voting must transmit the suspicions to the canvassing board. The county auditor must also attempt to contact the person in question without delay. If the auditor is unable to contact the person, or if the auditor still suspects the person after making contact, the auditor must refer the matter to the county prosecutor who must file charges where warranted.

Votes on Final Passage:

House	96	0
Senate	48	0

Effective: July 22, 2001

EHB 1745 **FULL VETO**

Making child support technical amendments regarding medical support.

By Representatives Lambert and Dickerson; by request of Department of Social and Health Services.

House Committee on Judiciary
Senate Committee on Judiciary

Background: Federal law requires states to have a child support enforcement program that complies with federal requirements as a condition to the state receiving federal

funds for child support enforcement and Temporary Aid to Needy Families programs.

The Division of Child Support (DCS), which is within the Department of Social and Health Services, is responsible for administering Washington's child support enforcement program. The DCS provides support enforcement services to parents receiving public assistance and to those non-assistance parents who request support enforcement services.

All child support orders must order either or both parents to maintain or provide health insurance coverage for their dependent children if it is available through employment or is union-related and the cost does not exceed 25 percent of the basic support obligation. Mandatory language regarding medical support must be included in the child support order.

The DCS uses a variety of methods to enforce child support obligations, including the use of wage withholding. The DCS may issue a notice of payroll deduction to the parent's employer. The employer is required to make mandatory payroll deductions from the parent's unpaid disposable earnings.

For the purposes of locating parents and enforcing support, employers must notify the state support registry of any newly hired employees within a certain time of the hiring date. An employer who fails to report as required is subject to civil penalties.

The federal government recently created a standard form called the National Medical Support Notice (NMSN) to notify employers of the terms of a parent's obligations regarding health insurance coverage under a child support order. Federal law requires that state child support enforcement agencies use the NMSN. Federal law also requires states to send the NMSN to employers within two business days after the employer sends notice of a new employee to the state directory of new hires.

Agencies may adopt rules when authorized by the Legislature. The Administrative Procedure Act establishes rule-making procedures and standards of review. A person may challenge an agency's rule as being invalid. For example, a rule would be invalid if it exceeds the agency's authority. In addition, the Joint Administrative Rules and Review Committee may review an agency's proposed rules.

Summary: The DCS is authorized to use the NMSN. The DCS may adopt rules to specify responsibilities of employers and plan administrators. The DCS must, where appropriate, send the NMSN with a notice of payroll deduction or income withholding order within two days after a noncustodial parent is reported to the support registry as a new hire.

Any rules adopted by the agency pursuant to the bill are subject to additional standards of judicial review that, to the extent they conflict, supersede standards in the Administrative Procedure Act. The additional standards of judicial review require that the agency bear the burden

of demonstrating that the agency action is authorized by law and valid. The validity of the rule may be determined upon a petition in any superior court. In determining whether the rule exceeds the agency's authority, the court must consider specific criteria.

Votes on Final Passage:

House	94	0
Senate	48	0

VETO MESSAGE ON HB 1745

May 11, 2001

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, Engrossed House Bill No. 1745 entitled:

"AN ACT Relating to child support technical amendments regarding medical support;"

Engrossed House Bill No. 1745 was intended to make changes to state laws regarding National Medical Support Notice requirements. However, each of the bill's two sections contains unacceptable provisions.

Section 1 of the bill would have required the Division of Child Support within the Department of Social and Health Services (DSHS), where appropriate, to comply with a federal law requiring that a National Medical Support Notice be sent with payroll deduction notices or income withholding orders within two days of receiving new hire reporting information. DSHS can and must comply with the federal law without a state statute directing it to do so. Therefore, section 1 is unnecessary.

Section 2 would have placed unrealistic and inappropriate limits on the authority of the Division of Child Support to make new rules. It also would have changed the burden of proof in court proceedings for certain agency actions, reversing a long-standing legal principle governing the validity of agency actions. Additionally, section 2 would have limited the agency's authority to implement the law to circumstances and behaviors known at the time of the bill's enactment, subjecting the agency to an uncertain and ambiguous standard and inviting litigation.

These restrictions are different from the requirements and standards of the Administrative Procedure Act (APA), and would have subjected rules and actions adopted under this act to different, inconsistent standards. APA standards apply uniformly to all other rules adopted by the DSHS, and every other agency and division in state government. It is important that rules and actions of state agencies be implemented and enforced uniformly. It is also important that the APA not be amended in a piecemeal way. To do so would create administrative confusion, make rules harder for the public to understand, and invite litigation.

For these reasons I have vetoed Engrossed House Bill No. 1745 in its entirety.

Respectfully submitted,



Gary Locke
Governor

HB 1750
C 202 L 01

Authorizing cities and towns to require full compensation from abutting property owners for street vacations.

By Representatives Fisher, Mitchell, Simpson, Schindler, Wood, Hurst and Ogden.

House Committee on Transportation
Senate Committee on Transportation

Background: Owners of property that abuts a street or alley may petition to have the street or alley vacated and acquire that portion of the vacated street or alley that abuts their property. A city or town may also initiate a vacation procedure. The abutting property owner is required to pay up to one-half the appraised value of the area vacated.

Summary: A city or town may only receive the full appraised value for vacated street right-of-way property it has owned for 25 or more years. For property held less than 25 years, the limit of one-half the appraised value stays in effect. Half of the revenue from vacating street right-of-way must be used for open space or transportation capital projects within the city or town.

Votes on Final Passage:

House	93	0	
Senate	40	6	(Senate amended)
House	93	0	(House concurred)

Effective: July 22, 2001

2SHB 1752
C 274 L 01

Allowing for claims for wildlife damage on rangeland suitable for grazing or browsing of domestic livestock.

By House Committee on Appropriations (originally sponsored by Representatives Clements, Grant, G. Chandler, B. Chandler, Linville, Lisk, McMorris, Armstrong, Schoesler and Mulliken).

House Committee on Agriculture & Ecology
House Committee on Appropriations
Senate Committee on Agriculture & International Trade

Background: The Legislature has stated in statute that wildlife is a public resource of significant value, and that the minimization of conflicts between humans and wildlife is a responsibility shared by all citizens of the state. The Legislature has also found that commercial crop production and healthy deer and elk populations are both important. However, healthy wildlife populations can cause damage to crops. Provisions in the law address the conflict between agriculture and wildlife.

The Department of Fish and Wildlife is instructed to work closely with landowners to find non-lethal solutions to problem wildlife. However, if such efforts are

not practical, the department is authorized to increase the harvest of damage-causing animals during the hunting season. The department is also authorized to conduct special hunts in problem areas after receiving recurring complaints regarding property being damaged by wildlife.

The owner or tenant of real property being damaged by wildlife is authorized to trap or kill the problem wildlife that is damaging crops. The owner or tenant may not kill or trap the problem wildlife if the animal is an endangered or threatened species, or the animal is a deer or an elk. Problem deer and elk may only be killed with a take permit issued by the department, unless the situation is an emergency. On cattle ranching land, the owner may only declare an emergency if the department does not respond within 48 hours of notification. Even if an emergency situation exists, the owners of cattle ranching land may not kill the problem wildlife if the land was not made available for public hunting during the previous hunting season.

The director of the department may pay up to \$10,000 per claim for damages caused to crops by wild deer or elk. "Crops" is defined as commercially raised horticultural or agricultural products, but does not include livestock. The damages are limited to the value of the commercially raised agricultural or horticultural crops and comprise the sole remedy available to the crop owner from the department. The burden of proving damages belongs to the claimant.

If the department rejects a claim, or a claim is for over \$10,000, the claimant may file a request with the Office of Risk Management (ORM). The ORM recommends to the Legislature whether the claim should be paid, and if the Legislature agrees, the director of the department may pay the claim. The department may refuse to pay a claim for land that was not open to public hunting during the prior hunting season.

The department may not pay more than \$120,000 in wildlife damage claims in any fiscal year. If claims exceed this amount, the claims are prioritized according to legislative direction. The Legislature may expand the damage cap by declaring an emergency.

Summary: The Department of Fish and Wildlife's authority to pay up to \$10,000 per claim to the owner of crops damaged by wild deer or elk is expanded. This authority applies to rangeland forage on privately owned land that is suitable for commercial grazing or browsing for a portion of the year. The department may not use more than one-third of the money allocated for paying animal damage claims to pay claims related to privately owned rangeland forage. Fifty percent of the funds allocated but unspent at the end of the fiscal year must be used as matching grants to enhance deer and elk habitat on public lands.

SHB 1763

The act is scheduled to sunset on June 30, 2004, after a program review is completed by the Joint Legislative Audit and Review Committee.

Votes on Final Passage:

House	87	6	
Senate	32	13	(Senate amended)
House	80	2	(House concurred)

Effective: July 1, 2001

SHB 1763

C 57 L 01

Protecting the confidentiality of information relating to insurance.

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives McIntire, Bush, Keiser and Ogden; by request of Insurance Commissioner).

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: With the passage of the Gramm-Leach-Bliley Act in 1999, cross-ownership between banks and insurance companies is now lawful, resulting in increasing hybridization of the two industries. This change has been particularly challenging for state and federal regulatory agencies, whose regulatory powers evolved during a period in which banking and insurance were prohibited from having interlocking corporate structures.

In order to exercise regulatory oversight with respect to insurance companies that have financial ties with banks, the state Insurance Commissioner must be able to share information with federal banking regulators and to have access to the pertinent banking records. However, the Gramm-Leach-Bliley Act prohibits federal banking agencies from sharing confidential information with state insurance regulators unless they can guarantee that all such information will remain confidential. The public disclosure laws in Washington could present an obstacle to the maintenance of the confidentiality required under Gramm-Leach-Bliley. For example, the Public Disclosure Act requires state agencies to make all documents available to the public unless specifically exempted by statute.

Summary: In the furtherance of his or her regulatory duties, the Insurance Commissioner is authorized to obtain certain confidential information that will be exempted from requirements of the Public Disclosure Act. The specified categories of confidential and/or privileged information are exempt from public disclosure by the commissioner. Such confidential information cannot be subject to subpoena, is not discoverable through court procedures, and is not admissible as evidence in any private civil action. Furthermore, neither

the commissioner nor his or her employees may be required to testify in any private civil action as to the substance of any of this confidential information.

The confidentiality privilege applies only to the Office of the Insurance Commissioner, the National Association of Insurance Commissioners, and other specified public agencies.

The categories of confidential information protected from disclosure are as follows: 1) information received from the National Association of Insurance Commissioners; and 2) information received from federal, state, and international governmental agencies. Information obtained from these sources is protected from disclosure only to the extent that it is confidential and/or privileged under the laws of the jurisdiction from which it originated. The commissioner may share confidential information among these sources, provided the recipient agrees to maintain the confidentiality of the information.

The commissioner may use and/or disclose the confidential information in the furtherance of any regulatory or legal action brought as part of the commissioner's official duties.

Votes on Final Passage:

House	98	0
Senate	48	0

Effective: July 22, 2001

HB 1770

C 208 L 01

Allowing contributions to primary losers.

By Representatives McDermott, D. Schmidt, Haigh, Miloscia, Dunshee, McMorris, Morris, Romero, Esser, Lambert, Schindler, Dickerson and Ogden.

House Committee on State Government
Senate Committee on State & Local Government

Background: With the exception of contributions from political parties and caucus committees, individual contributions to a state legislative candidate may not exceed an aggregate of \$600, and individual contributions to other state office candidates may not exceed an aggregate of \$1,200, for each election in which the candidate is on the ballot. Contributions for primary elections may not be made after the date of the primary, but contributions for general elections may be made until November 30th, the final day of the election cycle.

Summary: Contributions to a candidate or candidate's committee for primary elections may be made for 30 days following the date of the primary if the candidate lost the primary, the candidate's committee has insufficient funds to pay debts that were outstanding the day of the primary, and the contribution is only raised and spent to satisfy the outstanding debt.

Votes on Final Passage:

House 98 0
 Senate 33 16 (Senate amended)
 House 88 0 (House concurred)

Effective: July 22, 2001

HB 1780

C 92 L 01

Concerning moneys in the fruit and vegetable district fund.

By Representatives Armstrong, Linville, B. Chandler and Grant.

House Committee on Agriculture & Ecology
 Senate Committee on Agriculture & International Trade

Background: State law requires the director of Agriculture to establish standards and grades for apples, apricots, Italian prunes, peaches, sweet cherries, pears, potatoes and asparagus and allows the director to establish them for other fruits and vegetables. For the purposes of these laws, the state is divided into not less than three fruit and vegetable inspection districts. The fees collected for inspection services are deposited in a district fund, which is used as a revolving fund to carry out services within the district. Some of the monies in the district fund are also transferred to the state Fruit and Vegetable Inspection Trust Account.

In 1997, legislation authorized a transfer of \$200,000 in District Number Two funds to the Plant Pest Account for activities related to apple maggot control. Funds from this transfer that are unexpended by June 30, 2001, are to be returned to the district fund.

Summary: The date by which monies transferred from the district fund of District Number Two must be expended from the Plant Pest Account for apple maggot control activities or be returned to the district fund is extended by two years to June 30, 2003.

Votes on Final Passage:

House 98 0
 Senate 45 0

Effective: June 30, 2001

SHB 1781

C 313 L 01

Making payment of agency commissions for agency liquor vendor stores.

By House Committee on Appropriations (originally sponsored by Representatives H. Sommers, Sehlin, Clements, Conway and Kenney; by request of Liquor Control Board).

House Committee on Appropriations
 Senate Committee on Ways & Means

Background: The liquor revolving fund consists of all license fees, permit fees, penalties, forfeitures, and all other moneys, income, or revenue received by the Liquor Control Board (LCB). The liquor revolving fund is subject to the allotment controls of the Budget and Accounting Act, but an appropriation is not required to permit expenditures and payment of obligations from the fund, with the exception of the LCB administrative expenses.

Administrative expenses of the LCB are appropriated and paid from the liquor revolving fund. Within this category, there are a number of the LCB expenses that are exempt from the appropriation process.

The retail sale of liquor is achieved in two ways. First, the LCB operates state-run retail stores. Second, the LCB has entered into agency agreements with vendors to sell liquor in areas that do not have state-run stores. The LCB pays an agency commission to these vendors. Expenditures for these commissions are not exempt from the appropriation process.

Summary: Agency commissions for agency liquor vendor stores are exempt from the appropriation process. The LCB may make expenditures for this purpose without an appropriation; however, all of the expenditures from the liquor revolving fund are subject to allotment.

Agency commissions and commission rates for agency liquor vendor stores will be established by the LCB after consultation with and approval by director of the Office of Financial Management.

Votes on Final Passage:

House 98 0
 Senate 48 0

Effective: July 22, 2001

ESHB 1785

C 227 L 01

Implementing the recommendations of the joint legislative audit and review committee report regarding capital budget programs investing in the environment.

By House Committee on Natural Resources (originally sponsored by Representatives Murray, Alexander, Doumit, Rockefeller, Esser, Sump, Kenney and McIntire).

House Committee on Natural Resources
 House Committee on Capital Budget
 Senate Committee on Environment, Energy & Water
 Senate Committee on Ways & Means

Background: The Joint Legislative Audit and Review Committee (JLARC) reviewed 12 capital budget programs administered by six agencies that provide grants and loans to local governments and other entities for

environmental quality purposes. The audit noted that the amount of funding provided for these programs has been growing as well as the requests for program funding.

The JLARC final report 01-1 focused on the distinction between distributing versus investing money under these programs. Under an investment approach, information is gathered to determine whether the investments have been effective, and this information is integrated into the decision-making process. Without measurable returns, however, it is difficult to determine whether the investments have been effective. The JLARC report made several recommendations that would incorporate the investment approach into these environmental quality programs. These recommendations include increasing the systematic collection and sharing of information, integrating practices regarding the investment model into program structures and operations, streamlining and better integrating program services to local governments, and ensuring that the funding agencies work together to achieve these goals.

The Independent Science Panel, which was created to provide scientific oversight of the state's salmon recovery efforts, issued a report in December 2000 concerning monitoring. The report noted that although there are a number of monitoring efforts currently utilized by different programs, these monitoring efforts are largely uncoordinated and unlinked among programs, use different indicators, have different objectives, and lack support for sharing data. The report concluded that efforts to recover salmon will not be credible without comprehensive monitoring focused on recovery objectives.

Summary: The Office of Financial Management (OFM) is required to assist the Department of Ecology, Department of Natural Resources, Department of Fish and Wildlife, State Conservation Commission, Interagency Committee for Outdoor Recreation, Salmon Recovery Funding Board, and the Public Works Board within the Department of Community Trade and Economic Development in developing outcome focused performance measures for administering grant and loan programs related to natural resources or the environment. These performance measures must be used in determining grant eligibility, for program management, and performance assessment. These agencies are required to consult with grant or loan recipients and other interested parties and report to the OFM on implementation of this section. The OFM is required to report to the natural resource and fiscal committees of the Legislature on the implementation of this section, along with any recommended changes to current law, by July 31, 2002. These natural resource agencies are required to assist the OFM in preparing the report.

The OFM and the Salmon Recovery Office are directed to help these natural resource-related agencies develop recommendations for a monitoring program to measure outcome focused performance measures. The

recommendations must be consistent with the framework and coordinated monitoring strategy developed by the monitoring oversight committee established in SSB 5637. SSB 5637 was enacted in the 2001 session to coordinate state agency monitoring activities with appropriate state, federal, local, and tribal government monitoring efforts.

Several natural resource-related grant or loan programs must require grant or loan applicants to incorporate a description of the environmental benefits of projects into their grant or loan applications, and these must be considered by the agency in the prioritization and selection process. The agencies must coordinate their performance measure systems with other agencies to the greatest extent possible.

Performance measure requirements also apply to programs administered by the Department of Fish and Wildlife related to protecting or recovering fish stocks that are funded by the capital budget.

Votes on Final Passage:

House	96	0	
Senate	47	0	(Senate amended)
House	84	0	(House concurred)

Effective: July 22, 2001

SHB 1792
C 179 L 01

Creating the holding company act for health care service contractors and health maintenance organizations.

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Benson and Hatfield; by request of Insurance Commissioner).

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: The Insurer Holding Company Act requires that businesses obtain prior approval from the Office of the Insurance Commissioner (OIC) to acquire a domestic insurance company. For the acquisition to be approved, the acquiring party must file certain information with the OIC. This information includes the business and financial history of the acquiring party; the source, nature, and amount of the acquisition price; and any plans that will result in a material change in the business or corporate structure of the acquired company. The commissioner must approve the proposed acquisition within 60 days of receiving a complete application and after holding a public hearing on the proposed acquisition.

The Holding Company Act also requires that companies within a holding company system file a registration statement with the OIC. The registration statement includes detailed financial information about the insur-

ance company; the identity and relationship of every member of the insurance holding company system; and material transactions between affiliates in the holding company system and the insurance company.

Every registered insurance company is also required to report to the OIC all dividends and other distributions to shareholders. The dividend report must be filed at least five business days after dividends are declared, and at least 15 business days before the company pays the dividend. After receiving the report, the commissioner makes a determination to verify the insurer's financial ability to declare the dividend. If the commissioner finds a company's surplus inadequate, the commissioner may order the company to stop payment of the dividend.

There are three types of health carriers in Washington: (1) disability insurers, which are traditional insurance companies that reimburse policyholders for covered health care expenses; (2) health care service contractors (HCSCs), which are organizations that provide health care services through a provider network to enrollees who have contracted with the HCSCs; and (3) health maintenance organizations (HMOs), which are organizations that provide health care services to enrollees on a prepaid basis (generally monthly). All health carriers are regulated by the OIC as provided in state law. The OIC does not apply the Insurance Holding Company Act to HCSCs or HMOs, only to traditional insurance companies.

Summary: A Holding Company Act for health care service contractors (HCSCs) and health maintenance organizations (HMOs) is established.

Any entity that desires to acquire an HCSC and an HMO created under the laws of another state and doing business in Washington must file a pre-acquisition notification with the Office of Insurance Commissioner. The commissioner determines the form and the information necessary for the pre-acquisition notification. The commissioner approves or denies acquisitions based on prescribed standards and procedures.

Any entity that desires to acquire a domestic HCSC or an HMO must send a statement detailing the acquisition to the Insurance Commissioner and the HCSC or HMO to be acquired. The statement filed with the commissioner includes various items such as the financial backgrounds of the individuals or businesses filing the statement, the source of the finances needed for the acquisition, fully audited financial statements for the preceding five years, any plans for liquidating or selling the assets of the domestic HCSC or HMO, and information on investments and securities. The commissioner must approve or deny the acquisition based on prescribed standards and procedures.

Every holding company system must keep its registration statement current. The HCSCs and HMOs that do business in Washington, but are domiciled in another state, do not have to file annual registration statements if

the state of domicile has similar registration requirements. The registration statement contains current financial information, outstanding agreements and contracts, transactions not in the ordinary course of business, and the identity and relationship of every member of the holding company system.

The Insurance Commissioner regulates transactions within the holding company system. The commissioner may seek court orders enjoining violations of the act, seek civil and criminal penalties, and suspend, revoke, or refuse to renew registration. The commissioner has the authority to make rules and issue orders under the act.

Votes on Final Passage:

House	94	0
Senate	46	0

Effective: May 7, 2001

SHB 1793

C 146 L 01

Revising court filing fees for tax warrants and recovery of state agency overpayments.

By House Committee on Judiciary (originally sponsored by Representatives Hatfield and McDermott).

House Committee on Judiciary
Senate Committee on Judiciary
Senate Committee on Ways & Means

Background: Superior courts are authorized to collect various fees for filing documents in court and for performing other services. The amount of many of these fees is set by statute. The revenue generated from some of these fees must be split with the state Public Safety and Education Account (PSEA). Forty-six percent of this revenue goes to the PSEA. The remaining 54 percent stays with the counties.

The \$5 fee for filing a tax warrant by the Department of Revenue or other state agency is subject to the PSEA split. The \$5 fee for filing a warrant for overpayment of state retirement benefits is not subject to the split. Both of these fees are provided for in the chapter of law dealing with court fees. Various state agency statutes also contain separate provisions for a \$5 filing fee for such warrants for unpaid taxes or benefit overpayments.

A fee of up to \$20 per hour may be collected for several services designated as "special." Revenue from this fee is not subject to the PSEA split. One of the special services covered by this provision is the processing of ex parte orders "by mail."

Summary: The fee for any state agency for filing a warrant for unpaid taxes or overpayment of benefits is increased from \$5 to \$20, effective July 1, 2003.

The first \$5 of revenue from each state agency filing of a warrant for unpaid taxes is subject to the PSEA split

SHB 1821

with the state. The remainder of the \$20 fee is not subject to the split.

Various separate agency statutes providing for a filing fee for warrants for unpaid taxes or overpayment of benefits are cross-referenced to the general provision in the court fees law which provides for the \$20 filing fee as of July 1, 2003. These agencies include the departments of Retirement Systems, Licensing, Employment Security, Labor and Industries, and Revenue.

The designation of some court services, such as processing ex parte orders and performing historical searches, as "special" is removed. The fee that may be collected for processing ex parte orders is not limited to those orders that are processed "by mail."

Votes on Final Passage:

House	97	1
Senate	48	0

Effective: July 22, 2001

SHB 1821

C 228 L 01

Concerning coastal Dungeness crab resource plan provisions.

By House Committee on Natural Resources (originally sponsored by Representatives Buck, Doumit, Sump, Hatfield and Kessler).

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: The Department of Fish and Wildlife (DFW) is required to develop a resource plan for the Dungeness crab coastal fishery that achieves an even-flow of harvesting as well as long-term stability of the fishery. The department must seek the input of the Dungeness crab coastal fishery licensees and processors in preparing the plan. The plan may include pot limits, reductions in the number of vessels, individual quotas, trip limits, area quotas, and other measures as determined by the department.

The number of shellfish pots assigned to a Washington Dungeness crab coastal fishery license is based on the most poundage of Dungeness crab landed during one of three qualifying seasons. These qualifying seasons are: December 1, 1996, through September 15, 1997; December 1, 1997, through September 15, 1998; and December 1, 1998, through September 15, 1999. A crab pot limit of 300 is assigned to a license with landings from 0 to 35,999 pounds. A crab pot limit of 500 is assigned to a person with landings that total 36,000 pounds or more.

The director is authorized to reduce the landing requirements for coastal crab, but may not totally waive the landing requirement, on the recommendation of an

advisory review board appointed by the director. The advisory review board may recommend a reduction in the landing requirements in individual cases if the board finds that extenuating circumstances prevented the person from meeting the landing requirements. The director is required to adopt rules which define "extenuating circumstances." Extenuating circumstances may include situations in which a person had a vessel under construction so that the qualifying landings could not be made.

The provisions of the resource plan developed for the Dungeness crab coastal fisheries that are designed to effect a gear reduction or a reduced effort based upon historical landings are not required to be considered as extenuating circumstances for failure to meet the landing requirements for coastal crab.

Summary: The provisions of the resource plan developed for the Dungeness crab coastal fisheries that are designed to effect a gear reduction or a reduced effort based upon historical landings must be considered as extenuating circumstances for failure to meet the landing requirements for coastal crab.

The DFW must use the poundage of crab landed during February 1996 for purposes of determining the number of shellfish pots assigned to a Dungeness crab coastal fishery license, if a person lost a vessel designated for use under the license due to sinking during one of the three qualifying seasons. The license holder must notify the department of his or her eligibility under this provision by September 30, 2001.

Votes on Final Passage:

House	98	0
Senate	46	0 (Senate amended)
House	94	0 (House concurred)

Effective: July 22, 2001

ESHB 1832

C 237 L 01

Modifying provisions concerning water management.

By House Committee on Appropriations (originally sponsored by Representatives Linville and G. Chandler; by request of Governor Locke).

House Committee on Agriculture & Ecology
House Committee on Appropriations

Background: Watershed Planning. State law establishes procedures and policies for initiating watershed planning at the local level. If certain local governments choose to initiate the planning for one or more Water Resource Inventory Areas (WRIA's) or watersheds, they appoint a planning unit to do the planning. The planning unit must address water quantity issues in the WRIA. The initiating governments may choose to add other components to the planning process. These may include instream flows, water quality, and fish habitat. The

maximum amount of money that may be granted by the Department of Ecology (DOE) to a planning unit for each of three phases of planning is: for Phase I (for organizing), up to \$50,000 for one WRIA or up to \$75,000 for multiple WRIA's; for Phase II (for watershed assessments), up to \$200,000/WRIA; and for Phase III (for developing a watershed plan and recommending actions), up to \$250,000/WRIA. If a planning unit receives more than the organizational grant monies from the DOE, it must submit its watershed plan for county approval within four years of the date the funding was first received by the planning unit.

Modifying Existing Water Rights. There are several fundamental elements of a water right. One is its priority (or seniority). Other elements include: the amount of water that may be withdrawn from a particular water source under the right, the time of year and point from which the water may be withdrawn, the type of water use authorized under the right (such as an agricultural or municipal use), and the place that the water may be used. Certain elements of a water right may be modified with the approval of the DOE if the modification would not impair other existing water rights. In a 1983 decision, the state's Supreme Court required the DOE to consider the rights represented by applications for new water permits that have not yet been granted or denied when it considers applications for modifying existing rights. This has the effect of tying together the DOE's consideration of the two types of applications.

Conservancy Boards. Historically, applications for modifying existing water rights were filed with and processed by the DOE and its predecessor agencies. An alternative processing system was established with the enactment of legislation in 1997 authorizing water conservancy boards. These boards may be created by a county legislative authority with the approval of the DOE. A board has three members, called commissioners. A water right holder who claims that his or her existing water right will be detrimentally affected or injured by an application being considered by the board may intervene. If the board approves an application, the director of the DOE has 45 days in which to review the board's action to affirm, reverse, or modify it. With the consent of the parties, this review period may be extended an additional 30 days. If the director fails to act within this time period, the action taken by the board is considered to be final, although it is subject to appeal in the same manner as other water right decisions of the director. A board member who has an ownership interest in a water right that is the subject of an application before the board cannot participate in the board's review or decision on the application. A board member who is on the governing board of or is an employee of a municipally owned water system cannot participate in the board's review of an application regarding a water right in which the system has an ownership interest.

In rules adopted by the DOE, the types of modifications of water rights that may be approved by a board are defined broadly: the board may consider the same types of modifications as may the DOE. However, in a Thurston County Superior Court case, the court found the authority of the boards to be much more limited: they may review applications to modify the place of use or the point of diversion or withdrawal of a water right, but they may not review applications involving other modifications. The DOE has appealed the court's ruling. The laws authorizing these boards also waive the liability of the county and the DOE regarding claims of damages arising from the water right modifications approved by such a board.

Family Farm Permits. Family farm permits are water right permits issued under the Family Farm Water Act, which was adopted by the voters through the approval of Initiative Measure No. 59 in 1977. Under the act, the principal permit for using water to irrigate privately owned agricultural lands is the family farm permit. A family farm permit must limit the use of water withdrawn for irrigating agricultural lands to land qualifying as a family farm (i.e., not more than 2000 contiguous or noncontiguous acres of irrigated agricultural lands). The right to withdraw water for use for irrigating agricultural lands under the authority of a family farm permit is subject to the irrigated land's complying with the definition of a family farm as defined at the time the permit is issued. If a person's acquisition of land and water rights would otherwise cause land being irrigated under a family farm permit to lose its status as a family farm, all lands held or acquired must again be in compliance with the definition of a family farm within certain specified periods of time. The DOE interprets these requirements as prohibiting the water right from being modified so that it may be used for any purpose other than irrigating agricultural lands.

Reclaimed Water. The Department of Health may issue a reclaimed water permit for industrial and commercial uses of reclaimed water to the generator of the reclaimed water. The generator of the reclaimed water may then distribute the water according to the terms of the permit. The permit governs the location, rate, water quality, and purpose of use of the reclaimed water. A permit is required from the DOE for any land application of reclaimed water.

Trust Water Rights. A water right may be donated or acquired by the state for management as a trust water right. The laws governing the state's trust water right system are divided into two parts: one for the Yakima River Basin; and the other for the rest of the state. The DOE may acquire water rights for the trust water right systems by purchase, gift, or other appropriate means other than condemnation. Water rights may be acquired for either system on a temporary or permanent basis. Among the uses expressly authorized for such trust water

rights are instream uses. In general, if a person abandons his or her water right or voluntarily fails to use the right for five successive years, the person relinquishes the right or the portion of the right abandoned or not used. However, exemptions from this requirement are provided. For example, these relinquishment requirements do not apply to trust water rights.

Summary: Watershed Planning. For Phase II planning, a planning unit that is doing an instream flow or water quality component in its watershed planning or that conducts certain studies for multi-purpose water storage may apply for up to \$100,000 in additional funds for each component included or for the studies. Priority in providing funding is given for instream flows. The DOE is authorized to retain monies a planning unit is eligible to receive for setting instream flows if the unit will not be setting the flows or, if requested by a unit's initiating governments, for amending existing instream flows. A planning unit may also request a different amount of funding than the amounts specified by law for Phase II and Phase III under certain circumstances. The date by which a watershed plan must be submitted for county approval is four years after the date funds beyond the initial funding are drawn upon by the planning unit. By October 1, 2001, the OFM must report on its assessment of: watershed planning and its progress, including the performance of planning units and state agencies; and progress by planning units and the DOE in setting instream flows.

The DOE must complete a final non-project environmental impact statement (EIS) that evaluates stream flows to meet the goals of maintaining, preserving, and enhancing instream resources. A planning unit or state agency may establish flows in a manner that differs from the EIS if consistent with the applicable instream flow laws.

"Two Lines." Pending applications for new water rights are not entitled to protection from impairment when an application relating to an existing surface or ground water right is considered. Applications relating to the existing water rights may be processed and decisions on them may be rendered independently of the applications for new water rights from the same source of supply. An application relating to an existing water right may be set aside for insufficient information if the applicant is sent a written notice and explanation. The application does not lose its priority date. If the applicant supplies the information within 60 days, the application must then be processed. Until January 1, 2004, the DOE must report annually to the Legislature on the results of processing applications under these new authorities.

Transfers - Generally. The calculation of the annual consumptive quantity of water that may be transferred is now averaged over the two years of greatest use in the last five years (rather than the average of use over those

five years). No applicant for a modification of an existing water right may be required to give up any part of the right to a state agency, the trust water right system, or to other persons as a condition for processing the application.

Water Conservancy Boards. A water conservancy board may be established to serve multiple counties or one or more WRIsAs. The boards may process the same types of modifications of existing water rights as may the DOE. However, federal Indian reservations and tribal lands held in trust by the federal government are not within the jurisdictions of the boards. If the board processes an application to transfer water out of a WRIA, it must consult with the DOE. A board may act upon an application to transfer an historic right represented by a water right claim filed with the DOE by making a tentative determination as to the validity and extent of the right in the claim.

A county may appoint two additional commissioners to a board. At least one, rather than two, of the members of a board must be a water right holder. One member must be someone other than a water right holder. Alterations in membership to accommodate membership requirements do not have to be made until the first vacancy on the board occurs.

Conclusions of conservancy boards regarding applications are referred to as "records of decisions" and filing applications for modifying existing water rights with such boards rather than the DOE is expressly the option of the applicant. A person with an application on file with the DOE may request that the application be conveyed to a board for processing. A board may choose not to process an application and return it to the applicant. A board must provide notice regarding applications being processed by the board to Indian tribes with certain reservations and to any other Indian tribe requesting the notice. A board's record of decision to deny an application is subject to review by the DOE.

Among the existing rights that a board must expressly consider regarding possible impairment are rights established for instream flows. Any person may submit to a board comments and other information regarding an application and the comments must be considered. Any person may, within 30 days of the date the DOE receives a board's record of decision, file with the DOE a letter of concerns or support regarding a conclusion reached by a board. When the DOE receives a board's record of decision, the department must promptly post the text of the transmittal form for it on DOE's internet site. The period during which the DOE may review the record of decision of a board may be extended by 30 days by the DOE or at the request of the board or applicant.

Conflict of interest provisions regarding board members are altered. A member may not engage in any act that is in conflict with the proper discharge of the official

duties of a commissioner. It is a conflict of interest for the member to have an ownership interest in a water right subject to an application before the board, to receive or have financial interest in an application or its resulting project, or to solicit, accept or seek anything of economic value as a gift or favor from a person involved in an application. A person may request a board member to disqualify himself or herself from the consideration of an application for a conflict of interest and, if the member refuses to do so, time-lines are established for challenging that refusal. The DOE must remand a board's record of decision back to the board for such a conflict. The DOE's decision to remand is appealable at the time available for appealing the record of decision made by the board subsequent to the remand. Boards must provide information for the DOE's biennial reports regarding the boards. The DOE may petition the county or counties served by the board requesting that the board be dissolved for repeated statutory violations or a demonstrated inability to perform its functions.

A decision by the director to deny (not just approve) an action by a county to create a board is appealable to the Pollution Control Hearings Board. A county's board may be dissolved by the adoption of a resolution by the county's legislative authority. A board must maintain minutes of its meetings and the minutes are open to public inspection. A board is subject to the state's public disclosure laws and must maintain records of its proceedings and determinations, which must be available for public inspection and copying.

The Director of the DOE must assign a DOE representative to provide technical assistance to each board. If requested by the board, the representative must work with the board as it processes applications and develops records of decisions. A board may also receive assistance and support from the county government of the county in which it operates. The Office of Financial Management (OFM) must review and report to the Legislature annually until December 31, 2004, on whether the DOE has adequate funding for fulfilling its responsibilities for processing applications through water conservancy boards. The DOE must report to the Legislature annually until December 31, 2004, on the results of processing applications through such boards.

Family Farm Water Permits. A "family farm" under the Family Farm Water Act may be up to 6000 (rather than 2000) irrigated acres. A transfer of a water right under the Family Farm Water Act is defined broadly to include transfers, changes, and amendments of surface and ground water rights. All such modifications of a water right for irrigation use are subject to the limitations of the Act for irrigated acreage. If a portion of the water governed by a water right established under a family farm permit is made surplus to the beneficial uses exercised under the right, the right to use the surplus water may be transferred to any purpose of use that is a benefi-

cial use of water. For this purpose, a water right or portion of a water right may be made surplus through the implementation of practices or technologies, including conveyance practices or technologies, that are more water-use efficient than those under which the right was perfected. This authority cannot be used to transfer the portion of a water right that is necessary for the production of crops historically grown under the right nor to transfer a water right or a portion of a water right that has not been perfected through beneficial use before the transfer. A water right under a family farm permit may be transferred under a lease agreement to any beneficial use. A right to use water under a family farm permit may be transferred to any beneficial use if the place of use before the transfer is within the boundaries of an urban growth area designated under the Growth Management Act or, for a non-growth management planning county, within the boundaries of a city or town or in an area designated for urban growth in its comprehensive plan. A public water system receiving a water right transferred from a family farm permit must meet the conservation requirements of its state approved water system plan or its small water system management program. All water transferred from a family farm permit must remain within the WRIA or within the urban growth area or contiguous urban growth areas if these extend beyond one WRIA.

Reclaimed Water Tax Exemption and Water Conservation Tax Credit. The public utility tax does not apply to 75 percent of the amounts received for water services supplied by an entity with a reclaimed water permit for industrial and commercial uses of water when the water supplied is reclaimed water. In computing the public utility tax, 75 percent of the amounts expended to improve consumers' efficiency of water use or otherwise to reduce the use of water by consumers are deductible from the utility's gross income. These latter expenditures are deductible if they implement elements of the conservation plan within a state-approved water system plan or small system management program. The tax credit provisions expire on June 30, 2003.

A Water Rights Trust Account is created. The Legislature intends to appropriate amounts that are based on these tax reductions into the account for use by the DOE, after appropriation, to purchase or lease water rights to augment flows in certain streams. The OFM must report to the Legislature by December 31, 2001 on its evaluation of the revenue impacts, costs and benefits of the tax deductions and credits and of other potential water conservation tax incentives.

Trust Water Rights. The DOE may accept a donation of water rights to either the Yakima River or the statewide trust water right system under the following circumstances: (1) an aquatic species is listed as threatened, endangered, or depressed under state or federal law; and (2) the holder of a right to water from the body

of water chooses to donate all or a portion of the person's water right to the trust water system to assist in providing instream flows on a temporary or permanent basis. Neither the right donated nor the sum of the portion of a right remaining with the person plus the portion donated may exceed the extent to which the right was exercised during the last five years. Once accepted, such rights are trust water rights within the conditions prescribed by the donor that are relevant and material to protecting the donor's interest in the water right and that satisfy the requirements of the trust water laws. The acceptance of the right as trust water right is not evidence of the validity or quantity of the right. Similar provisions are established for leases by the DOE of water rights in areas covered by drought orders. The requirement that the DOE examine a water right for potential impairment of existing water rights before a trust water right may be exercised is waived for such a donated right. It is also waived for such a drought-leased right if the lease is for five or less years. However, if the DOE subsequently finds that the donated or drought-leased right impairs existing water rights, the resulting trust right must be altered to eliminate the impairment. Requirements that notice be published before a trust water right is exercised apply only the first time such a donation or drought-leased right is exercised as a trust water right.

Trust water rights acquired in an area with an approved watershed plan must be consistent with the plan if it calls for such acquisitions, to the extent practicable and subject to legislative appropriations. The full quantity of water diverted or withdrawn to exercise a right donated to or acquired by the trust water rights program on a temporary basis reverts to the donor or person from whom the right was acquired when the trust period ends.

If a water right acquired by the state for the state's trust water right systems is expressly conditioned to be for instream use, it must be managed in that manner. If it is a gift and is conditioned to be for instream use, it must be managed for public purposes to ensure that the gift qualifies as a deduction for federal income tax purposes for the person who gave it. The DOE is expressly authorized to lease water rights for the Yakima River trust water rights system and trust water rights in the Yakima system may expressly be exercised for beneficial uses other than instream flows or irrigation.

Other. The DOE must report to the Legislature on its experience with implementing this act by December 31, 2004. In revising or adding provisions to certain statutes, the legislature does not intend to imply legislative approval or disapproval of any existing administrative policy regarding, or any existing administrative or judicial interpretation of, the provisions of those statutes that are not expressly added or revised.

Votes on Final Passage:

House 83 14
Senate 33 16

Effective: May 10, 2001

2SHB 1835

C 314 L 01

Creating a forest products commission.

By House Committee on Finance (originally sponsored by Representatives Doumit, Sump, Schoesler and Clements).

House Committee on Natural Resources
House Committee on Finance
Senate Committee on Natural Resources, Parks & Shorelines

Background: Several commodity commissions have been established in statute to help research and promote particular Washington products. These include the Washington Wine Commission, the Apple Advertising Commission, the Dairy Products Commission, and the Hardwoods Commission. These commissions elect their own governing board members and impose assessments on their members to finance activities deemed necessary.

Although there is a Hardwoods Commission, there is no broader commission that encompasses all producers of forest products. Other states, such as California, have created a Forest Products Commission.

Summary: A Forest Products Commission may be established for the purpose of promoting Washington forest products and managed forests; assisting in research related to marketing, advertising, or sale of forest products; and assisting in research related to managed forests. The commission is directed to create, provide for, and conduct a research, promotional, and educational campaign as sales and market conditions reasonably require.

The commission consists of nine voting members. Six members must be from Western Washington and three members must be from Eastern Washington, unless there is a lack of candidates from Eastern Washington. After the initial election of commission members, if a position from Eastern Washington cannot be filled because of a lack of candidates, then the position is filled by a person from Western Washington. A person from Eastern Washington must fill the next available vacancy. The commission must always have at least two members from Eastern Washington. The commission may also add or remove non-voting ex-officio members to the commission.

The commission members are elected by a vote of the entire group of producers unless the commission establishes districts for the nomination and election of commission members. If commissioner districts are

established, and it appears that one of the positions from Eastern Washington will not be filled because of a lack of candidates, the position will be filled by a person who resides in Western Washington who is elected as an at-large member by the entire group of producers.

Three of the members from Western Washington must have annual harvest of more than 75 million board feet, and the other three members from Western Washington must have annual harvests between two million board feet and 75 million board feet. One of the members from Eastern Washington must have an annual harvest over 40 million board feet, and the other member from Eastern Washington must have an annual harvest between two million board feet and 40 million board feet.

Each member must currently, and for the five years preceding his or her election, be actively engaged in producing forest products in the state and meet the requirements for a "producer". A producer is someone who grows and harvests timber in Washington, and the harvest level must be at least two million board feet a year, as evidenced by payment of the timber excise tax.

No more than one member of the commission may be employed by, or be connected with in a proprietary capacity, the same business organization. Members of the commission must be citizens and residents of the state, and be over 21 years of age. Each member must also derive a substantial portion of his or her income from the production of forest products.

Commission members are elected for four-year terms. The initial commission members are elected to staggered terms. Each member of the commission is compensated up to \$35 per day when engaged in business of the commission and is reimbursed for actual travel expenses.

An assessment may be imposed upon producers within a range of 45 cents up to 90 cents per 1000 board feet on each species of forest products. All assessment increases must be approved by a referendum of producers. The assessment is to be established for the marketing year no later than January 1 of each year, or as soon thereafter as possible. The commission may increase assessments in excess of the fiscal growth factor established in statute for fee increases.

The initial assessment rate is established at 57 cents per 1,000 board feet. The initial assessment is voted upon by the producers at the same time as the proposal to create the commission and to elect the initial commission members.

An assessment is considered approved if: (1) at least 51 percent of the number of producers participating in the referendum vote in favor of the assessment, and these producers represent at least 61 percent of the volume of the producers who participate in the referendum; or (2) at least 65 percent by numbers of producers participating in the referendum vote in favor of the assessment, and these

producers represent at least 51 percent of the volume of the producers replying in the referendum. At least 40 percent of the eligible producers must participate in the referendum in order for an assessment to be approved.

An assessment is due and payable to the commission when the commission calls for payment. The assessment becomes a personal debt of the person assessed. If a person fails to pay an assessment when it is due, the commission may add to the unpaid assessment an amount not to exceed 10 percent of the assessment to pay for the cost of collection. If a person fails to pay an assessment, the commission may bring a civil action in court for collecting the sum.

Funds collected by the commission may be deposited in a separate account in the commission's name in any bank that is a state depository. Expenditures and disbursements may be made from the account without an appropriation.

The director of the Department of Agriculture must call an initial meeting of forest product producers for nominating people to serve as commission members. The Department of Revenue (DOR) is required to provide the director with a list of all qualified producers in the state based upon the department's tax records prior to the meeting. Any producer may be nominated orally at the meeting for membership on the commission or may be nominated by a petition filed with the department that is signed by at least five producers. The initial members are elected by secret mail ballot under the supervision of the director. At this initial election, the producers will vote on whether or not to create the commission, the initial slate of commissioners, and the initial assessment. If the requisite approval is not obtained for creation of the commission, the provisions of this law are inoperative.

After the initial election of commission members, the commission is directed to establish procedures for conducting elections. The commission is directed to hold its annual meeting each October for the purpose of nominating commission members and transacting business. Prior to receiving nominations, the DOR must provide the commission with a list of all qualified producers within the state based upon the department's tax records.

The DOR may charge the commission for the costs of producing quarterly harvest activity reports. The commission is considered a state agency for purposes of the DOR releasing harvest excise tax information to the commission. The commission may only use taxpayer information provided by the DOR for the purposes authorized by law.

Votes on Final Passage:

House	93	0	
Senate	47	0	(Senate amended)
House	88	0	(House concurred)

Effective: July 22, 2001

SHB 1836

C 275 L 01

Creating a legislative task force on local park and recreation maintenance and operations.

By House Committee on Natural Resources (originally sponsored by Representatives Edwards, Doumit, Sump, Cooper, Haigh, Eickmeyer, Tokuda, Boldt, Dunn, Esser, Lovick and Jackley).

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: There is a growing demand by the public for local parks. Although some limited funding is available for park acquisition, development, and renovation, the maintenance and operation of these parks is largely a local government responsibility.

Summary: A legislative task force on local park and recreation maintenance and operations is established. The task force is composed of: four members of the state House of Representatives, two from each major caucus, appointed by the co-speakers; four members of the state Senate, two from each major caucus, appointed by the president of the Senate; two representatives of county government parks and recreation, one from an urban county and one from a rural county, appointed by a statewide organization representing county governments; two representatives of city parks and recreation, one of whom must be from a city with a population over 30,000 and one from a city with a population of less than 30,000, appointed by a statewide organization representing cities; three representatives of local parks users, one who represents the interests of team sport users, one who represents the interests of individual users, and one who represents youth users, appointed by a statewide organization that represents local park and recreation interests; a representative of the Office of Financial Management (OFM) appointed by the director of the OFM; a representative of the sporting goods and outdoor recreation products industry, appointed by a statewide organization that represents producers and retailers of such merchandise; a representative of commercial business interests that are affected by the existence of local parks, appointed by a statewide organization representing the interests of commercial business in the state; a representative from either a metropolitan park district, a park and recreation service area, or a park and recreation service district; and a representative of an environmental interest organization with familiarity and expertise in parks land use issues, appointed by a statewide organization representing environmental interests.

The task force elects its own chair. Staff support for the task force is provided by the Interagency Committee for Outdoor Recreation. The task force is directed to convene as soon as possible after the appointment of its

members. The task force must meet in at least four different parts of the state.

The task force is required to report and recommend to the Legislature an analysis that: details current local park and recreation uses and trends; details current funding for local park and recreation maintenance and operations; describes the benefits that local parks provide to the state; examines the anticipated future needs of local parks and recreation agencies; and includes recommendations on sources of funding to meet the operational needs of local parks and recreation agencies.

The task force must make recommendations on other issues deemed important to the successful implementation of the act. The task force expires on June 30, 2002.

Votes on Final Passage:

House 98 0
Senate 48 0

Effective: May 11, 2001

EHB 1845

C 5 L 01 E1

Increasing the fee for a surface mining reclamation permit.

By Representatives Sehlin and H. Sommers; by request of Department of Natural Resources.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The Department of Natural Resources (DNR) regulates and monitors surface mines. The Surface Mine Reclamation Program is primarily funded by a \$650 application fee paid to the department by persons applying for a surface mining permit. Permit fee revenues are deposited into the Surface Mining Reclamation Account to support the program.

Summary: The surface mining reclamation permit fee is increased from \$650 to \$1,000, and it is clarified that the fee is non-refundable.

The department must advise permit applicants of any information needed to complete the application within 60 days. The DNR is required to report to the Legislature on program deliverables and uses of the new fee revenue.

Votes on Final Passage:

House 87 7

First Special Session

House 75 9

Senate 41 2

Effective: July 1, 2001

HB 1846

C 189 L 01

Allowing the Department of Natural Resources to sell or exchange its light industrial property in Thurston County.

By Representatives Alexander, Hunt, Romero and DeBolt; by request of Department of Natural Resources.

House Committee on Natural Resources
 House Committee on Capital Budget
 Senate Committee on Natural Resources, Parks & Shorelines
 Senate Committee on Ways & Means

Background: The Department of Natural Resources (DNR) owns a 38-acre administrative site in Lacey, Washington, known as the "Lacey Compound." The Lacey Compound supports the department's motor pool, fire program, materials storage, and maintenance equipment. The site has buildings built in 1938 that are costly to maintain. Originally in a rural area, the site is in an area of extensive development and no longer fits into the long range plans for the area. The DNR needs authority to sell the site and relocate to a more efficient location that will save money and provide better service.

Summary: The Department of Natural Resources (DNR) may sell or exchange the light industrial facilities in Thurston County, known as the Lacey Compound, and purchase or trade for new land and facilities in Thurston or adjacent counties to serve as an administrative site. The DNR also has the option to construct new facilities. The Lacey Compound may be sold in part or whole at public auction, or exchanged for public or private property. All sales and exchanges must be at least for market value. If an exchange is not balanced, the DNR may accept or spend funds to equalize the trade. All proceeds received from an auction are to be deposited in the park land trust revolving fund and are to be used for the acquisition of a replacement administrative site. Any proceeds remaining after the purchase and/or construction of the new administrative site will be deposited in the appropriate trust account as determined by the department.

The DNR is required to submit a proposal for review and approval with the Office of Financial Management before proceeding with the sale or exchange. The proposal must include a determination of ownership, a determination of market value, a determination of prospective proportional use of the future site, and a financing plan based on prospective use. The future site's location must be approved by the Board of Natural Resources and the State Capitol Committee, and any additional funding requirements must be submitted for approval by the Legislature by the end of 2001.

Votes on Final Passage:

House	94	0	
Senate	46	0	(Senate amended)
House	87	0	(House concurred)

Effective: July 22, 2001

HB 1851

C 147 L 01

Modifying the definition of small employer to include school districts.

By Representative McMorris.

House Committee on Health Care
 Senate Committee on Health & Long-Term Care

Background: School districts that employ no more than 50 employees are not included in the definition of "small employer" or "small group" for the purposes of purchasing health insurance. This may limit their ability to purchase health insurance for employees.

Summary: For purposes of purchasing health insurance, the definition of "small employer" or "small group" is modified to include school districts.

Votes on Final Passage:

House	92	0
Senate	49	0

Effective: July 22, 2001

HB 1855

C 198 L 01

Allowing private clubs to serve liquor at special events.

By Representatives Hunt, Conway, Clements, Ericksen, Pennington and Kenney.

House Committee on Commerce & Labor
 Senate Committee on Labor, Commerce & Financial Institutions

Background: The Liquor Control Board may issue a restaurant spirits, beer, and wine license to a business that qualifies as a restaurant but does not serve the general public. Examples include private country clubs and social clubs where admission is restricted by membership. Clubs may purchase alcohol from the board and sell liquor by-the-drink to club members and guests, but may not serve the general public.

Summary: The Liquor Control Board may issue an endorsement allowing restricted private clubs holding a spirits, beer, and wine license to serve club liquor to non-members at up to 40 member-sponsored events each year. The general public may not be served, and guests may attend by invitation of sponsoring members only. The annual fee for the endorsement is \$900.

Votes on Final Passage:

House 98 0
Senate 42 3

Effective: July 22, 2001

HB 1859
C 213 L 01

Exempting electric generating facilities using wind, solar energy, landfill gas or fuel cells from sales and use taxes.

By Representatives Poulsen, Crouse, Morris, Casada, DeBolt, Esser, Simpson, B. Chandler, Linville, Delvin, Wood, Conway, Kenney, Santos, Romero, Kessler, Pflug, Rockefeller, Lovick, O'Brien, Darneille, Pearson, Ruderman, McIntire, Anderson, Keiser, Dunn, McDermott, Kagi, Schual-Berke, Campbell, Edmonds and Jackley.

House Committee on Technology, Telecommunications & Energy

House Committee on Finance

Senate Committee on Environment, Energy & Water

Senate Committee on Ways & Means

Background: In 1996 the Legislature provided an exemption from the retail sales and use taxes for machinery and equipment used directly in generating electricity using wind or solar energy. In 1998 the exemption was expanded to include machinery and equipment used in generating electricity from landfill gas. The exemption also includes the installation of the equipment including labor and services. The exemption expires June 30, 2005.

The exemption applies to facilities capable of generating 200 kilowatts (200,000 watts) or more of electricity.

The phrase "used directly" means that the machinery and equipment exempt from the tax must be part of the process of capturing energy from wind, sun, or landfill gas, converting that energy to electricity, and transforming or transmitting the electricity for entry into electric transmission and distribution systems.

The state retail sales tax rate is 6.5 percent and is imposed on the retail sale of most items of tangible personal property and some services. In addition, local sales taxes apply. The combined tax rate is between a minimum of 7 percent and a maximum of 8.6 percent depending on the location of the purchase. Sales tax is paid by the purchaser and collected by the seller. Sales tax revenue is deposited in the state general fund.

The use tax is imposed on the use of an item in this state when the acquisition of the item has not been subject to sales tax. The use tax applies to items purchased from sellers who do not collect sales tax, items acquired from out-of-state, and items produced by the person using the item. Use tax is equal to the sales tax rate

multiplied by the value of the property used. Use tax is paid directly to the Department of Revenue. Use tax revenue is deposited in the state general fund.

Summary: The retail sales and use tax exemption for machinery and equipment for new electrical generation using wind, solar, or landfill gas as a primary power source is expanded to include fuel cells and smaller generation facilities and facilities that use the electricity on site. Smaller facilities are included by lowering the threshold for application of the exemption from 200 kilowatts (200,000 watts) to 200 watts.

Fuels cells are defined as an electrochemical reaction that generates electricity by combining atoms of hydrogen and oxygen in the presence of a catalyst.

The tax exemption is extended through June 30, 2009.

Votes on Final Passage:

House 93 0
Senate 47 0

Effective: May 8, 2001

EHB 1864
PARTIAL VETO
C 42 L 01

Revising information requirements in family law court files.

By Representatives Dickerson, Casada and McIntire.

House Committee on Judiciary

Senate Committee on Judiciary

Background: A petition for dissolution of marriage, legal separation, or declaration of invalidity must contain certain information, including each party's Social Security number, last known residence, and the names, ages, and addresses of any dependent children.

All child support orders must state, among other things, the Social Security number, residential address, date of birth, telephone number, driver's license number, and name and address of the employer of the responsible parent. Support orders must also include the Social Security number and address of the physical custodian, and the names, birth dates and Social Security numbers of the dependent children.

Information such as the party's address and the employer's name and address may be omitted if there is reason to believe that release of the address may result in physical or emotional harm to the party or child, or there is a restraining or protective order in effect.

A parent required to pay support or receiving support services from the Division of Child Support must also provide the child support registry with identifying information, such as Social Security numbers and addresses, and update that information when necessary. That infor-

mation is considered private and only subject to public disclosure pursuant to agency rules. The agency's rules generally involve restricting disclosure of address information when there is reason to believe the safety of the party or the child would be at risk.

Agencies may adopt rules when authorized by the Legislature. The Administrative Procedure Act establishes rule-making procedures and standards of review. A person may challenge an agency's rule as being invalid by submitting a petition for a declaration judgment with the Thurston County Superior Court. In addition, the Joint Administrative Rules and Review Committee may review an agency's proposed rules.

Summary: The statutes establishing what information is required on certain court documents are changed. In court actions under the domestic relations laws, parties must use a verified and signed confidential information form, or an equivalent, to supply the court with identifying information such as Social Security numbers, birth dates, driver's license numbers, and addresses.

Petitions for dissolution no longer are required to contain the parties' Social Security numbers, specific residences, and the addresses of dependent children.

The parties' Social Security numbers, residential addresses, dates of birth, telephone numbers, driver's license numbers, and name and address of the employer of the responsible parent are no longer required to be on child support orders. In addition, the birth dates and Social Security numbers of the children are no longer required to be on the support orders.

Information required to be submitted to the state support registry and the Division of Child Support must be submitted using the confidential information form. The Division of Child Support may adopt rules that govern the collection of such information to enforce administrative support orders. The division may not release confidential information if the division determines that there is reason to believe that release may result in physical or emotional harm to the party or the child, or a restraining order or protective order is in effect.

The clerk of the court may not accept the parties' petitions, orders of child support, decrees of dissolution, or paternity orders for filing unless accompanied by the confidential information form, or unless the confidential information form is already on file with the court. The court may collect the information in electronic form and require parties to complete a separate confidential information form.

Any rules adopted by the agency pursuant to these provisions are subject to additional standards of judicial review that, to the extent they conflict, supersede standards in the Administrative Procedure Act. The additional standards of judicial review require that the agency bear the burden of demonstrating that the agency action is authorized by law and valid. The validity of the rule may be determined upon a petition in any superior

court. In determining whether the rule exceeds the agency's authority, the court must consider specific criteria.

Votes on Final Passage:

House	93	0
Senate	48	0

Effective: October 1, 2001

Partial Veto Summary: The Governor vetoed the section that specified additional standards of review on any rules adopted by the agency pursuant to the act.

VETO MESSAGE ON HB 1864

April 17, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 6, Engrossed House Bill No. 1864 entitled:

"AN ACT Relating to information requirements in family law court files;"

Engrossed House Bill No. 1864 provides valuable privacy protections for people involved in family court actions. It will help limit cases of identity theft and misuse of private information, particularly as court filings are made accessible on the Internet.

However, section 6 of EHB 1864 would place unrealistic and inappropriate limits on the authority of the DSHS Division of Child Support to make rules implementing the new privacy protection standards for administrative orders granted pursuant to section 3 of the bill. These restrictions are inconsistent with the requirements and standards of Chapter 34.05 RCW, the Administrative Procedure Act (APA). APA standards apply uniformly to all other rules adopted by the DSHS, and every other agency and division in state government. The requirements in section 6 of this bill would have subjected rules and actions adopted under this act to different, inconsistent standards.

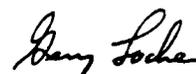
It is important that rules and actions of state agencies be implemented and enforced uniformly. It is also important that the APA not be amended in a piecemeal way. To do so would create administrative confusion, make rules harder for the public to understand, and invite litigation.

Additionally, section 6 of EHB 1864 would have changed the burden of proof in court proceedings for certain agency actions. This would have reversed a long-standing legal principle governing the validity of agency actions, and could have created significant legal impediments for implementation of the program covered by the bill.

Section 6 also would have limited the agency's authority to implement the law to circumstances and behaviors known at the time of the bill's enactment. That would also subject the agency to an uncertain and ambiguous standard and invite litigation.

For these reasons, I have vetoed section 6 of Engrossed House Bill No. 1864. With the exception of section 6, Engrossed House Bill No. 1864 is approved.

Respectfully submitted,



Gary Locke
Governor

HB 1865
C 229 L 01

Changing watershed planning provisions.

By Representatives G. Chandler and Grant.

House Committee on Agriculture & Ecology
Senate Committee on Environment, Energy & Water

Background: The state’s watershed planning law establishes a process for developing watershed plans under a locally initiated planning process. Watershed planning may be initiated for a single water resource inventory area (WRIA), as these watersheds have been designated by rules adopted by the Department of Ecology (DOE), or for a multi-WRIA area. Watershed planning for a single WRIA may be initiated only with the concurrence of: all counties within the WRIA; the largest city or town within the WRIA unless the WRIA does not contain a city or town; and the water supply utility obtaining the largest quantity of water from the WRIA. It may be initiated for a multi-WRIA area only with the concurrence of: all counties within the multi-WRIA area; the largest city or town in each WRIA unless the WRIA does not contain a city or town; and the water supply utility obtaining the largest quantity of water in each WRIA. If these entities decide to proceed, they must extend an invitation to all tribes with reservation lands within the management area. These entities, including the tribes if they affirmatively accept the invitation, constitute the “initiating governments” for the purposes of initiating watershed planning.

Summary: For a water resource inventory area (WRIA) with lands in the Columbia Basin Project, the water supply utility obtaining from the project the largest quantity of water for the WRIA is the water supply utility that qualifies as an initiating government for watershed planning for the WRIA.

Votes on Final Passage:

House 98 0
Senate 47 0 (Senate amended)
House 88 0 (House concurred)

Effective: July 22, 2001

SHB 1884
C 210 L 01

Changing provisions relating to telecommunications services for hearing or speech impaired.

By House Committee on Children & Family Services (originally sponsored by Representatives Ogden, Poulsen, Crouse and Kenney; by request of Department of Social and Health Services).

House Committee on Children & Family Services
Senate Committee on Economic Development & Telecommunications

Background: The Office of the Deaf and Hard of Hearing (ODHH) of DSHS provides services to the deaf, hard of hearing, and deaf-blind communities throughout Washington. There are approximately 14,000 profoundly deaf citizens in Washington; approximately 62 percent receive a service from DSHS.

The ODHH, under a license from the Federal Communications Commission (FCC), contracts for Telecommunications Relay Services which provide telecommunications access to all teletypewriter (TTY) users in the state. The Telecommunications Access Service (TAS) distributes equipment such as TTYs, TTYs with Braille, amplified phones, and signaling devices to deaf, deaf-blind, hard of hearing, and speech-impaired persons.

The TAS buys equipment in bulk. Program applicants receive purchasing discounts based on income. Applicants who pay for the equipment own the equipment; others are loaned the state-owned equipment. Contracted trainers deliver and install the equipment, train the user, and troubleshoot any equipment malfunctions.

The program is funded through the telecommunications relay service excise tax. The program budget needs are determined by the ODDH and the Office of Financial Management. The Utilities and Transportation Commission then determines the amount of the excise tax needed to fund the program. The tax may not exceed 19 cents per month per access line. The tax is identified on each ratepayer’s bill with the statement “Funds federal ADA requirement.”

Summary: The statute providing for Telecommunications Relay Service and Telecommunications Access Service is updated to reflect changes in technology and recent FCC changes. Obsolete statutes are also deleted.

The authority of DSHS to determine program operating procedures and eligibility requirements is broadened.

Votes on Final Passage:

House 98 0
Senate 48 0

Effective: July 22, 2001

SHB 1891

C 324 L 01

Increasing the international trade of Washington state agricultural products.

By House Committee on Appropriations (originally sponsored by Representatives Mulliken, Schoesler, Veloria, B. Chandler, Van Luven, Linville, G. Chandler, Conway and Dunn).

House Committee on Trade & Economic Development
House Committee on Appropriations
Senate Committee on Agriculture & International Trade
Senate Committee on Ways & Means

Background: The Washington State Department of Agriculture (WSDA) is the designated state agency for the administration and implementation of state agricultural marketing development programs and activities. These marketing programs and activities are designed to promote the sale of Washington's agricultural products in domestic and foreign markets.

The WSDA is directed to assist in the promotion of Washington's agricultural products by: (1) acting as an effective intermediary between foreign nations and Washington traders; (2) encouraging and promoting the movement of foreign and domestic agricultural goods through Washington's ports; (3) conducting an active program by sending representatives to, or engaging representatives in, foreign countries to promote the state's agricultural commodities and products; (4) encouraging the production of those commodities that will have high export potential and appeal; (5) coordinating the trade promotional activities of appropriate federal, state, and local public agencies, as well as civic organizations; and (6) developing a coordinated marketing program with the Department of Community, Trade and Economic Development, using existing trade offices and participating in mutual trade missions and activities.

Summary: Two programs are developed in the Washington State Department of Agriculture that are designed to: (1) promote the marketing of Washington's agricultural products; and (2) reduce trade barriers that hinder the export of Washington's agricultural products.

Market Development and Promotion Matching Fund Program. A Marketing Development and Promotion Matching Fund Program is created in the WSDA. The program provides funds, which must be matched by funds from the agricultural industry, to hire a contractor to market and promote Washington's agricultural products in certain markets. The goal of the program is to expose domestic and foreign buyers of Washington's diverse agricultural products.

Trade Barrier Matching Fund Program. A Trade Barrier Matching Fund Program is created in the WSDA. The program provides matching funds to large and small commodity groups to assist them in addressing trade

barriers that hinder the export of Washington's agricultural goods to foreign markets. The WSDA has sole discretion on the distribution of the matching funds.

Votes on Final Passage:

House	98	0	
Senate	49	0	(Senate amended)
House	91	2	(House concurred)

Effective: July 22, 2001

SHB 1892**PARTIAL VETO**

C 315 L 01

Regulating agricultural commodity boards and commissions.

By House Committee on Agriculture & Ecology (originally sponsored by Representatives Linville and G. Chandler).

House Committee on Agriculture & Ecology
Senate Committee on Agriculture & International Trade

Background: Some agricultural commodity commissions have been created directly by statute. Examples of these types of commodity commissions are the Fruit Commission, the Tree Fruit Research Commission, the Apple Commission, the Beef Commission, and the Dairy Products Commission. The state's Agricultural Enabling Acts of 1955 and 1961 provide procedures under which the producers of agricultural commodities may prepare marketing agreements and orders to create, by referendum, agricultural commodity boards and commissions for the commodities without further statutory authority. The first commission created in this way was the Wheat Commission, which was established under the 1955 Enabling Act.

State general laws classify the wide range of state committees, commissions, and boards into groups and provide for the compensation of the members of those in each group. Commodity commissions and boards, whether created directly by statute or by marketing order, are a Class Two group. The general law allows members of these commissions and boards to receive compensation of up to \$35/day of official duty. Compensation may be paid to a commission or board member under the general law only if it is authorized under the law dealing in particular with the specific group to which the member belongs or dealing in particular with the members of that specific group.

With certain limitations, the state's public disclosure laws allow any state or local agency to expend public funds for lobbying that is limited to (a) providing information or communicating on matters pertaining to official agency business to any elected official or officer or employee of an agency; or (b) advocating the official

position or interests of the agency to any elected official or officer or employee of an agency.

Summary: Commissions and Boards Created by Statute or by Marketing Order. Members of agricultural commodity commissions and boards are authorized to receive up to \$100 in compensation for each official duty day.

Commissions and Boards Created by Marketing Order - Purposes and Powers. The purposes for which commodity boards or commissions may be created under the Agricultural Enabling Act of 1955 or 1961 are expanded. They expressly include: communicating to an elected official or officer or employee of an agency on matters regarding the production, processing, marketing, or uses of an agricultural commodity produced in the state; providing marketing information and services for producers of a commodity and engaging in cooperative marketing efforts; providing information and services for meeting resource conservation objectives of producers of a commodity; and providing for commodity-related education and training.

Each commodity board or commission created under either the 1955 or 1961 Enabling Act has, in addition to the powers and duties provided in its marketing order, the authority or duty to:

- retain in emergent situations the services of private legal counsel to conduct legal actions on behalf of a commission or board. The retention is subject to review by the office of the Attorney General;
- accept and expend or retain gifts, bequests, contributions, or grants to carry out the purposes of the commission's or board's marketing order;
- engage in appropriate fund-raising activities to support activities of the commission or board authorized by the marketing order;
- participate in hearings, meetings, and other proceedings relating to the production, manufacture, regulation, distribution, sale, or use of affected commodities including lobbying activities authorized for public agencies under the state's public disclosure laws;
- enter into contracts or agreements for research in the production, processing, marketing, use, or distribution of an affected commodity;
- enter into contracts or interagency agreements to carry out the purposes of the commission's or board's marketing order; and
- work cooperatively with other agencies and with universities and national organizations for the purposes of the commission's or board's marketing order.

Commission and Board Members. Commission members and certain board members must now be over the age of 18 (rather than 25). Members of a commission created under the 1955 Act must now be citizens

and residents of the state only if that status is required by the marketing order for the commission. Not less than two-thirds (rather than two-thirds) of the members of a commission created under the 1955 Act must be producers.

Commission or board members and employees of a commodity commission or board may be reimbursed for actual travel expenses incurred, as defined under the marketing order. If not defined or referenced in the marketing order, reimbursement is as provided by state law regarding the reimbursement of state employees for such expenses. Approval for such expenses is as defined in the marketing order.

Other. A commodity commission or board may establish a foundation using commission funds as grant money when the foundation benefits the commodity for which the board was established. The funds of a commission or board may be used for the purposes authorized in its marketing order. Commissions created under the 1955 Act may now purchase (rather than just lease) office space and audits of them may now expressly be done by private auditors designated by the State Auditor.

Votes on Final Passage:

House	95	3	
Senate	49	0	(Senate amended)
House	88	0	(House concurred)

Effective: July 22, 2001

Partial Veto Summary: The Governor vetoed a section that allows members and employees of commodity boards and commissions to be reimbursed for their actual expenses rather than as specified by state rules.

VETO MESSAGE ON HB 1892-S

May 14, 2001

*To the Honorable Speaker and Members,
The House of Representatives of the State of Washington*

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 9 and 10, Substitute House Bill No. 1892 entitled:

"AN ACT Relating to agricultural commodity board and commissions;"

Substitute House Bill No. 1892 expands the powers of certain commodity boards and commissions so that they may be more effective in promoting Washington's products.

Sections 9 and 10 of the bill would have allowed members and staff of commodity boards and commissions to be reimbursed for the full amount of their actual travel expenses, rather than being limited by the Office of Financial Management regulations on reimbursement rates. Because international travel can be quite expensive and these boards and commissions are self-supporting, I support this goal. Unfortunately, sections 9 and 10 were mechanically flawed. They would have exempted individuals from compliance with RCW 43.03.050 and 43.03.060, which create the statewide system for travel reimbursement. However, this bill does not also amend RCW 15.65.270 or 15.66.130, both of which deal with travel reimbursement for commodity board or commission members. By changing only part of the applicable statutes, sections 9 and 10 would have created an internal inconsistency in the law.

Several bills were passed this year dealing with travel reimbursement for commodity boards and commissions. I encourage the interested parties to combine their efforts next year to put forward a single effort that consistently amends the expense reimbursement statutes for all of our state's self-supporting commodity boards and commissions.

For these reasons, I have vetoed sections 9 and 10 of Substitute House Bill No. 1892.

With the exception of sections 9 and 10, Substitute House Bill No. 1892 is approved.

Respectfully submitted,



Gary Locke
Governor

HB 1895
C 325 L 01

Creating the crime of theft of motor vehicle fuel.

By Representatives Esser, Morris, Barlean, Cooper, Mielke, O'Brien, Mulliken, Ericksen, Hatfield, B. Chandler, Linville and Kirby.

House Committee on Criminal Justice & Corrections
Senate Committee on Judiciary

Background: The penalties for theft violations are generally based on the value of the property stolen.

Theft in the first degree occurs when a person commits theft of property or services valued in excess of \$1,500. Theft in the first degree is a class B felony. A class B felony carries a maximum sentence of 10 years of incarceration, a fine of \$20,000, or both.

Theft in the second degree occurs when a person commits theft of property or services valued in excess of \$250, but not exceeding \$1,500. Theft in the second degree is a class C felony. A class C felony carries a maximum sentence of five years of incarceration, a fine of \$10,000, or both.

Theft in the third degree occurs when a person commits theft of property or services valued less than \$250. Theft in the third degree is a gross misdemeanor. A gross misdemeanor carries a maximum sentence of one year in jail, a fine of \$5,000, or both.

The theft of motor vehicle fuel is generally penalized based upon the value of the fuel that was stolen.

Summary: Theft of motor vehicle fuel occurs when a person refuses to pay or evades payment for motor vehicle fuel that is pumped into a motor vehicle. Theft of motor vehicle fuel is a gross misdemeanor.

In addition to the gross misdemeanor penalties, the license, permit, or nonresident driving privilege of a person convicted of theft of motor vehicle fuel must be suspended by the court for six months.

Other technical corrections are made.

Votes on Final Passage:

House	98	0	
Senate	46	3	(Senate amended)
House	94	0	(House concurred)

Effective: July 22, 2001

HB 1898
C 230 L 01

Licensing emergency respite centers.

By Representatives Hankins, Skinner, Tokuda, Boldt, Kenney, Dunn, Keiser, Van Luven, McMorris, Delvin, Mitchell and Santos.

House Committee on Children & Family Services
Senate Committee on Human Services & Corrections

Background: Agencies that arrange for, or directly provide, out-of-home care to children, expectant mothers, or persons with developmental disabilities are licensed by the Department of Social and Health Services (DSHS). Licensed entities include family day care providers, day care centers, group care facilities, crisis residential centers, and family foster homes.

Crisis nurseries are a type of respite care for children at risk of abuse and/or neglect. The nurseries serve children from birth through age 17, and are operated up to 24 hours a day and up to seven days a week. Caregivers who need a short break from their children to avoid abuse and/or neglect voluntarily bring the children to the nursery for relief.

Five crisis nurseries operate in the Tri-Cities, Spokane, Everett, Seattle, and Yakima. Because this type of program is not included specifically in the definition of agencies that provide out-of-home care for children, expectant mothers, or persons with developmental disabilities, the crisis nurseries are licensed as child care centers, group care facilities, or foster care providers through the use of a number of waivers.

Summary: "Emergency respite centers," commonly know as crisis nurseries, are added to the list of agencies licensed by the DSHS that arrange for, or directly provide, out-of-home care to children, expectant mothers, or persons with developmental disabilities.

Votes on Final Passage:

House	93	0	
Senate	49	0	(Senate amended)
House			(House refused to concur)
Senate	42	0	(Senate amended)
House	89	0	(House concurred)

Effective: July 22, 2001

SHB 1899

C 276 L 01

Prohibiting the use of social security numbers and drivers' license numbers in professional licenses.

By House Committee on State Government (originally sponsored by Representatives Bush, McIntire, Cairnes, Keiser, DeBolt, Hatfield, Benson, Santos, Roach, Miloscia, Barlean, Lovick, Casada, O'Brien, Morell, Simpson, Mielke, Jackley, Pearson, Romero, Eickmeyer, Ruderman, Sump, Linville, D. Schmidt, Campbell, Esser, Hunt, Hurst and Schual-Berke).

House Committee on State Government
Senate Committee on Human Services & Corrections

Background: Federal law (the Privacy Act of 1974) requires all federal and state agencies requesting the disclosure of an individual's Social Security number to notify the individual of the following: (1) whether disclosure of the number is required or optional; (2) which law or regulation permits the agency to request disclosure of the number; and (3) how the number will be used. The Privacy Act of 1974 also prohibits federal and state agencies from denying any right, benefit, or privilege to an individual because of the individual's refusal to disclose his or her Social Security number unless the disclosure is required by federal statute.

To qualify for federal welfare funds, a state must collect the Social Security numbers of any applicant for a professional license, a driver's license, an occupational license, a recreational license, or a marriage license.

Summary: Social security numbers and drivers' license numbers may not be used as part of a professional license. Licenses existing on the effective date of the act must comply with this prohibition at the next renewal date.

Votes on Final Passage:

House 94 0
Senate 45 0

Effective: January 1, 2002

SHB 1906

PARTIAL VETO

C 24 L 01 E2

Exempting farming machinery and equipment from the state property tax.

By House Committee on Finance (originally sponsored by Representatives Linville, G. Chandler, Schoesler, Haigh, B. Chandler, Hunt, Morris, Kirby, Grant, Jackley, Cox, Hatfield, Mielke, Armstrong, Delvin, Mulliken, Sump, McMorris, Barlean, Pflug, Kessler, Pearson and Conway).

House Committee on Finance
Senate Committee on Ways & Means

Background: All real and personal property in this state is subject to property tax each year based on its value unless a specific exemption is provided by law.

The state imposes an annual property tax. The maximum tax rate is \$3.60 per thousand dollars of market value. The amount of the state property tax is also restricted by the property tax revenue limit. This limit requires the state to reduce its property tax rate as necessary to limit the total amount of property taxes to the highest property tax amount in the three most recent years plus inflation plus an amount equal to last year's tax rate multiplied by the value of new construction in the state. This limit has reduced the state's market value property tax rate to \$2.83 for taxes collected in 2001.

Summary: Machinery and equipment owned by a farmer and used exclusively to grow agricultural products is exempt from the state property tax. The farmer continues to pay local property taxes on the machinery and equipment.

The state property tax is reduced as necessary to prevent the exemption from causing tax shifts to other taxpayers.

The exemption first applies for 2003 property taxes.

Votes on Final Passage:

House 96 1

First Special Session

House 95 0

Second Special Session

House 88 0

Senate 40 7 (Senate amended)

House (House refused to concur)

Senate 26 11 (Senate receded)

Effective: September 20, 2001

Partial Veto Summary: The section that reduces the state levy to prevent tax shifts to other taxpayers is vetoed.

VETO MESSAGE ON HB 1906-S

July 13, 2001

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 2, Substitute House Bill No. 1906 entitled:

"AN ACT Relating to the exemption of machinery and equipment used in farming operations from the state property tax and preventing a shift of property taxes;"

Substitute House Bill No. 1906 authorizes an exemption from the state property tax for machinery and equipment owned by a farmer and used exclusively to grow agricultural products. Under the bill, farmers will continue to pay local property taxes on the machinery and equipment.

Section 2 of the bill would have required the state levy to be recalculated so that the exemption would not increase the rate of the state property tax levy, shifting the property tax burden to

other property tax payers. The result would have been to permanently reduce revenues going into the state General Fund.

In the 2003-2005 biennium, section 2 would have caused a reduction in General Fund revenues of almost seven million dollars. The recently passed operating budget already leaves an uncomfortably small reserve for the future. My veto of section 2 will preserve revenue for the state General Fund and increase the reserves available for the state school levy.

For these reasons, I have vetoed section 2 of Substitute House Bill No. 1906.

With the exception of section 2, Substitute House Bill No. 1906 is approved.

Respectfully submitted,



Gary Locke
Governor

SHB 1915

C 124 L 01

Modifying wine and cider provisions.

By House Committee on Finance (originally sponsored by Representatives Cairnes, Morris, H. Sommers, Skinner, Hankins, Kessler, Lisk, Clements, Benson, Delvin, B. Chandler, Veloria, G. Chandler, Conway, Ruderman, Santos, Grant, Barlean and Alexander).

House Committee on Finance
Senate Committee on Labor, Commerce & Financial Institutions

Background: A volumetric (per liter) tax is imposed on wine sold to wholesalers, the Liquor Control Board, or directly to consumers on the premises of a winery. In the case of table wine, the tax is imposed at a rate of \$0.2292 per liter; for fortified wines, \$0.4536 per liter; and for cider wine, \$0.0814 per liter. Fortified wine is defined as wine with more than 14 percent alcohol by volume, and cider wines are wines with alcohol content between 0.5 percent and 7 percent by volume derived from apples or pears. Taxpayers remit the tax on a monthly basis to the Liquor Control Board.

Each of the wine taxes is a composite of several smaller taxes that are imposed for different ultimate purposes. For example, in the case of table wine, a basic tax and surtax are imposed at rates of 20.25 cents per liter and 1.42 cents per liter, respectively. Most of the revenues from these taxes are deposited to the general fund, while a small part is distributed to Washington State University for wine and grape research. An additional tax is imposed at 1 cent per liter and is deposited in the Violence Reduction and Drug Enforcement Account. Yet another tax is imposed at 0.25 cents per liter and is distributed quarterly to the Washington Wine Commission for its purposes. The taxes for fortified wine and cider wine are similarly composite in nature.

The Washington Wine Commission is statutorily authorized to use revenue from the wine tax for purposes that promote the enhanced production of wine grapes and wine and that promote the marketing of Washington wine.

Summary: The statutory provision is removed that requires the cessation of the portion of the wine tax that is provided for the purposes of the Washington Wine Commission. The tax, which is scheduled to otherwise cease on July 1, 2001, is allowed to continue.

Votes on Final Passage:

House	98	0
Senate	46	0

Effective: July 1, 2001

SHB 1920

C 148 L 01

Allowing medical reports in guardianship proceedings by advanced registered nurse practitioners.

By House Committee on Judiciary (originally sponsored by Representatives Carrell, Lantz, Cody and Campbell).

House Committee on Judiciary
Senate Committee on Health & Long-Term Care

Background: A court may appoint a guardian for an incapacitated person to help the person manage his or her personal or financial affairs. A person may be incapacitated if the individual is at a significant risk of financial harm because of an inability to manage his or her property or financial affairs or has a significant risk of personal harm because of an inability to provide for nutrition, health, housing, or physical safety. The court may establish a guardianship over the person, the person's estate, or both. The court may also establish a limited guardianship in which the guardian's duties are limited to specified areas.

In all guardianship proceedings, the court must receive a written report from either a physician or a licensed or certified psychologist who has expertise in the type of disability or incapacity the alleged incapacitated person is believed to have. The report must include information on the alleged incapacitated person's medical history, including a psychological or psychiatric report; the physician's or psychologist's findings as to the conditions of the alleged incapacitated person; and opinions on the specific assistance the alleged incapacitated person needs.

An advanced registered nurse practitioner (ARNP) is a registered nurse who has received advanced training and performs an expanded role in providing health care services. An ARNP may receive advanced training in one or more specialty fields. Within the scope of the ARNP's specialty, the ARNP may examine and diagnose patients; admit patients to health care facilities; order,

SHB 1926

collect, perform, and interpret laboratory tests; develop a plan of care and treatment for patients; refer clients to other health care practitioners or facilities; and prescribe medications when authorized.

Summary: In a proceeding for the appointment of a guardian or limited guardian, the report that must be submitted by a health care professional regarding the person's alleged incapacity may be submitted by an ARNP.

The requirement of a summary of the person's psychological or psychiatric history is changed to a mental health history.

Votes on Final Passage:

House	93	0
Senate	49	0

Effective: July 22, 2001

SHB 1926

C 13 L 01 E2

Increasing the surcharge on county auditor recording fees.

By House Committee on Appropriations (originally sponsored by Representatives Sehlin, H. Sommers, Romero and Wood; by request of Secretary of State).

House Committee on Appropriations

Background: The Secretary of State, through the Division of Archives and Records Management, provides for the preservation and storage of the official records of state agencies and local governments.

There is a main archives and five regional branch archive facilities located in Bellevue, Bellingham, Cheney, Ellensburg, and Olympia.

State funding for archives and records management activities comes from two sources. One source is an assessment per employee that all state agencies pay to support archive activities. The other source is a box fee paid by state agencies that store boxes in the state records center.

Local funding for archives and records management activities also comes from two sources. One source is a \$20 surcharge that applies to the filing of unpaid tax warrants in superior courts. The other source is a \$1 surcharge that applies to each document filed with county auditors. This \$1 surcharge is scheduled to sunset on June 30, 2001.

A committee of local government officials advises the Secretary of State on the local government archives and records management program.

Each county has a centennial document preservation and modernization account. Counties use funds in their centennial accounts to acquire document preservation equipment and to preserve historical documents in possession of county auditors.

Summary: The existing \$1 surcharge applied to each document filed with county auditors is made permanent.

Permitted expenditures from revenues generated by the existing \$1 surcharge are expanded to allow expenditures for local government digital data services, local government records training, and a competitive grant program for local governments. The committee of local government officials that advises the Secretary of State on the local government archives and records management program is to work with the state archivist to develop rules for the competitive grant program.

Beginning on January 1, 2002, a second \$1 surcharge applies to each document filed with county auditors. Revenue from this surcharge is to be used exclusively to pay for the construction of a new Eastern Washington Regional Archives. However, to the extent that state agencies will use a portion of the new Eastern Washington Regional Archives, state funds must pay for that portion of the construction costs.

Once all debt on the new Eastern Washington Regional Archives is retired, half of the revenue from the second \$1 surcharge goes to counties for their centennial document fund and half is retained by the Secretary of State to support local government archives and records activities.

Votes on Final Passage:

Second Special Session

House	54	30
Senate	40	4

Effective: June 30, 2001

EHB 1936

C 277 L 01

Allowing the residential owner of land that abuts state-owned shoreland to anchor their boats to adjacent buoys.

By Representatives Quall, Morris, Linville, Grant, Sehlin, Doumit, Esser and Anderson.

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: The Washington Constitution declares that the beds and shores of all navigable waters in Washington are owned by the state. The Legislature subsequently designated the Department of Natural Resources (DNR) as the steward of these lands. The DNR acts as a proprietor, subject to legislative direction, of all state-owned aquatic lands and holds these lands in trust for all current and future residents of the state.

If a person owns a residence abutting state-owned navigable aquatic land, he or she may install and maintain a dock at no charge on the state-owned aquatic land. This privilege is only allowed for docks used exclusively for private recreational purposes and on areas not subject

to prior rights. Permission to build a dock is subject to applicable local regulations. The DNR may revoke permission to maintain a dock if it is necessary to protect the waterward access or ingress of other landowners, or the public health and safety. If permission is revoked by the DNR, the affected landowner may appeal the decision through the Administrative Procedures Act.

Summary: The owner of residential property abutting state-owned shorelines, tidelands, or related beds of navigable waters is allowed to anchor a boat used for private non-residential recreational purposes at buoys without charge, provided the boat or mooring system does not pose a hazard or obstruction to navigation, fishing, or aquatic habitat. One buoy may be installed for each 100 feet of shoreline property owned. This permission to anchor boats is extended to areas designated by the Commissioner of Public Lands or the Fish and Wildlife Commission as an aquatic reserve. The buoys cannot be sold or leased separately from the upland property.

The permission to anchor boats above state-owned aquatic lands is similar to the permission to build a dock over aquatic lands. The permission may be revoked by the DNR if it is necessary to protect the waterward access or ingress of other landowners or the public health or safety. If permission is revoked by the DNR, the affected landowner may appeal the decision through the Administrative Procedures Act.

These provisions do not authorize a boat owner to abandon a vessel at a buoy or elsewhere.

Votes on Final Passage:

House 91 0
Senate 48 0

Effective: July 22, 2001

HB 1943

C 58 L 01

Expanding purposes of county rail districts.

By Representatives Mulliken, Grant, G. Chandler and Dunshee.

House Committee on Local Government & Housing
Senate Committee on State & Local Government

Background: Counties may establish one or more county rail districts to provide and fund improved rail freight service. The county legislative authority or property owners may initiate a county rail district. A district is governed by the county legislative authority and may levy excess taxes and issue bonds. A district boundary must include any area next to the rail service from which agricultural or other goods can be shipped by rail and may not include an area that does not or is not expected to produce goods shipped by the rail service.

Summary: In addition to establishing a district for rail freight service, counties may establish county rail districts to provide and fund improved passenger rail service.

Votes on Final Passage:

House 92 2
Senate 43 5

Effective: July 22, 2001

SHB 1950

C 231 L 01

Describing worker rights under industrial insurance.

By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Clements, Wood, Kenney and Miloscia).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce & Financial Institutions

Background: A worker who, in the course of employment, is injured or suffers disability from an occupational disease is entitled to benefits under Washington's industrial insurance law. These benefits include proper and necessary medical and surgical services from a physician of the worker's choice. The health services that are available to an injured worker also include chiropractic care and evaluation.

When a workplace accident occurs, the worker must report the accident to the employer, and the employer must report the accident to the Department of Labor and Industries if the accident involves treatment, hospitalization, disability, or death. On receiving the notice, the department must send the worker a notice of his or her rights in nontechnical language.

Summary: By January 1, 2002, the Department of Labor and Industries must modify certain notices to specify an injured worker's right to receive health services from the physician of the worker's choice, including chiropractic services, and must include in the notice a list of the types of providers authorized to provide these services. These requirements apply to the notice the department sends to an injured worker after the department receives the notice of an accident and the form used to apply for industrial insurance benefits. Forms containing the modified notices must be in use by the department and self-insured employers by July 1, 2002.

Votes on Final Passage:

House 98 0
Senate 46 0 (Senate amended)
House 88 0 (House concurred)

Effective: January 1, 2002

HB 1951
C 199 L 01

Allowing restaurants and private clubs to sell wine for off-premises consumption.

By Representatives Clements, B. Chandler, G. Chandler, Lisk and Mulliken.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce & Financial Institutions

Background: The Liquor Control Board issues a variety of licenses under its regulatory scheme. Generally, licenses fall into four categories: manufacture, distribution, retail sales, and by-the-drink sales. Liquor by-the-drink licenses include a restaurant spirits, beer, and wine license, a private club spirits, beer, and wine license, and a sports/entertainment facility spirits, beer, and wine license. These licenses do not authorize the sale of liquor for off-premises consumption.

The board also issues endorsements to existing licenses. Endorsements grant additional specific privileges to license holders, usually for an additional fee. These additional privileges may include an authorization to sell liquor for off-premises consumption under limited circumstances.

Occasionally, restaurants, private clubs, and other licensees contract with domestic wineries to produce a limited number of bottled wines bearing a label exclusive to the licensee. Specialty and general retail shops may sell these wines for off-premises consumption. Restaurants, private clubs, and entertainment facilities, however, may not sell these wines for off-premises consumption unless they hold a separate retail license.

Summary: The Liquor Control Board may issue an endorsement allowing restaurants, private clubs, and sports/entertainment facilities holding a spirits, beer, and wine license to sell domestic wine for off-premises consumption. Bottled wines sold under the endorsement must bear a label exclusive to the license holder. The annual fee for the endorsement is \$120.

Votes on Final Passage:

House	98	0	
Senate	43	3	(Senate amended)
House	89	0	(House concurred)

Effective: July 22, 2001

HB 1952
C 169 L 01

Revising registration requirements for transient sex offenders and kidnapping offenders.

By Representatives Ballasiotes and O'Brien.

House Committee on Criminal Justice & Corrections
Senate Committee on Human Services & Corrections

Background: Sex Offenders. Sex offenders released from the Department of Corrections, the Juvenile Rehabilitation Administration, and the Indeterminate Sentence Review Board are classified into one of three risk levels: I (low risk), II (moderate risk), or III (high risk). The lack of a fixed residence is a factor that may be considered in determining an offender's risk level. Notifications regarding the residence of sex offenders classified as a risk level III are generally distributed to the general public at large.

Although state law does not specify where a sex offender may live upon being released to the community, every adult and juvenile who has been adjudicated or convicted of a sex offense, or who has been found not guilty by reason of insanity of a sex offense, is required to register with the county sheriff of the person's residence. When registering, he or she must provide the following information: name, address, date and place of birth, place of employment, crime for which convicted, date and place of conviction, aliases used, social security number, photograph, and fingerprints.

A sex offender who ceases to have a fixed residence must also notify the sheriff of the county where he or she last registered within 14 days after ceasing to have a fixed residence and provide all of the otherwise required information except a photograph and fingerprints (unless the sheriff, for reasonable cause, requires a photograph and fingerprints). If the person intends to reside in another county, the sheriff must forward the information to the sheriff of the new county. An offender, lacking a fixed residence, who leaves the county in which he or she is registered, and enters and remains in a new county for 24-hours must, within those 24-hours, register with the new county sheriff and provide all of the required information.

A sex offender who is required to register, but does not have a fixed residence must report in person to the county sheriff and, instead of an address, provide information about where he or she plans to stay. Those sex offenders classified as risk level I must report monthly to the county sheriff. Risk level II and III sex offenders must report weekly.

If a sex offender does not have a fixed residence, it is an affirmative defense to the charge of failure to register that he or she last registered within 14 days after ceasing to have a fixed residence and has subsequently complied with the registration requirements.

A person convicted of a felony sex offense who knowingly fails to register, or who moves without notifying the county sheriff, is guilty of a class C felony.

Jail Booking and Reporting System. The Washington Association of Sheriffs and Police Chiefs (WASPC) must implement and operate a statewide central booking and reporting system by December 31, 2001. At a minimum the system must contain the following items:

- each offense for which an arrested individual is being charged;
- descriptive information about each offender such as the offender's name, vital statistics, address, and mugshot;
- any information about the offender while in jail that could be used to protect criminal justice officials who have future contact with the offender, such as medical conditions and behavior problems; and
- statistical data indicating the current capacity of each jail and the quantity and category of offenses charged.

Summary: Sex Offenders. A sex offender who is required to register but does not have a fixed residence must report weekly, in person, to the county sheriff regardless of the offender's risk level classification. The weekly report shall be on a day specified by the county sheriff's office and must occur during normal business hours. The county sheriff may require the person to list the locations where he or she has stayed during the last seven days.

Any sex offender who ceases to have a fixed residence must also notify the sheriff of the county where he or she last registered within 48-hours, excluding weekends and holidays, after ceasing to have a fixed residence.

If a sex offender does not have a fixed residence, it is an affirmative defense to the charge of failure to register that he or she last registered within 24-hours after ceasing to have a fixed residence and has subsequently complied with the registration requirements.

The lack of a fixed residence is a factor that may be considered in determining the extent of distributing public disclosure information regarding an offender, and will make the offender subject to disclosure of information to the public at large similar to a risk level III offender.

Jail Booking and Reporting System. The WASPC must implement the electronic state-wide city and county jail booking and reporting system by July 2002 that, along with other items, must include the date and time an offender is released or transferred from a city or county jail.

Votes on Final Passage:

House	94	0	
Senate	49	0	(Senate amended)
House	89	0	(House concurred)

Effective: July 22, 2001

SHB 1971

C 183 L 01

Allowing certified real estate appraisers to appraise school district property.

By House Committee on Education (originally sponsored by Representatives Quall and Talcott).

House Committee on Education
Senate Committee on Education

Background: Individual school districts have exclusive control of school property and can purchase, sell, lease, receive, and hold real and personal property for district purposes. Prior to the purchase and sale of real property, a district must obtain a market value appraisal by an appraiser who is deemed qualified by a nationally recognized real estate appraisal organization.

The Department of Licensing Business and Professions Division licenses real estate appraisers in Washington on the basis of education, experience, and examination performance. Levels of certification include general and residential. A general appraiser is licensed to appraise all types of property. Not all state-licensed real estate appraisers necessarily seek recognition by a national real estate appraisal organization.

Summary: State-licensed general real estate appraisers may conduct market value appraisals for the purposes of real property purchases and sales by a school district.

Votes on Final Passage:

House	93	0	
Senate	47	0	(Senate amended)
House	89	0	(House concurred)

Effective: July 22, 2001

HB 1983

C 43 L 01

Modifying "debt collector" so the term excludes affiliates of creditors that service creditor's accounts.

By Representatives Benson and Hatfield.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: Collection agencies, including out-of-state collection agencies, are regulated by state law. They must be licensed by the Department of Licensing. Commission of certain prohibited practices violates the licensing law and may also violate the Consumer Protection Act. Federal law has similar regulations pertaining to debt collectors; generally, the stricter provisions apply. Under federal law, "debt collector" does not include: (1) creditors collecting their own debts in their own name; (2) persons who only collect debts for affiliates and the person's principal business is not debt collection; (3)

government employees in the performance of their official duties; (4) service of process in connection with judicial enforcement of a debt; (5) non-profit corporations providing credit counseling and debt liquidation at the request of consumers; and (6) a person collecting a debt incidental to an escrow, a debt originated by the person, a debt the person acquired that was not in default when acquired, or a debt resulting from the person being the secured party in a commercial credit transaction.

Summary: A person who only collects debts for affiliates is not a collection agency as long as the person's principal business is not debt collection. Also, an out-of-state collection agency that is excluded from the definition of "debt collector" under the federal Fair Debt Collection Practices Act is not a collection agency under Washington law.

Votes on Final Passage:

House 94 0
Senate 48 0

Effective: July 22, 2001

HB 1984
C 3 L 01 E2

Creating the small farm direct marketing assistance program.

By Representatives Quall, Morris, Barlean, Cooper, Ericksen, Dunshee, Linville, Hatfield, Ruderman, Poulsen, Conway, Lovick and Kagi.

House Committee on Agriculture & Ecology
Senate Committee on Agriculture & International Trade

Background: State law designates the Washington State Department of Agriculture as the agency of state government for administering state agricultural market development programs and activities, both domestic and foreign. These programs are for products of both terrestrial and aquatic farming. To carry out this function, the department has been granted a variety of powers and duties, including those to: study the potential marketability of agricultural commodities of this state; promote the sale of Washington's agricultural commodities and products at the site of their production through the development and dissemination of referral maps and other means; encourage and promote those agricultural industries, such as the wine industry, that attract visitors to rural areas in which other agricultural commodities and products are produced and are, or could be, made available for sale; and promote the establishment and use of public markets in this state for the sale of Washington's agricultural products. In 1985 the Legislature expressed its intention that these powers and duties be exercised without duplicating established private sector marketing efforts.

It is the Director of Agriculture's duty to investigate and promote the economical and efficient distribution of farm products. This may expressly include: aiding producers and consumers in establishing economical and efficient methods of distribution; promoting more direct business relations by organizing cooperative societies of buyers and sellers and by other means reducing the cost and waste in the distribution of farm products; and investigating the possibilities of direct dealings between producer and consumer by parcel post and other mail order methods.

Summary: A marketing assistance program is created to assist small farms in direct marketing efforts. The program must: assist small farms to comply with federal, state, and local rules as they apply to direct marketing; assist in developing infrastructure to increase direct marketing opportunities for small farms; provide information on such opportunities; promote localized food production systems; increase access to information for farmers wishing to sell farm products directly to consumers; identify and help reduce market barriers facing small farms in direct marketing; assist in developing and submitting proposals for grant programs; and perform other assistance functions.

The Director of Agriculture must employ a small farm direct marketing assistant and must by December 1, 2006, issue a report to the Legislature on the accomplishments of the program. The program and these requirements expire July 1, 2007.

Votes on Final Passage:

House 98 0

First Special Session

House 89 0

Second Special Session

House 88 0

Senate 41 0

Effective: September 20, 2001

ESHB 1995
PARTIAL VETO
C 168 L 01

Revising provisions relating to civil forfeitures of property and convening a workgroup to evaluate civil forfeiture laws.

By House Committee on Judiciary (originally sponsored by Representatives Dickerson, Cairnes, Grant, Dunn, Campbell, Kagi, Pearson and Wood).

House Committee on Judiciary

Background: There are various statutes authorizing the government to seize and forfeit property because of the property's connection with specific offenses. In particu-

lar, law enforcement agencies may seize and forfeit certain property under Washington's drug forfeiture statute.

A. Real and personal property subject to seizure and forfeiture.

The drug forfeiture statute allows law enforcement agencies to seize the following property:

- **illegal drugs**, materials used for making illegal drugs, containers for illegal drugs, and illegal drug paraphernalia;
- **conveyances** (e.g., aircraft, automobiles, and boats) used in any manner to facilitate the sale, delivery, or receipt of illegal drugs;
- **money** intended to be used in exchange for illegal drugs;
- **personal property, proceeds, or assets** acquired in whole or in part with proceeds traceable to an illegal drug transaction; and
- **real property** (e.g., land and homes) used with the knowledge of the owner to manufacture illegal drugs, if the act giving rise to the forfeiture constitutes at least a class C felony and there is a substantial nexus between the real property and the commercial production or sale of illegal drugs.

There are some exceptions. For example, conveyances are not subject to forfeiture if used in the receipt of only an amount of marijuana for which possession constitutes a misdemeanor. In addition, conveyances may not be forfeited if the owner did not know or consent to the illegal activity.

Possession of marijuana may not result in the forfeiture of real property unless the possession was for commercial purposes, the amount possessed was five or more plants or one pound or more of marijuana, and a substantial nexus exists between the possession and the real property. The unlawful sale of marijuana or a legend drug may not result in the forfeiture of real property unless the sale was 40 grams or more and a substantial nexus exists between the unlawful sale and the real property.

B. Procedural requirements and burden of proof.

Real property may only be seized upon process issued by a superior court. Forfeiture proceedings for real property are always judicial, as opposed to administrative.

Prior judicial action is not always necessary for the seizure of personal property. For example, law enforcement may seize personal property if:

- the seizure is incident to arrest or under a search warrant;
- the officer has probable cause to believe the property is directly or indirectly dangerous to public health or safety; or
- the officer has probable cause to believe the property was used or intended to be used in violation of the drug laws.

Once the seizure of property occurs, the forfeiture proceeding is considered commenced. The law enforcement agency must give notice to the owner or anyone who has a known interest in the property within 15 days of the seizure. If, after a certain period of time, no person notifies the law enforcement agency of an interest in the property, the property is deemed forfeited.

If a person claims an interest in the seized property within the prescribed time period, the person will be afforded a reasonable opportunity to be heard. A hearing will be held before the chief law enforcement officer of the seizing agency or an administrative law judge unless the person claiming an interest removes the case to a court of competent jurisdiction.

In cases of personal property, the seizing agency has the initial burden of showing probable cause exists to believe the property is subject to forfeiture. The burden shifts to the claimant to establish, by a preponderance of the evidence, that the property is not subject to forfeiture.

For real property, the burden of proof to show that the real property is subject to forfeiture remains on the seizing law enforcement agency.

C. Distribution of forfeited property.

When property is forfeited, the seizing law enforcement agency may:

- retain the forfeited property for official use by the agency;
- sell the forfeited property;
- forward the forfeited property to the drug enforcement administration; or
- request the sheriff or director of public safety to take custody of the forfeited property.

Seizing law enforcement agencies are required to remit 10 percent of the net proceeds from forfeited property annually to the State Treasurer to be deposited in the drug enforcement and education account. Net proceeds of forfeited property is the value of the forfeitable interest in the property after deducting the cost of satisfying any bona fide security interest to which the property is subject, or deducting the cost of sale in the case of sold property.

The seizing law enforcement agency is required to keep records regarding forfeited property. Specifically, the agency must keep a record of the identity of the owner, description and disposition of the forfeited property, value of the property at the time of seizure, and amount of proceeds realized from the sale of any forfeited property. These records must be maintained for at least seven years and must be submitted annually to the State Treasurer.

Summary: The civil forfeiture statute applicable to drug law violations is amended. In cases involving personal property, the burden of proof is upon the law enforcement agency to establish by a preponderance of the evidence that the property is subject to forfeiture.

If a claimant substantially prevails in a forfeiture proceeding, the claimant is entitled to reasonable attorney fees that were reasonably incurred.

A 16-member workgroup is created to evaluate the civil forfeiture laws and practices. The workgroup must, among other things, study whether a requirement for a criminal conviction before forfeiture raises constitutional issues and review every civil forfeiture case that took place under state law during the year 2000.

The workgroup consists of:

- four members from the Senate, two from each caucus;
- four members from the House, two from each caucus;
- two representatives from the American Civil Liberties Union;
- two representatives from the Washington Association of Sheriffs and Police Chiefs;
- two representatives from the Washington Association of Prosecuting Attorneys; and
- two representatives from the Washington Association of Criminal Defense Lawyers.

The workgroup must submit its findings and recommendations to the Senate and House Judiciary Committees by December 1, 2001. The workgroup terminates on December 15, 2001.

Votes on Final Passage:

House	96	0
Senate	42	4

Effective: July 22, 2001

Partial Veto Summary: The Governor vetoed the section establishing the 16-member workgroup.

VETO MESSAGE ON 1995-S

May 7, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to section 4, Engrossed Substitute House Bill No. 1995 entitled:

“AN ACT Relating to civil forfeitures of property;”

Engrossed Substitute House Bill No. 1995 provides needed reform to our civil forfeiture laws. This bill will provide greater protection to citizens whose property is subject to seizure by law enforcement agencies. Drug dealers should not be allowed to benefit from their illegally gotten wealth, but we must not sacrifice citizens’ rights in our efforts to fight drug trafficking.

Section 4 of the bill establishes a workgroup of the Senate and House Judiciary Committees, including legislative and non-legislative members, to evaluate Washington’s civil forfeiture laws and practices, and report back to the legislative committees by December 1, 2001. I believe such a workgroup will be very useful and can continue examining the issues involved in the forfeiture laws. However, there is simply no need to establish the workgroup in statute. I urge the committees to use their inherent power to establish this workgroup, so that it can perform its intended functions within the intended time period, without enactment of a statute.

For these reasons, I have vetoed section 4 of Engrossed Substitute House Bill No. 1995.

With the exception of section 4, Engrossed Substitute House Bill No. 1995 is approved.

Respectfully submitted,

Gary Locke
Governor

ESHB 1996
C 278 L 01

Protecting certain data obtained by the department of fish and wildlife.

By House Committee on State Government (originally sponsored by Representatives Lambert and Haigh; by request of Department of Fish and Wildlife).

House Committee on State Government
Senate Committee on Natural Resources, Parks & Shorelines

Background: The Public Disclosure Act (PDA) requires agencies to make available for public inspection and copying all public records, unless the record falls within a specific exemption. The PDA is liberally construed, and its exemptions narrowly construed, to promote a public policy of keeping the public informed and allowing the public to maintain control of state agencies. The exemptions are specific and generally focus on personal privacy, personal safety, or vital governmental interests. The list of exemptions includes:

- personal information on public school students, patients of public institutions or health agencies, welfare recipients, applicants for public employment, public utility customers, ride-sharing program participants, paratransit program participants, and public transit customers;
- records, maps, or other information identifying the location of archaeological sites to avoid the looting or depredation of such sites;
- business related information obtained during certification of organic food products;
- financial, commercial, and technical research information submitted to the clean Washington center; and
- financial information supplied for an application for a liquor, gambling, or lottery sale license.

Records are not exempt from disclosure if the information, the disclosure of which would violate personal privacy or vital governmental interests, can be deleted. Records that are exempt from public inspection and copying may still be released to other agencies responsible for relevant issues, to other persons or groups necessary for the success of the program, to child support enforcement agencies in order to comply with federal law, or at the discretion of the agency.

Summary: Commercial fishing catch data that identifies specific location, timing, or methodology is exempt from public inspection and copying if release of the data would result in an unfair competitive disadvantage to the commercial fisher that provided the data. However, this information may be released to government agencies concerned with fish and wildlife resource management.

Sensitive wildlife data obtained by the Department of Fish and Wildlife is exempt from public inspection and copying. This includes: (1) nesting sites or specific locations of endangered, threatened, or sensitive species; (2) location data generated by tagging studies; or (3) other location data that could compromise the viability of a fish or wildlife population that has a known commercial or black market value, has a history of malicious take, or has a behavior or ecology that renders it especially vulnerable. This information, however, may be released to government agencies concerned with fish and wildlife resource management.

Personally identifying information from commercial and recreational fishing and hunting licenses is exempt from public disclosure, with the exception of the name and contact address of the licensee, and the type of license, endorsement, or tag. Personally identifying information may be released to government agencies concerned with fish and wildlife resource management, to child support enforcement agencies, and to law enforcement agencies concerned with enforcing firearm regulations.

Votes on Final Passage:

House	93	0	
Senate	46	0	(Senate amended)
House	94	0	(House concurred)

Effective: July 22, 2001

ESHB 1997
C 326 L 01

Revising provisions relating to industrial land banks.

By House Committee on Local Government & Housing (originally sponsored by Representatives Alexander, DeBolt, Doumit, Mulliken, Dunshee, Mielke, Kessler, Hatfield and Ogden).

House Committee on Local Government & Housing
Senate Committee on State & Local Government

Background: Under the Growth Management Act (GMA), counties meeting specified growth criteria must satisfy specified planning requirements, including the adoption of comprehensive plans and designation of urban growth areas (UGAs) sufficient to permit the urban growth expected to occur over the next 20 years. A county that does not meet the criteria may choose to plan under the GMA. Twenty-nine of Washington's 39 counties plan under the GMA.

Counties must encourage urban growth within UGAs and may allow growth outside UGAs if it is not urban in nature. The GMA contains several exceptions to the general prohibition against urban growth outside UGAs, including provisions for fully contained communities, master planned resorts, and specific major industrial developments under specified conditions. For a limited time, counties meeting specified population, geographic, and unemployment criteria were authorized to designate a bank of no more than two master planned locations suitable for manufacturing or industrial businesses that:

- require a parcel of land so large no suitable parcels are available within the UGA;
- are natural resource-based industries requiring a location near resource land upon which it is dependent; or
- require a location with characteristics such as proximity to transportation facilities or related industries such that there is no suitable location in an UGA. The bank may not be for retail commercial development or multitenant office parks.

The following criteria had to be met to establish a location for an industrial land bank:

- provision for new infrastructure or payment of impact fees;
- implementation of transit-oriented site planning and traffic demand management programs;
- buffering between the development and adjacent nonurban areas;
- provision of environmental protection, including air and water quality;
- establishment of development regulations to ensure urban growth will not occur in adjacent nonurban areas;
- mitigation of adverse impacts on resource lands;
- consistency of the development plan with critical areas regulations; and
- preparation of an inventory determining land suitable to site the location is unavailable within the UGA.

The counties eligible to use the industrial land bank authority were Clark, Whatcom, Lewis, Grant and Clallam. The authority expired on December 31, 1999.

Summary: Counties meeting specified population, geographic, and unemployment criteria may establish industrial land banks until December 31, 2002. Counties eligible to use this authority include any county meeting all of the following criteria:

- population greater than 40,000 but fewer than 80,000;
- location in the Interstate 5 or Interstate 90 corridor; and
- average level of unemployment for the preceding three years that exceeds the average state unemployment for those years by 20 percent.

Currently, Grant County and Lewis County satisfy all three criteria. Until December 31, 2002, eligible counties may establish a process for designating a bank of no more than two master planned locations for major industrial activity outside urban growth areas (UGAs). Land banks designated by eligible counties must meet the statutory criteria for establishing a land bank initially specified for the authority terminating on December 31, 1999. Any location included in an industrial land bank on or before December 31, 2002, by an eligible county is available for major industrial development if the statutory criteria are satisfied.

Votes on Final Passage:

House 96 0
Senate 47 1 (Senate amended)
House (House refused to concur)
Senate 43 3 (Senate receded)

Effective: July 22, 2001

E2SHB 2025
C 6 L 01 E1

Changing transitional bilingual instruction program provisions.

By House Committee on Appropriations (originally sponsored by Representatives Santos, Talcott, Quall, Keiser, Ogden, Tokuda, Schual-Berke and Kenney).

House Committee on Education
House Committee on Appropriations

Background: Through the Transitional Bilingual Program (also called the LEP program), the state funds assistance for students whose primary language is not English. The funding is intended for students with the greatest need; therefore, many but not all students whose primary language is other than English are permitted to obtain program services. During the 1999-00 school year, about 66,281 students (6.7 percent of total enrollment) were served through the program. During the last two school years, school districts received about \$693.13 for each eligible student. Students in the program spoke about 159 different languages. However, Spanish is the first language of 62 percent of the students, and 85 percent of the students speak Spanish or one of six other languages. About half of the students served through the program are found in kindergarten through third grade.

The program is intended to provide temporary services for up to three years until limited English proficient (LEP) students have developed a specified level of skill in the English language. About 28 percent of LEP students stay in the program for more than three years, and about 12 percent stay more than five years. While many factors can affect the length of a student's stay in the program, students who are served in special education or migrant programs and students with lower levels of

previous education and English-speaking ability average more time in the program. In addition, students who speak certain languages tend to stay in the program longer.

With some exceptions, all fourth, seventh, and 10th grade students take the Washington Assessment of Student Learning (WASL). The LEP students who have been in the country for at least one year are required to take the assessment. Assessment results for those students are included with the result of all other students when evaluating how well students in each school and school district are performing on the state's essential academic learning requirements.

Summary: The SPI will review the criteria used to determine the point at which limited English proficient students will be required to take the WASL. The review will be used to evaluate if the criteria are developmentally appropriate for students. The agency will also review criteria that could be used to make the determination. During the review, the SPI will consult with parents, educators, classroom aides, experts in second-language instruction, and statewide ethnic organizations that represent second-language learners. By December 1, 2001, the SPI will report the results of its review to the legislative education and fiscal committees.

The SPI will develop an evaluation system designed to measure increases in the academic and English proficiency of LEP students. The system will require school districts to assess potential LEP students within 10 days of school registration using diagnostic assessments approved by the SPI. The districts will report the results of the assessments to the agency. School districts will also annually assess LEP students at the end of each school year, and report the results to the SPI, using assessments approved by the agency. Finally, the SPI will develop a system to evaluate the progress of LEP students in achieving academic and English language skills. The purpose of the system is to help schools, school districts, parents, and the state evaluate the effectiveness of transitional bilingual programs.

By November 1, 2002, the SPI will report to the legislative education and fiscal committees on the development of the evaluation system. The report will include a timeline for the full implementation of the system. The Legislature must approve and provide funding for the system before it may be implemented.

Eligibility testing requirements are modified to require the testing of all LEP students.

Votes on Final Passage:

House 98 0
Senate 36 11 (Senate amended)
House (House refused to concur)
Senate (Senate refused to recede)

First Special Session

House 92 0
 Senate 40 1 (Senate amended)
 House 95 0 (House concurred)

Effective: August 23, 2001

HB 2029
 C 125 L 01

Authorizing changes to the VIN inspection program.

By Representatives Hurst, Mitchell, Fisher, Hankins, Haigh, Anderson, Cooper, Ericksen, Ogden, Marine, Jarrett, Wood, Romero, Armstrong, Rockefeller, Mielke, Hatfield, Sump, Lovick, Simpson, Woods, Reardon, Morell, Skinner, Ahern, Jackley, Murray, Edmonds and Kenney.

House Committee on Transportation
 Senate Committee on Transportation

Background: To receive a certificate of ownership, vehicles that are registered in another state or country, or rebuilt after surrender of the certificate of ownership to the Department of Licensing (DOL) due to the vehicle's destruction or declaration as a total loss, must be inspected. The Washington State Patrol (WSP) or another person authorized by the DOL performs this physical inspection and must verify the vehicle identification number. The inspection fee for an out-of-state or out-of-country vehicle is \$15 while the inspection fee for a rebuilt vehicle is \$20.

Summary: The requirement that the Washington State Patrol (WSP) conduct a physical inspection of vehicle identification numbers on out-of-state or out-of-country vehicles before they are registered in this state is removed. For vehicles previously registered in another state or country, there is still a \$15 fee, to be collected by the Department of Licensing (DOL). The DOL is required to institute a computer system to enable a stolen vehicle check. If during this check, the information on the vehicle indicates it was stolen, the DOL must immediately report that fact to the WSP and shall not register the car.

The physical inspection requirement for rebuilt vehicles is retained and will be completed by the WSP. The inspection fee for rebuilt vehicles is raised from \$20 to \$50.

Votes on Final Passage:

House 98 0
 Senate 47 0 (Senate amended)
 House 81 13 (House concurred)

Effective: July 1, 2001

HB 2037
 C 149 L 01

Changing provisions relating to the administration of irrigation districts.

By Representative G. Chandler.

House Committee on Agriculture & Ecology
 Senate Committee on Agriculture & International Trade

Background: Irrigation districts may be created to provide a system of water distribution for irrigation purposes. Irrigation districts may purchase, construct, operate, maintain, and repair systems of diverting conduits from a natural source of water supply for individual distribution for irrigation. An irrigation district also may perform a variety of other functions, including purchase and sale of electric power for irrigation and domestic use, operation of a domestic water system for irrigated land owners, and operation of a drainage or sewage system.

A smaller irrigation district (minor district) may be merged into a larger irrigation district (major district) if the assessed acreage of the smaller district constitutes no more than 30 percent of the combined assessed acreage of the two districts combined. The merger may be initiated by resolution of the minor district's board of directors or by petition of the minor district's land owners. A petition seeking merger must be sent to the major district's board and must be signed by the greater of 10 land owners or 5 percent of land owners within the minor district or by a majority of the minor district land owners if the total number of owners is fewer than 20.

An irrigation district may annex land that is adjacent to the boundary of the district, is contiguous and, taken together, constitutes one tract of land. The annexation is initiated by a petition filed with the district board indicating the assent of at least one-half of the eligible lands to the annexation.

Irrigation districts may impose rates and charges for district services through collection or a levy of assessments. Unpaid rates and charges are deemed charges against the property to which the service is available.

Summary: For the purpose of determining the number of landowners needed to initiate merger proceedings of a minor irrigation district into a major irrigation district by petition, a husband and wife owning property as community property are considered to be a single landowner, and the petition may be signed either by the husband or wife. When two or more people hold title to property as tenants in common, joint tenants, tenants in partnership, or another form of joint ownership, the owners of the property are considered to be a single landowner for purposes of signing the petition for merging a minor irrigation district into a major irrigation district, and the petition may be signed by any one of the property owners.

Irrigation district annexations are not limited to land that is adjacent to the district's boundary, contiguous and, taken together, constitutes one tract of land. Language imposing this restriction is removed, allowing district annexations of any body of lands.

Unpaid rates and charges are deemed a lien against the property to which the district service is available until the rates and charges are paid in full.

Votes on Final Passage:

House	93	0
Senate	47	0

Effective: July 22, 2001

SHB 2041
C 193 L 01

Providing for resident protection standards in boarding homes and adult family homes.

By House Committee on Health Care (originally sponsored by Representatives Edmonds, Skinner, Ogden and Kenney).

House Committee on Health Care
Senate Committee on Health & Long-Term Care

Background: Adult family homes are residential homes licensed to care for up to six residents. They provide room, board, laundry, necessary supervision, assistance with activities of daily living, and personal care. There are 2,077 adult family homes who have a total of approximately 10,797 beds statewide. Approximately 3,158 residents are government funded.

Boarding homes offer assisted living facilities, enhanced adult residential care facilities, adult residential care facilities, private pay board and care, assisted living services, and a mixture thereof. The majority of boarding home residents are private pay, and these facilities have residents with similar care needs as those served in adult family homes. As of January 1, 2001, there were 507 licensed boarding homes with 21,884 beds total. There are 4,725 government funded residents in boarding homes.

The Department of Social and Health Services (DSHS) is responsible for licensing and monitoring both boarding homes and adult family homes and has the authority to apply specific enforcement actions resulting from violations found during a complaint investigation or annual licensing inspection.

When an adult family home or a boarding home is found to be out of compliance with standards for the protection of its residents during an inspection or a complaint investigation, the DSHS holds a meeting (exit conference) with the provider to provide comments found during the inspection. If there is a violation found in the facility, the conference will also give the provider an opportunity to show evidence that it was in compli-

ance and that the violation should therefore be deleted. The meeting will also serve to inform the provider what is expected and whether an enforcement action will be recommended and, if so, what type of action may be taken. The department will also indicate how it will monitor compliance.

After the provider receives the formal written statement of deficiencies (SOD), the provider also has the opportunity to have an informal dispute resolution (IDR) meeting if requested by the provider within 10 days after receiving the SOD. This IDR conference is held with the field manager. During the IDR meeting the provider may dispute the enforcement citation by presenting evidence to show that it was in compliance. If successful, the violation and any related enforcement remedies are removed or withheld. To decide whether enforcement action should be taken, the DSHS undergoes an internal agency review with staff, the field manager, enforcement officer, and assistant director to review and approve the enforcement actions.

The provider also has the right to formally appeal to the Office of Administrative Hearings within 28 days of receiving the written SOD and notice of enforcement action. The right to an administrative hearing is before a non-DSHS administrative law judge where the provider is allowed to submit evidence and call witnesses on its own behalf. If the provider is still not satisfied with the outcome, the provider may ask for another reconsideration by appealing to the superior court.

The department has no specified time frame in which it must make an on-site visit to monitor compliance following a violation. It also does not currently have the authority to monitor compliance by choosing between either an on-site visit or verification by credible documentation.

The department offers informal dispute resolution to all providers as part of departmental rules.

The department has authority to select any one of the following enforcement actions (penalties) to sanction boarding homes and adult family homes:

- denial of license
- civil fines
- stop placement
- conditions on a license (may include DSHS authorized temporary management only for boarding homes)
- license revocation
- summary suspension
- refusal to renew license

There is no legislative authorization allowing for a temporary manager to be placed in the boarding home or adult family home facilities that would otherwise be closed because of a serious infraction.

When the 1998 Legislature transferred responsibility for licensing boarding homes from the Department of Health to the DSHS, the boarding home industry

expressed concern that the DSHS would be too heavy-handed in its approach. Since the transfer, the DSHS developed an ongoing survey of boarding homes inspections and the inspection process in adult family homes. Results from the surveys indicate that boarding homes are responding favorably to the transfer, with many providers, according to a recent report, "complimenting the department staff for implementing a fair and appropriate process." Adult family homes also reported that the majority of providers are positive towards the department's program for administering licensing of adult family homes.

The department's new licensing system is also proving to be efficient according to the same report. At the time of the transfer, the DSHS received a large backlog of licensing inspections and complaints to be investigated by October, 1999. The department had completed all 250 overdue inspections (55 percent of all boarding homes) and had investigated 190 complaints that had been filed before the transfer.

The department has also implemented the Boarding Home Advisory Committee, established by the Legislature in 2000. It is intended to assist the department in continuing to improve services to residents and providers.

Summary: For any violations resulting in a stop placement in a boarding home or adult family home, the DSHS is required to make an on-site visit to the facility within 15 working days. On-site visits are to be made as soon as appropriate for serious, recurring, or uncorrected violations that could, or have, caused harm to a resident following a previous citation. To verify if a facility has corrected all other violations, the department can choose either an on-site visit or the submission of credible documentation by the provider that shows that the provider is in compliance.

When the department has placed a stop placement on a facility, the stop placement status may be removed when it is shown that the facility has corrected the violation for which the original stop placement has been ordered. However, if the department finds a new violation during the review for compliance of the original stop placement that is serious enough to warrant another stop placement, the original stop placement will remain in effect until the new stop placement is imposed.

The DSHS is directed to establish a voluntary temporary management program for adult family homes similar to the program that is standard practice for contracted boarding homes. This program is for adult family home providers who have had their license suspended and without temporary management would have to move their residents. The terms and conditions of the temporary managers duties are outlined. The DSHS and licensee are required to provide written notification to all residents of the temporary management. Residents affected by temporary management have the opportunity

to move out of the facility without advance notice and without incurring charges. The temporary management is valid for 28 days after the issuance of the notification of the enforcement action or until the issue has been resolved. The department is authorized to adopt appropriate rules to implement the temporary management program and to recruit and approve temporary managers.

Adult family homes and boarding homes are allowed to participate in a DSHS authorized informal dispute resolution process to try to resolve violations found during an inspection or complaint investigation. The facility must request the informal dispute resolution within 10 working days from the receipt of the department's findings and the department must, when possible, convene a meeting within 10 working days, or later if agreed upon, after the request. The informal dispute resolution process must include a DSHS employee who did not participate in, or oversee, the determination of the violation. If the department finds through the informal dispute that the violation or enforcement should not be given to the facility, the DSHS will delete the violation or rescind the enforcement remedy and issue an updated report.

Any adult family home or boarding home provider who receives notice of initiation of a denial, suspension, non-renewal, or revocation of its license is allowed to voluntarily relinquish the license for a period of 20 years. The license record will indicate that the provider relinquished its license without admitting the violations.

Votes on Final Passage:

House	93	0	
Senate	48	0	(Senate amended)
House	94	0	(House concurred)

Effective: July 22, 2001

SHB 2046
PARTIAL VETO
C 327 L 01

Validating trusts created for the benefit of nonhuman animals.

By House Committee on Judiciary (originally sponsored by Representatives Haigh, Lantz, Sump, Reardon, Dunn and Barlean).

House Committee on Judiciary
Senate Committee on Judiciary

Background: Part of estate planning may include creating a trust. A trust is an agreement under which money or other assets are held by one person for the benefit of another. The trustor is the person creating the trust. The trustee is the person or organization responsible for managing and administering the trust assets. The beneficiary is the person receiving the benefits of the trust. Gener-

ally, any person or entity may be a beneficiary, including individuals, corporations, or associations.

A trustee is required to act according to the express terms of the trust instrument and must administer the trust property for the designated beneficiaries. The trustee may not use the property for the trustee's benefit. Unless the trust instrument states otherwise, a trustee generally has the power to acquire, invest, exchange, sell, convey, control, and manage trust property.

There is no specified time during which a trust must remain in effect. However, Washington law will not allow a private trust to continue longer than 21 years after the death of a person living at the time the trust was established.

Trusts for animals are not recognized as valid trusts in this state. However, the Uniform Probate Code includes provisions that validate trusts for animals, and some states have enacted statutes recognizing trusts for animals.

Summary: A new chapter under the probate and trust title is created to legally recognize trusts for the care of one or more animals. "Animal" is defined as a nonhuman animal with vertebrae. Unless otherwise provided, the trust terminates when no animal that is designated as a beneficiary remains living.

No portion of the principal or income of the trust may be converted to the use of the trustee or to any use other than for the trust's purpose or for the benefit of the designated animal, except as expressly provided for in the trust instrument, by court order, or except as may be necessary to pay reasonable compensation and reimbursement to the trustee.

Upon termination of the trust, the trustee must distribute the remaining trust property in the following order: (a) as directed in the trust instrument; (b) if the trust was created by a will, under the residuary clause in the will; and (c) if the trust property cannot be distributed under (a) or (b), then, to the trustor's heirs.

The trust may be enforced by a person designated in the trust, by the person having custody of the animal, or by a person appointed by a court upon application to the court for appointment. A person with an interest in the welfare of the animal may petition the court to appoint or remove a person designated to enforce the trust. The court may do that which is necessary to carry out the intent of the trust.

No filing, report, registration, or accounting shall be required unless ordered by the court or the trust instrument.

Unless expressly provided otherwise, the trustee has all the powers and duties conferred on a trustee administering a trust for a human beneficiary.

Votes on Final Passage:

House	82	11	
Senate	36	12	(Senate amended)
House	80	3	(House concurred)

Effective: July 22, 2001

Partial Veto Summary: The Governor vetoed sections that were intended to address issues raised by the rule against perpetuities, as that rule existed when the bill was introduced. The rule against perpetuities was amended by SB 5054, and the issues raised in the vetoed sections were no longer relevant.

VETO MESSAGE ON HB 2046-S

May 15, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 10 and 14, Substitute House Bill No. 2046 entitled:

"AN ACT Relating to validating trusts created for the benefit of nonhuman animals;"

Substitute House Bill No. 2046 will allow trusts created for the benefit of vertebrate animals to be legally recognized and enforceable. This change in the law will allow people to ensure that their pets will be cared for after their owner's death.

Sections 10 and 14 of the bill were intended to address contingencies that could be caused by the rule against perpetuities. However, those issues were resolved with Senate Bill No. 5054, which I signed on April 18, 2001.

For these reasons, I have vetoed sections 10 and 14 of Substitute House Bill No. 2046.

With the exception of sections 10 and 14, Substitute House Bill No. 2046 is approved.

Respectfully submitted,



Gary Locke
Governor

SHB 2049
C 190 L 01

Establishing technical assistance programs.

By House Committee on State Government (originally sponsored by Representatives Pearson, Crouse, Cox, Schindler, DeBolt, Mitchell, Ericksen, Cairnes, Clements and Talcott).

House Committee on State Government
Senate Committee on State & Local Government

Background: All regulatory agencies must develop technical assistance programs to encourage voluntary compliance with statutory requirements. The programs must include printed information, information and assistance by telephone, training meetings, technical assistance visits, and other methods to provide technical assistance.

An owner or operator may request a technical assistance visit, and in all cases, technical assistance visits must be voluntary. During a technical assistance visit, a regulatory agency must inform the owner or operator of:

- any violations of law or agency rules the agency observes;
- what is required to achieve compliance;
- the date by which the agency requires compliance to be achieved, along with information on how to extend this date; and
- information on how to contact technical assistance providers.

An agency may not impose a civil penalty during a technical assistance program unless:

- the owner or operator has been subject to an enforcement action for, or has been given previous notice of, the same or similar violations in the past;
- the violation involves the remittance of sales tax due to the state; or
- the violation has the probability of causing harm to people, the environment, or property.

After a technical assistance visit where violations have been identified, the regulatory agency must give the owner or operator a reasonable amount of time to correct the violations. A regulatory agency may conduct a follow-up visit after this amount of time has expired and issue civil penalties for uncorrected violations.

Summary: During a follow-up visit to a technical assistance visit, a regulatory agency may not issue a civil penalty for violations not previously identified in a technical assistance visit unless:

- the individual or business has been previously cited for, or has been given previous notification of, the same violation;
- the violation involves delinquent sales taxes due to the state;
- the violation has a probability of causing death or bodily harm, has a probability of causing more than minor environmental harm, or has a probability of causing physical damage to the property of another in an amount exceeding \$1,000; or
- The penalties are for violations of certain workplace safety regulations.

Votes on Final Passage:

House	95	0	
Senate	46	0	(Senate amended)
House	94	0	(House concurred)

Effective: July 22, 2001

HB 2086
C 170 L 01

Bringing state law into compliance with federal standards for lifetime registration for certain sex offenders.

By Representatives O'Brien, Ballasiotes, Lovick, Kenney and Conway; by request of Department of Community, Trade, and Economic Development.

House Committee on Criminal Justice & Corrections
Senate Committee on Human Services & Corrections

Background: FEDERAL SEX OFFENDER REGISTRATION LAW:

In 1994 Congress passed the Jacob Wetterling Act. The act contains a financial incentive to encourage states to adopt registration procedures for all persons convicted of sex offenses and kidnaping offenses where the victim is a minor. The act has been amended several times, imposing new requirements relating to sex offender registration. Those requirements include the following:

- requiring all offenders classified as sexually violent predators to register for life;
- requiring all offenders convicted of an aggravated sex offense to register for life; and
- requiring all sex offenders who have one prior conviction for a sexually violent offense or an offense against a minor in their criminal history to register for life upon conviction for a new offense.

An aggravated sex offense includes: (1) those sex offenses involving sexual intercourse with a victim through the use of force or threat of serious violence; and (2) those sex offenses involving sexual intercourse with a minor under 12 years of age.

Any time the sex offender registration requirements are changed, the state patrol notifies registered sex offenders who are currently living in the community of the changes in the law. States were required to comply with the amended act by October 1999 or face an automatic 10 percent reduction in Federal Byrne Formula Grant funding. Washington received an extension in order to come into compliance. Washington receives approximately \$10 million in Byrne grants per year. Each year the Byrne grant received by Washington helps provide funding to a number of various criminal justice programs throughout the state such as drug courts, narcotic task forces, and juvenile programs. Although Washington received an extension for making a good faith effort to come into compliance, a partial loss of funding due to being out of compliance with the federal statute could result in Washington losing approximately \$1 million in funding this fiscal year.

WASHINGTON SEX OFFENDER REGISTRATION LAW:

A sex offender convicted of a class A felony or a person who has one or more prior convictions for a sex offense may petition the court to be relieved of the duty to register as a sex offender if the person has spent 10 consecutive years in the community without being convicted of any new offenses. The petition must be made to the court in which the petitioner was convicted of the offense that subjects him or her to the duty to register, or, in the case of convictions that took place in a federal court or outside of Washington, the petition must be made to the court in Thurston County.

Any offender that has been determined to be a sexually violent predator, or has been convicted of a class A felony sex offense that was committed with forcible compulsion, must register for life. Sex offenses that are considered class A felonies include: 1st degree child molestation, 1st degree rape of an adult or child, and 2nd degree rape of an adult or child.

The duty to register for a sex offender convicted of a class B felony who does not have any prior convictions for a sex offense ends 15 years after his or her release from confinement or after entry of judgement or sentence if the person has spent 15 years in the community without being convicted of any new offenses. Sex offenses that are considered class B felonies include: 2nd degree child molestation, 1st degree incest, indecent liberties (with and without forcible compulsion), and sexual exploitation of a minor.

The duty to register for a sex offender convicted of a class C felony or 2nd degree sexual misconduct with a minor (a gross misdemeanor offense) who does not have any prior convictions for a sex offense ends 10 years after his or her release from confinement if the person has spent 10 years in the community without being convicted of any new offenses. Sex offenses that are considered class C felonies include: 3rd degree child molestation, 1st degree custodial sexual misconduct, 2nd degree incest, 3rd degree rape of an adult or child, and 1st degree sexual misconduct with a minor.

Washington does not require all persons convicted of an aggravated sex offense to register for life. An aggravated sex offense consists of various class A, B, and C felony offenses that include: (1) those sex offenses involving sexual intercourse with a victim through the use of force or threat of serious violence; and (2) those sex offenses involving sexual intercourse with a minor under 12 years of age.

Summary: A person is required to register for life if: (1) the person has been convicted of an aggravated sex offense; (2) the person has been determined to be a sexually violent predator under Washington statute, federal law, or the law of another state; or (3) the person has been convicted of one or more prior sexually violent offenses or criminal offenses against a victim who is a minor. However, a person may petition the court to be exempted from any community notification requirements as a sex offender if the person has spent 15 consecutive years in the community without being convicted of any new offenses. This act applies to sex offenses committed after the effective date of this act.

An "aggravated offense" is defined as the following:

- any sex offense involving sexual intercourse or sexual contact where the victim is under 12 years old;
- 1st degree rape of a child or adult or 1st degree child molestation;
- any of the following offenses when committed by forcible compulsion or by the offender administer-

ing, by threat or force or without the knowledge of that person, a substance that substantially impairs the ability of that person to control conduct: 2nd degree rape, indecent liberties, 1st degree custodial sexual misconduct, 1st and 2nd degree incest, or sexual exploitation of a minor;

- any of the following offenses when committed by the offender administering, by threat or force or without the permission of that person, a substance that substantially impairs the ability of that person to control conduct, if the victim is between 12 and 15 years old and the offender is 18 years old or older and is more than 4 years older than the victim: 2nd degree rape of a child, 3rd rape of a child, 2nd degree child molestation, or 3rd degree child molestation;
- a felony with a finding of sexual motivation where the victim is under 12 years old or that is committed by forcible compulsion or by the offender administering, by threat or force or without the permission of that person, a substance that substantially impairs the ability of that person to control conduct;
- any attempt or solicitation to commit one of the above listed crimes; or
- an offense defined by federal law or the laws of another state that is equivalent to one of the offenses listed above.

"Sexually violent offense" means an adult conviction that includes the following:

- an aggravated offense;
- 2nd degree rape (without forcible compulsion) and indecent liberties (without forcible compulsion);
- a felony with a finding of sexual motivation where the victim is incapable of appraising the nature of the conduct or physically incapable of declining participation in, or communicating unwillingness to, engage in the conduct;
- any attempt to commit one of the above listed crimes; or
- an offense defined by federal law or the laws of another state that is equivalent to one of the offenses listed above.

"Criminal offense against a victim who is a minor" includes the following offenses where the victim is under 18 years old:

- 3rd degree rape, incest, or 1st degree custodial sexual misconduct;
- 1st and 2nd degree kidnapping or unlawful imprisonment, where the victim is a minor and the offender is not the minor's parent;
- any of the following offenses where the offender was over 18 years old: 2nd and 3rd degree rape of a child, 2nd and 3rd degree child molestation, 1st and 2nd degree sexual misconduct with a minor, incest, sexual exploitation of a minor, communication with a minor for immoral purposes, or patronizing a juvenile prostitute;

- a felony with a finding of sexual motivation where the victim is a minor;
- any attempt or solicitation to commit one of the above listed offenses; or
- an offense defined by federal law or the laws of another state that is equivalent to one of the offenses listed above.

Votes on Final Passage:

House	96	0	
Senate	48	1	(Senate amended)
House	89	0	(House concurred)

Effective: July 22, 2001

HB 2095
FULL VETO

Changing reporting requirements for architectural and engineering firms.

By Representatives Dunshee and Mulliken.

House Committee on State Government
Senate Committee on Labor, Commerce & Financial Institutions

Background: A common procedure is established for state agency or local government to award contracts for architectural and engineering services. The procedure includes a requirement that state agencies and local governments must encourage firms to submit annual statements of qualifications and performance data.

Summary: The requirement that state agencies and local governments encourage statements of qualifications and performance data from architectural firms and engineering firms to be submitted annually is changed to no less than biennially.

Votes on Final Passage:

House	93	0
Senate	47	0

VETO MESSAGE ON HB 2095

May 11, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, House Bill No 2095 entitled:

“AN ACT Relating to procurement of architectural and engineering services;”

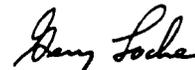
House Bill No. 2095 would have required that when state and local government agencies procure architectural and engineering services, they must encourage firms providing these services to submit their qualification and performance data no less than biennially. Current law encourages annual submittal.

I understand that at least one local government agency believes that annual submittal and review of this data results in unnecessary cost impacts, which could be lessened if review were to occur on a biennial basis. However, since under current law annual submittals clearly are only encouraged, not required,

I believe that government agencies already have sufficient flexibility under the law to accept the data biennially, particularly if annual submittal results in unreasonable financial burdens. Therefore, the change proposed by the bill is not necessary.

For these reasons I have vetoed House Bill No. 2095 in its entirety.

Respectfully submitted,



Gary Locke
Governor

HB 2098
C 7 L 01 E1

Changing the property tax exemption for very low-income households.

By Representatives Edmonds, Pennington, McIntire, Jarrett, Morris, Cairnes, Santos and Conway; by request of Department of Revenue.

House Committee on Finance
Senate Committee on Ways & Means

Background: All real and personal property in this state is subject to property tax each year based on its value, unless a specific exemption is provided by law. The tax bill is determined by multiplying the assessed value of real property, including the land itself, and all buildings, structures, or improvements or other fixtures sitting upon such land, by the tax rate for each taxing district in which the property is located. There are several exemptions from property tax.

In 1999, the Legislature exempted from property tax rental housing for very low-income households that either: (1) are owned or used by a nonprofit; or (2) have the nonprofit as the general partner or managing member with a for-profit corporation. The property tax exemption applies to rental property that meets the following conditions:

- The benefit of the exemption goes to the nonprofit;
- At least 75 percent of the occupied dwelling units are occupied by very low-income households. Very low-income household have incomes at or below 50 percent of the median income, adjusted for household size, for the county where the property is located; and
- The rental housing was insured, financed, or assisted in whole or in part through a federal or state program administered through the Department of Community, Trade, and Economic Development or through a local affordable housing levy.

If fewer than 75 percent of the units are occupied by very low-income households, a partial exemption from the property tax is available. The partial exemption is equal to the ratio of rental units occupied by very low-

income households to the total number of occupied rental units.

Eligible nonprofits apply for tax relief during the year before taxes are due. The number of dwelling units occupied by very low-income persons is counted on January 1 of the application year. The reduction in the property tax bill occurs in the following year. There is a one-year delay between the date on which the number of low income occupants is measured and the year in which the exemption is received.

The nonprofit may agree to make payments in-lieu of taxes to a local government for improvements, services, and facilities that are furnished and benefit the rental housing. The payments may not exceed the amount paid as an annual tax by the nonprofit to the local government.

In general, the property tax exemption for any eligible nonprofit organization is not available on property that is purchased by the nonprofit where the seller has retained the right to repurchase the property.

Summary: The property tax exemption for nonprofit entities providing very low-income rental units is modified in a number of ways:

- The program is expanded to include providing spaces in mobile home parks.
- The date for calculating the number of very low-income occupants is moved from January 1 to December 31 for the first year of operation.
- The exemption is retained if the occupant's income rises above 50 percent of median income but remains below 80 percent of median income in facilities with 10 or fewer units.
- Nonprofit entities may receive the exemption on property that will be used for very low-income rental units within two years if financing is committed from a federal, state, or local housing program.
- The program is expanded to include group homes. The incomes of occupants are not added together when determining eligibility for a group home that was financed by state or local housing program.
- Tribal and intertribal housing authorities are included in the program.
- The prohibition against providing an exemption for property with a repurchase option is relaxed if the entity with the repurchase agreement is a nonprofit organization, a city or county housing authority, or a tribal or intertribal housing authority.

Votes on Final Passage:

First Special Session

House	87	0	
Senate	44	0	(Senate amended)
House	96	0	(House concurred)

Effective: August 23, 2001

SHB 2104

C 279 L 01

Providing for an increase in forest fire protection funds.

By House Committee on Appropriations (originally sponsored by Representatives Rockefeller, Sump, Pearson and Doumit).

House Committee on Natural Resources
House Committee on Appropriations
Senate Committee on Ways & Means

Background: Owners of forest land are required to adequately protect against the spread of fire from or onto their property during the fire season. The Department of Natural Resources (DNR) is required to provide fire protection for forest landowners who are unable to provide their own fire protection. The DNR provides forest fire protection to much of the forest land in the state and may contract out fire protection services with local governments.

The DNR funds the cost of providing forest fire protection to forest landowners through forest protection assessments and state general fund appropriations. The annual forest protection assessment imposed on a forest landowner in a forest protection zone for each parcel of land is a flat assessment of \$14.50, plus 22 cents per acre for every acre over 50 acres.

A 1997 study by TriData of the state fire program for forest lands compared the amount of funding received for fire protection by fund source among several western states. This study found that Washington contributes the smallest percentage of funds for fire protection from its state general fund and the highest percentage of funds for fire protection from landowner assessments. This study considered it imperative that a more equitable split between the state general fund and landowner assessments be established for forest protection. Concerns were also raised in the study about the state's ability to provide adequate fire protection because of inadequate resources.

Owners of multiple parcels of forest land located within the same county, each parcel containing less than 50 acres, may apply to the DNR for a refund of a portion of the fire protection assessment paid. The amount of the refund is frequently less than what it costs the DNR to process the refund.

Summary: The Legislature declares it the policy of the state to equitably share the costs of fire protection between the forest fire protection assessment account and state contributions. The Legislature also declares that sufficient funds should be committed to the forest fire protection program so that the recommendations of the TriData study can be implemented on an equitable basis.

The assessment for forest protection is increased for parcels of land that exceed 50 acres from a flat fee plus

22 cents per acre for every acre over 50 acres, to a flat fee plus 25 cents per acre for every acre over 50 acres. This 3 cent increase in landowner assessments is contingent upon the state providing its equitable share of forest fire protection. If specific funding is not provided for this act by June 30, 2001, in the state operating budget, the 3 cent increase in landowner assessments is null and void.

Owners of small parcels of forest land, who are entitled to a refund for fire protection assessments because they own multiple parcels within a single county, may submit to the Department of Natural Resources a single application listing the parcels owned. The department is required to compute the correct assessment and allocate one parcel in the county to use for collecting the assessment in lieu of the current refund process. The county must bill the forest fire protection assessment on the one parcel identified by the department for collection of the assessment. The landowner is responsible for notifying the department of any changes in parcel ownership.

The new assessment process is phased-in over a period of five years. Property owners with the following number of parcels may apply to the department in the year indicated:

<u>Year</u>	<u>Number of Parcels</u>
2002	10 or more parcels
2003	8 or more parcels
2004	6 or more parcels
2005	4 or more parcels
2006	2 or more parcels

Votes on Final Passage:

House	97	0	
Senate	40	0	(Senate amended)
House	83	0	(House concurred)

Effective: July 22, 2001

SHB 2105
C 280 L 01

Modifying provisions related to small forest landowners.

By House Committee on Natural Resources (originally sponsored by Representatives Sump, Doumit, Pearson, Rockefeller and Woods).

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: The small forest landowner office was established within the Department of Natural Resources by the Legislature in 1999 as part of the Forests and Fish legislation. This legislation was developed to allow landowners to harvest timber in compliance with the federal Endangered Species Act. The office is required to work with small forest landowners on the development of alternate management plans and alternate harvest

restrictions for riparian buffers and is required to develop criteria for adoption by the Forest Practices Board in a manual for these alternate management plans and harvest restrictions. The board is not required to adopt the criteria on alternate management plans and harvest restrictions by rule.

The forestry riparian easement program authorizes the state to accept riparian easements from certain small forest landowners. A forest landowner must obtain an approved forest practices application for timber harvest on his or her property as a prerequisite for participating in the forest riparian easement program. The office determines the amount of compensation to be offered to the small forest landowner for the easement. Those landowners who are unable to cut any timber on their property because of restrictions under the forest practices rules are ineligible to participate in this program.

The amount of compensation the office offers for a riparian easement is an amount equal to 50 percent of the value of the timber that was covered in a forest practices application that is required to be left unharvested. Small forest landowners who wish to participate in the easement program are subject to costs that were not anticipated in the development of the Forests and Fish legislation.

The office is authorized to contract with private consultants to conduct timber cruises of forestry riparian easements, but is not authorized to contract with private consultants for laying out streamside buffers or other regulatory requirements associated with the forest riparian easement program.

The office made an initial report to the Legislature and the board on December 1, 2000, on the estimated amounts of nonindustrial forests in various sizes of acreage and the estimated number of forest practices applications filed each year. This report also included recommendations on ways the Legislature and the board could provide more effective incentives to encourage the continued management of nonindustrial forests in ways which best protect salmon, fish and other wildlife, water quality, and environmental values. This report is to be updated on December 1, 2002, and every four years thereafter with a description of trends in the holdings of forest lands and how they are managed. The creation of the office was delayed, so there was little information available for the initial report.

Summary: The Forest Practices Board must adopt by rule, as well as in a manual, the criteria developed by the small forest landowner office on alternate management plans and alternate harvest restrictions.

A landowner who is unable to obtain an approved forest practices application for timber harvest on his or her land because of restrictions under the forest practices rules may still qualify as a small forest landowner for purposes of participating in the forest riparian easement program. The board must adopt criteria by rule for these

forest landowners to enter into forest riparian easements. The small forest landowner office determines the amount of compensation to be offered for a riparian easement to a small forest landowner who is unable to obtain approval for a forest practices application for timber harvest because of forest practice rules restrictions.

The amount of compensation offered to small forest landowners for a riparian easement must include the compliance costs for participating in the riparian easement program. Compliance costs include the cost of preparing and recording the easement, and any business and occupation tax and real estate excise tax imposed because of entering into the easement.

The office may contract with private consultants for laying out streamside buffers or other regulatory requirements associated with the forest riparian easement program.

The office must submit a report to the Legislature and the board by December 1, 2002, on estimated amounts of nonindustrial forests in various sizes of acreage, the estimated number of forest practices applications filed, as well as recommendations on ways to provide more effective incentives to encourage the continued management of nonindustrial forests in ways which best protect salmon, fish and other wildlife, water quality, and environmental values. This report is to be updated on December 1, 2004, and every four years thereafter with a description of trends in the holdings of forest lands and how they are managed.

Votes on Final Passage:

House 93 0
Senate 47 0 (Senate amended)
House 94 0 (House concurred)

Effective: July 22, 2001

HB 2126
C 184 L 01

Authorizing a college savings program.

By Representatives Kenney, Cox, McIntire and Edwards; by request of Committee on Advanced College Tuition Payment and State Treasurer.

House Committee on Higher Education
House Committee on Appropriations
Senate Committee on Higher Education
Senate Committee on Ways & Means

Background: A prepaid college tuition payment program was established in Washington in 1997. Named the Guaranteed Education Tuition Program, this program provides an opportunity for the public to purchase tuition at current prices that later may be redeemed when the named beneficiary is ready to attend college.

Purchased tuition units cover the costs of tuition and student and activities fees and, if funds are not entirely

used, also may pay for other fees. If the beneficiary receives a scholarship, waiver, or similar subsidy, the units may be applied to room, board, and books.

Refunds of pre-paid tuition are available under specific conditions, including if: the beneficiary dies or becomes disabled; the beneficiary does not attend an institution of higher education; the beneficiary completes his or her education and has unused units; the beneficiary's education was paid through scholarships; or other circumstances occur as determined by the committee.

Summary: The Committee on Advanced Tuition Payment is authorized to establish and operate a college savings program in conjunction with the pre-paid tuition program. The committee will plan and devise the program in consultation with the State Investment Board, the State Treasurer, a qualified actuarial consulting firm, institutions of higher education, and legislative fiscal and higher education committees.

An account for the college savings program is created in the custody of the State Treasurer. Program contributions may be invested by the State Investment Board or under a contract with an investment company licensed to conduct business in Washington. Interest earnings shall be retained in account. Associated start-up costs, up to a limit of \$200,000, are to be borrowed from the guaranteed education tuition account and repaid with interest.

A change is made in the way refunds are figured for the prepaid college tuition program. Refunds on unused tuition units are calculated based on current value rather than on a weighted average.

Votes on Final Passage:

House 94 0
Senate 44 0 (Senate amended)
House (House refused to concur)
Senate 46 0 (Senate amended)
House 90 0 (House concurred)

Effective: May 7, 2001
July 1, 2001 (Section 3)

ESHB 2138
C 25 L 01 E2

Promoting rural economic development.

By House Committee on Finance (originally sponsored by Representatives G. Chandler, Linville, Mulliken, Clements, Ericksen, Hatfield, Sump, Doumit, Morell, Grant, Pearson, Schoesler, Barlean, Buck, B. Chandler, Edwards and Jackley).

House Committee on Finance
Senate Committee on Ways & Means

Background: Major state taxes that affect economic development include the business and occupation tax and the retail sales and use taxes.

Business and Occupation Taxes. Every person engaging in a business activity in Washington must pay a business and occupation (B&O) tax measured by the application of rates against the value of products, gross proceeds of sales, or gross income of the business. Persons engaged in business as manufacturers pay a tax at a rate of 0.484 percent. Persons engaged in wholesale sales are assessed the tax at a rate of 0.484 percent. Revenues from the B&O tax are deposited in the state general fund.

Various manufacturers have been specifically exempted from the primary B&O manufacturer tax rate and have been subjected to a lower B&O rate. Examples of manufacturers paying the lower rate of 0.138 percent include manufacturers of flour, pearl barley, canola byproducts, sunflower oil, raw seafood, and preserved fruits and vegetables.

The producers of dairy products are subject to the primary manufacturer B&O tax at 0.484 percent.

Retail Sales and Use Taxes. The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The tax base includes goods and certain services. The tax is imposed at a 6.5 percent rate by the state. Local governments may impose local sales and use taxes for a variety of purposes. Local rates vary from 0.5 percent to 2.3 percent. Sales tax is paid by the purchaser and collected by the seller.

The use tax is imposed on items used in the state that were not subject to the retail sales tax, including items purchased in other states and items purchased from sellers who do not collect Washington sales tax. The state and local rates are the same as those imposed under the retail sales tax. Use tax is paid directly to the Department of Revenue.

All items and services in the retail tax base are taxed unless specifically exempted in statute. An exemption is provided to certain persons for sales or use of feed, seed, fertilizer, agents for enhanced pollination, spray materials, and chemical sprays used to prevent mold or fungus. The exemption is available to farmers for the purpose of growing or raising an agricultural product for sale or who are under contract with a nonprofit entity or the Department of Fish and Wildlife to improve wildlife habitat. The exemption is also available to persons who are participating in one of several federal conservation or habitat development programs.

Retail sales and use taxes apply to items that are indirectly involved in the raising of poultry, such as fuel to regulate the temperature of chicken housing, or materials involved in the removal of manure.

Summary: Limited exemptions from the B&O tax and from retail sales and use taxes are provided to support rural economic development.

Dairy Product Manufacturer B&O Tax Rate. The rate of the B&O tax on persons who manufacture dairy

products and dairy by-products such as whey and casein is reduced from the current 0.484 percent to 0.138 percent. The reduced rate also applies to persons who sell dairy products and by-products to someone who transports the products out-of-state. In the latter case, the seller must maintain a business record, as prescribed by the Department of Revenue, as proof of sale.

Retail Sales and Use Taxes on Certain Poultry Farming Inputs. A retail sales and use exemption is provided for the purchase or use of propane or natural gas used to heat structures that house chickens that are sold as agricultural products. In addition, the purchase or use of bedding materials that are used to accumulate and facilitate the removal of chicken manure is exempted from sales and use taxes. Bedding materials are defined as wood shavings, straw, sawdust, shredded paper, and other similar materials.

To receive the exemption, the buyer must present an exemption certificate. The seller is required to retain a copy on file.

Votes on Final Passage:

House 96 1

First Special Session

House 95 0

Second Special Session

House 88 0

Senate 45 2

Effective: September 20, 2001

ESHB 2172

PARTIAL VETO

C 281 L 01

Modifying provisions on the repair and maintenance of backflow prevention assemblies.

By House Committee on Commerce & Labor (originally sponsored by Representatives Grant and Mastin).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce & Financial Institutions

Background: A backflow prevention device prevents undrinkable substances from flowing into potable water systems. A backflow prevention device must be installed in piping carrying used water, chemicals, liquids, gases or other substances that is interconnected with piping carrying potable water if there is a possibility that undrinkable substances could flow into the potable water system.

The Department of Health and local building officials may require that a backflow assembly tester inspect certain backflow prevention devices annually. To inspect these devices, a person must be certified as a backflow assembly tester by the Department of Health.

To maintain or repair these devices within a building, the person must be certified as a journey-level plumber by the Department of Labor and Industries.

Summary: A specialty plumber certificate of competency for maintenance and repair of backflow prevention assemblies is created. The Department of Labor and Industries must establish, by rule, the criteria by which it will determine a person's eligibility to take the exam for the certificate of competency. The criteria must be established in consultation with the state Advisory Board of Plumbers. The rules must take effect by July 1, 2002. A person who, on or before July 1, 2002, is a certified backflow assembly tester and a registered contractor or an employee of a registered contractor, may maintain and repair backflow prevention assemblies, without being a certified plumber, until January 1, 2003.

References to licensing by the Workforce Training and Education Coordinating Board are substituted for obsolete references to accreditation by the Coordinating Council on Occupational Education.

Local building officials may require an owner of a residential dwelling to test a backflow prevention assembly within the property lines of the premises either at the time of installation, repair, or relocation, or when the local official finds that cross-connection control may fail to prevent pollution or contamination of the domestic water supply.

Votes on Final Passage:

House 90 4
Senate 45 3 (Senate amended)
House 94 0 (House concurred)

Effective: July 22, 2001

Partial Veto Summary: The veto removes the section that limits when local building officials may require testing of backflow prevention assemblies.

VETO MESSAGE ON HB 2172-S

May 11, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 4, Engrossed Substitute House Bill No. 2172 entitled:

"AN ACT Relating to the repair and maintenance of backflow prevention assemblies;"

Engrossed Substitute House Bill No. 2172 creates a specialty plumber's certificate of competency for the maintenance and repair of backflow prevention assemblies. This bill will make it easier and more cost effective to conduct annual inspections of backflow prevention assemblies by increasing the number of available inspectors.

Section 4 of the bill would have repealed the requirement that backflow prevention devices in residential dwellings be annually inspected. Such action would compromise the health and safety of Washington residents and the integrity of our state's potable water. Without a state inspection requirement, local governments would likely impose their own requirements, resulting in a multitude of differing standards.

For these reasons I have vetoed section 4 of Engrossed Substitute House Bill No. 2172.

With the exception of section 4, Engrossed Substitute House Bill No. 2172 is approved.

Respectfully submitted,

Gary Locke
Governor

SHB 2184
C 282 L 01

Revising tax treatment of park model trailers.

By House Committee on Finance (originally sponsored by Representatives Berkey, DeBolt, Morris, Dunshee and Edwards).

House Committee on Finance
Senate Committee on Ways & Means

Background: The real estate excise tax (REET) is imposed on each sale of real property. The state tax rate is 1.28 percent of the selling price. Additional local rates are allowed. The most common total tax rates are 1.53 percent and 1.78 percent. The tax is applied when a sale occurs. A sale is defined as any conveyance, grant, assignment, quitclaim, or transfer of the ownership of or title to real property. The seller of real estate pays REET, except the 1 percent county conservation rate which is paid by the buyer.

Real estate excise tax applies to the sale of used mobile or manufactured homes which are fixed in location on which sales or use tax was previously paid. Retail sales or use tax does not apply.

A park model trailer is a travel trailer designed to be used with temporary connections to utilities necessary for operation of installed fixtures and appliances. A park model trailer's gross area is less than 400 square feet. The retail sales or use tax applies to the sale of both new and used park model trailers.

Summary: The sales of used park model trailers which are fixed in location are made subject to the real estate excise tax rather than the sales and use tax.

Votes on Final Passage:

House 95 0
Senate 44 0 (Senate amended)
House 89 0 (House concurred)

Effective: August 1, 2001

ESHB 2191
C 126 L 01

Providing property tax exemptions for certain property leased by public entities.

By House Committee on Finance (originally sponsored by Representatives Morris, Sehlin, Lisk and Fromhold).

House Committee on Finance
Senate Committee on Ways & Means

Background: All property in the state is subject to property tax each year based on the property's value unless a specific exemption is provided by law. The Constitution exempts property owned by the United States, the state, counties, school districts, and other municipal corporations from property taxes.

Several property tax exemptions exist for nonprofit organizations. Some exemptions apply only to property owned by a nonprofit organization, and other exemptions apply to property either owned or leased by a nonprofit organization.

On April 6, 1999, the State Board of Tax Appeals issued a ruling regarding a property tax exemption for property that Public Hospital District #2 of Snohomish County was leasing. It concluded that the leased property was not exempt from property taxes. Public Hospital District #2 of Snohomish County, like other governments, is exempt on the property it owns. However, the statute that provides this exemption does not extend the exemption to the property these governments lease.

After this decision and a review of the property tax exemptions statutes, the Department of Revenue decided it had incorrectly allowed property tax exemptions for property leased by a number of community colleges, public hospital districts, and one library district. This January, the Department of Revenue sent letters revoking the tax exemption for this leased property.

Summary: A property tax exemption is established for real and personal property owned by nonprofit foundations of institutions of higher education that is leased to an institution of higher education. The property must be actively utilized by currently enrolled students. If the exempt property is no longer used by a state institution of higher education then up to seven years of tax benefit from the exemption will be collected.

Real and personal property leased and used by a hospital that is owned by a public hospital district is exempt from property tax.

Votes on Final Passage:

House	98	0
Senate	47	0

Effective: July 22, 2001

SHB 2221
C 59 L 01

Adjusting procedures for ferry maintenance and preservation.

By House Committee on Transportation (originally sponsored by Representatives Mielke, Rockefeller and Jackley).

House Committee on Transportation
Senate Committee on Transportation

Background: In the 2000 supplemental operating budget, the Legislature appropriated \$243,000 for the Office of Financial Management (OFM) to hire an outside auditing firm to conduct an independent performance audit of the Washington State Ferries (WSF) capital program. The auditing firm of Talbot, Korvola, & Waswick, LLP, undertook the audit and delivered their report in January 2001. The audit reviewed the WSF capital program's procurement processes and came up with a number of recommendations.

Recommendation 4 states:

"We recommend Washington State Ferries examine and pursue alternative procurement approaches and statutory authorization regarding vessel maintenance and repair services."

Specifically, the audit referred to the requirement that ferries contract out maintenance and preservation requiring dry docking using the invitation for bid (IFB) process. For certain classes of WSF vessels, there is only one dry dock facility in Puget Sound available. The audit noted that the U.S. Navy faces a similar situation for some of its ships stationed at the Everett Home Port, and that it has entered into single-source multi-year service contracts. The Navy believes this form of contract has been beneficial to both parties and has reduced costs.

Recommendation 5 states:

"We recommend Washington State Ferries seek legislative changes allowing the procurement of auto ferry equipment and systems through the RFP-Best Value process without first requesting an exception to the Invitation For Bid Process."

The WSF must use the IFB process for procurement unless the secretary of the Department of Transportation grants permission to use an RFP process. The audit noted that the WSF sometimes procures large equipment and systems for its vessels, which have a service life of 60 years or more. Using a procurement mechanism based solely upon price can result in decisions that initially appear appropriate but result in an inferior level of service and reliability and ultimately contribute to increased costs over the assets life. The audit report suggested that evaluating decisions based upon "best value" would be more appropriate than strictly basing decisions on lowest immediate cost. A best value analysis would

require using a request for proposal (RFP) process rather than IFB.

Summary: The WSF is authorized to enter into single source contracts for maintenance and preservation dry docking for those classes of vessels for which only one bidder is available.

The WSF is authorized to use an RFP process when procuring large equipment and systems. The WSF is authorized to construct its RFP announcement to include factors other than price to be evaluated in making a final selection. Only those factors specifically listed in the RFP announcement may be used to evaluate proposals. A number of allowable factors are enumerated including price, maintainability, reliability, transportation, installation cost, cost of spare parts, and the ability, reputation and experience of the proposer.

If the WSF is procuring propulsion systems or equipment that include an engine, it must use lifecycle cost analysis including consideration of fuel consumption.

Votes on Final Passage:

House	95	0
Senate	49	0

Effective: July 22, 2001

HB 2222

C 5 L 01

Providing funding for emergent needs.

By Representatives Sehlin (co-prime sponsor), H. Sommers (co-prime sponsor), Ahern, Alexander, Anderson, Armstrong, Ballard, Ballasiotes, Barlean, Benson, Berkey, Boldt, Buck, Bush, Cairnes, Campbell, Carrell, Casada, B. Chandler, G. Chandler, Chopp, Clements, Cody, Conway, Cooper, Cox, Crouse, Darneille, DeBolt, Delvin, Dickerson, Doumit, Dunn, Dunshee, Edmonds, Edwards, Eickmeyer, Ericksen, Esser, Fisher, Fromhold, Gombosky, Grant, Haigh, Hankins, Hatfield, Hunt, Hurst, Jackley, Jarrett, Kagi, Keiser, Kenney, Kessler, Kirby, Lambert, Lantz, Linville, Lisk, Lovick, Marine, Mastin, McDermott, McIntire, McMorris, Mielke, Miloscia, Mitchell, Morell, Morris, Mulliken, Murray, O'Brien, Ogden, Pearson, Pennington, Pflug, Poulsen, Quall, Reardon, Roach, Rockefeller, Romero, Ruderman, Santos, Schindler, D. Schmidt, Schoesler, Schual-Berke, Simpson, Skinner, Sump, Talcott, Tokuda, Van Luven, Voloria, Wood and Woods.

Background: In response to the Nisqually earthquake of February 28, 2001, Governor Locke instructed the Military's Emergency Management Division to coordinate all earthquake-related assistance to affected areas. The next day, President Bush declared Washington a major disaster area, triggering the release of federal funds to supplement recovery efforts.

The Federal Emergency Management Agency (FEMA) offers assistance that includes grants to help pay for temporary housing, minor home repairs, and other serious disaster-related expenses. Low-interest loans from the U.S. Small Business Administration are also available to cover residential and business losses not fully compensated by insurance.

There are two types of disaster recovery grants for individuals and state government, for which the state is expected to contribute funds. The state is responsible for a 25 percent match to the FEMA's 75 percent funding level, for each of these programs.

The Low Income Home Energy Assistance Program (LIHEAP) is a federally funded block grant program providing assistance to low income households. Fifteen percent of the LIHEAP funds are designated for home weatherization services and 85 percent are for the Energy Assistance Program. There is no state funding for these programs.

The Energy Assistance Program provides funds to pay a portion of home heating costs. Funds are provided to low income households through a service network of 27 state contractors consisting of 24 nonprofit organizations and three local governments. Eligibility for the program is restricted to household incomes below 125 percent of the poverty level. Approximately 47,000 households received benefits during the 2000 program year. Energy assistance benefits are based on household annual heating costs, family size, and income. The benefit amount ranges from 50 percent to 90 percent of the actual heating costs. The minimum benefit is \$25 and the maximum is \$700. The average benefit provided in program year 2000 was \$300.

The emergency reserve fund consists of general fund revenues in excess of the state expenditure limit.

Summary: \$1 million is appropriated from the emergency reserve fund to the Military Department for deposit into the Nisqually earthquake account. The Nisqually earthquake account is created in the state treasury and is subject to appropriation. Tax revenues, budget transfers or appropriations, federal appropriations, or gifts may be placed in the account.

The Military Department is granted spending authority of \$4 million: \$1 million representing the state share and \$3 million representing the federal share, for response and recovery costs associated with the Nisqually earthquake.

\$1 million is appropriated from the emergency reserve fund to the Department of Community, Trade, and Economic Development for the fiscal year ending June 30, 2001, and \$4 million is appropriated from federal funds for the fiscal year ending June 30, 2001, for energy assistance through the Low Income Home Energy Assistance Program.

Votes on Final Passage:

House 93 0
Senate 48 0

Effective: March 12, 2001

SHB 2227

C 4 L 01 E2

Establishing the eastern Washington veterans' home.

By House Committee on Appropriations (originally sponsored by Representatives Ahern, Gombosky, Schoesler, Wood, Benson, Haigh, Schindler, Conway, Cox, Reardon, D. Schmidt, Talcott, Campbell and Bush; by request of Department of Veterans Affairs).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The Washington Department of Veterans' Affairs (WDVA) operates two state veterans' homes that provide long-term care for veterans and their spouses. The homes are the Soldiers' Home at Orting and the Veterans' Home at Retsil. Both homes are funded through a combination of funds that includes state general funds, per diem payments from the federal Department of Veterans' Affairs, Medicaid payments, and contributions from residents' incomes.

Summary: An Eastern Washington veterans' home is established. The Legislature intends that the state general fund shall not provide support in future biennia for the Eastern Washington home, except for amounts required to pay the state share of Medicaid costs. The WDVA is authorized to operate and manage the Eastern Washington veterans' home in the same manner as other state veterans' homes are operated and managed.

Votes on Final Passage:First Special Session

House 84 0

Second Special Session

House 89 0
Senate 42 0

Effective: September 20, 2001

HB:2230**PARTIAL VETO**

C 15 L 01 E2

Revising state health and employment support benefits for incapacitated or disabled individuals.

By Representatives Cody, Pflug, Linville, G. Chandler, Quall and Morris.

House Committee on Health Care

Background: Congress enacted the Ticket to Work and Work Incentives Improvement Act in November 1999. The legislation gives the states greater flexibility in removing barriers to employment for individuals with disabilities. States are given the option to modify Medicaid income and resource limits for individuals with disabilities who are earning an income. States may also allow working individuals with disabilities to buy into Medicaid even though they are no longer eligible for federal disability benefits.

Summary: The Department of Social and Health Services will continue medical coverage for individuals with disabilities who go to work and for whom funding is appropriated. The department will establish earned income disregards, cost sharing, and a schedule of premiums that eliminate disincentives to work.

Votes on Final Passage:Second Special Session

House 83 0
Senate 39 0

Effective: September 20, 2001

Partial Veto Summary: The section is vetoed that would have made the bill null and void because the Omnibus Appropriations Act did not contain a specific reference to the bill number.

VETO MESSAGE ON EHB 2230

July 11, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 4, Engrossed House Bill No. 2230 entitled:

"AN ACT Relating to state health and employment support benefits for incapacitated or disabled individuals;"

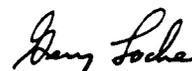
Engrossed House Bill No. 2230 changes state law as necessary to comply with the federal Ticket to Work and Work Incentives Improvement Act of 1999. It will allow the Department of Social and Health Services to continue medical coverage for individuals with disabilities who go to work.

However, section 4 of the bill would have rendered the entire act null and void unless specific funding, referencing the act by bill or chapter number, was included in the omnibus appropriations act. The omnibus appropriations act contains the necessary funding, but without a specific reference to the bill. Without a veto of section 4, the bill would have been rendered null and void.

For these reasons, I have vetoed section 4 of Engrossed House Bill No. 2230.

With the exception of section 4, Engrossed House Bill No. 2230 is approved.

Respectfully submitted,



Gary Locke
Governor

HB 2233
C 5 L 01 E2

Authorizing contractual agreements with federal government for administration of state supplementation of supplemental security income.

By Representatives H. Sommers and Sehlin.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: When the federal government authorized Supplemental Security Income (SSI), it allowed the states to provide an additional state supplement payment to their residents who were receiving federal SSI. The federal government also allowed states to administer the state supplement payment independently or to contract with the federal government for administration of the state supplement payment.

Washington chose to contract with the federal government for administration of the state supplement payment and has been paying the federal government a fee for this service.

Summary: The state is no longer required to contract with the federal government for administration of the state supplement payment to the federal SSI program. The state may either contract with the federal government or independently administer the state supplement payment program.

Votes on Final Passage:

First Special Session

House 92 0

Second Special Session

House 89 0

Senate 43 0

Effective: September 20, 2001

SHB 2242
PARTIAL VETO
C 8 L 01 E1

Revising provisions for medicaid nursing home rates.

By House Committee on Appropriations (originally sponsored by Representatives Cody, Lisk, Ruderman, Alexander and Eickmeyer).

House Committee on Appropriations

Background: There are 260 Medicaid-certified nursing home facilities in Washington providing long-term care services to approximately 13,500 Medicaid clients. The payment system for these nursing homes is established in statute and is administered by the Department of Social and Health Services Aging and Adult Services Administration.

The rates paid to nursing facilities are based on seven different components. These rate components include: direct care, support services, operations, therapy care, property, financing allowance, and variable return.

In 1998 the Legislature adopted a case mix payment system. Under this system, direct care payments are calculated in such a way as to account for differences in client care needs. The higher the care needs of the client, the higher the direct care rate. Case mix affects only the direct care rate component.

Rather than implementing these changes all at once, the Legislature elected to phase in the changes over time. The Legislature accomplished this through the establishment of a hold harmless provision and rate corridors. Under the hold harmless provision, facilities are paid the greater of their case-mix rate, or their June 30, 2000, rate plus vendor rate increases. This hold harmless provision expires June 30, 2002. Under the corridor, facilities whose direct care costs are below 90 percent of the median are raised to the 90 percent corridor floor, and those whose case-mix costs are above 110 percent of the median are paid at the 110 percent corridor ceiling. The corridor narrows to 95 and 105 percent July 1, 2002.

Two rate components relate to the capital cost of a nursing facility. The first component is property, which is a payment made to reflect the depreciation of the facility and other capital assets. Property depreciation periods vary, with most new facilities depreciating over 40 years. A financing allowance is also paid and calculated by multiplying an interest rate by the value of the assets. The applicable interest rate is 10 percent for construction proposed prior to May 17, 1999, and 8.5 percent for construction proposed after that date. These two rate components sunset June 30, 2001.

Summary: The property and financing payment systems for Medicaid-certified nursing homes are made permanent, with some revisions. Facilities seeking to have major construction funded in whole or in part by Medicaid after July 1, 2001, must obtain a certificate of capital authorization issued by the Department of Social and Health Services. The total dollar value of the capital authorizations that may be issued during a biennium is specified in the biennial appropriations act.

Nursing homes may shift savings between the direct care and therapy costs centers to cover a deficit in these two cost centers.

The method of calculating the direct care rate component is modified. Once a facility's direct care rate is reimbursed under case mix, the facility continues to be paid under case mix from then forward. Direct care rates are based upon three, rather than two peer groups, including: rural counties; urban counties in which the median direct care cost is at least 10 percent greater than in other urban counties; and other urban counties. The case mix corridor is permanently established with a floor

of 90 percent of the peer group median and a ceiling of 110 percent.

The method of calculating the property, financing, and operations rate components is modified. Minimum facility occupancy for calculating these rate components is set at 90 percent. Rates are not adjusted upward for beds banked after May 25, 2001. These new provisions do not apply to an essential community provider, which is defined as the only nursing facility within a 40-minute commute.

Building owners with a secured interest in the beds may complete a bed replacement project if the facility licensee files for bankruptcy.

An eight-member joint legislative task force is established to monitor and evaluate various aspects of the nursing home reimbursement system. The task force is to submit any recommendations to the Legislature by December 1, 2003.

A number of technical changes to the nursing facility Medicaid payment system are specified.

Votes on Final Passage:

First Special Session

House	83	0	
Senate	33	11	(Senate amended)
House	77	19	(House concurred)

Effective: July 1, 2001

June 29, 2001 (Section 20)

Partial Veto Summary: Section 19 of the act, which would have allowed for the transfer of nursing facility certificates of need when a licensee files for bankruptcy, is removed.

VETO MESSAGE ON SHB 2242

June 11, 2001

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 19, Substitute House Bill No. 2242 entitled:

“AN ACT Relating to Medicaid nursing home rates;”

Substitute House Bill No. 2242 modifies the current nursing home reimbursement formula, directs the Department of Social and Health Services to convene a study regarding issues related to nursing homes rates, and establishes a joint legislative task force to monitor and evaluate this issue and submit a report to the Legislature by December 1, 2003.

Section 19 of the bill would have allowed transfers of nursing home Certificates of Need (CONs) via bankruptcy without a review of whether subsequent operators meet CON criteria. Without a CON review, there would be no assurances that the new operator has the expertise or financial wherewithal to provide adequate resident care.

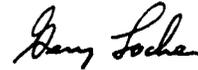
Over past several years, as a policy objective to help move nursing home residents toward housing more integrated in our communities, the Legislature has directed the Department of Health to reduce the number of nursing home beds approved through the CON process. Currently, a bankruptcy means that the Department of Health has an opportunity to reconsider its issuance of a CON. Section 19 would have allowed construction

of nursing home beds to continue, without affording the Department the opportunity to reevaluate the need for the beds.

For these reasons, I have vetoed section 19 of Substitute House Bill No. 2242.

With the exception of section 19, Substitute House Bill No. 2242 is approved.

Respectfully submitted,



Gary Locke
Governor

EHB 2247

C 214 L 01

Managing energy supply and demand.

By Representatives Crouse (co-prime sponsor), Poulsen (co-prime sponsor) and Edwards.

Background: Energy Facility Site Evaluation Council. The Energy Facility Site Evaluation Council (EFSEC) was created in 1970 to provide one-stop licensing for large energy projects. Council membership includes representatives from nine state agencies. The council's membership may include representatives from the particular cities, counties, or port districts where potential projects may be located.

The EFSEC's jurisdiction includes the siting of large natural gas and oil pipelines, electric power plants above 250 megawatts and their dedicated transmission lines, new oil refineries or large expansions of existing facilities, and underground natural gas storage fields.

The EFSEC siting process generally involves six steps: (1) a potential site study followed by an application; (2) State Environmental Policy Act review; (3) review for consistency with applicable local land use laws and plans; (4) a formal adjudication on all issues related to the project; (5) certain air and water pollution discharge permitting reviews as delegated by the U.S. Environmental Protection Agency; and (6) a recommendation to the Governor who then decides whether to accept, reject, or remand the application. A certification agreement approved by the Governor preempts any other state or local regulation concerning the location, construction, and operational conditions of an energy facility.

Direct Service Industrial Customers. While the vast majority of the electricity that Bonneville Power Administration (BPA) sells is to utilities for resale, BPA also sells electricity for direct consumption to 12 direct-service industrial (DSI) customers in Washington. These companies are large industrial manufacturers, mostly aluminum producers, that consume significant amounts of electricity in their operations. In late 2000, in the wake of spiking wholesale electricity prices, a number of these companies curtailed production.

Low-income home energy assistance program. Assistance to low-income energy customers is provided through a federal block-grant program that allocates funds to the states. The program, known as LIHEAP (Low-Income Home Energy Assistance Program), is administered by the Department of Community, Trade and Economic Development (DCTED).

The LIHEAP grants are distributed to qualifying households through a service network of 24 nonprofit community organizations and three local governments. The grants are used to pay a portion of winter heating costs for low-income customers. Qualifying customers are those who are at or below 125 percent of the federal poverty level.

Energy efficiency in public buildings. In 1980 the Legislature directed the Department of General Administration (GA) to conduct an energy audit of state-owned buildings and to make modifications and installations to maximize energy efficiency. In 1991 GA was directed to assist state agencies and school districts in identifying and implementing cost effective conservation improvements in public buildings to minimize energy consumption and related environmental impacts and to reduce operating costs.

Municipalities may enter into performance-based energy contracts for equipment and services that are intended to reduce energy use or energy costs of an existing building. A performance-based contract allows for payment to be made under the contract from savings attributable to the use of the equipment and services.

When a public agency determines that a major new facility should be built or renovated, a life-cycle cost analysis must be completed in the design phase of the project. Guidelines for a life-cycle cost analysis are intended to promote selection of low life-cycle cost alternatives. A life-cycle cost is the initial cost and cost of operation of a major facility over its economic life.

Offering a "green" option to utility customers. The Northwest region has seen a growth in demand for electricity while at the same time has not seen much in the way of new generation. The Northwest Power Planning Council's prediction of an increasing possibility of power supply problems during the next few years and the region's recent experience with unprecedented high prices in the western power markets has focused attention again on development of alternative energy sources and on conservation and energy efficiency. The current market prices of electricity are making investments in renewable resources more economically viable than in the past when renewable resources were significantly more expensive than fossil fuels.

Joint Committee on Energy and Utilities. The Joint Committee on Energy and Utilities meets and functions once the Governor declares an energy supply alert or energy emergency. The committee membership includes

four Senate members and four House of Representative members from the energy and utilities committees.

Peaking plants. Facilities that are major sources of air pollution are required to obtain an air operating permit. The permit may set limits on emissions, require monitoring, record keeping, reporting, and other compliance measures. Some older electric generation plants are limited in their operations due to air pollution emission limits. Certain industrial, manufacturing, waste disposal, utility, and commercial facilities have been granted sales and use tax exemptions for purchases associated with the installation of air and water pollution control equipment.

Taxation. The business and occupation (B&O) tax is Washington's major business tax. The tax is imposed on the gross receipts of business activities conducted within the state. Natural or manufactured gas that is consumed within the state is subject to the brokered natural gas use tax if the supplier was not subject to the state public utility tax. Public and privately-owned utilities, and certain other businesses, are subject to the state public utility tax (PUT). The PUT is applied to the gross receipts of the business. The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. Cities and counties may levy a local tax. The use tax is imposed on items used in the state which were not subject to the retail sales tax and includes purchases made in other states and purchases from sellers who do not collect Washington sales tax.

Bill history. This act contains component parts of a number of bills heard during the 2001 legislative session. Additional background information can be obtained from the 2001 legislative history of other bills dealing with the topics identified in this act.

Summary: Energy Facility Site Evaluation Council (EFSEC). The departments of Health, Agriculture, and Transportation, and the Military Department are removed from permanent membership on the EFSEC and are allowed to participate as members at each department's discretion. The EFSEC chair becomes a state employee and receives a salary determined by the State Salary Commission.

The threshold for siting new stationary thermal power plants through the EFSEC is raised from 250 megawatts to 350 megawatts, and the threshold for floating thermal power plants is raised from 50 megawatts to 100 megawatts. However, applicants may choose to use the EFSEC process for energy facilities that exclusively use alternative energy resources regardless of generating capacity.

Council staff is given a substantive role by allowing staff to make recommendations to the council on conditions that would allow site approval. The Governor must conduct an evaluation of the council's operations.

Direct service industrial customers (DSI). Tax credits and deferrals are provided to DSI customers who currently purchase electricity from the Bonneville Power

Administration. A DSI customer may receive a credit against its business and occupation tax (B&O) for natural gas purchased to generate electricity at a gas turbine electrical generation facility that is owned by the DSI. A deferral of the brokered natural gas use tax is available to a DSI that purchases gas from a company that is not subject to the state public utility tax (PUT). The gas must be used to generate electricity at a gas turbine electrical generation facility owned by the DSI. A credit is available against the PUT paid by an electricity generator that sells electricity to a DSI under a 10 year contract from a new gas turbine electrical generating facility if certain conditions are met.

The tax credits and deferrals are available beginning July 1, 2001. A DSI must meet certain requirements regarding employment to receive the tax credits and deferrals. The tax credits and deferrals are available for five years. The maximum amount of credits and deferrals available each fiscal year is \$2.5 million and no more than \$1.5 million is available for any one DSI if more than one DSI takes credits or deferrals in a fiscal year.

Low-income Home Energy Assistance Program (LIHEAP). A credit is available against the PUT due from gas and electric utilities for qualifying contributions and billing discounts offered to qualifying low-income customers. A utility may begin using the credit in fiscal year 2002 (begins July 1, 2001). To qualify for the credit, the amount of billing discounts or qualifying contributions must be at least 125 percent greater than discounts or contributions given by the utility in 2000. The amount of the credit for each utility is equal to one-half the discount or contribution given in a fiscal year.

The maximum total credit available state-wide each year is \$2.5 million. Each utility is also limited to a maximum credit amount based on its proportional share of energy assistance grants received by its low-income customers. Any credit that is not used in a fiscal year lapses for that utility and may be reapportioned to other qualifying utilities. The total credit available to a utility is its maximum available credit plus any portion of unused credits that are reapportioned to it.

Energy efficiency in public buildings. The concept of energy management systems is introduced into the development of life-cycle cost analysis for the construction or renovation of major public buildings. Municipalities may contract for energy management systems under their existing authority to enter into performance-based contracts for energy equipment and services.

State agencies and school districts must conduct an energy audit of public buildings. An energy audit includes: (1) a survey of energy consumption that identifies the amount, type and rate of consumption; (2) a walk-through survey to determine the need for energy conservation measures and energy management systems; and (3) an investment grade audit if cost-effective mea-

asures are identified after a walk-through survey. School district deadlines for the energy consumption survey and the walk-through survey are a few months later than those for state agencies. If an investment grade audit is recommended, it must be completed by December 1, 2002, for state agencies and by June 30, 2003, for school districts. Installation of cost-effective measures must be completed by June 30, 2004, for state agencies and by December 31, 2004, for school districts. School districts that are unable to obtain a contract with an energy service company to conduct an investment grade audit or implement conservation measures are exempt from this requirement. The Department of General Administration must report each biennium, beginning in December 2004, on progress made to date and further changes planned for the next biennium.

For buildings that are leased by the state, energy audits are required only for that portion of the building that is under state lease, and the energy conservation measures that are implemented as a result of the audit must generate sufficient savings to pay for the modifications and installations allowing for repayment during the lease term.

Agencies or school districts that contracted for or completed energy audits and implemented energy saving measures after December 31, 1997, are in compliance with the audit requirement.

Offering a "green" option to utility customers. By January 1, 2002, all electric utilities (other than small electric utilities) must offer their consumers, at least quarterly, a voluntary choice to purchase electricity generated from alternative energy resources.

Joint Committee on Energy and Utilities. The name of the Joint Committee on Energy and Utilities is changed to the Joint Committee on Energy Supply. The procedures for appointing members and selecting leadership of the joint committee are modified. Any member of the Senate or House of Representatives is eligible to be appointed to the committee.

Peaking plants. A sales and use tax exemption is created for the installation or acquisition of air pollution control equipment for thermal electric peaking plants smaller than 100 megawatts. The exemption takes effect January 1, 2001, and expires June 30, 2003.

Votes on Final Passage:

House	92	0
Senate	41	1

Effective: May 8, 2001

HB 2258
C 26 L 01 E2

Funding drought and earthquake emergency relief.

By Representatives H. Sommers and Sehlin.

House Committee on Appropriations

Background: In response to the Nisqually earthquake of February 28, 2001, Governor Locke instructed the Department of Military's Emergency Management Division to coordinate all earthquake related assistance to affected areas. President Bush declared Washington a major disaster area, triggering the release of federal funds to supplement recovery efforts in the state.

On March 14, 2001, Governor Locke declared a statewide drought emergency. Declaration of a drought requires that the water supply is below 75 percent of normal and the water shortage is likely to create undue hardships for various water uses and users.

To alleviate hardships and reduce burdens on various water uses and users, the Department of Ecology is given emergency power in response to drought conditions. The department may take the following emergency actions: 1) issue emergency permits for water; 2) approve temporary transfer of water rights; 3) provide funding assistance to public agencies to alleviate drought conditions; and 4) take other actions depending on future developments.

The emergency reserve fund consists of general fund revenues in excess of the state expenditure limit. This fund is in the state treasury and is subject to appropriation. The Legislature may appropriate moneys from this fund only with approval of at least two-thirds of the members of each house of the Legislature, and only if the appropriation does not cause total expenditures to exceed the limit.

Summary: \$20 million is appropriated from the emergency reserve fund for deposit into the Nisqually earthquake account for costs associated with the Nisqually earthquake.

\$5 million is appropriated from the emergency reserve fund for deposit into the state drought preparedness account for costs associated with the statewide drought emergency.

Votes on Final Passage:

First Special Session

House 96 0

Second Special Session

House 84 0

Senate 39 0

Effective: July 13, 2001

EHB 2260
C 9 L 01 E1

Changing the tax treatment of grocery distribution cooperatives.

By Representatives Cairnes, Morris, Kessler, Linville, McMorris, Doumit, Anderson, Hatfield, Poulsen, Crouse, Voloria, Benson, DeBolt, Reardon, Ericksen, Armstrong, Dunshee, Mastin and Delvin.

Senate Committee on Ways & Means

Background: The business and occupation (B&O) tax is imposed for the privilege of doing business in Washington. The tax is imposed on the gross receipts of all business activities (except utility activities) conducted within the state. B&O tax is deposited in the general fund.

Although there are several different B&O tax rates, the principal rates are: manufacturing and wholesaling - 0.484 percent; retailing - 0.471 percent; and services - 1.5 percent.

The litter tax is imposed on the value or gross proceeds of certain manufactured, wholesaled, or retailed products, including groceries, soft drinks, newspapers, and certain other items. The revenue is used to control litter within the state.

Summary: Grocery distribution cooperatives are taxed at a rate of 1.5 percent on sales to their customer-owners rather than at the usual 0.484 percent wholesaling tax rate. A deduction is allowed from taxable wholesale sales equal to the cost of merchandise sold to the cooperative's customer-owners.

Grocery distribution cooperatives are exempt from the litter tax.

Grocery distribution cooperatives eligible for this treatment must: (1) sell groceries and related items to customer-owners of the cooperative or to customer-owners of a firm which has at least a 50 percent controlling interest in the grocery distribution cooperative; (2) have been determined by a court not to be selling at wholesale and subsequently changed business form to make sales at wholesale of groceries or related items; and (3) be majority owned by customer-owners.

Votes on Final Passage:

First Special Session

House 92 0

Senate 40 0

Effective: June 11, 2001 (Sections 1, 2, 4, 8)

July 1, 2001 (Sections 3 and 5)

July 22, 2001 (Section 7)

July 1, 2003 (Section 6)

EHB 2266
C 6 L 01 E2

Modifying reimbursement for travel expenses incurred by certain agricultural boards and commissions.

By Representatives Linville and G. Chandler.

Background: State law allows the director of the Office of Financial Management to prescribe allowances to cover reasonable and necessary subsistence and lodging expenses and mileage rates for reimbursing officials and state employees who are engaged in official business away from their posts of duty. The Agricultural Enabling Acts of 1955 and 1961, which allow agricultural commodity boards and commissions to be created by marketing orders, allow members of the boards or commissions to be reimbursed for their travel expenses under the rates established by the director for state employees generally.

Summary: Members and employees of an agricultural commodity commission or board created under an Agricultural Enabling Act may be reimbursed for their actual travel expenses incurred in carrying out their official duties, as defined in the board's or commission's marketing order. If it is not so defined or referenced in the marketing order, reimbursement is to be the same as provided for state employees generally.

Votes on Final Passage:

First Special Session

House 95 0

Second Special Session

House 89 0

Senate 41 0

Effective: September 20, 2001

HJM 4002

Asking that the federal government provide veterans' benefits owed to Filipino veterans.

By Representatives Veloria, Campbell, Cody, Pennington, Cox, Kessler, Woods, Kenney, Romero, Bush, Keiser, Schoesler, Armstrong, Clements, Delvin, Santos, McIntire, O'Brien, D. Schmidt, Tokuda, Haigh, Edwards, Darneille, Schual-Berke and Talcott.

House Committee on State Government
Senate Committee on State & Local Government

Background: The United States took control of the Philippines from Spain in 1898 and the U.S. Congress established a territorial government there four years later. By 1916 the Congress had indicated its intention to eventually grant the islands their independence. In 1934 the Congress passed the Philippine Independence Act, which, pending full independence, authorized the Philippines to adopt a constitution and organize a government.

The Philippines did so in 1935 and established the Philippine Army.

The Independence Act contained a provision crucial to the status of approximately 200,000 to 300,000 World War II veterans of the Philippine Army. The Independence Act authorized the United States to maintain armed forces in the Philippines, and upon order of the President, to call all military forces organized by the Philippine government into the service of the United States armed forces. On July 26, 1941, just prior to the beginning of World War II, President Roosevelt exercised this authority by calling the Philippine military forces into the service of American armed forces. After the outbreak of war, the Congress authorized \$269 million to mobilize, train, equip, and pay the Philippine Army and gave General MacArthur authority to allocate expenditures for these purposes.

The Congress passed the First Supplemental Surplus Appropriation Rescission Act on February 18, 1946, shortly after the conclusion of the war but before the Philippines became an independent state on July 4, 1946. The Rescission Act provided an appropriation of \$200 million for the benefit of the postwar Philippine Army, but ordered that service by the Philippine military organizations "shall not be deemed to have been active military, naval, or air service" for purposes of most veterans benefit programs. As a result, most Philippine veterans of World War II are statutorily ineligible for all United States veterans' benefits, except for certain service-connected disability and death benefits.

Summary: The Senate and House of Representatives of the state of Washington petition the President and the Congress of the United States to amend the Rescission Act of 1946 to restore Filipino veterans full United States veteran status with military benefits.

Votes on Final Passage:

House 98 0

Senate 49 0

HJR 4202

Investing state investment board funds.

By Representatives H. Sommers, Sehlin, Benson, Hatfield and McIntire by request of State Investment Board.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background: The Legislature created the Washington State Investment Board (SIB) in 1981 to administer public trust and retirement funds. There are 14 members that serve on the board: one active member of the Public Employees Retirement System, one active member of the Law Enforcement Officers and Firefighters Retirement

ment System, one active member of the Teachers Retirement System, the State Treasurer, a member of the state House of Representatives, a member of the state Senate, a representative of retired state employees, the director of the Department of Labor and Industries, the director of the Department of Retirement Systems, and five non-voting members appointed by the State Investment Board with experience in making investments.

Washington law requires that the State Investment Board establish investment policies and procedures that are designed to maximize return at a prudent level of risk. The SIB manages 31 funds which total approximately \$56 billion.

The Washington State Constitution prohibits the state from lending its credit to private businesses or from having interests in the stock of a company. Unless specifically exempted from these restrictions, the investment of state funds is effectively limited to government securities and certificates of deposits.

Of the state funds under SIB management, the public pension or retirement funds, industrial insurance funds, the Guaranteed Education Tuition program funds, the Developmental Disabilities Endowment Trust, and the common school permanent fund may be invested in a more diversified range of securities, such as a mixture of corporate bonds and stocks.

The SIB, however, invests in a growing number of other funds, including four permanent funds, the state emergency reserve fund, and other smaller state trusts which are not exempted from constitutional restrictions.

Summary: A proposed constitutional amendment is submitted to the people for approval that would exempt funds under the investment authority of the State Investment Board from the investment restrictions imposed by the state constitution. The effect of such an amendment will be to allow the SIB to freely invest state funds in accordance with its fiduciary duties, and will eliminate the requirement that certain funds be invested only in government securities.

Votes on Final Passage:

House	96	1	
Senate	45	2	(Senate amended)
House	94	0	(House concurred)

EHCR 4410

Creating a joint select legislative task force to evaluate the state's authority under the forest resources conservation and shortage relief act.

By Representatives Sump, Doumit, Sehlin, H. Sommers, Mulliken, Linville, Armstrong, Murray, Alexander and Hatfield.

House Committee on Natural Resources
Senate Committee on Natural Resources, Parks & Shorelines

Background: The U.S. Congress passed the Forest Resources Conservation and Shortage Relief Act in 1990 to prevent the export of unprocessed logs from federal lands and the "substitution" of federal timber for private timber that is exported by a company that also buys timber from federal lands for domestic processing.

As part of this law, the Congress authorized the state and its political subdivisions to prohibit the substitution of state timber for private timber that is exported. In 1991 the state adopted rules to implement the federal ban on the export of restricted unprocessed timber. These rules prohibit firms that export unprocessed logs from bidding on state timber sales.

It is unclear if any state agency or official has the authority to review or amend this chapter of regulations. Concerns have been expressed that these rules may contribute to a lack of bidders on state and local government timber sales.

Summary: A joint select legislative task force is created to evaluate and make recommendations regarding the state's exercise of authority under the federal Forest Resources Conservation and Shortage Relief Act, as well as factors that may contribute to the amount of competition for state and local government timber sales.

The legislative task force may recommend which agency or official of state government should have the authority to review and amend the substitution of timber rules, any changes to these rules, changes to state and local government timber appraisal and bidding practices, and any related legislation that the Legislature should consider during the 2002 legislative session.

The legislative task force is required to gather information regarding changes in the forest products industry in Washington since the substitution rules were adopted, the current market for state and local timber, factors that affect the sale of state and local government timber, and other factors that the task force considers appropriate.

The legislative task force consists of four members of the state Senate and four members of the state House of Representatives. The four senators on the legislative task force are appointed by the President of the Senate, two from each major political caucus. The representatives on the legislative task force are appointed by the Co-Speakers of the House, two from each major political caucus.

The legislative task force is assisted by an advisory committee. The advisory committee is composed of the following members or their designees: 1) the Commissioner of Public Lands; 2) the Superintendent of Public Instruction; 3) the president of Washington State University; 4) the president of the University of Washington; 5) a representative of a county, selected by the Washington Association of Counties; 6) the director of the Office of

Financial Management; 7) the director of the Department of Revenue; 8) a representative of companies that purchase timber sales under current law from the Department of Natural Resources, selected by representatives of those companies; 9) a representative of companies that operate forest product manufacturing facilities within the state that are currently ineligible under current rules to purchase timber sales from the Department of Natural Resources, selected by representative of those companies; 10) a forest products representative from a small business that purchases or processes wood products, selected by representatives of small forest product businesses; 11) a representative of an independent pulp and paper union, chosen by the president of the union; and 12) a representative of a labor union representing workers in forest product manufacturing facilities within the state under a collective bargaining agreement, selected by the Washington State Labor Council.

The advisory committee is directed to elect a chair or co-chairs from among its members for the purpose of conducting meetings and transmitting information from the advisory committee to the legislative task force. The legislative task force must consult with the advisory committee in developing its recommendations.

Staff support for the legislative task force and advisory committee is provided by Senate Committee Services and the House Office of Program Research.

The legislative task force must report its findings and recommendations to the appropriate legislative committees by January 1, 2002.

Votes on Final Passage:

House	94	0	
Senate	45	0	(Senate amended)
House	88	0	(House concurred)

HCR 4414

Creating a joint select committee on civil forfeiture.

By Representatives Carrell and Lantz.

Background: Law enforcement agencies may seize and forfeit certain real and personal property for violations of Washington's drug forfeiture statute.

In cases of personal property, the seizing agency has the initial burden of showing probable cause exists to believe the property is subject to forfeiture. The burden then shifts to the person claiming an ownership interest in the property to prove that the property is not subject to forfeiture. For real property, the burden of proof remains on the seizing law enforcement agency.

Generally, when property is forfeited, the seizing law enforcement agency may retain the property for official use. However, seizing law enforcement agencies are required to remit 10 percent of the net proceeds from for-

feited property annually to the State Treasurer to be deposited in the drug enforcement and education account.

The seizing law enforcement agency is required to keep records regarding forfeited property. Specifically, the agency must keep a record of the identity of the owner, description and disposition of the forfeited property, value of the property at the time of seizure, and amount of proceeds realized from the sale of any forfeited property. These records must be maintained for at least seven years and must be submitted annually to the State Treasurer.

This session the Legislature passed ESHB 1995, which did the following: a) placed the burden of proof on the law enforcement agency to establish by a preponderance of the evidence that personal property is subject to forfeiture; and b) allows a claimant who substantially prevails in a forfeiture proceeding, to attorney fees that were reasonably incurred.

Summary: A joint select committee on civil forfeiture is created. The committee must evaluate civil forfeiture laws and practices, evaluate changes to federal civil forfeiture laws and how they compare to Washington law, analyze whether a requirement for a criminal conviction before allowing civil forfeiture would raise constitutional issues, conduct a comprehensive review of every civil forfeiture case that took place in the state in the year 2000, discuss other civil forfeiture issues identified by the committee, and make recommendations on ways to improve civil forfeiture laws.

The committee consists of eight members, two members from each caucus in the Senate appointed by the President of the Senate, and two members from each caucus in the House appointed by the Co-Speakers of the House of Representatives. The committee must consult with representatives from the American Civil Liberties Union, the Washington Association of Prosecuting Attorneys and the Washington Association of Criminal Defense Lawyers.

The committee must report its findings and recommendations to the Senate Judiciary Committee and House Judiciary Committee no later than December 1, 2001. The committee terminates December 15, 2001.

Votes on Final Passage:

First Special Session

House	Adopted
Senate	44 0

ESSB 5013

C 7 L 01

Clarifying the definition of "persistent offender."

By Senate Committee on Judiciary (originally sponsored by Senators McCaslin, Haugen and Long).

Senate Committee on Judiciary
House Committee on Criminal Justice & Corrections

Background: A persistent offender is an offender who has either three separate convictions for a "strike" offense or two separate convictions for a sex crime "strike" offense. A persistent offender must be sentenced to life in prison without possibility of parole. Prior "strike" convictions may have occurred in another state. To qualify as a prior sex crime "strike" offense, whether occurring in Washington or another jurisdiction, the prior criminal conviction, including attempts, is presently required to be specifically named on the list of "strike" offenses. The qualifying crimes include rape in the first or second degree, rape of a child in the first or second degree, and some serious violent felonies found to have been committed with sexual motivation.

Judges are not explicitly authorized to include as "strikes" those out-of-state crimes with different names which would be considered "strike" offenses in Washington, or Washington convictions for crimes having the same or similar elements but different names. Names of crimes frequently vary between states and have been changed in Washington. For example, in 1988 the Washington crimes of statutory rape in the first and second degree were replaced by the crimes of rape of a child in the first and second degree. The Washington crime of child rape in the first degree corresponds to portions of the Oregon crime of sodomy in the first degree. Confusion about whether to include prior sex offenses in determining an offender's status as "persistent" has led to inconsistent application of the "two strikes, you're out" law and therefore to inconsistencies in imposition of mandatory life sentences for offenders with similar criminal histories.

Summary: A federal or out-of-state prior sex offense conviction or a conviction under prior Washington law is considered a "strike" offense for the purpose of persistent offender categorization under the "two strikes, you're out" law if the crime is comparable to a currently named "strike" offense.

Votes on Final Passage:

Senate 46 0
House 88 0

Effective: July 22, 2001

SSB 5014

C 95 L 01

Harmonizing the definitions of sex and kidnapping offenders under the criminal and registration statutes.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Costa, Long, Fraser, Carlson and Gardner).

Senate Committee on Human Services & Corrections
House Committee on Criminal Justice & Corrections

Background: When sex offender registration was originally established, the definition of sex offense in the registration statute and the definition of sex offense in the criminal code were identical. Over time both definitions have been amended. Some amendments in the registration statute refer to gross misdemeanors and will never be covered in the criminal code; however, some of the changes refer to felonies.

Summary: The definitions of sex offense in the criminal code and registration statute are restored to be equivalent with regard to felonies.

Votes on Final Passage:

Senate 49 0
House 95 0

Effective: July 1, 2001

SSB 5015

C 8 L 01

Modifying the definition of border area.

By Senate Committee on Judiciary (originally sponsored by Senators Morton, McCaslin and Gardner).

Senate Committee on Judiciary
House Committee on Appropriations

Background: The liquor revolving fund was created by the Legislature and consists of license and permit fees, penalties, forfeitures and all other moneys received by the Liquor Control Board. After the money in the liquor revolving fund is distributed as required by statute, the excess funds are disbursed according to a specific formula. This formula directs that three tenths of 1 percent of the excess funds are distributed to border areas as defined in 66.08.195 RCW.

Summary: The definition of "border area" is expanded to include any unincorporated area within seven miles of the Washington-Canadian border.

Votes on Final Passage:

Senate 48 0
House 89 0

Effective: July 22, 2001

ESSB 5017

C 96 L 01

Restricting the sale of ephedrine, pseudoephedrine, or phenylpropanolamine.

By Senate Committee on Judiciary (originally sponsored by Senators Franklin, Winsley and Regala).

Senate Committee on Judiciary

House Committee on Criminal Justice & Corrections

Background: Precursor drugs are substances that can be used to manufacture controlled substances. Generally, any person or business who sells, transfers, or furnishes precursor drugs must require proper identification from the purchaser and submit a report of such transactions to the State Board of Pharmacy. Exceptions to the reporting requirement are provided for pharmacists providing drugs upon a prescription and specifically for ephedrine compounds sold over the counter. Sale, transferring, or furnishing a precursor drug, with knowledge or intent that it will be used to unlawfully produce a controlled substance, is an unranked B felony. Receipt of these drugs with intent to unlawfully manufacture a controlled substance is also an unranked B felony. Possession of ephedrine or pseudoephedrine with intent to manufacture methamphetamine is a B felony ranked at level VIII on the sentencing grid (21-27 months for a first offense). In August 2000, the Pierce County Council passed a proclamation requesting the Legislature to enact statewide legislation limiting the sale of ephedrine. That same month, the Tacoma City Council passed an ordinance limiting the sale and possession of more than three packages or three grams of ephedrine compounds and making violations a misdemeanor.

Summary: The reporting requirement for sales of precursor drugs is clarified to include wholesalers, and to include sales whether or not the buyer is within the state. Sellers of precursor drugs must demand identification from buyers. It is clarified that all purchasers of precursors from out-of-state sources must report transactions to the Board of Pharmacy. Manufacturers and wholesalers must report suspicious transactions in precursor drugs to the Board of Pharmacy. "Suspicious transactions" are sales under circumstances leading a reasonable person to believe the substance is likely to be used for making a controlled substance, or for more than \$200 in cash. The Board of Pharmacy must establish criteria in rule for determining whether a transaction is suspicious.

Manufacturers and wholesalers must maintain records of precursor drug sales, and make them available for Board of Pharmacy inspection for two years. Anyone subject to reporting or record-keeping requirements for precursor drugs may meet those requirements by using computer readable data or copies of federally required reports containing the same information. It is clarified

that anyone transferring or receiving precursors must obtain a permit from the Board of Pharmacy.

It is a gross misdemeanor to sell at retail more than three packages of products containing ephedrine, pseudoephedrine, or phenylpropanolamine, or a single package containing more than three grams in a single transaction. It is a gross misdemeanor to purchase more than three packages of products containing ephedrine, pseudoephedrine, or phenylpropanolamine, or a single package containing more than three grams in a 24-hour period. This does not include prescription purchases or sales. It is a gross misdemeanor to possess more than 15 grams of ephedrine, pseudoephedrine, or phenylpropanolamine, except for pharmacists, practitioners, manufacturers, wholesalers, retailers, or shippers or unless the compounds are stored in a home or residence under circumstances consistent with legitimate uses. These restrictions also do not apply to pediatric formulas of these products, or to products determined by the board to have been formulated so as to effectively prevent their conversion to methamphetamine.

Retailers of products containing ephedrine compounds may take either of two measures to prevent their unlawful sale and purchase: (1) they may program their registers to alert sales persons of potential violations, or (2) they may place signs on the premises to notify customers of the prohibitions in the act.

The board may impose a civil penalty up to \$10,000 for violations of precursor drug laws. The board may waive the civil penalties and licensing sanctions based on employer's diligence in trying to prevent violations by employees. Local ordinances not consistent with this law are preempted, but local governments may act against violators' local business licenses.

Votes on Final Passage:

Senate	39	7
House	91	0

Effective: July 22, 2001

SB 5022

C 9 L 01

Modifying the salmon recovery funding board's reporting of financial affairs.

By Senators Jacobsen and Oke.

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources

Background: The Salmon Recovery Funding Board is a ten-member panel that consists of five public members, appointed by the Governor, and five state officials. The board approves grants and loans for salmon recovery purposes throughout the state.

Members of the Salmon Recovery Funding Board are not required to file personal financial disclosure statements with the Public Disclosure Commission.

Summary: Members of the Salmon Recovery Funding Board must file personal financial disclosure statements with the Public Disclosure Commission.

Votes on Final Passage:

Senate 45 4
House 89 1

Effective: July 22, 2001

SB 5038

C 10 L 01

Incorporating amendments into the reorganized chapter 9.94A RCW.

By Senators McCaslin and Kline.

Senate Committee on Judiciary
House Committee on Criminal Justice & Corrections

Background: The 2000 Legislature divided the main "sentences" statute in the Sentencing Reform Act into 42 separate sections. These revisions take effect on July 1, 2001. The Code Reviser was directed to prepare a bill for the 2001 session that incorporated all other amendments to the Sentencing Reform Act that did not conform.

Summary: The Legislature does not intend to make any substantive change to the Sentencing Reform Act. Various statutes are amended to incorporate year 2000 amendments into the reorganization of the Sentencing Reform Act. The Code Reviser is directed to recodify sections in Chapter 9.94A RCW as needed to simplify the chapter.

Votes on Final Passage:

Senate 43 0
House 91 0

Effective: July 1, 2001

SB 5047

C 11 L 01

Authorizing the department of corrections to detain, search, or remove persons who enter correctional facilities or institutional grounds.

By Senators Long, Costa, Hargrove and Carlson; by request of Department of Corrections.

Senate Committee on Human Services & Corrections
House Committee on Criminal Justice & Corrections

Background: Although some Department of Corrections (DOC) employees are limited authority peace officers, under current law these employees have no authority

to detain a person suspected of carrying on illegal activity on the grounds of a DOC facility. This includes persons attempting to bring drugs or other contraband into a DOC facility.

Summary: Department of Corrections employees who are limited authority peace officers may detain, search, or remove persons who enter or remain in a DOC facility without permission, if there is probable cause to believe that the person has committed, or is committing a crime or is possessing contraband within the facility or institutional grounds.

If a person is detained, the department must immediately notify a local law enforcement agency with jurisdiction over the location. The person may be searched, any contraband may be confiscated, and the person may be detained for a reasonable time until the person and any contraband can be transferred to a local law enforcement officer.

A DOC employee who is a limited authority Washington peace officer may use necessary force to protect the persons and properties located within the facility or on institutional grounds.

Votes on Final Passage:

Senate 45 1
House 91 0

Effective: April 13, 2001

SB 5048

C 12 L 01

Changing provisions relating to less restrictive alternative commitments.

By Senators Long, Hargrove, Winsley and Costa.

Senate Committee on Human Services & Corrections
House Committee on Criminal Justice & Corrections

Background: In 1997, the Legislature stated a policy to require courts to give great weight to a prior history and pattern of mental decompensation in certain circumstances. In subsequent years, the Legislature has enacted further provisions to address the public safety concerns and treatment needs of persons who are repeatedly committed as a danger to self or others and required the court to give great weight to a person's past history of dangerousness in determining whether to commit him or her.

In 1999, the Court of Appeals reviewed the case of R. W., who was convicted of second degree assault of a psychiatric nurse. Following his release from confinement on the assault, he was sent directly to Western State for mental health evaluation. He was then committed for 14 days. This was his 13th commitment. At the end of the 14 days, a petition for 90-day inpatient treatment was filed and the jury was instructed to give great weight to his prior history and pattern of decompensation and police interventions. R. W. appealed and the court held

that the jury instruction was an improper comment on the evidence because the statute used as authority was a legislative intent section and not a substantive law section.

Summary: In determining whether an inpatient or a less restrictive alternative is appropriate, the court must give great weight to the person's prior history or pattern of decompensation resulting in repeated hospitalizations or repeated police interventions.

Votes on Final Passage:

Senate 43 0
House 92 0

Effective: July 22, 2001

ESB 5051

C 13 L 01

Changing provisions relating to persons incapacitated by a chemical dependency.

By Senators Long, Hargrove, Winsley, Haugen, Stevens, Patterson, McAuliffe, Fairley and Carlson.

Senate Committee on Human Services & Corrections
House Committee on Children & Family Services

Background: Current chemical dependency involuntary treatment law permits any county's designated chemical dependency specialist (DCDS) to detain a person who is gravely disabled or who presents a likelihood of serious harm for a 72-hour evaluation. However, it only allows the DCDS to file a petition for commitment to involuntary treatment on the basis that the person is incapacitated. This differs from the mental health Involuntary Treatment Act, in which a person can be committed if he or she is gravely disabled or if he or she presents a likelihood of serious harm. Under this statute, an incapacitated person is one who has his or her judgment so impaired that the person is incapable of making a rational decision about his or her need for treatment and presents a likelihood of serious harm. A person must meet both portions of the definition and the definition does not address grave disability. This has resulted in a situation where very few persons who need it receive involuntary treatment.

Summary: A DCDS may file an involuntary treatment petition either because a person is gravely disabled due to alcohol or drug abuse or because the person presents a likelihood of serious harm. The definition of incapacitated includes both gravely disabled persons and persons who present a likelihood of serious harm but only one standard must be met. The definition of likelihood of serious harm is the same as the definition in the mental health involuntary treatment statutes.

The county alcoholism and other drug addiction program coordinator may designate the county designated

mental health professional to perform detention and commitment duties.

Votes on Final Passage:

Senate 48 0
House 92 0

Effective: July 22, 2001

ESSB 5052

C 14 L 01

Making technical corrections to trust and estate dispute resolution provisions.

By Senate Committee on Judiciary (originally sponsored by Senators Johnson and Constantine).

Senate Committee on Judiciary
House Committee on Judiciary

Background: In 1999, the Legislature enacted the Trust and Estate Resolution Act to centralize in the Washington statute all procedures for handling disputes that occur regarding trust and estates. The act also provided mechanisms for resolving disputes by informal binding agreements between parties and by outlining the process by which parties can obtain resolution of disputes using mediation and/or arbitration and to obtain compliance with decisions.

The Washington State Bar Association Real Property, Probate and Trust Section is recommending various clarifications and technical corrections to the act.

Summary: The Trust and Estate Resolution Act is modified to make various clarifications and technical corrections to the act.

After a probate proceeding has been commenced, future notice of matters in an existing judicial proceeding that relate to the same trust, estate or nonprobate asset need not be in the form of a summons.

The process for appointing a qualified and independent person as a special representative to represent the interest of minors, unknown persons or incompetents is clarified.

If a nonjudicial binding agreement has been entered into, and a special representative has also been appointed, the agreement may not be filed with a court for 30 days without the consent of the special representative.

The period to appeal an arbitrator's decision is extended to 30 days after the decision has been served on the parties.

The process for filing an arbitrator's decision, notice to parties, and appeal procedures to superior court are set forth.

Votes on Final Passage:

Senate 43 0
House 92 0

Effective: July 22, 2001

ESB 5053
C 32 L 01

Making corrections to Article 9A of the Uniform Commercial Code.

By Senators Constantine and Johnson.

Senate Committee on Judiciary
House Committee on Judiciary

Background: The Uniform Commercial Code in effect in all 50 states contains rules dealing with commercial sales transactions. Article 9 of that code regulates the creation, operation and filing of security interests in all property other than land. In 2000, Washington adopted the revised and modernized Article 9A (effective July 1, 2001) which was proposed by the National Conference of Commissioners on Uniform State Laws and recommended by the Washington Bar Association. Since implementation, technical amendments have become necessary to correct inaccurate cross-references, to integrate the uniform law with existing Washington lien laws, to correct grammatical and drafting errors, and to correct references to terms which were changed or modified. Most of the changes are promulgated by the National Conference of Commissioners on Uniform State Laws, which drafted the revised Article 9A. Changes have also been requested by county auditors to exempt them from requirements that they accept an amount greater than the applicable filing fee, that they provide two-day turnaround time for acknowledgment of filing, and that on a weekly basis they offer to sell or license copies of filing records to the public.

In addition to technical changes, it is recommended that the damages which a debtor can collect from a secured party be modified to prevent a double recovery.

Summary: Procedural, technical, and clarifying amendments are made to Chapter 62A.9A RCW, the Uniform Commercial Code provisions regulating security interests in property other than land. Substantively, to the extent that a secured party's deficiency claim against a debtor is reduced or eliminated because the sale was not "commercially reasonable," the debtor may not also collect statutory damages against the secured party. Changes are also made to the Article 9A provisions enacted in 2000 to allow county auditors' offices to continue to process fixture filings according to prior procedures.

Votes on Final Passage:

Senate 49 0
House 88 0

Effective: July 1, 2001

SB 5054
C 60 L 01

Modifying the rule against perpetuities.

By Senators Johnson and Constantine.

Senate Committee on Judiciary
House Committee on Judiciary

Background: Washington law limits the time within which a person may, by trust and certain other methods, transfer a future interest in property. The transfer will be invalidated if it does not "vest" (become a property right of a specific person) within 21 years after "any life in being or conceived at the effective date of the instrument." This law is based upon a common law concept called the "rule against perpetuities."

The Washington Bar Association has proposed that this statute be modified to set a definite time of 150 years within which the vesting of these property rights must occur. The complexity of the existing rule has long plagued legal scholars and practitioners in this area of law. Commentators have suggested that this change is intended to be a simpler, more pragmatic rule which will bring certainty to the drafting of trust documents and will avoid issues of construction of the rule which have long plagued courts and attorneys practicing in this area.

Summary: Transfers of property by trust and certain other methods are valid if they become distributable or vest within 150 years after the effective date of the instrument.

Votes on Final Passage:

Senate 39 0
House 95 0

Effective: July 22, 2001

SB 5057
C 33 L 01

Specifying how code cities may change the plan of government.

By Senators Gardner, Hale, Haugen, Horn, Spanel, Patterson, Costa, Kline and McCaslin.

Senate Committee on State & Local Government
House Committee on Local Government & Housing

Background: When a noncharter code city changes its plan of government, the new city officers are all usually elected at the next general municipal election. All the city officers under the former plan of government must either run anew or no longer be in office. The term "plan of government" includes the mayor-council, council-manager forms, and the commission form under some circumstances.

Whenever a city of 10,000 population or more receives a petition from the voters to become a charter

code city, the city must call for an election on that question. However, no code city has ever adopted a charter.

Summary: When a noncharter code city changes its plan of government, officers serve the remainder of their terms. If the change is from a mayor-council plan of government to a council-manager plan of government, the existing mayor serves as a council member for the remainder of his or her term. If the change is from a council-manager plan of government to a mayor-council plan of government, the new mayor is elected as part of the reorganization call for an election on that question. There is a two-year waiting period between elections on the question of charter adoption when the vote in favor was 40 percent or less of the total vote.

Votes on Final Passage:

Senate	46	0
House	97	0

Effective: July 22, 2001

ESSB 5060
C 328 L 01

Revising alternative public works contracting procedures.

By Senate Committee on State & Local Government (originally sponsored by Senators Winsley and Patterson).

Senate Committee on State & Local Government
House Committee on State Government

Background: Differing procedures are established for state agencies and various local governments to award contracts for public works projects.

Several different state agencies and local governments have been authorized to use alternative public works contracting procedures to award contracts on certain public works with a value of over \$10 million. One alternative procedure is the "design-build" procedure. Another alternative procedure is the "general contractor/construction manager" (GCCM) procedure. Authority to use these alternative public works contracting procedures terminates on July 1, 2001.

The GCCM procedure is a multi-step competitive process to award a contract for a single firm to provide services during the design phase, as well as acting as both the construction manager and general contractor during the construction phase, for a public facility that meets certain criteria. The contractor guarantees the project budget under this procedure.

The design-build procedure is a multi-step competitive process to award a contract for a single firm to design and construct a public facility or portion of a public facility that meets certain criteria.

The Department of General Administration, University of Washington, Washington State University, every

county with a population greater than 450,000 (King, Pierce, and Snohomish counties), every city with a population greater than 150,000 (Seattle, Tacoma, and Spokane), and any port district with a population greater than 500,000 (Port of Seattle and Port of Tacoma) may use the alternative public works contracting procedures.

A temporary independent oversight committee reviews the use of these alternative public works procedures and makes recommendations to the Legislature on governmental contracting procedures.

Summary: Authority to use the alternative public works contracting procedures is extended for six years until July 1, 2007.

The alternative procedures may be used for public works projects valued over \$12 million.

The temporary independent oversight committee is abolished.

The following entities are authorized to use the alternative public works contracting procedures:

- The minimum population of a city eligible to use these procedures is reduced from 150,000 to 70,000, adding Vancouver, Bellevue, Everett, Federal Way, and Kent.
- Port districts eligible to use these procedures are expanded by changing the class of eligible port districts from a port district with a population of 500,000 or more to a port district with total revenues greater than \$15 million per year (adds the ports of Longview, Vancouver, Everett, and Bellingham).
- Any public utility district with revenues from energy sales of greater than \$23 million per year (adds the PUDs of Snohomish, Clark, Cowlitz, Grant, Benton, Chelan, Clallam, Douglas, Grays Harbor counties, and Mason County #3).
- Any public authority chartered by a city only after receiving specific authorization on a project-by-project basis from the governing body of the city.

Criteria are provided for a general contractor/construction manager to determine the eligibility of subcontractors performing work on the project, including financial resources, history of successful completion of contracts of a similar scope, management and supervision personnel experience on similar projects, current and projected workloads, ability to accurately estimate the subcontractor bid package scope of work, ability to meet subcontractor bid package shop drawing and other coordination procedures, eligibility to receive an award under applicable laws and regulations, and ability to meet subcontract bid package scheduling requirements.

Notice of a determination of eligibility must be published in a legal newspaper of general circulation published in or near to where the work will be done. Evaluation criteria and weighting is supplied to subcontractors requesting eligibility. Results and scoring by the owner and general contractor/construction manager must be supplied to subcontractors requesting eligibility.

Votes on Final Passage:

Senate 31 18
House 92 0 (House amended)
Senate 30 16 (Senate concurred)

Effective: July 1, 2001

SB 5061

C 34 L 01

Awarding contracts for building engineering systems.

By Senators Winsley and Patterson.

Senate Committee on State & Local Government
House Committee on State Government

Background: Except for public bodies authorized to utilize the design-build procedure of public works contracting, it is not clear that state agencies or local governments may award contracts of any value for the design, fabrication, and installation of building engineering systems.

Summary: A state agency or local government may award contracts of any value for the design, fabrication, and installation of building engineering systems by: (a) using a competitive bidding process or a request for proposal process where bidders are required to provide final specifications and a bid price, with the final specification of the building engineering system approved by an appropriate design, engineering and/or public regulatory body; or (b) using a competitive building process where bidders are required to provide final specifications as part of a larger project, with the final specifications of the building engineering system portion of the project approved by an appropriate design, engineering and/or public regulatory body. The provisions of law regarding contracts for architecture and engineering services do not apply.

“Building engineering systems” means those systems where contracts for the systems customarily have been awarded with a requirement that the contractor provide final approved specifications (e.g., fire alarm systems, building sprinkler systems).

“Local government” means any county, city, town, school district, or other special (purpose) district, municipal corporation, or quasi-municipal corporation.

“State agency” means the Department of General Administration, the State Parks and Recreation Commission, the Department of Fish and Wildlife, the Department of Natural Resources, any institution of higher education, and any other state agency delegated authority by the Department of General Administration.

Votes on Final Passage:

Senate 47 0
House 92 0

Effective: July 22, 2001

SB 5063

C 284 L 01

Authorizing a limited public works process.

By Senators Patterson and Winsley.

Senate Committee on State & Local Government
House Committee on State Government

Background: State contracting law provides for an optional uniform small works roster process to award public works contracts that assure a competitive price is established and that the contract is awarded to the lowest responsible bidder. The small works roster may be used by government agencies and by any local government that is expressly authorized to use it. Contracts estimated to cost \$200,000 or less are eligible for the small works roster process.

Summary: State agencies and local governments authorized to use the small works roster process may award contracts using a limited public works process for construction, building renovation, remodeling, altering, repairing, or improving real property.

The limited public works process is a type of small works roster process, but only applies to contracts estimated to cost less than \$35,000. Bids must be solicited from at least three contractors. The agency or local government may award the contract, even if only one quotation is received, or reject all quotations. Quotations are available for public inspection after a contract is awarded. An attempt must be made to distribute opportunities equitably among contractors willing to perform in the geographic area of the work.

Agencies and local governments must maintain a list each 24 months of contracts awarded and contractors solicited under this process, including the names and registration numbers of the contractors.

An agency or local government using the limited public works process may waive performance bond requirements and retainage requirements but has a right of recovery against the contractor for any payments it makes on behalf of the contractor.

Votes on Final Passage:

Senate 32 17
House 95 0 (House amended)
Senate 32 15 (Senate concurred)

Effective: July 22, 2001

SSB 5077

C 232 L 01

Modifying the provisional employment of sheriff's employees.

By Senate Committee on State & Local Government (originally sponsored by Senators Haugen and Rasmussen).

Senate Committee on State & Local Government
House Committee on Local Government & Housing

Background: The civil service commission for county deputy sheriffs and other employees of the office of county sheriffs is comprised of three members appointed by the board of county commissioners. When a vacancy occurs, the commission must certify three persons highest on the list of persons eligible for that job class. If there is no list, then the commission must authorize a temporary appointment list for the class. Any temporary appointment can last no more than four months and any one person may receive only one temporary appointment in one fiscal year. The eligible list for some job classes can remain empty beyond four months despite the commission's best efforts to recruit qualified applicants.

Summary: If the commission certifies that it continues to use due diligence in advertising and testing for the position, the authority that made the temporary appointment may extend it beyond its four-month expiration. If no list of three prospective candidates for the position can be assembled by one year after the initial temporary appointment was made, then the position may be filled from a list of less than three prospective candidates.

Votes on Final Passage:

Senate	46	0	
House	93	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 22, 2001

SSB 5101

C 159 L 01

Protecting consumers in contractor transactions.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Prentice, Winsley, Kohl-Welles, Fairley and Fraser; by request of Department of Labor & Industries).

Senate Committee on Labor, Commerce & Financial
Institutions

House Committee on Commerce & Labor

House Committee on Appropriations

Background: Consumer complaints against building contractors are consistently in the top ten of all complaints received by the Attorney General's Office.

General contractors must file a \$6,000 surety bond and specialty contractors must file a \$4,000 surety bond with the Department of Labor and Industries when applying for registration. An action to recover against the bond must be filed in superior court within one year of the expiration of the current certification. The amount of insurance required of a contractor is \$20,000 for property damage, \$50,000 for injury or death to one person, and \$100,000 for injury or death to more than one person.

Registration certificates are issued for one year. The department denies an application for registration if the applicant has previously registered and has an unsatisfied final judgment under the previous registration. A contractor must give notice to a customer at the start of a construction project about the availability of the bond.

The maximum penalty for violation of statutory registration, advertising, identification and solicitation requirements is \$5,000.

Current law does not require that a registered contractor demonstrate professional business competency.

The department is prohibited from charging a contractor's registration fee of more than \$50.

Contractors, subcontractors, or suppliers may file a lien against property if they have not been paid, even if the prime contractor has been paid in full. Notice on the right to claim a lien must be given in certain circumstances.

Summary: The Department of Labor and Industries (L&I) must deny a contractor's application for registration and suspend an active registration if the applicant or registrant was a major participant in a contracting company with an unsatisfied final judgment, or has failed to maintain a valid unified business identifier if required by the Department of Revenue.

The amount of the surety bond required is increased to \$12,000 for general contractors and \$6,000 for specialty contractors. One-half of the bond amount for general contractors and one-third of the bond amount for specialty contractors must be reserved for claims by residential homeowners. The amount of the surety bond required may be increased if the director determines there have been six final judgments in the past five years against a contractor involving at least two residential single-family dwellings. Residential homeowners have up to two years to file against the bond after the work was completed or abandoned.

The amount of insurance required of a contractor is increased to \$50,000 for property damage; to \$100,000 for personal injury or death of one person; and to \$200,000 for personal injury or death of more than one person.

Registration certificates are issued for two years. Impairment of a bond or termination of an insurance policy automatically suspends a contractor's registration.

The department is authorized to establish a process to collect payments, penalties, or fines due from contractors.

The state's contract registration requirements do not apply to mobile or manufactured home purveyors if they use registered contractors to set up or repair homes.

The maximum penalty for false advertising is increased to \$10,000.

The notice that a contractor must give to a customer about the contractor's bond is to include statements that: (1) the bond might not be sufficient to pay a customer's claim; (2) retaining funds can provide greater protection; (3) the customer's property can be liened; and (4) the customer should get lien releases.

An unregistered contractors enforcement team is established with staff from the Department of Revenue, L&I, and Employment Security. The department is to increase consumer and contractor awareness.

The \$50 limitation on contractor registration fees is changed to a \$100 fee for the 2001-2003 biennium and is changed in the future consistent with the fiscal growth factor.

Votes on Final Passage:

Senate 49 0
House 95 0 (House amended)
Senate 47 0 (Senate concurred)

Effective: July 22, 2001

SB 5108
C 97 L 01

Modifying provisions relating to the growing of short-rotation hardwood trees on agricultural land.

By Senators T. Sheldon, Benton, Snyder, Hargrove, Sheahan, Gardner, Rasmussen and Stevens.

Senate Committee on Agriculture & International Trade
House Committee on Natural Resources

Background: Two systems of taxation have evolved over the years: one specific to growing of agricultural products on agricultural land; the other specific to growing of timber products on forest land. Agricultural land and forest land can be valued according to their current use with the value of cultivated agricultural land being generally higher than forest land values. However, forest products grown on forest land are subject to the timber excise tax of 5 percent collected at the time of harvest, while the sale of agricultural products are generally exempt from excise taxes.

In the 1990s, there was increased interest in growing short-rotation hardwoods, such as hybrid poplars and cottonwoods, on agricultural land. An accommodation was made to blend the two tax systems by providing that short-rotation hardwoods grown by agricultural methods

are exempt from the timber excise tax if the growing cycle is shorter than ten years.

Current forest practice regulations provide an exemption for trees cultivated by agricultural methods in growing cycles shorter than ten years.

Currently, the Department of Revenue's interpretation is that short-rotation hardwoods are considered an agricultural crop for business and occupation tax purposes if they are cultivated by agricultural methods.

Summary: The maximum length of the growing cycle for short-rotation hardwoods is increased from the current ten-year period to 15 years for purposes of the timber excise tax and the Forest Practices Act.

Specific reference is included in the business and occupation tax statute that short-rotation hardwoods are included in the definition of an agricultural product.

Votes on Final Passage:

Senate 46 0
House 89 0

Effective: July 22, 2001

SSB 5114
C 285 L 01

Modifying motorcycle provisions.

By Senate Committee on Transportation (originally sponsored by Senators Horn, T. Sheldon, Hochstatter, Hargrove, Costa, Roach, Oke, Haugen, Zarelli, Regala, Fairley, Snyder, Morton, Benton, Constantine, Johnson, Stevens, McDonald, B. Sheldon, Sheahan, Long, Gardner and Rossi).

Senate Committee on Transportation
House Committee on Transportation

Background: In 1982, legislation passed requiring the Department of Licensing to create a voluntary motorcycle operator training and education program to provide public awareness of motorcycle safety and to provide classroom and on-cycle training.

Also in 1982, the motorcycle safety education account was created to fund the motorcycle operator training and education program. The motorcycle safety and education account is comprised of funds from fees from motorcycle endorsements, renewals, exams, and instruction permits.

Motorcycles that are purchased by or loaned to entities that are conducting training for this program are generally subject to sales or use tax. Motorcycles that are loaned to nonprofit corporations are exempt from use tax.

Summary: Moneys deposited into the motorcycle safety and education account must only be used for motorcycle examinations and for the motorcycle operator training and education program. Entities implement-

ing the motorcycle operator training and education program are exempt from sales tax on motorcycles they purchase.

Votes on Final Passage:

Senate	46	0	
House	95	0	(House amended)
Senate	48	0	(Senate concurred)

Effective: July 22, 2001

SSB 5118
C 35 L 01

Enacting the interstate compact for adult offender supervision.

By Senate Committee on Ways & Means (originally sponsored by Senators Costa, Long, Hargrove, Fairley and Oke).

Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means
House Committee on Criminal Justice & Corrections
House Committee on Appropriations

Background: Offenders in Washington and other states are frequently subject to a period of supervision in the community following their release from prison or jail. Sometimes, these offenders have legitimate reasons to move from one state to another. These reasons include having family or a job in another state.

Since 1937, the supervision of offenders who moved from one state to another has been governed by the Interstate Compact for the Supervision of Parolees. All 50 states are current members. The compact authorizes each state to send offenders to other states for appropriate reasons. The sending state must notify the receiving state and secure its approval. The receiving state must approve such moves when the reasons are appropriate and supervise the offender under its own supervision laws but for the amount of time required under the sending state's law.

While the compact authorizes the transfers of supervision, it provides no mechanism for enforcing the compact provisions and no accountability for failure of a state to honor its obligations. Washington has honored its obligation and has not had serious problems with other states. Other states, however, have been less fortunate and have needed some means of enforcing the compact.

The compact has not been substantially updated since it was adopted. Each state has a compact administrator who handles the administrative functions of transferring supervision from one state to another and maintains contact with the administrators in other states.

At the end of 1999, Washington was supervising substantially more offenders than it was sending to other states. There are two factors that contribute significantly

to this. First, Washington's economy and job market meant that it was possible for offenders and their families to get jobs here which led to fewer Washington offenders wanting to leave and more offenders from other states wanting to come. Second, historically Washington has supervised offenders in the community for shorter terms than other states have. Consequently, Washington offenders finish supervision and fall off the count of our offenders out-of-state faster than out-of-state offenders fall off our count.

In 2000, Washington enacted SSB 6621, which created a task force to study the new compact and recommend to the Legislature whether adopting the compact would be in the state's best interest. The task force heard presentations from the Department of Corrections (DOC), the National Institute of Corrections, and the Council of State Governments and recommends adopting the compact. The three primary reasons for the task force recommendation are: (1) interstate movement of offenders needs greater attention because of rapid transportation and population mobility; (2) the enforcement provisions provide the state with tools to ensure that other states meet their agreements with Washington; and (3) when the compact takes effect, Washington will no longer have a compact relationship with the compacting states, which include Idaho, California, and Hawai'i.

Summary: The new compact is based on the same principle of reciprocity as the existing agreement. Sending states must notify receiving states and obtain their approval before sending an offender. Receiving states must accept offenders when the reasons for the move are appropriate and must supervise the offender for the sending state. Supervision is for the length of time designated under the sending state's law, but under the conditions and policies of the receiving state's law.

Each state must have a compact administrator and a State Council for Interstate Adult Offender Supervision. The state council must represent all three branches of government and victims. The Sentencing Guidelines Commission or a subcommittee that meets the membership requirements must act as the state council. The Secretary of Corrections or his or her designee is the compact administrator. DOC must provide staff to the state council.

There is a new Interstate Commission for Adult Offender Supervision. The members are the compact administrators from the member states. Each state has one vote. Non-member states may attend but may not vote. The commission sets the rules for the administration of the compact. The rules have the force of law unless they are rejected by the legislatures of a majority of the member states. The commission has a staff and is expected to assess members for its operating budget. The commission attempts to resolve disputes between member states and offer member states technical assistance. The commission may find that a state is default-

ing on its duties under the compact and impose fines, terminate a state's membership, or sue in federal court to enforce compliance.

The compact becomes effective when 35 states enact it, but not before July 1, 2001. Once it is effective, the old compact becomes ineffective as to member states. The old compact remains in effect between Washington and any non-member state or territory. Washington can withdraw from the compact by repealing the legislation.

Votes on Final Passage:

Senate 48 0
House 97 0

Effective: July 1, 2001

SB 5121

C 36 L 01

Correcting references to the former office of marine safety.

By Senators Regala, Morton, Oke, Eide, Fraser and Jacobsen.

Senate Committee on Environment, Energy & Water
House Committee on Agriculture & Ecology

Background: In 1997, the Washington Legislature merged the functions of the Office of Marine Safety into the Department of Ecology. The statute eliminated the office and the position of administrator of the Office of Marine Safety. However, some references to the position were not deleted from some statutes when the law was passed.

Summary: References to the administrator of the now abolished Office of Marine Safety are deleted.

Votes on Final Passage:

Senate 49 0
House 93 0

Effective: July 22, 2001

ESSB 5122

C 286 L 01

Revising procedures and standards for commitment of sexually violent predators.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Costa, Long and Hargrove).

Senate Committee on Human Services & Corrections
House Committee on Criminal Justice & Corrections

Background: Since the Community Protection Act of 1990 was amended in 1995 to require the possibility of less restrictive alternatives, the less restrictive alternative provisions have been heavily litigated at the trial level

and have been subject to a number of interpretations in the appellate courts. In August 2000, the appellate court in Division II decided a case, *In re the Detention of Ross* (102 Wn. App. 108, 6 P.3d 625 (2000)), which made a substantial change in the law. This case held that the subject of a civil commitment petition under the sexually violent predator statute must be allowed to present evidence of conditions under which he or she is not likely to engage in predatory acts of sexual violence, whether or not the court would have the authority to order those conditions. The court did not allow the prosecutor to present evidence that the court could not order the very conditions the person argued would make him unlikely to commit such acts if the jury did not find that he was a sexually violent predator. This places the state in a "catch-22" in which the person it seeks to commit can present entirely speculative conditions that are beyond the authority of the court to order but the prosecutor cannot inform the jury that the conditions on which it is basing its decision will not, and cannot, be ordered, if the person is not civilly committed as a sexually violent predator.

In 2000, the Senate Subcommittee on Sexually Violent Predators considered a number of issues related to civil commitment and release to less restrictive alternatives, including the issues raised by the *Ross* decision. This bill is one of the products of that subcommittee.

Summary: The standard for civil commitment is distinguished from the standard for eligibility for a less restrictive alternative (LRA). In determining whether a person would be more likely than not to commit acts of sexual violence if not confined to a secure facility, the court or jury can consider only those conditions which would be in existence if the person was not committed.

The standard for eligibility for an LRA is that the LRA is in the best interest of the person and conditions can be imposed that adequately protect the community. A person must be civilly committed before the court can consider conditional release to an LRA. The first time that the court considers whether an LRA is appropriate, the court must consider the question without considering whether the person's condition has changed.

If a jury is unable to reach a unanimous verdict, the court must declare a mistrial and set a retrial within 45 days unless the prosecuting agency earlier moves to dismiss the petition. The person may not be released from confinement prior to the retrial or dismissal of the case.

A spouse's testimonial privilege in a proceeding for civil commitment of a sexually violent predator is the same as the privilege under the general civil commitment and criminal insanity statutes. Under this standard, the person who is subject to the petition cannot prevent his or her spouse from testifying, but the spouse cannot be compelled to testify. A person who has agreed to treat, monitor, or supervise a sexually violent predator on a

less restrictive alternative has no privilege in court proceedings and may be compelled to testify.

A witness for either side in the probable cause hearing prior to an initial petition hearing may testify by telephone. The court may determine whether the conditions of a proposed LRA meet the legal standard through a summary judgment proceeding.

The Department of Social and Health Services must work with interested parties to develop improved procedures for notifying victims when a sexually violent predator is released to an LRA, while maintaining the confidentiality of victim information.

Votes on Final Passage:

Senate	46	0	
House	95	1	(House amended)
Senate	46	0	(Senate concurred)

Effective: May 14, 2001

SSB 5123

C 287 L 01

Revising the crime of escape as it relates to sexually violent predators.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Costa, Long and Hargrove).

Senate Committee on Human Services & Corrections
House Committee on Criminal Justice & Corrections

Background: Under present law, the crime of escape includes sexually violent predators on less restrictive alternatives who leave the state without authorization. It does not cover the situation of a sexually violent predator who leaves the state with authorization, but fails to return at the required time. This situation has not occurred.

Currently, the crime of escape does not include persons committed under Chapter 10.77 RCW for sex, violent or felony harassment offenses.

Summary: The crime of "escape by a sexually violent predator" is created as a class B felony ranked at level 10, and the provision related to sexually violent predators is removed from the elements of escape in the second degree. Escape by a sexually violent predator includes escape from custody, from a commitment or less restrictive alternative facility. When on conditional release and residing somewhere other than a facility for persons on less restrictive alternatives, escape also includes leaving or remaining absent from the state without authorization.

Votes on Final Passage:

Senate	43	0	
House	93	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: May 14, 2001

July 1, 2001 (Section 4)

SB 5127

C 151 L 01

Determining the number of unclassified personnel in the sheriff's office.

By Senators Prentice, Patterson, McAuliffe and McDonald.

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Commerce & Labor

Background: Currently, county sheriff's departments employing more than 100 personnel are allowed up to six unclassified (exempt) staff positions. Departments in a county with at least 500,000 residents and operating under a home rule charter (King, Pierce and Snohomish counties) may employ up to 12 unclassified administrative staff regardless of personnel size.

Summary: The number of unclassified staff allowed per county sheriff's department is increased and new unclassified personnel staffing levels are designated for departments with more than 100 personnel. The maximum number of unclassified staff in departments with at least 251 but not more than 500 employees is eight. The maximum number of unclassified staff in departments with over 500 employees is ten.

The governing legislative authority for any county with at least 500,000 residents operating under a home rule charter may designate up to 20 unclassified administrative positions. This is in addition to the number set forth using the personnel formula.

Votes on Final Passage:

Senate	48	0
House	92	0

Effective: July 22, 2001

ESB 5143

PARTIAL VETO

C 329 L 01

Modifying the Washington state patrol retirement system retirement and survivor benefits.

By Senators Long, Honeyford, Carlson, Franklin, Winsley, Fraser and Haugen; by request of Joint Committee on Pension Policy.

Senate Committee on Ways & Means

House Committee on Appropriations

Background: The Washington State Patrol Retirement System (WSPRS) covers all commissioned officers of

the Washington State Patrol (WSP). The Law Enforcement Officers and Fire Fighters Retirement System Plan 2 (LEOFF 2) covers other persons employed in full time, fully compensated general authority law enforcement positions. LEOFF 2 was created in 1977, when new pension plans, with new benefit and funding policies, were established for the state's three largest retirement systems: LEOFF 2, the Public Employees Retirement System Plan 2 (PERS 2), and the Teachers Retirement System Plan 2 (TRS 2). No changes were made in WSPRS at that time. The state administered retirement plans that are currently open to new employees include LEOFF Plan 2, PERS Plan 2, TRS Plan 3 (created in 1996), and the newly created School Employees Retirement System Plan 3 (created in 2000).

Comparison of WSPRS and LEOFF 2 Pension Plans

WSPRS and LEOFF 2 both provide a retirement allowance calculated using the same basic formula: 2 percent times years of service times the member's average final salary.

However, there are several differences between the provisions of the WSPRS and LEOFF 2. The WSPRS retirement allowance is based on an average of the member's two highest paid years. LEOFF 2 and all other open state administered retirement plans use a five-year average. The use of a two-year average pay period permits very large increases in the retirement benefit close to retirement by inclusion of voluntary overtime and lump sum payments. This is sometimes referred to as "pension ballooning" or "pension spiking." Annual leave cash-outs are included in calculating WSPRS benefits, but not in LEOFF 2 or other open state retirement plans.

WSPRS members receive free service credit for military service rendered prior to their joining the retirement plan. All other open state retirement plans provide credit only for periods of military service that interrupts the retirement plan service, and require payment of the employee contributions for the military service credit.

WSPRS retirement allowances are increased by an annual automatic 2 percent cost of living adjustment (COLA). The COLA is based on the retiree's initial benefit; it does not compound. The other open state plans provide an annual automatic COLA based on the change in the Seattle area CPI, up to 3 percent, compounded.

The WSPRS survivor allowance for post-retirement deaths is the lesser of 50 percent of the member's final average salary, or the member's retirement allowance. The survivor benefits are paid automatically to the member's lawful spouse, at no cost to the member. By contrast, in LEOFF 2 and the other open state retirement plans, a member who wishes to provide a post-retirement survivor benefit pays for it by way of an actuarial reduction in the member's retirement allowance.

WSP disability benefits are not based on the member's length of service, and are funded from the agency's

operating funds. In the other open state retirement plans, disability benefits are based on the member's length of service and are paid by the retirement plan as an actuarially reduced retirement allowance.

The member contribution for the WSPRS is fixed in statute as 7 percent of pay; this rate was reduced, however, by the Legislature for fiscal year 2001 to 3 percent of pay. The LEOFF 2 member contribution rate is set by statute at a rate equal to 50 percent of the total contribution rate needed to fund the plan. The current LEOFF 2 member contribution rate is 6.78 percent.

Summary: The following changes are made to the provisions of the Washington State Patrol Retirement System: (1) The duty-disability benefit for new members, after January 1, 2003, is a minimum of 50 percent of compensation at the member's existing wage, less any workers compensation and pension payments. The non-duty disability benefit is the member's accrued pension, actuarially reduced from when the member would have been eligible for service retirement. (2) The definition of "average final salary" for new members is changed from a two-year average to a five-year average. For existing members, the definition of "salary" is amended to prospectively exclude voluntary overtime. For new members, the definition is amended to exclude both voluntary overtime and cash-outs of annual leave and holiday leave. (3) New members may only receive service credit for interruptive military service credit, and must pay their member contributions in order to purchase such service credit. (4) The cost-of-living adjustment is changed to a CPI-based compounding COLA with a maximum annual increase of 3 percent per year. This new COLA applies to all existing retirees and beneficiaries. The minimum retirement allowance is automatically increased by 3 percent each year. (5) New actuarially equivalent survivor benefit options are provided for new employees. (6) The member contribution rate is set at the greater of 2 percent or the employer contribution rate, and the "aggregate actuarial cost method" is established as the method for setting contribution rates. The set of benefits and funding provisions that apply to commissioned officers who first become members of the WSPRS after January 1, 2003, is defined as the "Washington State Patrol Retirement System Plan 2."

Votes on Final Passage:

Senate	49	0	
House	91	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 1, 2001

Partial Veto Summary: The provisions making changes to the duty and non-duty disability benefits are vetoed.

VETO MESSAGE ON SB 5143

May 15, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 1 and 2, Engrossed Senate Bill No. 5143 entitled:

"AN ACT Relating to the Washington state patrol retirement system retirement and survivor benefits;"

Engrossed Senate Bill No. 5143 restructures the Washington State Patrol retirement plan. It increases cost-of-living adjustments, reduces contribution rates and makes several other worthwhile changes.

Sections 1 and 2 of the bill would have created a new "Plan II" that would have greatly reduced non-duty disability benefits for newly hired Washington State Patrol officers. While I understand the legislature's desire for uniformity among public pension systems, I think these changes require further consideration.

While similar benefit provisions exist for other state employees who are members of Plan II retirement systems, those employees are also eligible for disability coverage through the social security system. State Patrol officers are not covered by social security, and the new provisions proposed in this bill would have left them and their families vulnerable. All State Patrol officers should be assured of benefits that are at least equal to those of other state employees.

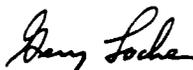
People who serve the state deserve fair and equitable protection against loss of their ability to work. This gap could be addressed in a number of ways, and I am willing to consider alternative approaches to meeting this need. I would be happy to work with the legislature in developing a revised plan.

In the meantime, however, drastically reducing the disability coverage for the newest members of the Washington State Patrol without due consideration of how it will be replaced is too great a risk.

For these reasons, I have vetoed sections 1 and 2 of Engrossed Senate Bill No. 5143.

With the exception of sections 1 and 2, Engrossed Senate Bill No. 5143 is approved.

Respectfully submitted,



Gary Locke
Governor

SB 5145
C 37 L 01

Exempting trainers and trainees in housing authority resident training programs from membership in the public employees' retirement system.

By Senators Long, Franklin, Carlson, Winsley, Honeyford and Fraser; by request of Joint Committee on Pension Policy.

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Housing authorities may become employers under the Public Employees' Retirement System (PERS). If an employer elects to cover its employees under PERS, it must cover all employees who meet the

PERS eligibility requirements. In 1997 the Legislature amended the PERS membership provisions to exempt from PERS coverage any local government employee who was enrolled in a state-approved apprenticeship program authorized under Chapter 49.04 RCW, if the employee is a member of a union-sponsored retirement plan or a Taft-Hartley retirement plan for such employment. Most of these employees will work in the private sector with union membership after their apprenticeships are completed.

Some housing authorities have resident apprentice training programs that provide resident trainees the opportunity to gain trade skills while working on renovation projects at housing authority properties. These programs are similar in nature to state-approved apprenticeship programs.

Summary: Persons employed exclusively as trainers or trainees in resident apprenticeship training programs operated by housing authorities are excluded from PERS membership if the person is a member of a union-sponsored retirement plan or a Taft-Hartley retirement plan for such employment.

Votes on Final Passage:

Senate	47	0
House	92	0

Effective: July 22, 2001

SSB 5182
C 238 L 01

Ensuring a sustainable, comprehensive pipeline safety program in the state.

By Senate Committee on Environment, Energy & Water (originally sponsored by Senators Spanel, McDonald, Fraser, Morton, Eide, McAuliffe and Kohl-Welles; by request of Utilities & Transportation Commission).

Senate Committee on Environment, Energy & Water
Senate Committee on Ways & Means
House Committee on Agriculture & Ecology
House Committee on Appropriations

Background: The Legislature recently passed the Washington State Pipeline Safety Act of 2000. That act required the Utilities and Transportation Commission (UTC) to develop and implement a comprehensive hazardous liquid pipeline safety program. The UTC and the Department of Ecology were also required to seek federal authority to act as federal agents to inspect and enforce federal law, and seek authority to adopt safety standards over interstate hazardous liquid pipelines.

The UTC was required to transfer all powers and duties related to hazardous liquid pipelines to Ecology if: (1) the federal interstate pipeline preemption is lifted, or (2) interstate pipeline authority is granted to Ecology. The federal government did grant the state additional

inspection authority, but only if the UTC handled this responsibility.

The act also created a new hazardous liquid pipeline safety account for use by Ecology in performing the pipeline inspections. Since the inspection duties remain at the UTC, the account is not used.

The act granted the state agencies the power to collect fees to support its pipeline safety program.

Summary: The statutory provisions transferring the hazardous liquid pipeline safety program from the Utilities and Transportation Commission to the Department of Ecology are eliminated. The program remains at the UTC.

Gas companies, interstate gas pipeline companies, and hazardous liquid pipeline companies are required to pay an annual fee to the UTC to support the agency's pipeline safety program. The UTC must adopt rules to establish the methodology for setting the fee. The fee methodology must provide for an equitable distribution of program costs among entities, assign directly assignable costs, and provide for the development of a uniform and equitable method for allocating other costs. Pipeline safety fees may not exceed appropriated funding levels and are subject to statutory fiscal growth factor restrictions.

Fees are collected as part of regulatory fees, for those pipeline companies subject to regulatory fees. A process is established for the UTC's record keeping, contesting the imposition of a fee, the assessment of late fees, and the issuing of refunds.

Fees, federal funds, and civil penalties are deposited into the renamed pipeline safety account. The penalties deposited in the account are no longer dedicated to enforcement purposes.

The UTC must consult with, and periodically report to, the Citizens Committee on Pipeline Safety. Additional provisions, regarding participation by voting and nonvoting members, are added to the statute concerning the citizen's committee.

The Joint Legislative Audit and Review Committee (JLARC) must conduct a review of the pipeline safety programs, including a review of staff use, inspection activity, fee methodology and program costs. The committee must report to the Legislature by July 1, 2003. The UTC must develop a regulatory incentive program to be implemented after the JLARC review is completed.

Other technical and clarifying changes are made.

Votes on Final Passage:

Senate 48 1
House 97 0 (House amended)
Senate 47 0 (Senate concurred)

Effective: July 1, 2001

SSB 5184

C 233 L 01

Reporting investigations of vulnerable adult abuse.

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Thibaudeau, Winsley, Costa and Kohl-Welles; by request of Department of Social and Health Services).

Senate Committee on Health & Long-Term Care
House Committee on Health Care

Background: Adult Protective Services (APS) under the Department of Social and Health Services has the authority to investigate complaints of abandonment, abuse, financial exploitation or neglect of vulnerable adults and to provide protective services and legal remedies to protect these individuals. APS investigations seek to determine if the allegation is valid, and if the vulnerable adult is at risk of harm. It has been the practice to date to inform certain agencies and programs of the substantiated findings of these investigations. There is, however, no specific law that specifies that agencies or programs who may be employing or contracting with the person under investigation be notified.

Summary: The department has specific authority to disclose the outcome of investigations conducted on people who are employed, contracted, or volunteering for home health agencies, hospice or home care agencies licensed with the state, and programs under contract with the division of developmental disabilities, adult day care or day health programs, and regional support networks. The information may not include the identity of the individual who made the complaint or any witness without their permission. The department is also given explicit authority to disclose the investigation findings to state or local authorities responsible for licensing the entities named in the bill. The alleged perpetrator is notified when the outcome report is released. The victim's name is withheld.

Votes on Final Passage:

Senate 47 0
House 92 0 (House amended)
Senate 47 0 (Senate concurred)

Effective: July 22, 2001

SSB 5187

FULL VETO

Updating creditor/debtor personal property exemptions.

By Senate Committee on Judiciary (originally sponsored by Senators Johnson, Kline and Constantine).

Senate Committee on Judiciary
House Committee on Judiciary

Background: Under current law if a creditor seeks to obtain payment for monies owed by a debtor to the cred-

itor, the personal property of the debtor is subject to execution, attachment, and garnishment. However, as a matter of public policy, state statutes provide that certain property (subject to dollar limitations) is exempt from legal process.

The Washington State Bar Association (WSBA) is recommending that certain exemptions be increased, or new exemptions be created, to preserve to debtors and their families a minimum amount of financial assets to assist with their survival. The WSBA is of the belief that increasing the state exemptions will lessen the pressure on debtors to file for bankruptcy in order to take advantage of the federal Bankruptcy Code.

Summary: The current personal property exemptions from legal process are expanded as follows:

- (1) a community household goods exemption for spouses is established in the amount of \$5,400 (currently \$2,700 for an individual);
- (2) the exemption for "other personal property" is increased to \$2,000 (currently \$1,000), including not more than \$200 in cash and not more than \$200 in accounts or securities;
- (3) the exemption for motor vehicles is expanded to allow spouses to retain two vehicles worth a total of \$5,150 (currently two vehicles not to exceed \$2,500 for an individual);
- (4) an exemption is created for the right to or proceeds of payments, not to exceed \$16,150, for personal bodily injury of the debtor, not including pain and suffering and actual pecuniary loss;
- (5) an exemption is created for payments for loss of future earnings of the debtor, in an amount not to exceed that which is reasonably necessary for the support of the debtor and dependents; and
- (6) exemptions are created for child support payments paid or owed to the debtor and professionally prescribed health aids for the debtor and dependents.

The exemptions do not apply to a judgment for restitution for a victim of a crime and the state may seek reimbursement for Medicaid payments from personal injury payments.

If a person claims an exemption from garnishment, he or she bears the burden of proving the exemption by providing sufficient documentation.

Votes on Final Passage:

Senate	48	0	
House	92	0	(House amended)
Senate			(Senate refused to concur)
House			(House refused to recede)
Senate	47	0	(Senate concurred)

VETO MESSAGE ON SB 5187-S

May 11, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, Substitute Senate Bill No. 5187 entitled:

"AN ACT Relating to updating creditor/debtor personal property exemptions;"

Substitute Senate Bill No. 5187 would have increased and expanded the exemptions from execution, attachment or garnishment for certain household goods, vehicles, and certain other assets.

I agree with the underlying theory that prompted this bill. However, because this bill lacks an exemption for the Department of Social and Health Services (DSHS) for the collection of court-ordered child support payments, it is not good public policy. The primary financial responsibility of debtors should be that of their dependent children.

This legislation would have prevented DSHS from taking collection action against certain liquid assets of a child support debtor, with no consideration of the needs of dependent children who do not reside with the debtor. The result would have been a net loss of support available for children and custodial parents.

DSHS provided the appropriate legislative committees with language that would have corrected the defects of this bill. If this bill is passed in the next legislative session with the corrective language, I will be glad to sign it.

For these reasons I have vetoed Substitute Senate Bill No. 5187 in its entirety.

Respectfully submitted,



Gary Locke
Governor

SB 5197
C 330 L 01

Revising private activity bond provisions.

By Senators Winsley and Prentice.

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Capital Budget

Background: The Tax Reform Act of 1986 defines private activity bonds (PABs) as those used to fund projects that contain more than 10 percent private participation. Because of this private involvement, PABs are generally taxable. However, if a project falls within one of the eligible categories established by federal law, and can demonstrate significant public benefit, the project may receive tax exempt status through an allocation of the state's bond cap. The Tax Reform Act of 1986 established a cap on the dollar amount of tax exempt private activity bonds that states could issue, equal to \$50 per state resident. This year Congress amended that ceiling. Beginning in 2001, the cap is \$62.50 per capita, in 2002 \$75 per capita, and the cap will be indexed each year thereafter.

States are free to allocate the total cap among issuers who develop eligible projects as each state sees fit.

Federal law established a dollar lifetime ceiling of \$750 million for the category of "Public Utility." That

amount will be reached within the next few years, allowing for a possible reallocation of the issuing authority allocated to that category.

The current allocation was established in 1987 and provides as follows:

Housing	25%
Student Loans	15%
Exempt Facility	20%
Public Utility	10%
Small Issue	25%
Remainder and Redevelopment	5%

Summary: The allocation among the several categories of issuers is changed as follows:

	<u>2001</u>	<u>2002 and thereafter</u>	<u>Alternative Allocation</u>
Housing	27.5%	30.0%	32.0%
Small Issue	24.5%	24.0%	25.0%
Exempt Facility	19.5%	19.0%	20.0%
Student Loans	14.5%	14.0%	15.0%
Public Utility	10.0%	10.0%	0.0%
Remainder and Redevelopment	4.0%	3.0%	8.0%

The "alternative allocation" occurs upon the earlier of (a) exhaustion of the public utility current lifetime ceiling (\$750 million) or congressional increase thereof, or (b) waiver of that authority due to alternative federal authority that does not use a state volume cap.

The reallocations of the federal authorizations of \$62.50 per capita in 2001, and \$75 per capita in 2002 are adopted. Future authorizations are indexed as allowed by federal law.

Votes on Final Passage:

Senate	47	0	
House	92	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 22, 2001

SSB 5205
C 152 L 01

Requiring self-insurers and the department to provide information for independent medical examinations.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Prentice, Winsley, Fairley and T. Sheldon).

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Commerce & Labor

Background: The Department of Labor and Industries or a self-insurer can require an injured worker who is seeking workers' compensation benefits to have a medical examination. These examinations are sometimes

referred to as Independent Medical Examinations (IMEs). The department or a self-insurer typically requires an IME if additional medical evidence is needed to make a claim determination. The department or self-insurer contracts with health providers who perform these IMEs, and assigns a health provider to examine an injured worker.

Self-insurers are currently required to provide a worker with a copy of his or her entire claim file upon request. If a self-insurer fails to comply with this requirement, the self-insurer can be fined up to \$500.

There is concern that some self-insurers do not provide a worker's entire claim file to health providers performing IMEs.

Summary: Self-insurers and the department must provide all relevant medical records in a worker's claim file to health providers performing independent medical examinations. If a self-insurer fails to comply with this requirement, the self-insurer can be fined up to \$500. Self-insurers are only required to submit this information if the department is also required to submit it.

Votes on Final Passage:

Senate	49	0
House	93	0

Effective: July 22, 2001

SB 5206
C 61 L 01

Modifying geologist licensing provisions.

By Senators Gardner, Prentice, Winsley and Fraser; by request of Department of Licensing.

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Commerce & Labor

Background: A law regulating the profession of geology was enacted in 2000. Provisions of the law include the creation of a geologist licensing board, specific requirements for licensure as a geologist, and penalties for practicing geology without a license. The effective date of this law is July 1, 2001.

Summary: Three separate effective dates for the law are specified.

April 1, 2001 is the effective date for provisions of the law including the creation of the geologist licensing board, a geologist's account at the Office of the State Treasurer, and the director's power to adopt rules to carry out the provisions of the law.

July 1, 2001 is the effective date for provisions of the law including requirements for licensure, administration of examinations and certificates, and the criteria and penalties for unprofessional conduct.

July 1, 2002 is the effective date for the provision that practicing geology without a license is a Class 1 civil infraction, punishable by a maximum \$250 fine.

Votes on Final Passage:

Senate	44	0
House	86	0

Effective: April 18, 2001

SSB 5219

C 44 L 01

Modifying contracts for the sale of travel-related benefits.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Eide, Prentice, Swecker, Rasmussen and Hochstatter).

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Commerce & Labor

Background: Current law defines a “seller of travel” as a person or firm transacting business with Washington consumers for “travel services” such as transportation and lodging. Sellers of travel are required to register with the Department of Licensing.

A travel club is an organization that charges high initial membership dues to consumers in exchange for future unspecified travel services. The term “travel club” is not defined by current law.

There is concern that current law may be interpreted to include the sale of “travel services,” but not the sale of future unspecified travel services in the definition of “seller of travel.” Further, there is concern that consumers may not have adequate protection against potential financial losses that may be incurred as a result of travel club membership.

Summary: The term “seller of travel” is redefined to include a person or firm selling either “travel services” or “travel-related benefits” to Washington consumers. The term “travel-related benefits” is defined as travel services not specifically identified at the time of the sale.

The sale of travel club memberships is specifically included in the definition of “travel-related benefits.” Travel clubs are defined as sellers of travel whose initial membership dues are at least twice the amount of annual membership dues.

A person or firm selling either “travel services” or “travel-related benefits” must register with the department.

A contract for the sale of travel-related benefits, including travel club contracts, may be cancelled by the purchaser if the purchaser sends notice of the cancellation to the seller by certified mail, return receipt requested. Notice must be postmarked no later than midnight of the seventh day following the day on which

either (1) the contract is signed, or (2) a membership card and all membership materials are received by the purchaser, whichever is later. Within seven calendar days following the purchaser’s notice of cancellation, the seller must refund any money paid by the purchaser, with the exception of payments made for specific travel services.

Contracts for the sale of travel-related benefits must include a statement informing consumers of their seven-day cancellation rights. Specific language for this contract is provided.

Votes on Final Passage:

Senate	48	0
House	92	0

Effective: July 22, 2001

SB 5223

C 127 L 01

Funding safety audits of rail fixed guideway systems.

By Senators Gardner, Oke, Haugen and Horn; by request of Department of Transportation.

Senate Committee on Transportation

House Committee on Transportation

Background: A rail fixed guideway system (RFGS) is a light, heavy or rapid rail system such as San Francisco’s Bay Area Rapid Transit System, a monorail, trolley, or other high capacity transit system. The federal government requires the state of Washington to conduct triennial safety reviews of rail fixed guideway systems that are not regulated by the federal Railroad Administration. State law requires the Washington State Department of Transportation (WSDOT) to conduct on-site visits at each RFGS at a minimum of every three years to perform a formal safety and security review. The first WSDOT program audit is due in 2002.

Summary: The owner or operator of each RFGS must reimburse the reasonable expenses of WSDOT in conducting system audits. WSDOT must notify the owner or operator of the estimated expenses at least six months in advance of the system audit.

Votes on Final Passage:

Senate	48	0
House	93	0

Effective: July 22, 2001

SSB 5224
C 62 L 01

Redeveloping King Street railroad station.

By Senate Committee on Transportation (originally sponsored by Senators Prentice, Patterson, Haugen, Horn, Oke, Jacobsen and Kohl-Welles; by request of Department of Transportation).

Senate Committee on Transportation
House Committee on Transportation

Background: The Washington State Department of Transportation (WSDOT) has been working with the city of Seattle, King County, and private entities to coordinate the renovation of the King Street railroad station in downtown Seattle. Current renovation plans for the station include its continued use as a train station for Amtrak and freight service, as well as additional use as leased office space.

Summary: WSDOT is authorized to acquire real property on or around the King Street station building. WSDOT is authorized to exercise all necessary duties to support and implement the planned renovation and operation of the King Street Station depot. WSDOT may contract with other public or private entities for the renovation, operation, and maintenance of the facility.

To facilitate tax exempt financing, WSDOT may lease from or contract with public or private entities for the renovation, operation, or maintenance of the King Street railroad station properties. The leases and contracts must not last longer than 50 years and WSDOT receives title to the property upon expiration of the lease or contract.

The King Street railroad station facility account is created. All funds appropriated or donated to the King Street railroad station must be deposited in the account. All receipts from departmental transactions associated with the King Street station must be deposited in the account.

Funds deposited in the King Street railroad station facility account must only be used for costs for management of the account, purchase and acquisition costs for King Street railroad properties, maintenance and operating costs of the King Street railroad properties, and capital improvement projects associated with the King Street station.

Votes on Final Passage:

Senate 46 2
House 79 10

Effective: April 18, 2001

ESSB 5237
C 16 L 01 E2

Making annual transfers of money into the fair fund.

By Senate Committee on Ways & Means (originally sponsored by Senators Rasmussen, Swecker, Sheahan, Honeyford, West, Fraser, Kastama, Regala, Hewitt, Hale, Parlette, Morton, Hochstatter and Franklin).

Senate Committee on Agriculture & International Trade
Senate Committee on Ways & Means

Background: The Fair Fund was created in 1941 to provide allocations to qualifying fairs for the purpose of encouraging agricultural fairs and training rural youth. Allocations are made by the Director of Agriculture based on recommendation by the Fairs Commission. Based on a merit rating, 85 percent of the funds are to be allocated to fairs; 10 percent to fairs for special assistance grants; and 5 percent to the Department of Agriculture for administration. Currently, 71 fairs and youth shows receive funding.

The source of revenue for the Fair Fund for many years was a portion of the state revenue from the parimutuel tax on horse racing. In 1992, \$2.8 million was allocated to fairs and youth shows from revenue derived from the parimutuel tax.

With the closure of Longacres track, and reduced gambling on horse racing, the revenues from the parimutuel tax declined to \$1.5 million in 1996. To provide relief to the horse racing industry, the parimutuel tax rate was reduced in 1998, and distributions to the Fair Fund were temporarily suspended subject to a sunset review.

In 1999, the Joint Legislative Audit and Review Committee conducted an evaluation of the parimutuel tax reduction. Due to the increased competition for gambling dollars, and with the goal of maintaining an economically viable horse racing industry, the Joint Legislative Audit and Review Committee recommended a permanent reduction of the parimutuel tax and that a different source of funding be identified to fund fairs.

During the 2000 session, a budget proviso created the Fair Funding Task Force to seek to identify a source and amount of funding for fairs and youth shows. In the October 2000 report, the task force recommended funding at \$3 million per year to be adjusted yearly by the amount of the fiscal growth factor. After looking at a number of options, the recommended source of funding was the state general fund.

Summary: Each fiscal year, beginning with fiscal year 2002, \$2 million per year is transferred into the fair fund. An additional \$100,000 is appropriated for the upcoming fiscal year for special assistance grants to fairs.

Votes on Final Passage:

Senate 47 0

First Special Session

Senate 46 0

Second Special Session

Senate 43 0

House 85 0

Effective: September 20, 2001

ESSB 5238

C 63 L 01

Modifying the board of commissioners of a water-sewer district.

By Senate Committee on State & Local Government (originally sponsored by Senators Patterson, Johnson, McCaslin, Haugen and Fairley).

Senate Committee on State & Local Government
House Committee on Local Government & Housing

Background: A sewer district with a three-member board may expand from three to five members in two ways: by submitting a proposition to the voters; or if the sewer district has more than 10,000 customers, by a resolution passed by the board.

Summary: In a sewer district of more than 25,000 customers, the sewer district board may expand from five members to seven members. The sewer district board may increase its membership either through a simple resolution by the majority of the commissioners or the board may submit the resolution to increase the membership to the county auditor to be voted on at a special election and will pass with a majority vote.

Sewer districts board membership may be decreased from seven to five members or five to three members. If the board passes a resolution to decrease its membership, it must submit the resolution to the county auditor to be voted on at a special election. The decrease in membership requires a majority vote to pass the election.

The water-sewer district commissioners association's statutory authority is removed.

Votes on Final Passage:

Senate 49 0

House 91 0

Effective: July 22, 2001

SSB 5241

C 45 L 01

Changing provisions relating to venue.

By Senate Committee on Judiciary (originally sponsored by Senators Johnson, Constantine, Sheahan, Kline, Costa, Zarelli and Roach).

Senate Committee on Judiciary
House Committee on Judiciary

Background: Currently, a lawsuit seeking damages for injuries to person or property from a motor vehicle accident can be filed either in the county or district where the injury occurred or in the county or district where the defendant resides. However, a lawsuit involving injury to person or property resulting from a cause other than a motor vehicle accident can only be filed where the defendant resides. The action cannot be filed where the injury occurred.

There is no venue provision specifically addressing where to file civil actions regarding unlawful issuance of checks or drafts in district court. In superior court, the civil venue statute provides that an action regarding unlawful issuance of checks or drafts can be brought either where the defendant resides or where the check was issued or presented as payment.

Summary: In both district and superior courts, a lawsuit involving a claim for injuries to a person or property can be brought either where the injury occurred or where the defendant resides. The location of filing the lawsuit does not change based upon the cause of the claimed injury.

In district court, a civil action regarding unlawful issuance of checks or drafts may be brought either where the defendant resides or where the check was issued or presented as payment.

Votes on Final Passage:

Senate 46 0

House 91 0

Effective: July 22, 2001

SB 5252

C 15 L 01

Expanding venue for local courts during emergencies and when the defendant appears electronically from a location outside the district.

By Senators McCaslin, Kline, Fairley, Hewitt, Patterson, Long, Constantine, Roach and Costa.

Senate Committee on Judiciary
House Committee on Judiciary

Background: Generally, venue for criminal actions in district court is in the district where the alleged violation occurred. Felony cases, or any case in which the defendant consents, may be filed in the district in which the

county seat is located. Driving while intoxicated offenses may be filed in adjacent enhanced enforcement districts within the same county. A change of venue may be allowed when there is reason to believe that a fair trial cannot be had in that district or where the convenience of the witnesses or ends of justice would be forwarded.

Summary: In the event of a natural, civil, or technological emergency, temporary venue in court of limited jurisdiction matters may be had in a court district not impacted by the emergency. The venue lasts only for the duration of the emergency.

Criminal actions for violations of local ordinances may be heard before the court of limited jurisdiction if the hearing takes place by electronic means approved by the Supreme Court with the defendant appearing electronically from outside the court's geographic jurisdiction.

Votes on Final Passage:

Senate 48 0
House 92 0

Effective: July 22, 2001

SSB 5255
C 98 L 01

Exempting certain information on criminal acts from public disclosure.

By Senate Committee on Judiciary (originally sponsored by Senators Kastama, Regala and Costa).

Senate Committee on Judiciary
House Committee on State Government

Background: In October 1999, the Governor directed the Washington State Emergency Management Council (EMC), a statutory multi-jurisdictional body charged with assessing public safety risk and making recommendations on public policy regarding emergency management, to plan for and respond to criminal terrorist incidents, including the use of explosive devices, cyberterrorism, and chemical, biological or radiological attacks.

Public agencies across the state have started the task of conducting vulnerability assessments and developing emergency response plans for incidents involving the domestic use of chemical, biological, nuclear and radiological weapons, as well as domestic acts of terrorism involving conventional weapons with catastrophic consequences.

The EMC is asking the Legislature to exempt such plans from disclosure through the Public Disclosure Act.

Summary: Those portions of records of public agencies containing specific and unique vulnerability assessments or response plans intended to prevent or mitigate criminal acts of terrorism are exempt from public inspection

and copying, if the public release has a substantial likelihood of threatening public safety.

Votes on Final Passage:

Senate 48 0
House 93 0

Effective: July 22, 2001

SB 5256
C 288 L 01

Enacting the emergency management assistance compact.

By Senators Kastama and Regala.

Senate Committee on State & Local Government
House Committee on State Government
House Committee on Appropriations

Background: Intrastate local organizations may enter into mutual emergency response compacts among themselves and may enter interstate compacts with the Governor's consent. The compacts are to include provisions dealing with liability of the local organizations and their employees, how expenses are to be paid, and who, what, when, where, and how to respond. Currently Title 38 contains no provisions dealing with state-level compacts.

Summary: The state may enter emergency assistance compacts with other states. The compact must provide for the responsibilities of each party state. Responsibilities include proper emergency response preparation by each state, proper preparation for responding to out-of-state emergencies, and having proper representatives in place to request emergency assistance.

The compact also must contain other provisions. First, the compact must provide for state officer and employee liability. Second, state licenses and permits for professional and skilled labors from the assisting state will temporarily be recognized by the state with an emergency. Third, the compact allows for certain supplementary agreements to be entered into. Fourth, employees from the assisting state workers compensation will be maintained with the same manner of coverage as in the employees' home state. Fifth, evacuation plans must be in place. Finally, the state with the emergency is liable for the loss or damage to emergency response equipment and is liable for expenses incurred by the responding state, unless the loss, damages, or expenses are forgiven by the assisting state.

Votes on Final Passage:

Senate 46 0
House 92 0 (House amended)
Senate 46 0 (Senate concurred)

Effective: July 22, 2001

ESB 5258

C 16 L 01

Regulating disclosure of health care information.

By Senators Costa, Winsley, Franklin, Thibaudeau and Kohl-Welles.

Senate Committee on Health & Long-Term Care
House Committee on Health Care

Background: Medical personnel and others are relying upon fax machines and other computer and electronic equipment that store fax numbers for the communication of private and personal medical information, like lab test results, prescriptions, and treatment recommendations. The equipment does not check to make sure the fax number is correct or current. It is not uncommon for medical records with individually identifiable sensitive medical history to be faxed to the wrong person or business.

Recent federal privacy provisions enacted under the Health Insurance Portability and Accountability Act (HIPAA) regulate the communication of electronically transmitted health care information. The HIPAA provisions preempt only state law that is not more protective of individual privacy interests. The HIPAA provisions are similar to current state law requirements that require a release before confidential medical information is disclosed. Neither HIPAA nor the state health care provisions have specialized duties that pertain to faxing health care information in a certain manner.

Summary: Health care providers must take reasonable safeguards for the security of health care information by making sure fax number records are current, and verifying the accuracy of a fax number prior to transmission.

A negligent violation of the confidentiality statutes for sexually transmitted disease information is defined to include sending the protected information to an incorrect number when the sender should have known the number was wrong.

Votes on Final Passage:

Senate	46	1
House	92	0

Effective: July 22, 2001

SSB 5263

C 133 L 01

Changing provisions relating to employment rights of members of reserve and national guard forces.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Snyder, Rasmussen and Gardner).

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Commerce & Labor

Background: Federal law protects the employment rights of members of the national armed services (the Federal Uniformed Services Employment and Reemployment Rights Act of 1994). Washington State does not have a parallel law protecting the employment rights of members of the reserve armed services and Washington State Air National Guard and Army National Guard.

It is believed that a state law would encourage non-career service in the armed forces, and minimize the disruption to civilian careers.

Summary: Members of military uniformed services, or applicants for membership in such services, cannot be denied employment, reemployment, job retention, promotion or any benefit of employment on the basis of military service. Employers cannot discriminate against employees based upon their military status, or use that status as a "motivating factor" in taking action against them.

However, an employer is not required to reemploy someone who was working in a short-term, nonrecurrent job, or if circumstances have changed so that reemployment would be unreasonable and impose an undue hardship on the employer. The burden of proof is on the employer.

In order to be protected under this law, the worker must have an honorable discharge or other evidence of satisfactory service, and must apply for reemployment in a timely manner.

A worker with employment-based health care coverage can make arrangements to continue the coverage under certain conditions, and may have certain pension rights that continue upon reemployment.

Legal remedies under this law include actions arising from state call-up situations, brought against noncompliant employers by the Attorney General, or by private right of action, in cases where a guard and reserve ombudsman is unable to resolve the conflict.

Votes on Final Passage:

Senate	47	0	
House	94	0	(House amended)
Senate	44	0	(Senate concurred)

Effective: May 2, 2001

SB 5270

C 153 L 01

Modifying requirements for certain victims of sexually violent predators to be eligible for victims' compensation.

By Senators Costa, Long, Gardner, Carlson and Kohl-Welles.

Senate Committee on Human Services & Corrections
House Committee on Criminal Justice & Corrections

Background: Washington State provides victims' compensation benefits to victims of violent crimes. Under the current statute, the victim must generally file a police report within 12 months of the criminal act and apply for benefits within two years after the police report was filed. The program director may make a "good cause" exception for up to five years.

Victims of persons being held on sexually violent predator petitions may be retraumatized when notified of the civil commitment proceedings or when they are interviewed, deposed, or asked to testify against their offender. Civil commitment proceedings usually occur long after the right to file a victims' compensation claim occurs and after the program director's ability to make a good cause exception has expired. These victims are not currently eligible for benefits under the victims' compensation statute for their current trauma.

Summary: Victims of persons against whom the state is proceeding under the civil commitment for sexually violent predators statute are eligible for victims' compensation benefits. The right to benefits under this provision accrues when the victim is notified of the proceedings, or is interviewed, deposed, or testifies in proceedings under Chapter 71.09 RCW. The victim must apply for benefits within two years after the right to benefits accrues. Benefits under this provision are limited to compensation for losses or costs incurred after the right to benefits under this provision accrues. The director of the victims' compensation program may make "good cause" extensions of the time for application for five years after the right to benefits accrues.

Votes on Final Passage:

Senate	46	0
House	94	0

Effective: July 22, 2001

SB 5273
C 46 L 01

Revising election filing dates.

By Senators Gardner, McCaslin, Haugen and Winsley.

Senate Committee on State & Local Government
House Committee on State Government

Background: Additional filings for nonpartisan office before the primary: Filing for nonpartisan office reopens for three days if, before the fourth Tuesday prior to a primary, a void in candidacy occurs, a vacancy occurs in a nonpartisan office leaving a nonexpired term, or a nominee for judge of the superior court dies or is disqualified.

Additional filings for nonpartisan office after the primary: Filings for nonpartisan office, other than judge of the Supreme Court or Superintendent of Public Instruction, reopens for three days if a void in candidacy for that office occurs on or after the fourth Tuesday before the

primary but before the fourth Tuesday prior to an election. If a nominee for judge of the superior court dies or is disqualified within the ten-day period when a petition for write-in candidate may be received, filing for the office is reopened for three days. A filing reopens for three days if a vacancy in a nonpartisan office, other than judge of the Supreme Court or Superintendent of Public Instruction, occurs on or after the fourth Tuesday before the primary and before the fourth Tuesday prior to an election.

Additional filings for partisan office before the primary: Filings for partisan office are opened for three days if a vacancy occurs in an office on or after the first day of the regular filing period and before the fourth Tuesday prior to a primary.

When ballots shall be corrected: A vacancy in a candidacy of any political party caused by death or disqualification may be filled by the party up to and including the day before the election. Should the vacancy occur no later than the third Tuesday before the general election or primary, the ballots shall be corrected. If the vacancy does not occur until after the third Tuesday before the general election or primary, the ballots shall not be corrected.

Summary: Additional filings for nonpartisan office before the primary: Filing for nonpartisan office is reopened for three days if, before the sixth Tuesday prior to a primary, a void in candidacy occurs, a vacancy occurs in a nonpartisan office leaving a nonexpired term, or a nominee for judge of the superior court dies or is disqualified.

Additional filings for nonpartisan office after the primary: Filings for nonpartisan office, other than judge of the Supreme Court or Superintendent of Public Instruction, must be reopened for three days if a void in candidacy for that office occurs on or after the sixth Tuesday before the primary but before the sixth Tuesday prior to an election. If a nominee for judge of the superior court dies or is disqualified within the ten-day period immediately following the last day allotted for a candidate to withdraw, filing for the office is reopened for three days. A filing is reopened for three days if a vacancy in a nonpartisan office, other than judge of the Supreme Court or Superintendent of Public Instruction, occurs on or after the sixth Tuesday before the primary and before the sixth Tuesday prior to an election.

Additional filings for partisan office before the primary: Filings for partisan office must be opened for three days if a vacancy occurs in an office on or after the first day of regular filing period, and before the sixth Tuesday prior to a primary.

When ballots shall be corrected: A vacancy in a candidacy of any political party caused by death or disqualification may be filled by the party up to and including the day before the election. Should the vacancy occur no later than the sixth Tuesday before the general election or

primary, the ballots must be corrected. If the vacancy does not occur until after the sixth Tuesday before the general election or primary, the ballots are not corrected.

Votes on Final Passage:

Senate 49 0
House 93 0

Effective: July 22, 2001

SSB 5274
C 331 L 01

Revising the appointment of vehicle licensing subagents.

By Senate Committee on Transportation (originally sponsored by Senators Gardner, Haugen and McCaslin).

Senate Committee on Transportation
House Committee on Transportation

Background: Subagents and agents have a contract with the county auditor to conduct vehicle licensing functions for the auditor. Recently, concerns have been raised by some subagents who have invested many years in their business and want a process to pass along their business to a family member or trusted employee.

Currently, subagents are appointed after being chosen through a request for proposals process. The county auditor submits all subagent proposals received to the director of the Department of Licensing (DOL) and recommends the appointment of one or more subagents. The director of DOL has the final appointment authority.

Summary: The county auditor must use an open competitive process including but not limited to a written business proposal and an oral interview to determine the quality of all interested subagent or agent applicants. A subagent may nominate a successor who is either the subagent's sibling, spouse, child, or a subagency employee. If the successor recommended by the subagent is otherwise qualified, the auditor must include in his or her recommendation to the director of DOL not only the person nominated by the subagent, but also one other applicant selected through the open competitive process.

The service fees collected by subagents are increased as follows: (1) from \$7.50 to \$8.50 for certificate of ownership changes or verification of title; and (2) from \$3.00 to \$3.50 for registration renewal.

An additional \$.50 is added to the current \$3 filing fee assessed on all licensing transactions. The revenue from the \$.50 fee must be deposited into the licensing services account to be used to support agents and subagents including the replacement of department-owned equipment in the agent's or subagent's possession.

Votes on Final Passage:

Senate 46 0
House 94 1 (House amended)
Senate 45 3 (Senate concurred)

Effective: July 22, 2001

SB 5275
PARTIAL VETO
C 241 L 01

Clarifying procedures for absentee voting and mail ballots.

By Senators Gardner, McCaslin, Haugen, Costa and Kohl-Welles.

Senate Committee on State & Local Government
House Committee on State Government

Background: Provisions for absentee voting and mail ballot elections are found in the same chapter of law. By some, this is seen as unnecessarily confusing.

Absentee ballots must be requested no earlier than 45 days before the election or primary and no later than the day before the election or primary. An exception to the prohibition on issuing absentee ballots on the day of the election or primary is made for voters confined to a hospital on the day of the election or primary. Only a messenger for a hospitalized voter may pick up the absentee ballot from the issuing officer. In all other cases, the voter himself or herself, or a member of the voter's family may pick up the absentee ballot. Otherwise, the absentee ballot is mailed to the voter.

Whether absentee ballots may be forwarded is not addressed in the statutes. The practices followed by the various counties differ.

One representative from each major political party must observe the counting of ballots. Observers are also allowed to be present at recounts. They are representatives of the candidates affected by the recount or are persons representing both sides of an issue that is being recounted.

Records of requests for absentee ballots must be available for public inspection no later than 24 hours after their receipt. The auditor must make copies of these records available to the public at cost.

The county auditor may designate any precinct having fewer than 200 voters to be a mail ballot precinct. An application form must be mailed to the voter prior to the first mail ballot election and must be returned by the voter in order for the county auditor to issue a mail ballot. The application remains valid for subsequent mail ballot elections.

In some circumstances, when voting is conducted by mail ballot, the county auditor must mail the ballots at least 15 days prior to the date of the election.

The county auditor must make an abstract of the election results by precinct. The deadline for transmittal to the Secretary of State for the general election is by March 31 of the year following the election.

Summary: An absentee ballot must be requested no earlier than 90 days before the election or primary and may be requested on the day before the election or primary. Messengers may pick up the absentee ballots of those voters who are residents of health care facilities on election day. A voter's family member may request an absentee ballot on behalf of the voter.

An absentee ballot may be forwarded under certain conditions. These conditions require that the county auditor include with the ballot a clear explanation of the qualifications necessary to vote in that election.

The county auditor must request that observers appointed by the major political parties be present at the processing.

Absentee ballots must include a designated space for write-in candidates for precinct committee officer.

Provisions for mail ballots are recodified into a new chapter of the election laws.

The application requirement for voters in mail ballot precincts is eliminated. The county auditor must mail a notification to each registered voter that the precinct has become a mail ballot only precinct.

In all circumstances, the county auditor must mail ballots as soon as ballots are available for the mail ballot election. If the precinct exceeds 200 voters or if for any other reason the county auditor returns to holding elections at polling places, notification of the address of the polling place must be mailed to the voters.

Mail ballot provisions for special elections are in a separate section from those for odd-year primaries by mail.

For general elections, the county auditor must report all election returns by precincts. The deadline for the auditor's abstract of general elections is the next business day following certification by the county canvassing board.

Votes on Final Passage:

Senate	33	16	
House	93	0	(House amended)
Senate			(Senate refused to concur)
House	94	2	(House amended)
Senate	35	6	(Senate concurred)

Effective: July 22, 2001

Partial Veto Summary: The section concerning reporting of election returns was vetoed in order to avoid confusion with another bill, previously signed by the Governor, that amended the same section of law.

VETO MESSAGE ON SB 5275

May 11, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 23, Senate Bill No. 5275 entitled:

"AN ACT Relating to ballots cast by mail;"

Senate Bill No. 5275 reorganizes and clarifies the laws governing absentee and mail balloting. Section 23 of the bill would have amended RCW 29.62.090, and clarified reporting requirements and submittal deadlines for official election results. However, the legislature also sent to me Substitute House Bill No. 1644, which amends the same statute section in a slightly different way - most notably by providing for electronic transmission of election results.

Because I signed Substitute House Bill No. 1644 in its entirety on May 9, 2001, I have vetoed section 23 of Senate Bill No. 5275 in order to avoid a conflicting double amendment.

For these reasons, I have vetoed section 23 of Senate Bill No. 5275.

With the exception of section 23, Senate Bill No. 5275 is approved.

Respectfully submitted,



Gary Locke
Governor

ESB 5289
FULL VETO

Expanding the definition of "public facilities" for purposes of the use of certain revenues in rural counties.

By Senators T. Sheldon and Gardner.

Senate Committee on Economic Development & Telecommunications

House Committee on Trade & Economic Development

Background: The state Legislature has authorized a number of local options sales and use tax programs to assist local jurisdictions in carrying out a variety of county and municipal purposes. One such program, enacted in 1997, is a local option tax for public facilities in rural counties.

Public facilities are defined for the purposes of the program to include the following types of infrastructure: bridges, roads, domestic and industrial water facilities, sewer, storm sewer, and earth stabilization facilities, railroads, electricity, natural gas, buildings, structures, telecommunications and transportation, or commercial infrastructure, and port facilities.

To qualify as a public facility eligible for the program, the facility must be listed as an item in a city or county's official economic development plans or capital facilities plans.

The maximum allowable tax rate may not exceed 0.08 percent and is deducted from the amount of tax the state would otherwise receive in sales and use taxes. Thirty-one counties have participated in the program since it started, generating nearly \$12.5 million of local revenue for public facilities in rural counties. No county program can last for more than 25 years.

Summary: The rural county local option sales tax program for public facilities is modified to clarify and expand the allowable purposes for which the moneys can be used.

The financing of public facilities is clarified to include the acquisition, construction, rehabilitation, alteration, expansion or improvement of public facilities for the purpose of creating or retaining private-sector jobs and to exclude certain electricity facilities. The financing of related costs is also allowed and defined to include a variety of development costs such as permitting, project design, feasibility studies, site planning and financing analysis. None of the .08 percent money may be provided to any public or private electric utility.

Obsolete language is deleted.

Votes on Final Passage:

Senate	49	0	
House	74	23	(House amended)
Senate	45	0	(Senate concurred)

VETO MESSAGE ON SB 5289

May 15, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, Engrossed Senate Bill No. 5289 entitled:

“AN ACT Relating to public facilities in rural counties;”

Although the original intent of Engrossed Senate Bill No. 5289 was meritorious, in its final form the bill would have undermined the intent of the rural sales tax credit program.

The prime sponsor requested this veto.

I support the original intent of this bill, which was to clarify and expand the use of the rural sales tax credit funding program. The bill sought to provide rural counties with a source of funds for the development of public facilities that are important for creating economic opportunity. However, this bill was amended to prevent any electric utility, including many of our public utility districts from using the money.

Public utility districts are key partners in economic development efforts. They provide not only electrical service, but also sewer, water, and telecommunications services. At a time when funding is limited, we must pool our resources whenever possible to accomplish important economic goals. Removing an important partner from eligibility for these funds unnecessarily ties the hands of the counties in promoting the vitality of their economies.

Additionally, the bill would have undermined the ability to develop electrical generation and distribution facilities that may be important during a time of energy shortage.

For these reasons, I have vetoed Engrossed Senate Bill No. 5289 in its entirety.

Respectfully submitted,



Gary Locke
Governor

SB 5305

C 64 L 01

Correcting outdated references and double amendments.
By Senators Constantine and McCaslin; by request of Office of the Code Reviser.

Senate Committee on Transportation
House Committee on Judiciary

Background: Over the years, various statutes have been amended without regard to the effect of those amendments in other statutes. These amendments have caused some technical problems and confusing situations.

Summary: Technical amendments are made to correct outdated references and double amendments all under Titles 29, 34, 42, 46, 47, and 82.

Votes on Final Passage:

Senate	48	0
House	95	0

Effective: July 22, 2001

SSB 5309

C 289 L 01

Providing funding for local government criminal justice.

By Senate Committee on Ways & Means (originally sponsored by Senators Constantine, Sheahan, Hewitt, Costa, Parlette, Carlson, Regala, T. Sheldon, Swecker, Jacobsen, B. Sheldon, Kastama, Gardner and Oke).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: As a result of the repeal of the Motor Vehicle Excise Tax (MVET), revenue distributions to local governments for criminal justice and other purposes were substantially reduced. In the 2000 supplemental budget, the Legislature provided partial replacement for these reduced revenues distributions.

Under current law, revenue generated from most criminal infractions and penalties is distributed among the Public Safety and Education Account, the Judicial Information Systems Account, and the Emergency Medical Services and Trauma Care Account. A portion of the revenue is also retained by local governments.

Summary: An additional \$10 penalty for traffic infractions is imposed. An additional \$50 penalty is imposed for persons convicted of misdemeanor, gross misdemeanor, and felony traffic crimes. The distribution of the revenue derived from these additional penalties remains unchanged.

Money retained by local governments shall constitute reimbursement for any liabilities under the unfunded mandate statute.

Drug court operations are made a permanent allowable use of the Public Safety and Education Account.

Votes on Final Passage:

Senate 40 9
House 77 14 (House amended)
Senate 36 10 (Senate concurred)

Effective: July 22, 2001

SB 5316
C 99 L 01

Ensuring that reasonable assurance continues to apply to employees of educational institutions.

By Senators Prentice and Winsley; by request of Employment Security Department.

Senate Committee on Labor, Commerce & Financial Institutions
House Committee on Commerce & Labor

Background: The Washington State Employment Security Department (ESD) is responsible for making unemployment insurance benefit determinations in accordance with state and federal law. The department must interpret the laws and apply the rules in an equitable and consistent manner. In addition, failure to comply with applicable federal law can result in sanctions against the state, and possible loss of federal unemployment tax credits for employers.

Community and technical colleges are increasingly making use of contingent faculty, who are hired "as needed," and do not experience the job security of tenured or tenure-track faculty. In order to determine whether or not a contingent instructor qualifies for unemployment benefits, the ESD must evaluate whether or not the instructor had "reasonable assurance" of returning to work in the next academic term, or not. This is complex.

For several years, apparent ambiguity in the statutory definition of "reasonable assurance" has made such determinations difficult for ESD, and has reportedly resulted in variable interpretations and inconsistent outcomes.

Summary: The statutory definition of "reasonable assurance" of ongoing employment is clarified. Tenured or tenure-track instructors are considered to have reasonable assurance unless notified otherwise by the college.

Instructors are presumed NOT to have reasonable assurance if their employment offers are conditioned upon the college's enrollment, funding, or program changes.

Reasonable assurance determinations are made on a case-by-case basis, using a "total weight of evidence" method, with primary weight given to the contingent nature of the employment offer. Federal Department of Labor guidelines are used to interpret the law. If part of the statute conflicts with federal requirements, it is inoperative. ESD adopts rules that comply with federal requirements.

The new definition of reasonable assurance applies to work weeks beginning after March 31, 2001.

Votes on Final Passage:

Senate 46 2
House 87 0

Effective: April 19, 2001

SB 5317
C 100 L 01

Clarifying hours and wages for educational employee compensation claims.

By Senators Prentice and Winsley; by request of Employment Security Department.

Senate Committee on Labor, Commerce & Financial Institutions
House Committee on Commerce & Labor

Background: Whether a teacher may qualify for unemployment insurance benefits during school breaks generally depends upon whether the teacher was working at a school, and is likely to work again the next term. Unemployment benefits are generally unavailable during school breaks, in cases of ongoing school employment.

In a 1995 case, *Pechman v. the Employment Security Department*, 77 Wn App. 725, the appellate court held that a teacher could continue to receive a portion of her unemployment benefits based upon previous employment at a different school than the one then employing her as a substitute teacher. The court reasoned that the controlling statute distinguished between base year employment at a particular school, compared with previous and ongoing employment at any school. The court held that a former full-time teacher who became a substitute in a different school was eligible during school holidays to receive partial unemployment benefits based upon the teacher's prior full-time employment.

Federal law, however, is unconcerned with which educational institution was the employer during the base period. Instead, federal law focuses on whether any services were performed at any school, and requires that any and all base year wage credits earned at any and all educational institutions disqualify a teacher for unem-

ployment benefits during school breaks, if the teacher will be returning to work at any educational institution.

The federal Department of Labor has clearly indicated an intention to sanction Washington State if it does not comply with federal law in this matter.

Summary: Legislative intent to comply with federal law is expressed, and terminology is clarified regarding employment at educational institutions. Any and all base year credits earned in any and all educational institutions are considered when determining eligibility for unemployment insurance benefits during school breaks or other situations, in conformity with federal law.

Votes on Final Passage:

Senate	48	0
House	94	0

Effective: April 19, 2001

SSB 5319

C 290 L 01

Changing provisions relating to the municipal research council.

By Senate Committee on State & Local Government (originally sponsored by Senators Haugen, Horn and Gardner).

Senate Committee on State & Local Government
House Committee on Local Government & Housing

Background: The Municipal Research Council is a state agency which contracts for the provision of municipal research and services to cities, towns and counties. The activities, programs and services of the council are carried on in cooperation with the Association of Washington Cities and the Washington State Association of Counties.

The council is composed of 23 members. Four members are appointed from the Senate, two from each major caucus; four members are appointed from the House of Representatives, two from each major caucus; one member is appointed by the Governor independently; nine members, who are city or town officials, are appointed by the Governor from a list of nine nominees submitted by the Association of Washington Cities; and five members, who are county officials, are appointed by the Governor, two of whom from a list of two nominees submitted by the Washington Association of County Officials, and three of whom from a list of three nominees submitted by the Washington State Association of Counties.

Summary: The composition of the Municipal Research Council is decreased from 23 members to 14 members: legislative membership consists of four members, two from the Senate (one from each major caucus) and two from the House of Representatives (one from each major

caucus); city membership consists of six city or town officials; county membership consists of three county officials (one representing county officials and two representing county commissioners). The Director of Community, Trade, and Economic Development is added to the council.

Votes on Final Passage:

Senate	48	0	
House	93	0	(House amended)
Senate			(Senate refused to concur)
House	94	0	(House amended)
Senate	45	0	(Senate concurred)

Effective: July 1, 2001

3ESSB 5327

PARTIAL VETO
C 14 L 01 E2

Funding transportation during the 2001-03 biennium.

By Senate Committee on Transportation (originally sponsored by Senators Haugen, West and Gardner; by request of Governor Locke).

Senate Committee on Transportation

Background: Appropriations are made on the basis of a fiscal biennium that begins on July 1 of each odd-numbered year to the major transportation agencies – Department of Transportation, the Washington State Patrol, the Department of Licensing, the Transportation Improvement Board, and the County Road Administration Board – as well as to smaller transportation and some general government agencies.

Summary: Appropriations are made for the 2001-2003 fiscal biennium. The total appropriation for the biennium is \$3.465 billion.

For additional information see “Striking Amendment to 3ESSB 5327 Current Law Budget Highlights” and supporting documents published by the House Transportation Committee.

Votes on Final Passage:

Senate	44	2
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First Special Session

Senate	49	0
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Second Special Session

Senate	39	4	
House	69	12	(House amended)
Senate	25	14	(Senate concurred)

Effective: June 26, 2001

March 1, 2002 (Section 608)

Partial Veto Summary: The Joint Legislative Audit and Review Committee study of the Washington State Patrol’s (WSP) process for replacing its emergency communication system is vetoed. Further, the provision

allowing off-duty WSP field technicians to take home their assigned vehicles is vetoed. The Governor also vetoed the provision requiring the Department of Transportation to withhold federal transportation enhancement funds for the East Lake Sammamish Trail Interim Improvement Project until interlocal agreements are signed. Finally, the performance based budgeting provisions were vetoed.

VETO MESSAGE ON 3ESSB 5327

June 26, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 106; 210 (lines 10-13); 233(1); and 501 of Third Engrossed Substitute Senate Bill No. 5327 entitled:

"AN ACT Relating to transportation funding and appropriations;"

My reasons for vetoing these sections are as follows:

Section 106, Pages 3-4, Washington State Patrol Communications Study (Joint Legislative Audit and Review Committee)

This section would have provided \$50,000 from the State Patrol Highway Account to the Joint Legislative Audit and Review Committee for a study of the planning process and analysis employed by the Washington State Patrol in developing its 2001-03 budget request for replacement of its emergency communication system. The study as described in the proviso would have examined the planning process rather than the needs of the Patrol as they relate to statewide emergency communications. The Patrol has utilized the expertise of its employees and private sector engineers to establish a ten-year capital improvement plan for its outdated emergency communications system. Additional review of the planning process would serve only to delay real improvements to the system and would divert resources from more critical functions in the budget and fiscal and information technology offices of the State Patrol.

Section 210, Page 11, line 10 beginning with 'The Washington state patrol . . . ' through line 13, Electronic Services Off-Duty Vehicle Assignment (Washington State Patrol-Support Services Bureau)

This proviso would have required the Washington State Patrol to allow electronic services field technicians to take home their assigned vehicle and equipment even though they may be off-duty. Currently, only on-call technicians are allowed to take home their vehicles and equipment. The agency has not experienced any adverse effect from the existing policy. The provision in this section would have required an additional \$200,000 each biennium for fuel, maintenance and vehicle replacement costs resulting from the increase in mileage due to off-duty personnel commuting to and from work. These increased costs cannot be carved out of the agency's existing budget, and no new funding was provided in the 2001-03 transportation budget.

Section 233(1), Page 24, East Lake Sammamish Trail Interim Improvement (Department of Transportation - Local Programs - Program Z - Capital)

This section would have directed the Washington State Department of Transportation to withhold federal transportation enhancement funds for the East Lake Sammamish Trail Interim Improvement Project until interlocal agreements are secured between King County and the cities of Sammamish, Redmond, and Issaquah. The transportation enhancement funds that were conditioned by this section are federal pass-through dollars designated for local agency transportation projects and programs. While the state plays an important role in selecting these types of projects for federal funding, I believe it would be inappropriate for the state to condition the receipt of these funds beyond the

Local Agency Guidelines prepared specifically for the administration of these projects.

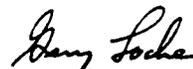
Section 501, Pages 30-31, Performance Based Budgeting Provisions

Section 501 would have outlined performance-based budgeting requirements for state transportation agencies. While I support performance-based budgeting and commend the Transportation Committees' interest, some elements of the criteria established in this section were inconsistent with current statewide budget and accounting standards. The Office of Financial Management is designated in the Budget, Accounting and Reporting Act as the agency responsible for establishing budget instructions and developing and maintaining statewide financial systems. The criteria in this section would have established additional and duplicative reporting requirements for transportation agencies. The creation of two separate tracks for the analysis of financial data would have made it impossible to provide consistent and connected statewide financial information. It is my expectation that agencies will continue to work with the Office of Financial Management and the legislative fiscal committees to develop and implement uniform performance-based budgeting reporting standards that will be applicable to all state agencies.

For these reasons, I have vetoed sections 106; 210 (lines 10-13); 233(1); and 501 of Third Engrossed Substitute Senate Bill No. 5327.

With the exception of sections 106; 210 (lines 10-13); 233(1); and 501, Third Engrossed Substitute Senate Bill No. 5327 is approved.

Respectfully submitted,



Gary Locke
Governor

SB 5331
C 47 L 01

Modifying collection of business to business debts by collection agencies.

By Senators Kline, McCaslin, Johnson and Long.

Senate Committee on Judiciary
House Committee on Financial Institutions & Insurance

Background: All collection agencies must be licensed by the Department of Licensing and are subject to state laws governing the manner in which debts can be collected. A collection agency may not collect anything other than principal and reasonable interest, collection costs specifically authorized by statute, and attorney's fees and court costs if there is a lawsuit.

There are specific statutes authorizing reasonable collection costs agreed to in a contract to be added to the amount collected in the case of retail installment contracts, credit card debts, obligations owed to credit unions, and obligations owed to public and private institutions of higher education. State and local governments are specifically allowed to add a collection fee when using a collection agency of up to 50 percent of the first

\$100,000 of unpaid debt, 35 percent of the unpaid debt over \$100,000, and 100 percent of amounts under \$100.

There is currently no specific statutory authorization to collect collection costs for obligations owed by one business entity to another.

Summary: In the case of commercial claims, a collection agency may also attempt to collect collection costs and fees authorized by written agreement between the debtor and creditor, as long as the total collection costs charged do not exceed 35 percent of the amount of the original claim. "Commercial claim" is defined as an obligation arising out of an agreement relating to a transaction not primarily for personal, family or household purposes.

Votes on Final Passage:

Senate	44	0
House	91	2

Effective: July 22, 2001

SB 5333
C 239 L 01

Concerning preliminary permits for water closed to diversions due to a federal moratorium.

By Senators Honeyford, Hale, Morton, Hochstatter, Hewitt, Swecker and Sheahan.

Senate Committee on Environment, Energy & Water
House Committee on Agriculture & Ecology

Background: RCW 90.03.290 of the water code establishes the requirements for rendering a decision on a water rights application. In respect to making necessary findings, the Department of Ecology is allowed to issue a preliminary permit that requires the applicant to obtain sufficient information. The period of such a permit is not to exceed three years, but, if specified requirements are met, can be extended for a maximum of two additional years. If the applicant fails to comply with the conditions of the preliminary permit, the permit and the application are automatically cancelled.

Summary: A preliminary permit directly affected by a moratorium on the Columbia River between 1990 and 1998 is extended through June 30, 2002, and any cancelled application and preliminary permit are reinstated and the permit extended until June 30, 2002, if these provide regional water supply to one or more urban growth areas and areas near them from an existing structure. Authority is granted to so modify a canceled application or permit.

Votes on Final Passage:

Senate	45	2
House	82	0 (House amended)
Senate	48	0 (Senate concurred)

Effective: July 22, 2001

SSB 5335
C 128 L 01

Revising the authority of the statewide enhanced 911 program to support the statewide enhanced 911 system.

By Senate Committee on Economic Development & Telecommunications (originally sponsored by Senators Snyder, Deccio, T. Sheldon, Morton, B. Sheldon, Hochstatter, Parlette, Sheahan, Hewitt, Haugen, Oke, McCaslin and Honeyford).

Senate Committee on Economic Development & Telecommunications
House Committee on Technology, Telecommunications & Energy

Background: In 1991, voters adopted Referendum 42, requiring enhanced 911 (E-911) service to be available throughout the state by December 31, 1998. The Military Department is responsible for statewide coordination of E-911 programs. Under the E-911 system, a caller's phone number and location are automatically displayed at the public safety answering point.

E-911 services are funded by county and state excise taxes. The state levies a maximum tax of 20 cents per switched telephone access line. Voters approved this state tax when they adopted Referendum 42. There is no state tax on radio access (wireless/cellular) lines. State tax revenues fund statewide coordination of the E-911 program and help counties to pay for the extra costs incurred in upgrading from a basic 911 system to an E-911 system.

In 1998, the Legislature found that some counties generate insufficient revenues to cover E-911 related salaries and operational expenses and authorized state E-911 funds to provide temporary salary assistance to small counties or ongoing salary assistance to counties that have regionalized their operations. To qualify for state E-911 salary assistance, a county must impose the maximum allowable county excise tax rate.

The maximum tax rate that a county may levy on a switched line is 50 cents. Counties may also impose an excise tax of up to 25 cents per month on each radio (wireless/cellular) access line. Thirty-eight counties impose the maximum rates.

Summary: Legislative findings are made, including that the Enhanced 911 system has served to further the health, safety, and welfare of Washington citizens and saved lives; and that statewide operation and management will improve the system by creating efficiencies, permitting greater local control, and providing needed support to counties.

The purposes for which the state E-911 funds may be used are changed. The specific limitations on salary assistance are removed and replaced with general authority to the state E-911 coordinator to enter into statewide agreements to improve the efficiency of 911 services.

Direction is provided to the state E-911 coordinator for adopting rules that define the allowable purposes based on specified priorities. The priorities are listed as follows: (1) assuring that 911 is operational statewide; (2) assisting as necessary to assure counties can achieve a basic service level for 911 operations; and (3) assisting counties as practicable with capital investments necessary to increase 911 effectiveness.

Votes on Final Passage:

Senate 48 0
House 95 1

Effective: July 1, 2001

SB 5348
C 65 L 01

Updating the uniform child custody jurisdiction and enforcement act.

By Senators Costa, Long, Patterson, Kastama, Hargrove, Sheahan, McCaslin, Prentice, Kohl-Welles, Haugen, Kline, Johnson, Zarelli and Oke.

Senate Committee on Judiciary
House Committee on Judiciary

Background: The Uniform Child Custody Jurisdiction and Enforcement Act (UCCJEA) was developed and approved by the National Conference of Commissioners on Uniform State Laws in 1997. It is similar to the Uniform Child Custody Jurisdiction Act and makes changes mainly in the jurisdiction and enforcement provisions. One of the purposes of the UCCJEA is to avoid conflict between states regarding custody cases, promote cooperation and communication between states, and deter child abductions.

Summary: Jurisdiction: The UCCJEA establishes when a state has continuing exclusive jurisdiction over custody matters. It gives priority regarding jurisdiction to the child's home state. "Home state" is defined as the state in which a child lived with a parent or a person acting as a parent for at least six months immediately before commencement of the child custody proceeding. The state that issued the initial order remains the state with continuing jurisdiction until the child, the child's parent, and any person acting as a parent no longer has significant connections with the state and substantial evidence about the child's care, training, and personal relationships is no longer available in that state. Jurisdiction also ceases if the child and the parents no longer reside in the issuing state. A state may not modify a custody order issued by another state unless the other state no longer has exclusive jurisdiction or declines jurisdiction.

Temporary Emergency Jurisdiction: The UCCJEA allows a state to obtain jurisdiction temporarily when the child is present in the state and is abandoned or needs protection because the child, a sibling or parent of the

child is subjected to abuse. The emergency custody order lasts until an order is obtained from a state having jurisdiction over the custody proceedings.

Enforcement: A court must enforce a custody determination from another state if that state exercised jurisdiction in substantial conformity with the provisions of the UCCJEA. Procedures are set out in the UCCJEA for registration of a child custody determination issued by a court of another state. If a custody order is properly registered, the court in Washington must enforce it as if it were issued by this state.

Simultaneous Proceedings: If a court of this state has been asked to make a child custody determination and is informed that a custody proceeding has been commenced in another state having jurisdiction substantially in accordance with the UCCJEA, the court in this state must immediately communicate with the court in the other state to determine the more appropriate forum.

Application to Indian Tribes: A child custody proceeding that pertains to an Indian child is not subject to the UCCJEA to the extent that it is governed by the federal Indian Child Welfare Act.

Votes on Final Passage:

Senate 49 0
House 94 0

Effective: July 22, 2001

SB 5359
C 101 L 01

Modifying the health professions' appointment of pro tem members.

By Senators Thibaudeau, Winsley, Parlette and Franklin; by request of Department of Health.

Senate Committee on Health & Long-Term Care
House Committee on Health Care

Background: The Secretary of Health is authorized by law to appoint up to three pro tem (or temporary) members to a health professions board or commission with licensing and disciplinary responsibilities. Pro tem members have all the powers and privileges of regularly appointed members, and sit on charging and disciplinary committees to assist in the investigation and adjudicative process.

The Department of Health has expressed concerns that the commissions face high case volumes, and that there are occasional difficulties in conducting a disciplinary proceeding when multiple members have to recuse themselves due to possible conflicts of interest.

Summary: The maximum limit of three pro tem members serving on a board or commission is repealed. Pro tem appointments are limited to one year, and pro tem members may serve no more than four one-year terms.

Votes on Final Passage:

Senate 48 0
House 93 0

Effective: July 22, 2001

SB 5367

C 48 L 01

Changing competitive grant requirements for community mobilization programs.

By Senators Fraser, Long, Patterson, Costa, Regala and Jacobsen; by request of Department of Community, Trade, and Economic Development.

Senate Committee on Human Services & Corrections
House Committee on Children & Family Services

Background: In 1989, the Legislature created a grant program within the Governor's Office to fund community mobilization efforts designed to reduce the incidence of substance abuse. Currently, at least 50 percent of the funding available under this program must be awarded on a competitive basis. In this process, eligible applications are assessed and compared by a peer review committee which advises the Governor. The Governor then distributes the competitive grants based on this information.

Summary: The purpose of the grant program is broadened to include reducing incidences of alcohol abuse, tobacco abuse, other drug abuse, and violence.

The program is moved from the Governor's Office to the Department of Community, Trade, and Economic Development.

The competitive funding requirements are eliminated. All grant funds are distributed through a formula developed by the Department of Community, Trade, and Economic Development that takes county population size into consideration.

The requirement that applicants identify a fiscal agent has been replaced with one requiring communities to identify a contracting agent.

Votes on Final Passage:

Senate 48 0
House 93 0

Effective: July 22, 2001

ESSB 5372

C 235 L 01

Authorizing cigarette tax contracts with Indian retailers.

By Senate Committee on Ways & Means (originally sponsored by Senators Prentice, Swecker, Honeyford, Gardner, T. Sheldon and Oke; by request of Department of Revenue).

Senate Committee on Ways & Means
House Committee on Finance

Background: Cigarette taxes are added directly to the price of these goods before the sales tax is applied. The rate for the cigarette tax is 82.5 cents per pack of 20 cigarettes. Retail sales and use taxes are also imposed on sales of cigarettes. The state sales tax rate is 6.5 percent of the selling price. Local governments may levy additional sales taxes. The total state and local rate varies from 7 percent to 8.6 percent, depending on the location.

Revenue from the first 23 cents of the cigarette tax goes to the general fund. The next 8 cents are dedicated to water quality improvement programs through June 30, 2021, and to the general fund thereafter. The next 41 cents go to the Health Services Account. The final 10.5 cents are dedicated to youth violence prevention and drug enforcement.

The cigarette tax is due from the first person who sells, uses, consumes, handles, possesses or distributes the cigarettes in this state. The taxpayer pays the tax by purchasing cigarette tax stamps which are placed on cigarette packs. The taxpayer is allowed compensation for placing the cigarette stamps on the packs at the rate of \$4 per 1,000 stamps.

Under federal law, the cigarette tax does not apply to cigarettes sold on an Indian reservation to an enrolled tribal member for personal consumption. However, sales made by tribal cigarette retailers to non-tribal members are subject to the tax. Enforcement of state cigarette taxes in respect to tribal retail operations has involved considerable difficulty and litigation, with mixed results.

Summary: The Governor may enter into cigarette tax contracts concerning the sales of cigarettes with federally recognized Indian tribes located within Washington. Cigarette tax contracts must be for renewable terms of eight years or less. Cigarettes sold by Indian retailers in Indian country during the contract's term are subject to a tribal cigarette tax and are exempt from cigarette, and sales and use taxes. A precedent is not provided for the taxation of non-Indians on fee land.

In general, cigarette tax contracts must:

- (1) limit tribal retailing to sales of cigarettes by tribes or Indians in Indian country;
- (2) prevent sales to any person under the age of 18 years;
- (3) require tribal cigarette tax be used for essential government services;
- (4) require the use of tribal cigarette tax stamps;
- (5) include provisions for compliance;
- (6) require that tribal retailers purchase cigarettes only from approved sources;
- (7) allow resolution of disputes through a non-judicial process, such as mediation; and
- (8) include a procedure for correcting violations of the contract and provision for termination of contract should violations not be resolved.

The Governor is authorized to enter into cigarette tax contracts with the Squaxin Island Tribe, Nisqually Tribe, Tulalip Tribes, the Mukleshoot Indian Tribe, the Quinault Nation, the Jamestown S’Klallam Indian Tribe, the Port Gamble S’Klallam Tribe, the Stillaguamish Tribe, the Sauk-Suiattle Tribe, the Skokomish Indian Tribe, the Nooksack Indian Tribe, the Lummi Nation, the Chehalis Confederated Tribes, and the Upper Skagit Tribe with a tax rate of 100 percent of the state cigarette and sales tax rate. The 100 percent rate may be phased in over three years but the rate can be no lower than 80 percent of state cigarette and sales tax rate. The phase-in period is shortened if Indian cigarette sales increase by 10 percent. New Indian retail operations must pay the full tribal tax rate rather than the lower tax during the phase-in period.

The tax rates and revenue sharing terms of any other cigarette tax contract must be authorized in a bill enacted by the Legislature.

The compensation allowed for placing cigarette stamps on packs of cigarettes is increased from \$4 per 1,000 stamps to \$6 per 1,000 stamps starting July 1, 2002. A criminal background check is required for persons applying for new or renewal of cigarette wholesaler licenses.

Votes on Final Passage:

Senate	48	0	
House	93	3	(House amended)
Senate	45	0	(Senate concurred)

Effective: July 22, 2001
 July 1, 2002 (Section 7)

ESB 5374
 C 160 L 01

Imposing criminal penalties and sanctions for the unauthorized sale of baby food, infant formula, cosmetics, nonprescription drugs, or medical devices.

By Senators Constantine, Winsley, Prentice and McCaslin.

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Commerce & Labor

Background: Swap meets and flea markets sometimes involve the sale of unused products as well as used merchandise. Certain products, such as food, drugs, and medical equipment sold in these informal and largely unregulated settings could present a threat to purchasers greater than sales in a typical regulated retail setting.

Summary: “Unused property market” is defined to include swap meets, flea markets and similar events where a fee is charged for participation or which occurs more than six times a year. Charitable events are excluded. Events involving exclusively new merchandise,

where all vendors are authorized manufacturers’ representatives are excluded. An “unused property merchant” is defined as anyone other than a merchant with an established retail store in the county, who transports an inventory of goods to an unused property market and sells or offers the goods for sale, except a person who offers five or fewer items of the same new and unused merchandise.

“Baby food” means food labeled for consumption by a child under the age of two.

“Nonprescription drug” means medicines that may be sold without a prescription that are subject to state or federal food and drug laws, excluding herbal, botanical or vitamin products.

“Medical device” means any instrument, apparatus, machine or the like, which is regulated by federal law, and which is intended to affect the structure or function of the body of man or animals, and not dependent on being metabolized for the achievement of its intended purposes.

No unused property merchant shall offer for sale at an unused property market any baby food, infant formula, cosmetics, or medical devices. Authorized representatives of manufacturers or distributors of such products are excluded from this prohibition, if they keep a written authorization identifying them available for inspection by the public.

A violation of the act is a misdemeanor. A second violation within a five-year period is a gross misdemeanor. Third and subsequent violations within a five-year period are a class C felony.

Votes on Final Passage:

Senate	32	17	
House	93	0	(House amended)
Senate	30	18	(Senate concurred)

Effective: July 22, 2001

SB 5377
 C 66 L 01

Marking the gross weight on certain vehicles.

By Senators Gardner, Horn and Haugen.

Senate Committee on Transportation

House Committee on Transportation

Background: Motor trucks, truck tractors, and tractors with a licensed gross weight in excess of 10,000 pounds must have the maximum gross weight or combination weight for which they are licensed placed on the outside of the vehicle in a conspicuous place.

Summary: The requirement for motor trucks, truck tractors and tractors to have their licensed gross weight placed on the outside of the vehicle is eliminated.

Votes on Final Passage:

Senate 47 0
House 95 0

Effective: July 22, 2001

SB 5389

C 154 L 01

Adjusting small claims jurisdiction.

By Senator Gardner.

Senate Committee on Judiciary
House Committee on Judiciary

Background: Small claims court is a department of the district court. The small claims department has jurisdiction over cases for the recovery of money where the amount claimed does not exceed \$2,500. An action is commenced in the small claims department by filing a claim that contains specified information and paying a filing fee.

An action originally filed in district court may be transferred to the small claims department if the claim does not exceed the jurisdictional limit of the small claims department. Generally, a party may not be represented by an attorney in the small claims department. However, if the action was originally filed in district court and the plaintiff was represented by an attorney at that time, the attorney may represent the plaintiff in the small claims department.

The proceedings in the small claims department are informal. The parties may offer evidence and bring witnesses. The judge may consult witnesses and investigate the controversy between the parties, and the judge may give judgment or make orders that the judge finds equitable.

A party may not appeal the judgment from the small claims department where the amount claimed was less than \$250. A party requesting the exercise of jurisdiction by the small claims department may not appeal a judgment if the amount claimed by that party was less than \$1,000.

Summary: The jurisdictional amount in small claims court is increased from \$2,500 to \$4,000.

Votes on Final Passage:

Senate 48 0
House 95 0

Effective: July 22, 2001

SB 5392

C 161 L 01

Changing provisions relating to emancipation of minors.

By Senators Long, Constantine and Kline; by request of Administrator for the Courts.

Senate Committee on Judiciary
House Committee on Juvenile Justice

Background: A minor who is 16 years of age or older and a resident of the state may petition the superior court for a declaration of emancipation. In general, to obtain such a declaration a minor must prove that he or she has the ability to manage his or her financial, personal, social, educational and nonfinancial affairs.

Currently the statute states specifically that petitions for emancipation shall be before a "judge." Some counties are interpreting this statute to mean that a court commissioner cannot hear such petitions.

The Board for Judicial Administration is recommending that the term "judge" be replaced with the term "judicial officer."

Summary: The statute governing the procedures for a minor to obtain a declaration of emancipation is amended to clarify that court commissioners are authorized to hear emancipation petitions, but if a county operates a unified family court, only commissioners from that court can hear the petitions. Judges pro tempore are prohibited from hearing these petitions.

Votes on Final Passage:

Senate 48 0
House 91 2 (House amended)
Senate 47 0 (Senate concurred)

Effective: July 22, 2001

SB 5393

C 162 L 01

Revising provisions relating to truancy records.

By Senators Long, Kline and Kohl-Welles; by request of Administrator for the Courts.

Senate Committee on Human Services & Corrections
House Committee on Juvenile Justice

Background: The Judicial Information System currently contains information relating to juvenile truancy. The courts have no need to maintain juvenile truancy records for a juvenile who has no other case history, after the juvenile is no longer subject to the compulsory attendance laws.

Summary: The courts must remove juvenile truancy records when the juvenile involved is no longer subject to the compulsory attendance laws, and the juvenile has no other case history.

County clerks who are responsible for maintaining this information are not responsible for its unauthorized release by agencies or personnel over which they have no control, nor are they responsible for the accuracy of such information provided by litigants or others required to provide it.

Votes on Final Passage:

Senate 46 0
House 93 1 (House amended)
Senate 47 0 (Senate concurred)

Effective: July 22, 2001

SSB 5401

C 291 L 01

Eliminating boards and commissions.

By Senate Committee on State & Local Government (originally sponsored by Senators Patterson and Finkbeiner; by request of Governor Locke).

Senate Committee on State & Local Government
Senate Committee on Ways & Means
House Committee on State Government

Background: The Governor and the Office of Financial Management are required to review state boards and commissions, and in every odd-numbered year submit to the Legislature a recommended list of boards and commissions to be terminated or consolidated. During the 1997-1999 biennium, Washington had 335 boards and commissions, down from a high of 569 during the 1991-1993 biennium. Each board or commission operates in conjunction with and reports to a particular state agency or to the Governor's office.

Summary: Eighteen boards, commissions, and committees are either repealed or abolished. These boards, commissions, and committees are: Department of Social and Health Services Regional Advisory Committees, the Department of Social and Health Services State Advisory Committee, the Washington State Job Training Coordinating Council, the Ecology Regional Citizen's Advisory Committees - Model Toxic Control Act, Sea Urchin and Sea Cucumber Advisory Review Board, Coastal Crab Advisory Review Board, Ocean Pink Shrimp Advisory Review Board, Shorelines Guidelines Commission, Wetlands Mitigation Banking Advisory Team, and the Commission on Legislative Building Preservation and Renovation.

Votes on Final Passage:

Senate 49 0
House 92 0 (House amended)
Senate 46 0 (Senate concurred)

Effective: July 1, 2001

ESSB 5407

C 10 L 01 E1

Allowing more simulcast horse racing.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators West, Prentice, Kohl-Welles, Gardner and Rasmussen).

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Commerce & Labor

Background: A class 1 racing association (race track) may import simulcast racing programs from out-of state racing facilities if approved by the Washington State Horse Racing Commission. The number and frequency of imported simulcast programs depends upon whether the race track offers live horse racing or whether the live horse racing season has ended.

During the racing season, a class 1 racing association may open for wagering for up to five days. On the days that the race track conducts live racing during this five day period, it may import no more than one simulcast program per day from out-of-state racing facilities. Generally, one simulcast program contains eight to ten races that viewers watch via satellite on television monitors between live races. The Horse Racing Commission may also provide special approval of one imported out-of-state race of regional and national interest on each live race day. For up to two days per week (out of the five possible open days) when the race track does not offer live racing, it may import two simulcast programs from out-of-state racing facilities. When the live racing season ends, the race track may import simulcast programs five days per week from out-of-state racing facilities. The Horse Racing Commission must approve parimutuel wagering at class 1 racing facilities and simulcast parimutuel wagering for imported simulcast programs.

Summary: The provisions that govern when and how often a class 1 racing association may import simulcast programs from out-of-state racing facilities during live race meets are deleted. Thus, during the live racing season, a class 1 racing association may simulcast five days per week.

Legislative intent states that the act preserves, restores, and revitalizes the equine breeding and racing industries. It is clarified that new forms of gambling are not established beyond what the state authorized previously.

If a state or federal court finds that the act expands gambling beyond that which the state currently authorizes, then the act becomes null and void. If a court invalidates any provision of the act, then the entire act and its application to any person or circumstance also becomes invalid.

A licensee conducting simulcasting must place signs regarding problem and pathological gambling as provided by current law.

Votes on Final Passage:

Senate 31 17

First Special Session

Senate 32 9

House 61 32

Effective: August 23, 2001

ESSB 5413

C 332 L 01

Improving accountability in child dependency cases.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Stevens, Hargrove, Long and Roach).

Senate Committee on Human Services & Corrections
House Committee on Children & Family Services
House Committee on Appropriations

Background: In May of 2000, Zy’Nyia Noble, age three, died from lethal blows to her body. Zy’Nyia was a dependent child, who was known to the state’s Department of Social and Health Services. Upon her death, a fatality review team conducted an investigation and issued a report, making findings and recommendations. The report concluded that “lack of continuity” affected decision making in the case: “The committee concluded that this issue of assuring continuity of child welfare cases is critical in improving our system to protect and care for children.”

Under current law, a dependency action is filed and a shelter care hearing is held within 72 hours of a child being placed out of the home. Following shelter care, the child may remain out of home for 75 days, or longer, before a fact-finding hearing is held to determine whether the child is dependent. During this time frame, there may be a court order setting forth specific requirements that the parents and department must follow, but the order may not be specific. It depends upon the case.

Following fact finding, a disposition hearing is held to establish conditions for the ongoing care of the child. These matters must be reviewed every six months until a termination hearing is held and permanent placement is established for the child. Not all cases end in termination; in fact, most cases do not.

Summary: Upon a parent’s request, the department must facilitate a conference to develop a written service agreement that sets forth expectations regarding the care and placement of the child. This service agreement cannot violate the court’s order at shelter care. The agreement must be signed by the parties. The agreement is the unifying document for the dependency case.

The written notice given to parents when their child is removed from the home must include language that informs parents that their right to counsel continues beyond shelter care, and that a variety of methods may be used to process their case. These processes must be described to parents.

A petition in termination cases may allege a parent’s use of controlled substances or psychological incapacity presents a risk of imminent harm to the child.

Review hearings must be held in court no more than 90 days from the entry of the disposition order. At this hearing, the court must consider both the parent’s and the agency’s efforts that demonstrate consistent measurable progress over time in meeting the disposition plan requirements.

Due process requirements must be met when entering stipulated or agreed orders of dependency.

When a child is returned home from shelter care a second time in the case, the department may reconvene the multidisciplinary team and a law enforcement officer must be present and file a report to the department.

The department must promulgate rules that create good cause exceptions to the establishment and enforcement of child support.

Votes on Final Passage:

Senate 48 0

House 97 0 (House amended)

Senate (Senate refused to concur)

House 91 0 (House amended)

Senate 48 0 (Senate concurred)

Effective: July 22, 2001

SSB 5417

C 242 L 01

Changing provisions relating to opiate substitution treatment programs.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Patterson, Long, Hargrove, Stevens, Kline and Winsley).

Senate Committee on Human Services & Corrections
House Committee on Children & Family Services

Background: Professionals treating chemical dependency advocate the success of opiate substitution treatment and urge expanded distribution of opiate substitutes, such as methadone. Research suggests methadone enables addicts to lead productive lives, particularly when combined with counseling and stable work, and reduces crime rates.

Methadone and other opiates are Schedule II controlled substances under state law, meaning the substance has high potential for abuse, but the substance has currently accepted medical use. Methadone and other opiate substitutes are also highly regulated at the federal

level. Clinics must obtain special licenses to administer methadone and in this state, current law limits caseloads to 350 persons.

The Department of Social and Health Services has a "Management Report: Determining the Value of Opiate Substitution Treatment," prepared by the Division of Alcohol and Substance Abuse. Licensed opiate substitution treatment programs are described as "a highly regulated form of outpatient treatment involving physician verification of opiate addiction, administration of opiate substitute medications, individual and group counseling, education on HIV/AIDS, family planning, and urinalysis monitoring to screen for continued drug use." The department's report provides data from each of the opiate substitution treatment programs in this state. Programs are currently operating at nine sites in King, Pierce, Spokane, and Yakima counties.

Summary: The current statute is amended. Reference to "methadone and other like pharmacological" drugs is eliminated and is replaced with "opiate substitution drugs," because the current statutory description may exclude drugs newly developed as opiate substitutes that have a different pharmacological structure from methadone.

Counties and cities must be consulted on an applicant's location for a certified methadone treatment program. Programs must be sited in accordance with the appropriate county or city land use ordinances. Program certification must be prioritized based upon legislative goals, including abstinence from opiates and opiate substitutes, obtaining mental health treatment, improving economic independence, and reducing adverse consequences with illegal use of controlled substances. Public hearings in the area of the proposal are required on proposed certification location decisions. The 350 total persons capacity lid is eliminated.

Counties and cities may require conditional or special use permits with reasonable conditions for the siting of methadone programs, but must site them as essential public facilities. Certification of programs must be based on need, and a program must not exceed 350 participants unless authorized by the county.

Opiate substitution treatment should only be used for participants who are deemed appropriate to need this level of intervention and should not be the first treatment intervention for all opiate addicts.

The Department of Social and Health Services must file an annual report to the Legislature and Governor on each certified program regarding the success in obtaining opiate abstinence, reduction in use of opiates, reduction in crime and health care costs, achievement in economic independence, and reduction in utilization of health care.

Votes on Final Passage:

Senate	48	0	
House	91	3	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 22, 2001

ESSB 5434
C 67 L 01

Removing the photo requirement for special identification cards for persons issued disabled parking permits.

By Senate Committee on Transportation (originally sponsored by Senators Oke and Haugen; by request of Department of Licensing).

Senate Committee on Transportation
House Committee on Transportation

Background: In 1998, SSB 6190 made significant changes to the disabled parking statute. One of the requirements embodied in that legislation was for the Department of Licensing (DOL) to issue a picture identification card, in addition to the parking placard, which would bear the picture, name, and date of birth of the permit holder, along with the placard's serial number. The purpose of this requirement was to create a document which tied the actual permit holder to the placard in use, thus assisting law enforcement in its efforts to protect the rights of the legal permit holders.

The only feasible way to implement this requirement was to centralize the issuance of the placards and picture identification cards in the department's Licensing Service Offices (LSOs). Historically, parking placards have been issued at all DOL subagent locations, but because the issuance of a picture identification card was now required, this service had to be placed in the LSOs, as the subagents' offices were not equipped with cameras or other hardware necessary to produce a picture identification card.

According to the department, the addition of this program to the LSOs workload has had a serious effect on their ability to serve their licensing clientele in a timely manner, thus aggravating their already congested offices. Because of this fact, they believe there should be additional time for them to determine the most efficient and effective process to implement and deliver a picture identification card to all permanent and temporary placard users, as well as to disabled license plate users.

In 1999, SB 6009 temporarily removed the requirement to issue a picture identification card to allow the department, in conjunction with the Governor's Committee on Disability Issues, to assess the options for issuing a picture identification card to every person qualifying for a permanent or temporary parking placard or a special disabled parking license plate. The department was to report its findings to the Legislative Transportation Committee no later than December 31, 2000. The department was to continue issuing photo identification cards to all permit holders by July 1, 2001.

As a result of the study conducted by DOL and the Governor's Committee on Disability Issues, DOL recommends eliminating the requirement of photographs to be included on the special identification cards.

Summary: The requirement for photographs to be included on special identification cards for individuals who have disabled parking placards or license plates is eliminated.

Votes on Final Passage:

Senate 48 0
House 97 0

Effective: July 22, 2001

SSB 5438
C 243 L 01

Concerning the fish and wildlife lands vehicle use permit.

By Senate Committee on Natural Resources, Parks & Shorelines (originally sponsored by Senators Jacobsen, Regala and Oke; by request of Department of Fish and Wildlife).

Senate Committee on Natural Resources, Parks & Shorelines

Background: Use of certain improved fish and wildlife access facilities is limited to hunters, fishers, and others who have purchased an access decal for their vehicle. Improved access facilities include parking areas and boat ramps. The purchase of a hunting or fishing license includes an access decal without extra charge. Nonhunters and nonfishers must pay \$10 for the first decal and \$5 for each additional decal. Decals are valid for one year.

Statutes governing the program are very specific and difficulties have arisen in the administration of the program. For example, there is a disparity in how extra decals are given to licensees. Some users have objected to being required to permanently affix the decal to their vehicle. Also, concerns have been raised about the difficulty of preventing licensees from giving extra decals to unlicensed users.

Summary: Instead of requiring a decal, the department may create a vehicle use permit and one is free with the initial purchase of a license. An additional use permit may be purchased for \$5, but the initial use permit may also be transferred between two vehicles and must contain space for the vehicle license numbers. The penalty for failing to clearly display the permit is \$60, but it is reduced to \$30 if the owner provides proof to the court that a vehicle use permit has been purchased within 15 days after the violation.

Votes on Final Passage:

Senate 47 0
House 95 1 (House amended)
Senate (Senate refused to concur)
House 91 0 (House amended)
Senate 46 2 (Senate concurred)

Effective: July 22, 2001

SB 5440
C 155 L 01

Raising the number of the governor's appointees to the fish and wildlife commission from two to three.

By Senators Jacobsen and Oke; by request of Department of Fish and Wildlife.

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources

Background: In 1994, the Departments of Fisheries and Wildlife were merged to create the present day Department of Fish and Wildlife. A nine-member governing commission was established. It replaced the six-member commission that had governed the Wildlife Department. However, the statutory appointment scheme was unchanged.

Currently, the law allows the Governor to appoint two members to the commission, every odd-numbered year, for six-year terms. Under this scheme, some positions would remain unfilled. To fill nine positions for six-year terms the Governor needs to appoint three members to the commission every odd-numbered year.

Summary: The Governor must appoint three members to the Fish and Wildlife Commission in January of each odd-numbered year.

Votes on Final Passage:

Senate 48 0
House 96 0

Effective: July 22, 2001

SSB 5442
C 163 L 01

Allowing the use of certain salmon fishing gear with an experimental fishery permit.

By Senate Committee on Natural Resources, Parks & Shorelines (originally sponsored by Senators Snyder, Jacobsen, Morton and Oke; by request of Department of Fish and Wildlife).

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources

Background: Fish traps were prohibited for commercial fishing purposes by Initiative 77 which was approved by the voters in 1934. Fish traps include fish wheels (both shore based and floating platform), weirs across streams, set nets, and other forms of fixed commercial fishing appliances. Reef nets are the only authorized form of commercial fishing gear which is fixed to a particular location.

The Department of Fish and Wildlife desires to test fixed commercial fishing methods under experimental fishery permits to assist in salmon recovery.

Summary: The director may issue a trial or experimental fishery permit that authorizes pound nets, round haul nets, lampara nets, fish traps, fish wheels, scow fish wheels, set nets, weirs, or other fixed appliances for catching salmon or steelhead in order to assist salmon recovery. The director must report on mass marking and supplementation programs effecting selective commercial fisheries, effectiveness of selective fishing gear, mortality of non-target stocks and experimental operation of hatcheries so that wild and hatchery stocks are managed as a single run.

Votes on Final Passage:

Senate	49	0	
House	97	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 22, 2001

SSB 5443

C 244 L 01

Changing the renewal of certain commercial fishing licenses.

By Senate Committee on Natural Resources, Parks & Shorelines (originally sponsored by Senators Spanel, Jacobsen and Kohl-Welles; by request of Department of Fish and Wildlife).

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources

Background: Commercial salmon net fishing is a limited entry fishery in which licensees must renew their license annually in order to retain its validity. There is a statutory provision which allows opting not to fish, payment of \$115, suspending the license for one year, and allowing renewal the following year.

Existing law requires the salmon net fisher to elect by August 1 the renewal or suspension option. If the deadline was extended to September 16, then fishers could make their decision to fish based on more complete salmon run size estimates and other considerations.

Summary: The annual deadline for commercial salmon net fishers to renew or suspend their license is extended from August 1 to the third Monday in September.

Commercial salmon fishers 75 years of age or older, who have fished with a resident commercial salmon fishery license for at least 30 years in an area other than Puget Sound, pay a reduced annual license fee of \$100, a reduction from the current level of \$380. The \$100 annual surcharge for regional fisheries enhancement group salmon recovery programs is not waived for these individuals.

Votes on Final Passage:

Senate	43	0	
House	95	0	(House amended)
Senate			(Senate refused to concur)
House	94	0	(House amended)
Senate	40	0	(Senate concurred)

Effective: July 22, 2001

ESSB 5449

C 217 L 01

Prohibiting identity theft.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Prentice, Long, Winsley, Gardner, Franklin, Costa, Rasmussen and Kohl-Welles; by request of Attorney General).

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Financial Institutions & Insurance

Background: In 1999 the Legislature passed a law making identity theft a class C felony. If a defendant is guilty of a class C felony, the defendant may be confined for five years or be fined \$10,000, or both. In addition to the criminal penalty, a person who commits identity theft is liable for \$500 or actual damages, including costs to repair the victim's credit report, whichever is greater, and reasonable attorneys' fees. If a business repeatedly commits identity theft, it also violates the Consumer Protection Act.

In July 1999, the Attorney General formed a consumer privacy task force representing a wide variety of interests including retailers, banks, the technology industry, legislators, and victims of identity theft. During the public hearing phase of the task force, many consumers testified about identity theft. From this testimony and other consumer inquiries and complaints, the Attorney General concluded that the incidence of identity theft is growing rapidly, and that victims need help in obtaining information to reestablish their identity, deal with creditors, and help assist law enforcement.

Summary: Businesses that have information relating to identity theft must provide, upon written request of the victim, copies of all information relevant to the identity

theft. In order to receive the information from the business, the victim must provide to the business: a government issued photo identification card or a copy by mail; a police report; a written statement by a law enforcement agency stating that the patrol has on file documentation of the victim's identity through personal identification procedures. Businesses that are otherwise able to verify the victim's identity need not request this information from a victim. Businesses may seek compensation for the reasonable costs of providing the information and may not be liable if they provide the information in good faith to victims and those assisting in the prosecution of identity thieves.

If businesses do not provide information to victims, they may be in violation of the Consumer Protection Act. This version of the Consumer Protection Act only allows the consumer to recover actual damages unless the business is not providing information wilfully. A wilful violation of the act creates an action for actual damages, costs, attorneys' fees, and a monetary penalty of \$1,000.

Procedures are created for victims to work with credit reporting agencies to block information on their credit report resulting from an identity theft. The credit reporting agencies may decline to block the information in certain circumstances with a good faith and reasonable judgment standard. The section on credit reporting agencies is placed in the Fair Credit Reporting Act and contains the same Consumer Protection Act remedies available under the Fair Credit Reporting Act.

A collection agency may not initiate oral contact with a debtor more than one time in 180 days in order to collect on debts created because of an identity theft if the victim provides certain information to the collection agency. The victim must notify the collection agency in writing that someone has stolen the victim's checkbook or other preprinted written material. In addition, the victim must provide the collection agency with a certified copy of a police report, and other pertinent information regarding the specific financial transaction. The victim must also give the collection agency a copy of a government issued photo identification card showing a signature, and advise the collection agency that the victim disputes the debt because of identity theft. Any information provided by the victim to a collection agency must match information contained in the collection agency's file. This requirement terminates in April of 2004. Under certain circumstances, a collection agency does not violate the law if the agency contacts the victim more than once. The Consumer Protection Act applicable to current collection agency prohibited practices also applies to these new collection agency prohibited practices.

If a person violates the law and the aggregate monetary amount is more than \$1,500, the person commits a class B felony. If a person violates the law and the aggregate monetary amount does not exceed \$1,500, the

person commits a class C felony. These crimes are ranked and criminal profiteering provisions apply. Identity theft criminal proceedings take place in any locality where the victim resides or where any part of the crime took place regardless of whether the defendant actually entered the locality. A sentencing court may issue orders necessary to correct a public record that contains false information resulting from an identity theft.

Votes on Final Passage:

Senate	49	0	
House	97	0	(House amended)
Senate	46	0	(Senate concurred)

Effective: July 22, 2001

April 1, 2004 (Section 5)

SSB 5468

C 164 L 01

Revising the chemical dependency disposition alternative.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Costa, Long, Hargrove and Kohl-Welles; by request of Department of Social and Health Services).

Senate Committee on Human Services & Corrections
House Committee on Juvenile Justice

Background: The Chemical Dependency Disposition Alternative (CDDA) is available to juveniles and allows the court to suspend the sentence and place a juvenile offender on community supervision and other sanctions for up to a year on the condition that the offender undergo drug or alcohol treatment. The CDDA Advisory Committee requested the changes proposed in order to allow more juvenile offenders to be considered for this alternative.

Summary: Courts may consider substance abusers eligible for this alternative in addition to those who are chemically dependent. Courts are allowed to consider first time B+ offenders under RCW 69.50. The proposed treatment plan no longer requires a determination of whether the respondent is amenable to treatment, and separates out the 30 days detention time from the 90-day inpatient treatment time in order to prevent time served from decreasing needed inpatient treatment time.

The defendant is responsible for paying for the first examination and the requesting party is responsible for paying for the second examination. If the defendant is indigent and no insurance is available, the state pays the cost.

The court has the authority to impose community supervision sanctions if the offender violates any condition of his or her disposition or fails to make satisfactory progress in treatment.

Votes on Final Passage:

Senate 48 0
House 97 0 (House amended)
Senate 46 0 (Senate concurred)

Effective: July 22, 2001

SSB 5472
C 68 L 01

Changing provisions relating to termination of municipal courts and service contracts.

By Senate Committee on Judiciary (originally sponsored by Senators Johnson, Constantine and Kline; by request of Administrator for the Courts).

Senate Committee on Judiciary
House Committee on Judiciary

Background: In the early 1980s there was concern that some municipalities were terminating their court system, or repealing those portions of their criminal codes that were expensive to enforce while retaining portions of the civil code that generated moneys for the city, and in effect transferring the cost of prosecution, adjudication, and sentencing of criminal cases to the counties.

In response, legislation was enacted that required cities that elected to terminate their court system, or repeal various criminal code provisions, to enter into an interlocal agreement whereby the city would pay the county a reasonable amount for the cost of essentially transferring criminal cases to the county.

In addition, the legislation provided that if a city terminated a municipal court or department, the city could not reestablish a municipal court or department for ten years.

The Board for Judicial Administration, as part of its court reform package, is recommending that cities be given more flexibility to reestablish a municipal court system once it has contracted with the county for court services.

Summary: The current requirement that a city may not reestablish a municipal court or department for a ten-year period if the city has elected to eliminate its municipal court services and contract with a district court for court services is repealed.

Any city that has contracted for court services with the county must notify the county legislative authority of its intent to terminate the agreement not less than one year prior to February 1 of the year in which all district court judges are subject to election.

Any city that terminates an agreement for court services to be provided by district court may only terminate such agreement at the end of a four-year district court judicial term.

A county that wishes to terminate an agreement with a city for court services must give the city written notice

not less than one year prior to the expiration of the agreement.

Votes on Final Passage:

Senate 48 0
House 97 0

Effective: July 22, 2001

SSB 5474
C 292 L 01

Modifying provisions concerning the general administration services account.

By Senate Committee on Ways & Means (originally sponsored by Senators B. Sheldon, Winsley, Spanel, Long and Fraser; by request of Department of General Administration).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: The Department of General Administration (GA) provides various services to state agencies including: engineering and architectural services; facilities maintenance; property leasing; goods and services procurement; mail processing; operation of the state motor pool; and management of insurance claims against the state. The department generates revenues through rates or fees for services and conducts most of its operations through the General Administration Services Account. The account was created in Chapter 105, Laws of 1998 (Substitute House Bill 2394) and consolidated a number of internal service funds relating to the various services provided by GA. The various internal service activities remain distinct subaccounts within the General Administration Services Account. The expenditures from the subaccounts retain their status as either appropriated or non-appropriated expenditures from the period prior to the creation of the consolidated account. This resulted in a mixed fund where a portion of the fund is appropriated and the remaining parts of the fund are non-appropriated. Purchasing and contract administration remain appropriated subaccounts within the General Administration Services Account.

The purchasing and contract administration program negotiates contracts for goods and services with vendors. Once these contracts are negotiated, state agencies, institutions of higher education, political subdivisions, and qualified nonprofit organizations are able to purchase goods and services under the contracts. Payments for goods and services are made directly to the contractors. State agencies and institutions of higher education pay 1.5 percent of their total dollar usage of state contracts to GA. Participating political subdivisions and nonprofit organizations pay annual subscription fees to GA. These fees are deposited in the General Administration Services Account.

The State Energy Office was eliminated by Chapter 186, Laws 1996 (Fourth Substitute House Bill 2009) and the functions of the office moved to other state agencies. One of the functions moved to the Department of General Administration includes energy life cycle cost analysis.

Public agencies must conduct energy life cycle cost analyses (ELCCA) of their facilities. Any public agency may contract with GA for ELCCA services, but school districts are required to contract with GA for ELCCA services for any new construction project greater than 25,000 sq. ft. or any remodeling project greater than 50 percent of the replacement value of a facility. School districts and public agencies pay GA a flat \$2,000 fee for each ELCCA analysis conducted.

Fees paid by school districts and other public agencies for ELCCA services are deposited into the Energy Efficiency Services Account. The Energy Efficiency Services Account is an appropriated account separate and distinct from the General Administration Services Account.

Summary: The requirement that purchasing and contract administration activities be subject to appropriation is removed. The director of GA may authorize expenditures for these activities from the General Administration Services Account.

The Energy Efficiency Services Account is eliminated. Fees paid by school districts and other public agencies for ELCCA services are deposited into the General Administration Services Account and are not subject to appropriation.

Votes on Final Passage:

Senate	48	0	
House	94	0	(House amended)
Senate	46	0	(Senate concurred)

Effective: July 22, 2001

SSB 5484

C 129 L 01

Providing a limited sales tax exemption for certain sales of conifer seed.

By Senate Committee on Ways & Means (originally sponsored by Senators Hargrove and Rasmussen.

Senate Committee on Ways & Means
House Committee on Finance

Background: The sales tax is paid on each retail sale of most articles of tangible personal property and certain services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

Major items exempt from tax include food for human consumption, prescription drugs, motor vehicle

fuel, utility services, professional services (e.g. medical, legal), certain business services (e.g. accounting, engineering), and items that become a component part of another product for sale.

Also exempt from tax are sales that the state is prohibited from taxing under the state or federal constitutions or under the laws of the United States. This generally includes import/export sales, sales made in this state of items that are delivered outside the state, sales to the federal government, and sales to Indians.

Summary: Sales and use tax exemptions are provided for sales of conifer seed that are immediately placed into freezer storage operated by the seller and used to grow timber outside Washington or sold to an Indian tribe for growing timber in Indian country.

For a buyer of conifer seed engaged in growing timber both within and outside Washington, the buyer may defer payment of the sales tax until it is determined that the conifer seed, or seedlings germinated from the conifer seed, will be planted in Washington.

A buyer who pays tax on the purchase of conifer seed and subsequently determines that the sale qualifies for tax exemption is entitled to a deduction on the buyer's tax return equal to the cost to the buyer of the purchased seed.

The bill applies retroactively.

Votes on Final Passage:

Senate	47	0
House	89	3

Effective: July 22, 2001

SB 5491

C 156 L 01

Revising small claims proceedings.

By Senators Kline and Long; by request of Administrator for the Courts.

Senate Committee on Judiciary
House Committee on Judiciary

Background: Small claims court is a department of the district court. The small claims department has jurisdiction over cases for the recovery of money where the amount claimed does not exceed \$2,500. An action is commenced in the small claims department by filing a claim that contains specified information and paying a filing fee.

An action originally filed in district court may be transferred to the small claims department if the claim does not exceed the jurisdictional limit of the small claims department. Generally, a party may not be represented by an attorney in the small claims department. However, if the action was originally filed in district court and the plaintiff was represented by an attorney at

that time, the attorney may represent the plaintiff in the small claims department.

The proceedings in the small claims department are informal. The parties may offer evidence and bring witnesses. The judge may consult witnesses and investigate the controversy between the parties, and the judge may give judgment or make orders that the judge finds equitable.

A party may not appeal the judgment from the small claims department where the amount claimed was less than \$250. A party requesting the exercise of jurisdiction by the small claims department may not appeal a judgment if the amount claimed by that party was less than \$1,000. Although appeals to the superior court are de novo, no new evidence is allowed without the permission of the court.

Summary: The process to appeal a decision of a small claims court to the superior court is modified. Appeals of small claims lawsuits to superior court are to be based on the record of the case in district court.

References to the application of mandatory arbitration in the small claims court appeal process are deleted. In its discretion, a superior court may utilize any method of dispute resolution.

Votes on Final Passage:

Senate 46 0
House 96 0

Effective: July 22, 2001

SSB 5494
C 293 L 01

Clarifying noise laws for motor vehicles.

By Senate Committee on Transportation (originally sponsored by Senators Jacobsen and McAuliffe).

Senate Committee on Transportation
House Committee on Transportation

Background: In 1977, the Legislature enacted laws to make motor vehicle equipment requirements consistent with federal law. Currently, every motor vehicle must be equipped with a muffler in good working order and in constant operation to prevent excessive or unusual noise. Current law also prohibits modification of an exhaust system of a motor vehicle in a way which will make the engine noise louder than the noise emitted by the muffler originally installed on the vehicle.

Summary: Modification of the exhaust system of a motor vehicle is prohibited if the modification violates Society of Automotive Engineers' standards regarding adequate muffling devices. This prohibition does not apply to passenger vehicles operated off highways in an organized racing or competitive event conducted by a

recognized sanctioning body or to vehicles over 25 years old.

Votes on Final Passage:

Senate 37 0
House 94 1 (House amended)
Senate 47 0 (Senate concurred)

Effective: July 22, 2001

ESB 5495
C 245 L 01

Modifying the appointment process for members of the community outdoor athletic fields advisory council.

By Senator Jacobsen.

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources

Background: The Community Outdoor Athletic Fields Advisory Council advises the Interagency Committee for Outdoor Recreation (IAC) about awarding grants and loans from the youth athletic facility account. The nine members are appointed from the public at large: four by the chair of the IAC; two by the House of Representatives; two by the Senate; and one, who is the chair, by the Governor. Compensation is limited to reimbursement of travel expenses.

There is a desire for more specificity as to the nature of the recommendations from the council. Also, it is felt that a coordinated appointment process by the agency directly involved in the issues would be more efficient and would enable the council to more effectively carry out its responsibilities.

Summary: The Community Outdoor Athletic Fields Advisory Council must advise the IAC annually. In addition to advising and providing information to the IAC, the council recommends how to allocate funds from the Youth Athletic Facility Account. Recommendations include the division of funds between maintenance, development, and improvement of athletic facilities.

Except for the members approved by the Legislature and the chair who is appointed by the Governor, all members of the council are appointed by the chair of the IAC. The IAC director may make an appointment to the council if there is a vacancy of longer than 90 days in any of the legislative appointment positions.

Votes on Final Passage:

Senate 49 0
House 95 0 (House amended)
Senate 48 1 (Senate concurred)

Effective: July 22, 2001

SSB 5496
C 17 L 01 E2

Modifying taxes on animal health products.

By Senate Committee on Ways & Means (originally sponsored by Senators Rasmussen, Swecker and Honeyford).

Senate Committee on Agriculture & International Trade
Senate Committee on Ways & Means

Background: The sales tax is paid on each retail sale of most articles of tangible personal property and certain services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

Sales of feed, seed, fertilizer, pollination agents, and chemical sprays to farmers are exempt from sales and use taxes. Animal pharmaceuticals are subject to retail sales and use taxes, even if purchased by farmers.

Summary: Sales to farmers or to veterinarians of animal pharmaceuticals approved by the United States Department of Agriculture or by the United States Food and Drug Administration are exempt from sales tax if the pharmaceutical is to be administered to an animal that is raised by a farmer for the purpose of producing for sale an agricultural product.

Votes on Final Passage:

Second Special Session

Senate	43	4
House	83	0

Effective: August 1, 2001

SSB 5497
C 102 L 01

Excluding farm and agricultural land from forest land under the forest practices act.

By Senate Committee on Agriculture & International Trade (originally sponsored by Senators Rasmussen, Swecker and Haugen).

Senate Committee on Agriculture & International Trade
House Committee on Agriculture & Ecology

Background: Under the Forest Practices Act, forest lands are defined as all lands capable of supporting a merchantable stand of timber and not being actively used for a use that is incompatible with growing timber. Conducting a forest practice on forest lands requires compliance with applicable provisions of the Forest Practices Act and associated rules.

The Conservation Reserve Enhancement Program (CREP) is a joint federal and state program whereby agricultural lands adjacent to streams containing salmonids listed under the federal Endangered Species Act are

planted to native trees and shrubs. Lands are enrolled in the CREP program through a contract that is entered into for a period of between 10 and 15 years. Under the contract, the landowner agrees to establish trees and shrubs on an area generally equivalent to 75 percent of the site potential tree height.

The CREP contract provides for reimbursement to the landowner for costs associated with planting and maintaining the trees and shrubs. Additionally, the landowner receives a rental payment each year that land is enrolled in the program.

There is a memorandum of agreement between the state of Washington and the United States Department of Agriculture that establishes a cap of 10,000 stream miles and 100,000 acres to be enrolled in the program. The National Marine Fisheries Service and the United States Fish and Wildlife Service has issued a biologic opinion on this program.

There are other regulations that cover land adjacent to water courses such as locally adopted critical area ordinances and regulations adopted under the federal Endangered Species Act.

Summary: Agricultural land enrolled by contract in the Conservation Reserve Enhancement Program is not included in the definition of forest land and thus is not subject to the Forest Practices Act and associated rules.

Votes on Final Passage:

Senate	38	8
House	97	0

Effective: July 22, 2001

SSB 5502
C 246 L 01

Modifying boxing officials' licensing requirements.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senator Prentice).

Senate Committee on Labor, Commerce & Financial Institutions
House Committee on Commerce & Labor

Background: In order to be a licensed official at a boxing, kickboxing or martial arts event, a person must apply to the Department of Licensing. There is concern that current licensing standards do not require adequate training for officials.

Summary: Applicants for the positions of judge, referee, inspector, timekeeper, or other positions deemed necessary by the department must provide annual proof of certification to the department. Organizations that may provide certification are specified, including the International Boxing Federation and the World Boxing Association.

Votes on Final Passage:

Senate 48 0
House 93 0

Effective: July 22, 2001

SSB 5509

C 103 L 01

Requiring institutions of higher education to use personal identifiers that are not social security numbers.

By Senate Committee on Higher Education (originally sponsored by Senators Kohl-Welles, Hochstatter, Shin, Kline, Hargrove, Horn, Fairley, Sheahan, B. Sheldon, Prentice, McAuliffe, Roach and Costa).

Senate Committee on Higher Education
House Committee on Higher Education

Background: Institutions of higher education use Social Security numbers as student, staff and faculty identifiers to interconnect information, including state and federal financial aid, career progress after graduation, employment services, grading and data collection for administrative planning, and status reports to various constituents.

Summary: Institutions of higher education are prohibited from using the Social Security number of any student, staff or faculty for any identification purpose except for employment, financial aid, research, assessment, accountability, transcripts or as otherwise required by state or federal laws. Each institution must develop a system of personal identifiers for its students to be used for grading and other administrative purposes. This system may not include the students' Social Security numbers.

A report outlining the institutions' personal identifier systems must be submitted to the Legislature by December 1, 2001. The institutions must coordinate with the Higher Education Coordinating Board and State Board for Community and Technical Colleges in submitting this report.

No new state funds may be allocated for this bill.

Votes on Final Passage:

Senate 48 0
House 94 0

Effective: July 22, 2001

July 1, 2002 (Section 2)

SB 5518

C 104 L 01

Waiving the motorcycle exam for trained operators.

By Senators Horn, T. Sheldon and Roach; by request of Department of Licensing.

Senate Committee on Transportation
House Committee on Transportation

Background: The Department of Licensing (DOL) currently contracts with seven outside entities to provide the motorcycle safety education program. Even after a person successfully completes the program, he or she must still complete the motorcycle endorsement written and skills examination.

Summary: DOL may waive all or a portion of the motorcycle endorsement examination for people who satisfactorily complete the motorcycle operator training and education program.

Votes on Final Passage:

Senate 48 0
House 94 0

Effective: July 22, 2001

SB 5531

C 105 L 01

Restricting shrimp pot and commercial fishery licenses.

By Senator Spanel.

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources

Background: In 1994, the Legislature created an emerging fishery for shrimp pots in the Puget Sound. In the year 2000, the Legislature converted the emerging fishery into a limited entry fishery. The limited entry fishery controlled the amount of shrimp pot fishing effort by establishing a management plan relating to the operators in the fishery. The beginning of the limited entry program was January 1, 2000. The shrimp trawl Puget Sound fishery was also converted from an emerging fishery to a limited entry fishery on January 1, 2000.

Commercial fishing licenses that are transferrable survive the death of the holder of the license. The licenses are treated as personal property upon the death of the licensee for purposes of inheritance. Both the Puget Sound shrimp pot fishery license and the shrimp trawl fishery license were made nontransferrable when the Legislature authorized their conversion into a limited entry fishery.

At the present time, there are 18 people involved in the non-Indian Puget Sound shrimp pot fishery and there are eight trawling vessels. The fishery is shared with the tribal fishery.

Summary: Both the shrimp pot Puget Sound fishery licenses and the shrimp trawl Puget Sound fishery licenses may be inherited by will. Beginning January 1, 2002, shrimp pot fishery licenses and shrimp trawl fishery licenses are made transferrable. Beginning January 1, 2002, the holder of a shrimp pot Puget Sound fishery license or a shrimp trawl Puget Sound fishery license may designate only an immediate family member as the alternative operator for the license unless there is a medical emergency.

A holder of one of the licenses with a medical emergency that can be documented by two doctors may designate some person as an alternative operator for up to a two-year period. The two-year period may be extended by the director of the Department of Fish and Wildlife upon recommendation of the Puget Sound Shrimp Advisory Board. If the licensee has no immediate family member who is capable of operating the license, the Puget Sound Shrimp Advisory Board can designate an alternate operator who is not an immediate family member if it is allowed by the director of the department.

A holder of a shrimp pot Puget Sound fishery license or a shrimp trawl Puget Sound fishery license may designate only one alternate operator at a time.

Any person who is designated as an alternate operator must possess an alternate operator's license and be designated on the license before engaging in the fishery. The holder of a Dungeness crab coastal fishery class B license may designate up to two alternate operators for the license. A charter boat licensee is specifically authorized to designate up to two alternate operators for a license.

The same vessel may be designated on two of the following licenses if the licenses are owned by the same licensee: a Puget Sound Dungeness crab fishery license, a shrimp pot Puget Sound fishery license, a sea cucumber dive fishery license and the sea urchin dive fishery license.

Votes on Final Passage:

Senate	41	0
House	97	0

Effective: July 22, 2001

SSB 5533 **PARTIAL VETO** C 333 L 01

Posting and notification of pesticide applications at schools.

By Senate Committee on Education (originally sponsored by Senators Eide, Rasmussen, Swecker, Patterson, Fairley, Zarelli, Roach, Jacobsen, Kohl-Welles, Costa, McAuliffe, Spanel, Franklin, Shin, B. Sheldon, Constantine, Hargrove, Kastama, Prentice, Kline,

Stevens and Gardner; by request of Department of Agriculture).

Senate Committee on Education
House Committee on Agriculture & Ecology

Background: Under current law, certified pesticide applicators (individuals licensed to apply pesticides) are required to provide notice when making a landscape or right-of-way pesticide application. Notice includes displaying the name and telephone number of the applicator, or the applicator's employer, on any application machinery, and carrying a material safety data sheet describing each pesticide being applied. Additionally, individuals making landscape pesticide applications at a school, nursery school, or licensed day care must place a notification marker at each primary entry point to the school grounds.

Summary: Notification Requirements: Public schools and licensed day care centers must establish a system for notifying interested parents, guardians, and employees at least 48 hours before a pesticide application to a school facility. The notification must be posted in a prominent place within the school's main office, and must include the following elements: (1) a heading labeled "Notice: Pesticide Application"; (2) the name of the pesticide; (3) the date and time of the application; (4) the location to which the pesticide is to be applied; (5) the pest to be controlled; and (6) the name and phone number of a contact person at the school.

Posting Requirements: During a pesticide application made to school facilities, notification signs must be posted in the following manner: (1) if the application is made by a certified applicator, a marker must be placed at each primary entry point to the school grounds; (2) if the application is made to school grounds by a school employee, a notification sign must be placed at the location of the application and at each primary entry point to the school grounds; and (3) if the application is made to school facilities other than school grounds, a notification sign must be placed at the location of the application.

Exemptions: The notification and posting requirements do not apply to the use of "antimicrobial" pesticides (disinfectants or sanitizers) nor to the placement of insect or rodent baits that are not accessible to children. The 48-hour notification requirement does not apply (1) if pesticide applications are made when students are not at the school for at least two consecutive days after the application; and (2) to any emergency school facility application to control pests posing an immediate threat to human health or safety (such as bees or wasps).

Schools must provide annual written notice to parents, guardians, and employees describing the school's pest control policies and methods, including the notification and posting requirements.

The bill does not take effect if not funded in the budget.

Votes on Final Passage:

Senate 46 3
 House 88 4 (House amended)
 Senate 43 3 (Senate concurred)

Effective: July 1, 2002

Partial Veto Summary: The null and void clause was removed because the fiscal note indicates no fiscal impact to the affected entities.

VETO MESSAGE ON SB 5533-S

May 15, 2001

To the Honorable President and Members,
 The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 7, Substitute Senate Bill No. 5533 entitled:

“AN ACT Relating to posting and notification of pesticide applications at schools;”

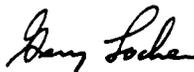
Substitute Senate Bill No. 5533 clarifies and improves the laws governing the application of pesticides near schools, and provides for advance notification of parents and school employees.

Section 7 of this bill would have stopped these important improvements from going into effect unless funding were provided in the 2001-2003 budget. While there may have been significant budget implications in the original draft of this bill, the affected entities concluded in their final fiscal analysis that there will be no material costs associated with compliance. Therefore, no funding is needed in the budget for implementation of this act. I have vetoed section 7 to ensure that this important measure for improving parental awareness of pesticide uses in schools and day care facilities will go into effect.

For these reasons, I have vetoed section 7 of Substitute Senate Bill No. 5533.

With the exception of section 7, Substitute Senate Bill No. 5533 is approved.

Respectfully submitted,



Gary Locke
 Governor

SSB 5558
 C 247 L 01

Clarifying alcohol violator provisions.

By Senate Committee on Judiciary (originally sponsored by Senators Rossi, Kline, Finkbeiner, Roach, Morton, Oke, Johnson, Long, Swecker, Stevens and Sheahan).

Senate Committee on Judiciary
 House Committee on Judiciary

Background: A person is guilty of driving while under the influence of liquor or any drug if the person drives a motor vehicle within this state and, within two hours after driving, has an alcohol concentration of 0.08 or higher. The statute which governs the penalties for alcohol violators does not specify that a certain penalty will

apply if the blood alcohol level of the driver is at or above a particular level within two hours after driving as shown by analysis of the person’s blood or breath. Proponents of this bill believe additional direction and specificity is needed in the statutes pertaining to penalties for alcohol violators in order to lessen the number of DUI cases where violators receive a lesser penalty due to the person’s blood alcohol level being reduced and also avoid the requirement to drive only a motor vehicle equipped with an ignition interlock.

Summary: Courts are prohibited from suspending the requirement that a person drive only a vehicle equipped with an ignition interlock device when a driver is required by statute to have one.

Votes on Final Passage:

Senate 48 0
 House 95 1 (House amended)
 Senate 49 0 (Senate concurred)

Effective: July 22, 2001

SSB 5565
 C 248 L 01

Dispensing controlled substance orders and prescriptions.

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Deccio, Thibaudeau and Kohl-Welles).

Senate Committee on Health & Long-Term Care
 House Committee on Health Care

Background: Schedule II controlled substances are drugs regulated under the state Uniform Controlled Substances Act and federal law. The law requires a prescription for these drugs to be dispensed. Common names for some of the Schedule II drugs are morphine, methadone, and Ritalin. The Federal Drug Enforcement Administration is streamlining its procedures, and by rule has authorized the use of facsimile prescriptions from physician to pharmacy under certain circumstances.

Summary: Physicians and their agents are authorized to facsimile transmit prescription information to a pharmacy, and the pharmacy is permitted to dispense the Schedule II substance based on the faxed prescription for patients in a long-term care facility or hospice programs licensed by the state. In addition, a pharmacy can dispense a Schedule II injectable substance that is to be compounded for patient use pursuant to a fax.

Votes on Final Passage:

Senate 49 0
 House 95 0 (House amended)
 Senate 47 0 (Senate concurred)

Effective: July 22, 2001

ESSB 5566

C 106 L 01

Requiring uniform prescription drug information cards.

By Senate Committee on Health & Long-Term Care
(originally sponsored by Senators Thibaudeau, Franklin,
Deccio and Kohl-Welles).

Senate Committee on Health & Long-Term Care
House Committee on Health Care
House Committee on Appropriations

Background: A majority of people have their prescription drugs paid for by their health insurance. The standard procedure has a person obtain the drug from a pharmacist, who is required to submit certain information about the person and his or her policy to the insurance company in order to receive proper reimbursement. The pharmacist typically submits this information electronically while the person waits, and dispenses the drug when the claim is approved.

Most people are unaware of the exact information required for a claim to be approved and the pharmacist to be reimbursed. Instead, they rely on a benefit card issued by their insurance company and shown to the pharmacist when purchasing the drug. There is concern, however, that many benefit cards do not contain the information necessary to properly process a claim, and that with each insurance company issuing a different card, the information is too often inconsistent and confusing. This reportedly requires pharmacists to spend a disproportionate amount of time seeking the necessary claims processing information, which is inefficient and inconvenient, and interferes with time that might otherwise be devoted to more useful customer interaction.

To address these concerns, several states have adopted legislation requiring insurers to issue a single uniform benefit card containing the information necessary to process prescription drug claims.

Summary: A health carrier or health plan administrator whose plans cover outpatient prescription drugs and who issues a card or other technology for prescription drug claims processing must include on that card or technology all information necessary for proper claims adjudication. The information must be updated upon renewal of the plan.

The act does not require the issuance of a pharmacy card separate from any other card issued to plan enrollees, if the card issued contains all of the information necessary to properly adjudicate prescription drug claims.

The Insurance Commissioner may adopt rules to implement the act, taking into consideration any relevant standards developed by the National Council for Prescription Drug Programs and the requirements of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).

The act applies to health benefit plans that are delivered, issued for delivery, or renewed on or after July 1, 2003.

Votes on Final Passage:

Senate	48	0
House	94	0

Effective: July 22, 2001

SSB 5572

C 107 L 01

Authorizing Crime Stoppers signs in view of specified highway systems.

By Senate Committee on Transportation (originally sponsored by Senators Snyder, Winsley and Oke).

Senate Committee on Transportation
House Committee on Transportation

Background: Crime Stoppers is a non-governmental organization dedicated to helping public agencies apprehend criminals by use of a phone number which people may use to call and report knowledge of crimes. Members of local communities, in partnership with the media and law enforcement, work to provide crime-solving assistance to law enforcement.

Summary: Signs with the Crime Stoppers name, logo and telephone number are added to the types of signs that can be displayed beside the road under the Scenic Vistas Act, RCW 47.42.

Votes on Final Passage:

Senate	48	0
House	97	0

Effective: July 22, 2001

ESSB 5583**PARTIAL VETO**

C 334 L 01

Implementing recommendations of the joint legislative audit and review committee's performance audit of the public mental health system.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Long, Hargrove, Stevens, Costa, Carlson, Hewitt, Kohl-Welles, Franklin, Kastama, Winsley and Regala).

Senate Committee on Human Services & Corrections
House Committee on Health Care
House Committee on Appropriations

Background: The Legislature required the Joint Legislative Audit and Review Committee (JLARC) to conduct a study of the Mental Health Division (MHD) of the Department of Social and Health Services (DSHS). The

study was to include an analysis of the respective roles and responsibilities of the MHD, the Regional Support Networks (RSN), and the community mental health providers; an analysis of RSN funding through MHD contracts; an analysis of service levels, outcomes, and costs for the RSNs; and recommendations for modifying the basis on which RSNs and community mental health providers are funded.

JLARC presented its proposed final report on December 13, 2000. It contained seven major findings and 14 recommendations. The report also included a plan for implementing performance measures.

Summary: The Legislature supports recommendations 1 through 10 and 12 through 14 of the JLARC report. In addition to any follow-up requirements prescribed by JLARC, DSHS must submit reports on the status of its implementation of these recommendations to the Legislature by June 1, 2001 and each year thereafter through 2004. The first report must cover recommendations 1 through 8, which are due to be implemented by June 2001, and a plan for implementing the remaining recommendations covered by this legislation. The initial report must also discuss what actions DSHS has taken and will take in response to recommendation 11.

MHD programs must provide for accountability of efficient and effective services through statewide standards for monitoring and reporting of client and system outcome information.

Beginning July 1, 2003, DSHS may allocate up to 2 percent of total funds distributed to the RSNs for incentive payments, which may be allocated separately from other sources. Incentives are paid for achievement of superior or significantly improved services as measured by a statewide outcome performance measurement system consistent with the JLARC recommendations. DSHS must report to the Legislature annually on its criteria and distribution incentives.

DSHS must develop a plan to reduce total administrative costs in the public mental health system (including the Mental Health Division) to no more than 10 percent of available funds, and report to the Legislature no later than December 15, 2001. The plan must identify and prioritize key administrative functions that must be continued to comply with federal and state laws and regulations, and shall assume an implementation date of July 1, 2003.

If funding is appropriated for the purpose, the Washington State Institute for Public Policy will do a study tracking long-term client outcomes as a result of services after two, five, and ten years, and report to the Legislature.

Votes on Final Passage:

Senate	48	0	
House	92	0	(House amended)
Senate			(Senate refused to concur)
House	95	0	(House amended)
Senate	42	0	(Senate concurred)

Effective: May 15, 2001

Partial Veto Summary: Section 8 of the bill was vetoed by the Governor. This section required the Department of Social and Health Services to develop a plan to reduce administrative expenses in the community mental health system to a maximum of 10 percent of available funds, identify and prioritize core functions and submit its plan to the appropriate legislative committees by December 15, 2001, with implementation by July 1, 2003. The Governor has directed instead, that DSHS complete the plan, and make recommendations to his office and the Legislature by October 1, 2002.

VETO MESSAGE ON SB 5583-S

May 15, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 8, Engrossed Substitute Senate Bill No. 5583 entitled:

“AN ACT Relating to the implementation of recommendations of the joint legislative audit and review committee’s performance audit of the public mental health system;”

Engrossed Substitute Senate Bill No. 5583 expresses the legislature’s support for most of the recommendations of a recent performance audit of the community mental health system by the Joint Legislative Audit and Review Committee (JLARC). I too support those recommendations, relating to funding flexibility, performance measurement, performance incentives, and other improvements. I also support the bill’s goal of minimizing the percentage of available funding that is spent on administrative activities at all levels of the mental health system.

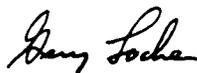
However, section 8 of the bill would have required the Department of Social and Health Services (DSHS) to develop a plan to reduce administrative expenses in the system, including the Regional Support Networks and community-based treatment providers, to ten percent of available funds, and submit the plan to the legislature by December 15, 2001, with an assumed implementation date of July 1, 2003.

Minimizing administrative costs is an important goal for any program. But the Secretary of DSHS advises me that developing a realistic plan to achieve that goal for the mental health system as a whole will take longer than seven months, in part because it requires the active participation of mental health providers and Regional Support Networks.

The legislature’s intent to see a plan implemented in July 2003 allows enough time to develop such a plan properly. Therefore, I have vetoed section 8 and direct DSHS to work with appropriate stakeholders to complete the plan, and make recommendations to me and to the legislature by October 1, 2002. For these reasons, I have vetoed section 8 of Engrossed Substitute Senate Bill No. 5583.

With the exception of section 8, Engrossed Substitute Senate Bill No. 5583 is approved.

Respectfully submitted,



Gary Locke
Governor

E2SSB 5593

C 294 L 01

Changing the public accountancy act.

By Senate Committee on Ways & Means (originally sponsored by Senators Gardner, Prentice and Winsley).

Senate Committee on Labor, Commerce & Financial Institutions

Senate Committee on Ways & Means
House Committee on Commerce & Labor
House Committee on Appropriations

Background: The Board of Accountancy regulates certified public accountants (CPA), certified public accountant firms, and the practice of public accountancy in Washington State. The board is comprised of seven board members appointed by the Governor.

The board issues CPA certifications to applicants who possess good character, pass all sections of the CPA exam, fulfill education requirements, and pass an ethics exam. Candidates who are initially certified may apply for a license if the candidate demonstrates that he or she has worked for 12 months or 2,000 hours part-time under the direct supervision of a CPA or in a firm that participates in a board approved quality review program, or a government, nonprofit, or private entity that has an agreement with the board.

Generally, public accounting means issuing audit reports, review reports, or compilation reports on financial statements. In order to practice public accounting one must hold both a certificate and a license. Certificate holders, who do not obtain a license, may participate in some accounting activities but they do not practice public accounting. The board has different continuing education requirements for CPAs licensed to practice and reporting on financial statements, for CPAs licensed to practice and not reporting on financial statements, and for certificate holders. There are also non-CPA accounting professionals who perform accounting work, but are not regulated by the Board of Accountancy.

Recently, there has been a joint effort by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants to create a uniform model act for the regulation of CPAs in all states. There are concerns that Washington should adopt the model act.

Summary: Membership of the Board of Accountancy increases to nine members appointed by the Governor. The board has discretionary rule-making authority regarding consumer alerts, public protection information, and other consumer protection information about violators of the act. The board may enter stipulated agreements and orders of assurance with violators of the act. The board has authority to make rules regarding the new licensing provisions of the act including provisions for transitioning to a new exam structure and setting fees.

Individuals practicing public accounting need only obtain a license. In order to obtain a license in public accounting, an individual must pass a written exam; have one year of experience gained through employment in government, academia, industry or public practice; and the employment must be in accounting, issuing reports on financial statements, management advisory, financial advisory, tax, tax advisory, or consulting skills. The licensee must also meet other requirements as created by the board.

The act defines a certificate holder as someone who holds a certificate of public accountancy, has not become a licensee, maintains continuing educational requirements, and does not practice public accounting. Procedures are created to allow certificate holders and inactive certificate holders to petition the board to become licensees.

Provisions allowing reciprocity of licensing between Washington and other states are added.

A simple majority (51 percent) in a public accounting partnership or corporation must be owned by licensees. In a partnership the principal partner or any other partner having authority over issuing financial statements shall hold a license. In a corporation the principal officer or any other officer or director issuing reports on financial statements must have a license. Any nonlicensed owners of a firm must comply with certain provisions of the act including ethics, registration, and fee requirements.

The Board of Accountancy must report to the Senate Labor, Commerce and Financial Institutions Committee and to the House Commerce and Labor Committee by December 1, 2002, on the implementation of this act, including the fiscal impacts and the provisions governing nonlicensee owners of CPA firms.

Votes on Final Passage:

Senate	39	8	
House	89	8	(House amended)
Senate	37	10	(Senate concurred)

Effective: July 1, 2001

SB 5604
C 295 L 01

Allowing the liquor control board to authorize controlled purchase programs.

By Senators Spanel and Gardner.

Senate Committee on Labor, Commerce & Financial Institutions
House Committee on Commerce & Labor

Background: Some private stores that sell alcohol want to be able to conduct private controlled purchase programs. A private controlled purchase program occurs when a private store has someone underage purchase liquor at the store. In this manner, the store has the ability to see if clerks check for identification. There are concerns that these programs cannot be legally pursued because minors are not permitted to purchase liquor in this state.

Summary: Minors are not in violation of liquor laws if the minor is between 18 and 21 years and participates in an in-house controlled purchase program. In-house controlled purchase programs must be authorized by the Liquor Control Board. Violations found during a private in-house controlled purchase program may not be used for criminal or administrative prosecutions.

An employer must provide employees written notice describing an in-house controlled purchase program. Notice must include the consequences of an employee's failure to comply with the company policy on the sale of alcohol during an in-house controlled purchase program. An employer may not terminate an employee solely for a first-time failure to comply with company policy during an in-house controlled purchase.

Votes on Final Passage:

Senate	49	0	
House	96	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 22, 2001

ESSB 5606
C 296 L 01

Regarding background checks.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Kohl-Welles and Long; by request of Department of Social and Health Services).

Senate Committee on Human Services & Corrections
House Committee on Children & Family Services

Background: In the past year, changes have been made at the Department of Social and Health Services to consolidate the process of background checks into one department. However, due to the complexity of the law

governing background checks, the checks are still done according to the various division requirements, even though the department has physically located everyone together. Management is in the process of developing uniform procedures, and policies. However, some changes require legislation. The changes requiring legislation are being undertaken in small pieces in an effort to prevent large scale changes that have a negative result both in terms of productivity and protection of public safety.

Early analyses indicate a lack of uniformity among state employees and those employees or volunteers working in state funded programs or supported by state dollars. There is a provision in state law that pertains to state employees, which has been interpreted to preclude consideration of crimes that occurred ten years ago by a hiring entity. In addition, statutory provisions may not require the same type of background check for state employees.

Summary: The Department of Social and Health Services (DSHS) is exempt from the provision in law that limits disqualification based upon a conviction ten years old when the employee will or may have unsupervised access to children, juveniles, and vulnerable adults and persons. All employees who have or will have unsupervised access must have a background check.

The State School for the Deaf and the State School for the Blind must conduct state and federal background checks for any person with regularly scheduled unsupervised access to children.

The Department of Personnel (DOP) and DSHS are authorized to make rules in cooperation and agreement consistent with legislative changes. DOP must develop policy recommendations to the Legislature regarding employees disqualified from their employment.

Votes on Final Passage:

Senate	48	0	
House	92	0	(House amended)
Senate			(Senate refused to concur)
House	93	0	(House amended)
Senate	40	0	(Senate concurred)

Effective: July 22, 2001

SSB 5621
C 297 L 01

Authorizing animal massage.

By Senate Committee on Agriculture & International Trade (originally sponsored by Senators Rasmussen, Sheahan, Shin, Roach, Constantine, Patterson, Prentice, Thibaudeau and Kohl-Welles).

Senate Committee on Agriculture & International Trade
House Committee on Agriculture & Ecology
House Committee on Appropriations

Background: The definition of veterinary practice includes prescribing or administering any treatment, method, or practice, and performing any manipulation on an animal. The Board of Veterinary Governors has concluded that providing massage treatments to animals for pay is a veterinary practice which is only to be done by a licensed veterinarian.

Massage practitioners must be licensed by the state to perform massage therapy. Massage is defined to include the external manipulation of pressure to soft tissue for therapeutic purposes. To obtain a license, the applicant must complete an approved course of study, an examination, and be 18 years old.

Summary: An individual who is licensed to practice massage therapy and who completes 100 hours of specialized training may apply for an endorsement to practice animal massage. The endorsement may be either for small animal or large animal massage.

However, an applicant who applies within the first year may submit documentation of at least 50 hours of training and up to 50 hours of practical experience or continuing education to fulfill the requirements for an endorsement.

The Board of Massage may adopt implementing rules upon consultation with the Washington State Veterinary Board of Governors and licensed massage practitioners with training in animal massage.

Votes on Final Passage:

Senate	47	1	
House	95	0	(House amended)
Senate	46	3	(Senate concurred)

Effective: July 22, 2001

SSB 5637
C 298 L 01

Creating a program of watershed health monitoring and assessments.

By Senate Committee on Natural Resources, Parks & Shorelines (originally sponsored by Senators Jacobsen, Regala, Costa and Oke).

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources

House Committee on Appropriations

Background: The state of Washington has begun a long-term process for restoration of watersheds and the naturally occurring species that inhabit them. A diverse range of watershed restoration projects are currently underway, but no consistent evaluation or monitoring approach has been developed.

The independent science panel, formed through the salmon restoration framework legislation, has provided

recommendations for monitoring of salmon restoration and watershed health.

Summary: A monitoring oversight committee is established to review the progress of watershed-related monitoring and make recommendations. Members of the monitoring oversight committee include: the Salmon Recovery Office, the Department of Ecology, the Department of Fish and Wildlife, the Conservation Commission, the Puget Sound Action Team, the Department of Natural Resources, the Department of Transportation, and the Interagency Committee for Outdoor Recreation. Specific monitoring objectives are established: clear goals, valid statistical designs, meaningful performance measures, standardized protocols, data quality control, sharing of data, stable funding, and integration of monitoring into decision-making processes.

The monitoring oversight committee is co-chaired by the director of the Salmon Recovery Office and the chair of the Salmon Recovery Funding Board. An interim progress report is due from the monitoring oversight committee on March 1, 2002.

A four-member steering committee is created. The steering committee is composed of two Senate members appointed by the President of the Senate, and two members appointed by the House of Representatives Co-Speakers. The monitoring oversight committee must brief the steering committee on a quarterly basis.

Other entities involved in salmon recovery and watershed restoration must consider monitoring objectives specified in the legislation.

A null and void clause is included.

Votes on Final Passage:

Senate	49	0	
House	93	0	(House amended)
Senate			(Senate refused to concur)
House	92	0	(House amended)
Senate	48	0	(Senate concurred)

Effective: July 22, 2001

SSB 5638
C 299 L 01

Making technical corrections to county treasurer statutes.

By Senate Committee on State & Local Government (originally sponsored by Senators Gardner, Swecker and Snyder).

Senate Committee on State & Local Government
House Committee on Local Government & Housing

Background: The county treasurer has many duties specifically governed by statute. These duties include collecting and depositing various monies from diverse sources, at particular times. Over the years, best management practices evolve and become divergent from

earlier statutory requirements. Some matters become unclear or inconsistent.

When part of a county road district is annexed by a city or town, any road district taxes levied but not yet collected are collected by the county treasurer and paid to the city or town street fund.

Counties may negotiate the sale of real property the county acquires from tax foreclosure sales, if the negotiated sale occurs within six months of the foreclosure.

Inactive special purpose districts may be dissolved and their property distributed.

The county treasurer collects deferred property taxes and remits them to the Department of Revenue.

Summary: Delinquent county road district taxes that were levied before annexation by a code city are paid to the county road fund when they are collected.

The county treasurer collects deferred taxes from the senior citizen deferral program if the state Department of Revenue is unable to collect them. Both deposit the collections directly into the state general fund.

Property distributed to a county by dissolution of a special purpose district is not required to continue in the same use to which it was put by the district. The county does not assume the liabilities of the dissolved district.

The county is given 12 months after foreclosure to negotiate a sale of the real property.

Other matters are clarified and made consistent.

Votes on Final Passage:

Senate 49 0
House 95 0 (House amended)
Senate 49 0 (Senate concurred)

Effective: July 22, 2001

2ESB 5686
C 20 L 01 E2

Changing academic assessments timelines.

By Senators Eide, Rasmussen, Kohl-Welles, McAuliffe and Carlson; by request of Governor Locke.

Senate Committee on Education
House Committee on Appropriations

Background: Current law requires school districts to administer the Washington Assessment of Student Learning (WASL) in reading, writing, communication (listening), and math at the fourth, seventh, and tenth grades. The science assessments at the middle and high school levels are required to be administered in the 2000-01 school year. However, after piloting the science assessments, the Superintendent of Public Instruction determined that the science assessments do not have the appropriate technical rigor and recommended delaying implementation.

There are statutory timelines for implementing the WASL in other subject areas, including science at the

elementary level; and social studies, arts and health and fitness at the elementary, middle, and high school levels.

Summary: The statutory timelines are revised for the voluntary and required administration of the WASL in science, social studies, arts, and health and fitness.

Science: At the middle and high school level, the timelines for when the science WASL is available for voluntary use and when it is required are each delayed for three years. At the elementary level, the timeline for when the science WASL is available for voluntary use is delayed for one year and the timeline for when it is required is unchanged.

Social Studies, Arts, Health and Fitness: At the elementary, middle, and high school levels, the timelines for when the social studies, arts, and health and fitness WASL is available for voluntary use and when it is required are each delayed for two years.

Votes on Final Passage:

Senate 46 2

First Special Session

Senate 36 6

Second Special Session

Senate 36 7

House 79 7

Effective: September 20, 2001

SB 5691
C 49 L 01

Adding a limitation on sealing of juvenile offender records.

By Senators Costa, Long, Hargrove and Kohl-Welles.

Senate Committee on Human Services & Corrections
House Committee on Juvenile Justice

Background: Before the law was changed in 1997, a juvenile offender could petition the juvenile court to permanently seal juvenile court files two years after the juvenile was discharged from state agency supervision. If the juvenile had committed no other offenses, the juvenile court was required to grant the motion to seal.

In 1997, the Legislature amended RCW 13.50.050 to increase the amount of time a juvenile offender must spend in the community without committing any additional offenses before his or her record could be sealed (ten consecutive years for a class B felony conviction, five consecutive years for a class C felony conviction). Also, the Legislature eliminated the ability to seal a juvenile record when the offense was a sex offense or a class A felony. These changes took effect on July 1, 1997.

In October 1999, the Washington Supreme Court decided *State v. T.K.* In this decision, the court ruled that any motion by a juvenile to seal a record on a conviction that occurred before July 1, 1997, must be decided based

upon the law in effect before July 1, 1997, even if the motion was filed after July 1, 1997.

Summary: The Legislature intends to change the results of the holding in *State v. T.K.* Any motion to seal a juvenile record that is filed after July 1, 1997, must be decided based upon the criteria contained in RCW 13.50.050 in effect after July 1, 1997, regardless of when the conviction occurred.

Votes on Final Passage:

Senate	48	0
House	95	0

Effective: July 22, 2001

E2SSB 5695

C 158 L 01

Creating alternative routes to teacher certification.

By Senate Committee on Ways & Means (originally sponsored by Senators Eide, Finkbeiner, McAuliffe, Franklin, Hewitt, Rasmussen, Johnson, Shin, Patterson, Oke, Winsley and Kohl-Welles; by request of Governor Locke; Superintendent of Public Instruction).

Senate Committee on Education
Senate Committee on Ways & Means
House Committee on Education
House Committee on Appropriations

Background: In 2000, the Legislature created the Washington Professional Educator Standards Board (WPESB) to advise and provide recommendations on issues affecting educators. The WPESB was also given a specific charge to provide recommendations for at least two high-quality alternative routes to teacher certification by December 1, 2000. The WPESB submitted recommendations for three alternative routes, including recommendations for funding support and implementation.

Summary: A statewide Partnership Grant program and the Alternative Route Conditional Scholarship program are created to support three alternative routes for teacher certification. Each route focuses on increasing the number of teachers in shortage and high need areas due to subject matter or geographic location.

Eligibility for Alternative Route One. To access state funding, the teacher candidate must meet the following requirements:

- seek an endorsement in special education, bilingual education or English as a second language;
- have three years experience as a para-educator and be currently employed as a para-educator;
- have an associate degree;
- meet the age, good moral character, and personal fitness requirements for teachers;

- pass the statewide basic skills exams, when available.

Eligibility for Alternative Route Two. To access state funding, the teacher candidate must meet the following requirements:

- seek certification in an identified subject or geographic shortage area;
- have three years experience in a classified staff position and be currently employed in a classified staff position;
- have a bachelor of arts or science degree;
- once the state content test is available, successful completion of the content test;
- meet the age, good moral character, and personal fitness requirements for teachers;
- pass the statewide basic skills exams, when available.

Eligibility for Alternative Route Three. To access state funding, the teacher candidate must meet the following requirements:

- have five years experience in the work force and is not employed in the school district;
- have a bachelor of arts or science degree;
- once the state content test is available, successful completion of the content test;
- demonstrate successful experiences with students or children (which may be shown by reference letters);
- meet the age, good moral character, and personal fitness requirements for teachers;
- pass the statewide basic skills exams, when available.

Priority must be given to route three candidates seeking certification in subject or geographic shortage areas. School districts may enroll route three candidates who are seeking endorsements in non-shortage subject areas if seeking a secondary grade level endorsement.

Partnership Grant Program: To the extent funds are provided, school districts may apply for state funds to partner with the regional Educational Service District and higher education teachers' preparation programs to provide one or more of the three alternative route programs. The WPESB, with support from the Office of the Superintendent of Public Instruction, selects the districts that receive grants according to specified factors. Grant funds may be used for stipends for the teacher candidates and the mentors following specific guidelines. Each of the alternative route programs must provide a mentor in the classroom with the teacher candidate until the candidate demonstrates competency necessary to manage the classroom with part-time supervision and guidance from the mentor. The mentor and supervising teacher must agree that the teacher candidate in route one and two has successfully completed the program. The mentor makes that decision for route three candidates. The programs may enroll candidates beginning in January 2002.

If specific funding is provided in the budget, then the Washington State Institute for Public Policy must evaluate the Partnership Grant programs and submit an interim evaluation to the WPESB, the Legislature, the Governor and the State Board of Education by December 1, 2002, and a final evaluation by December 1, 2004.

Alternative Route Conditional Scholarship Program:

To the extent funds are provided, the WPESB awards conditional scholarships to eligible para-educators and other classified staff accepted in alternative routes one or two. The scholarship award covers up to \$4000 of the tuition cost for the alternative route in which the recipient is enrolled. The conditional scholarship provides one year of loan forgiveness in exchange for two years of teaching in a Washington State K-12 public school. If the recipient fails to teach in a Washington public school, then the individual must repay the scholarship principal with interest.

The Higher Education Coordinating Board is authorized to adopt rules, collect and manage repayments and accept grant donations for the conditional scholarship program.

The Partnership Grant program and the Alternative Route Conditional Scholarship program expire June 30, 2005.

Votes on Final Passage:

Senate	47	0	
House	90	6	(House amended)
Senate			(Senate refused to concur)
House	75	14	(House amended)
Senate	48	0	(Senate concurred)

Effective: July 22, 2001

SSB 5702

C 249 L 01

Changing taxation of forest lands.

By Senate Committee on Ways & Means (originally sponsored by Senators Snyder, Winsley, Spanel, Rossi and Rasmussen).

Senate Committee on Ways & Means
House Committee on Natural Resources

Background: All property in this state is subject to the property tax each year based on the property's value unless a specific exemption is provided by law. The state Constitution authorizes agricultural, timber, and open space lands to be valued on the basis of their current use rather than fair market value.

Two programs currently implement this constitutional exception to fair market value: the "open space" program and the "forest land" program. There are two categories of land under the forest land program: classified and designated forest land. Standing timber is gen-

erally exempt from property taxes and is instead subject to a yield tax on harvest.

Under the forest land program, land which has no higher and better use than growing and harvesting timber may be classified as forest land by the county assessor. Land which is used to grow and harvest timber but which is more valuable for other uses may be designated as forest land by the assessor upon application to the county assessor by the landowner. To qualify for either, the land must be 20 acres or more and be used primarily for growing and harvesting timber.

The valuation of classified and designated forest land is set by statute and is based on the value of the bare land for growing and harvesting timber. The values vary based on the grade and operability of the land and are adjusted annually by the Department of Revenue. For 2001 taxes, the values ranged from a low of \$1 per acre to a high of \$234 per acre.

In the application for designation, the owner must describe the property, any plans for reforestation of bare land areas, any forest management plans that may exist for the property, past experience in harvesting of timber on the property, and any other evidence of the owner's intent to continue using the property to grow timber.

Land is removed from classification or designation at the request of the owner or by sale, transfer to an ownership making the land exempt from tax, sale or transfer to a new owner unless the new owner signs a notice of continuance, by a determination that the land is no longer primarily used for growing and harvesting timber, or, for classified land, that a better use exists for the land than growing and harvesting timber.

Upon removal from classification, the land is revalued to market value on January 1 of the following year. Both classified and designated forest land may be subject to a compensating tax equal to the tax benefit received in the most recent year multiplied by the number of years the land was classified or designated, not to exceed 10.

Summary: Classified forest land is re-designated as designated forest land. References to "classified lands" are changed to "designated lands."

Up to 10 percent of the forest land can be used for incidental uses compatible with the growing and harvesting of timber. A description or drawing showing what areas of land are to be used for incidental uses must accompany the application for designation. Forest land does not include a residential home site.

The county legislative authority may require a reasonable processing fee with an application for designation.

No application is required when publicly owned forest land is exchanged for designated forest land if the land will be used to grow and harvest timber and the owner submits a document explaining the details of the forest land exchange within 60 days of the closing date.

In the application for designation, the forest management plan prepared by a trained forester or other knowledgeable person is to be provided if one exists. The assessor may require the filing of a timber management plan with an application or if designated forest land is sold or transferred and a notice of continuance is signed.

Land cannot be removed from classification based on governmental restrictions preventing harvest.

Upon removal from classification, the land is revalued to market value as of January 1 of the year of removal. Taxes are assessed at forest land values up to the date of removal and at market value after the date of removal. The maximum period for the compensating tax is reduced from 10 years to nine years.

Technical corrections and changes are made to the statutes:

- The definitions are consolidated into one section.
- "Primary use" is defined.
- Provisions on grading and valuing land that were completed in the 1980's are decodified.
- Obsolete provisions on classified land are repealed.
- Provisions of the open space law are made consistent.

Votes on Final Passage:

Senate	49	0	
House	95	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 22, 2001

ESSB 5703
C 335 L 01

Modifying manufactured home provisions.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Hargrove and Winsley).

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Commerce & Labor

Background: Manufactured homes are built according to the federal Manufactured Home Construction and Safety Standards Act of 1976. Mobile homes are factory built dwellings built prior to 1976 according to state standards in force at that time. The current federal code preempts state standards. Although similar in many respects, this is a different "building code" than the Uniform Building Code that applies to site-built homes.

The Department of Labor and Industries (L&I) is the designated agency to inspect units being built in factories in this state. L&I is also responsible for issuing permits for the alteration of mobile or manufactured homes once they leave the factory, and for inspecting the home when the alteration is complete. To get a permit for alteration, a homeowner or contractor must submit a plan, which in

some cases must be accompanied with an engineering analysis. The concern expressed by some mobile/manufactured home owners is that this process is needlessly burdensome and costly, particularly in the case of minor repairs and alterations.

Summary: The Department of Labor and Industries is directed to adopt rules regarding installed manufactured homes specifying exemptions from the permit requirement for alterations, authorizing the granting of variances for alterations that do not comply with manufacturing standards, and requiring disclosure when an altered manufactured home is sold. The bill applies to altered mobile or manufactured homes without regard to when they were altered. A joint legislative task force is established to review the regulation of manufactured/mobile homes and make recommendations to the Legislature by January 1, 2002. The task force includes legislative members from the Senate Labor, Commerce & Financial Institutions Committee and the House Commerce & Labor Committee and interested parties.

Votes on Final Passage:

Senate	48	1	
House	95	0	(House amended)
Senate	41	0	(Senate concurred)

Effective: July 22, 2001

SSB 5733
C 108 L 01

Adjusting day labor allowances for county road construction.

By Senate Committee on Transportation (originally sponsored by Senators Haugen, Morton and Rasmussen).

Senate Committee on Transportation
House Committee on Transportation

Background: Current law permits counties to utilize day labor to construct or improve county roads, if such costs total no more than the annual limits specified by statute. These annual limits are either a percentage of the total annual county road construction budget or a specific dollar amount. The percentage and the dollar amount allowed varies depending on the total annual county road construction budget.

Summary: Existing county day labor annual limits may be increased by 10 percent for construction or improvement of county roads in counties with a population of less than 50,000 people. Budget threshold limits are clarified.

Votes on Final Passage:

Senate	47	0
House	96	1

Effective: July 22, 2001

SSB 5734
C 157 L 01

Modifying requirements to receive state allocations for an agricultural fair.

By Senate Committee on Agriculture & International Trade (originally sponsored by Senators Hale, Hewitt and Parlette).

Senate Committee on Agriculture & International Trade
House Committee on Agriculture & Ecology

Background: To qualify for an allocation from the state fair fund, a fair organization is required to have conducted two successful consecutive annual fairs immediately preceding the year of application for funding. The director of the Department of Agriculture was authorized to waive this requirement for the period from January 1, 1994, though June 30, 1997.

Interest has been expressed to change the organizational structure of a county fair that historically has been operated jointly by two counties into an area fair operated by a local fair association.

Summary: The director of the Department of Agriculture is authorized to waive the requirement for two years of successful operation for a fair that reorganizes from a county fair to an area fair.

Votes on Final Passage:

Senate 48 0
House 93 0

Effective: May 2, 2001

ESB 5790
C 300 L 01

Revising provisions relating to vehicular assault.

By Senators Kline, Costa, Shin, Sheahan, McCaslin, Deccio, Winsley and Constantine.

Senate Committee on Judiciary
House Committee on Judiciary

Background: Vehicular assault is described in current law as occurring when a person operates or drives a vehicle in a reckless manner and the conduct is the proximate cause of serious bodily injury to another. Vehicular assault also includes driving a vehicle while under the influence of intoxicating liquor or any drug and the conduct is the proximate cause of serious bodily injury to another. Serious bodily injury means a substantial risk of death, serious permanent disfigurement, or protracted loss or impairment of the function of any part or organ of the body. Driving in a reckless manner is driving with willful or wanton disregard for the safety of persons or property.

Proponents of this bill believe if an individual's driving is anything less than reckless or if he or she causes

anything less than serious bodily injuries, no adequate criminal charge is available. In addition, there is concern that proving recklessness is a very high burden and the definition of serious bodily injury requires such severe injuries that only the most egregious driving qualifies.

Summary: The crime of vehicular assault is committed by (1) driving a vehicle in a reckless manner and causing substantial bodily harm to another, (2) driving a vehicle while under the influence of liquor or any drug and causing substantial bodily harm to another, or (3) driving a vehicle with disregard for the safety of others and causing substantial bodily harm to another.

Vehicular assault by driving with disregard for the safety of others is ranked at seriousness level III for purposes of sentencing.

Vehicular assault is defined as a "most serious offense" when it is committed while under the influence of alcohol or any drug or by driving in a reckless manner.

Votes on Final Passage:

Senate 49 0
House 96 0 (House amended)
Senate 48 0 (Senate concurred)

Effective: July 22, 2001

SSB 5862
C 250 L 01

Streamlining the process of selling valuable materials from state lands.

By Senate Committee on Natural Resources, Parks & Shorelines (originally sponsored by Senators T. Sheldon, Oke and Jacobsen; by request of Department of Natural Resources).

Senate Committee on Natural Resources, Parks & Shorelines

Senate Committee on Ways & Means
House Committee on Natural Resources
House Committee on Appropriations

Background: In 1982, the Legislature developed specific authority for the Department of Natural Resources to sell valuable materials on trust lands. Valuable materials include timber, stone, gravel and any other material on public lands. The statute has not been updated to allow modern business practices and to allow a streamlined valuable material sales process.

Summary: The Board of Natural Resources is given authority to establish minimum appraisal values for valuable material sale for materials on public trust lands. The department is given authority to require deposits to ensure that contract obligations are carried out. Electronic transfer of funds and a more modern system for contracting for valuable material sales is created. The department may require performance securities to guar-

antee compliance with the contract requirements. The department may advertise for the sale of materials, but such information in the notice of sale does not constitute a warranty that the purchaser will receive the stated values, volumes or acreage. All purchasers are expected to make their own measurements, evaluations and appraisals of valuable materials prior to consummating a contract. The department is given authority to cancel any portion of a contract that cannot be performed due to circumstances beyond the department's control or to substitute materials from another site.

The Commissioner of Public Lands may publish information in pamphlet form or on other forms such as the internet to increase the number of prospective buyers. In the event of fraud or misrepresentation of a contract, the transferred property or lease must be surrendered to the Department of Natural Resources. The term "appraisal" is defined to mean the estimate of market value of the land or valuable material to be sold.

Votes on Final Passage:

Senate	47	0	
House	95	0	(House amended)
Senate	48	0	(Senate concurred)

Effective: July 22, 2001

SB 5863
C 150 L 01

Allowing the department of natural resources to exchange certain bedlands to obtain clear title to certain property on the Cowlitz river.

By Senators Snyder and Zarelli; by request of Department of Natural Resources.

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources
House Committee on Capital Budget

Background: The Washington State Constitution establishes that the beds and shores of all navigable waters in the state of Washington are owned by the state. The Legislature has designated the Department of Natural Resources as the manager of these aquatic lands. The department can exchange state-owned aquatic lands if that exchange is in the public interest. But the department's authority does not extend to aquatic lands beneath state-owned harbors, waterways, or bedlands. The Legislature must grant clear legislative authority if such an exchange or sale is to take place.

The Cowlitz River is a major tributary of the Columbia River. In the 1920's a dike was constructed on the Cowlitz River, diverting the river from its original path. This diversion resulted in the original bed of the river becoming a non-navigatable body of very shallow water, and the river's navigatable course being changed over to

an adjacent area, which at the time was upland. The state retains ownership of the original bedland and the navigatable portion of the Cowlitz River is privately owned.

Summary: The Department of Natural Resources is authorized to exchange bedlands abandoned through the rechanneling of the Cowlitz River, in order to give the state clear title to the Cowlitz River and to give the private landowner clear title to lands which had been under the original river as part of the river bed. The department is authorized to exchange the bedlands and enter into boundary agreements to resolve disputes over the location of state-owned lands in the Cowlitz River.

Votes on Final Passage:

Senate	49	0
House	97	0

Effective: July 22, 2001

ESSB 5877
C 251 L 01

Providing licensing standards for mental health counselors, marriage and family therapists, and social workers.

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Thibaudeau, Winsley, Costa and Kohl-Welles).

Senate Committee on Health & Long-Term Care
House Committee on Health Care
House Committee on Appropriations

Background: Under current provisions of state law, a person who refers to him or herself as a counselor must be registered with the Department of Health. Registration brings the counselor under the Uniform Disciplinary Act, which regulates the practice. Registration does not require education, training or experience.

Certain counselors meeting specified education, training and experience requirements may be certified. Certified counselors are covered by the Uniform Disciplinary Act. Certification also provides title protection for the term "state certified."

Social workers, marriage and family therapists, and mental health counselors each have national associations with model licensing acts. These national models protect a specified title and scope of practice. This state does not have state licensing for these counselors.

In January of 2001, the Department of Health issued a sunrise review report on a bill similar to this legislation. The department made three recommendations: the legislation proposed should not be enacted because the requisite harm to the public was not demonstrated; further investigation is required to ensure there are no reimbursement problems; and finally, privileged communication requirements for all counselors "make sense."

Summary: Mental health counselors, marriage and family therapists, and social workers may be licensed if they meet certain education, experience, and training requirements. They must pass an exam and pay a fee.

The titles "licensed advanced social worker," "licensed independent clinical social worker," "licensed mental health counselor," or "licensed marriage and family therapist" are protected.

The Department of Health regulates the practice. Certified counselors are eliminated.

Votes on Final Passage:

Senate 35 14
House 95 0 (House amended)
Senate 33 15 (Senate concurred)

Effective: July 22, 2001

SSB 5896
C 301 L 01

Providing for additional DNA testing of evidence.

By Senate Committee on Ways & Means (originally sponsored by Senators Constantine, Kline, Hargrove, Costa, Thibaudeau, Kohl-Welles and Regala).

Senate Committee on Judiciary
Senate Committee on Ways & Means
House Committee on Criminal Justice & Corrections

Background: DNA testing is a reliable forensic technique for identifying criminals when biological material is left at a crime scene. Advances in DNA technology now allow successful testing of very small and degraded samples which would not have been possible a few years ago. These advances produce much more informative and accurate results than was yielded by earlier DNA testing. Groups studying this issue report that at least 65 persons who were convicted in the U.S. and Canada have been exonerated by DNA evidence during the past decade, including eight persons who were sentenced to death. The Department of Justice and a number of legal scholars advocate that postconviction testing be available in those limited cases where biological evidence is still available and where use of new DNA methods might provide useful information regarding the identity of the perpetrator. There is also concern that biological material which is collected as evidence is preserved for post-conviction DNA testing.

Summary: On or before December 31, 2004, a convicted felon, who is currently imprisoned, may submit a request for post-conviction DNA testing to the prosecutor of the county where the conviction was obtained. The request may only be made if the DNA evidence was not admitted in court because it did not meet acceptable scientific standards or the testing technology was not sufficiently developed to test the DNA evidence in the case. After January 1, 2005, DNA issues must be raised

at trial or on appeal. The prosecutor must review requests for DNA testing based on the likelihood that the DNA evidence would demonstrate innocence on a more probable than not basis. If it is determined that testing should occur, and the evidence still exists, the prosecutor must request testing by the Washington State Patrol crime lab. A person denied a request for DNA testing may appeal the denial to the Office of the Attorney General.

Any biological material that was secured before the effective date of this act may not be destroyed before January 1, 2005.

The act does not create a legal right or cause of action, nor does it deny or alter any existing legal right.

Votes on Final Passage:

Senate 48 0
House 92 0 (House amended)
Senate (Senate refused to concur)
House 94 0 (House receded)

Effective: July 22, 2001

SB 5903
C 109 L 01

Changing physician license fees.

By Senators Winsley, Franklin, Costa and Thibaudeau.

Senate Committee on Health & Long-Term Care
House Committee on Health Care
House Committee on Appropriations

Background: Medical physicians are licensed by the state through the Department of Health. A special account exists for the impaired physician program, which serves physicians experiencing substance abuse problems. This account is funded through a surcharge on the physician's licensing fee. Currently the surcharge is \$25.

Summary: The surcharge to fund the impaired physician account is changed to not less than \$25 and not more than \$35.

Votes on Final Passage:

Senate 44 5
House 92 2

Effective: July 22, 2001

SSB 5905
C 236 L 01

Concerning the negotiation, enforcement, and resolution of disputes regarding tribal/state gaming compacts under the federal Indian gaming regulatory act of 1988.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Prentice, Swecker and Winsley).

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Commerce & Labor

Background: In 1988, Congress enacted the Indian Gaming Regulatory Act (IGRA). The IGRA provides a comprehensive scheme governing gambling on Indian lands. Under IGRA, tribes may not conduct class III gambling on Indian land unless the state and the tribe have a compact governing the specific form of gambling. Class III gaming typically includes banking card games, slot machines, pari-mutuel racing, lotteries, and electronic games of chance such as video poker. A tribe that wants to conduct class III gaming must request that the state negotiate a compact. The state regulates class III gaming under the terms of the tribal-state gaming compact agreement.

IGRA requires that the state negotiate with the tribes in "good faith." If the state refuses to negotiate or the tribe alleges the state is not negotiating in "good faith," IGRA authorizes the tribe to sue the state in federal court. In 1996, the United States Supreme Court ruled that this provision authorizing tribes to sue a state for failure to negotiate in good faith violates the state's sovereign immunity under the 11th Amendment of the U.S. Constitution. If a state chooses to assert its sovereign immunity defense, this portion of IGRA is rendered inoperable.

In Washington, 24 tribal-state compacts have been approved. Fourteen compacting tribes operate casino facilities. Three tribes operate casino facilities without tribal-state compact agreements.

Summary: Until July 30, 2007, the state consents to the jurisdiction of the federal courts in actions brought by the tribes to settle disputes arising under the Indian Gaming Regulatory Act or tribal-state compacts. This limited waiver of sovereign immunity is conditioned upon the tribe having a tribal-state gaming compact, and upon a similar waiver of sovereign immunity by the tribe bringing the action. In addition, this limited waiver of sovereign immunity applies only to those actions properly filed on or before July 29, 2007.

Votes on Final Passage:

Senate 29 20
House 96 0 (House amended)
Senate 28 19 (Senate concurred)

Effective: July 22, 2001

SSB 5910
C 240 L 01

Regarding temporary nonuse of a water right.

By Senate Committee on Environment, Energy & Water (originally sponsored by Senators Fraser and Honeyford).

Senate Committee on Environment, Energy & Water

Background: Under current law, if a person abandons a water right, or, if a person voluntarily fails, without sufficient cause, to use a water right for five successive years, the water right reverts back to the state. Abandonment is a common law doctrine, and it requires both the intent to abandon and the actual nonuse of a water right, although long periods of nonuse raise a rebuttable presumption of intent to abandon. Voluntary failure, without sufficient cause, to use a water right for five successive years is a standard established by the state's relinquishment statute. Circumstances that are considered sufficient cause are also established by the statute and include nonuse as a result of drought or other unavailability of water and of the operation of legal proceedings, among others. The state Supreme Court has construed the statutory provisions relating to sufficient cause narrowly. Voluntary failure is not defined in the statute. Webster's Dictionary defines "voluntary" as being without compulsion, on purpose, or by choice.

Summary: Sufficient cause for nonuse of water includes temporarily reduced need for irrigation due to weather conditions, including precipitation and temperature, so long as facilities are maintained for use of the full amount of the water right. Weather conditions must warrant reduction in water use.

Sufficient cause for nonuse also includes a contract or agreement to buy back electricity needed to use water for irrigation; conservation of water under the Yakima River Basin Water Enhancement Project, so long as the water is reallocated as required by the project; use of transitory return flows, if these are measured or reliably estimated using a methodology accepted by the Department of Ecology; and crop rotation. Crop rotation is defined as temporary change in type of crop as a result of generally recognized farming practices.

Votes on Final Passage:

Senate 37 10
House 94 0 (House amended)
Senate 42 0 (Senate concurred)

Effective: May 11, 2001

SSB 5919
C 19 L 01 E2

Providing for the assessment of potential site locations for water storage projects.

By Senate Committee on Environment, Energy & Water (originally sponsored by Senators Morton, Fraser, Honeyford and Rasmussen).

Senate Committee on Environment, Energy & Water
House Committee on Agriculture & Ecology

Background: Last year the Legislature created a task force to examine the role of increased water storage in providing water supplies to meet the needs of fish, population growth, and economic development, and to enhance the protection of people's lives and their property and the protection of aquatic habitat through flood control facilities.

Watershed planning groups are required to address water quantity in the management area by undertaking an assessment of water supply and use, in the management area, and develop strategies for future use. The task force recommended the state should help the local watershed planning groups in assessing potential site locations for water storage projects.

Summary: The watershed planning groups may identify potential storage site locations for water storage projects. The potential site locations may be for either large or small projects and cover the full range of possible alternatives. The possible alternatives include off-channel storage, underground storage, the enlargement or enhancement of existing storage, and on-channel storage.

Votes on Final Passage:

Senate 49 0

Second Special Session

Senate 43 0

House 83 0

Effective: September 20, 2001

SB 5921
C 252 L 01

Authorizing doctorate level degrees in physical therapy at Eastern Washington University.

By Senators Kohl-Welles, Horn, Sheahan, McAuliffe, West, McCaslin, Carlson, Morton, Jacobsen, B. Sheldon, Shin and Parlette.

Senate Committee on Higher Education
House Committee on Higher Education

Background: Under current state law, the state's two research institutions, the University of Washington and Washington State University, are the only public higher education institutions authorized to offer doctoral

degrees. State law specifically limits the four comprehensive institutions (Central Washington University, Eastern Washington University, The Evergreen State College, and Western Washington University) to offering degrees up to the master's level only (RCW 28B.35.205 and RCW 28B.40.206). Current Higher Education Coordinating Board (HECB) policy also prohibits comprehensive institutions from offering doctoral degree programs. Branch campuses, created to meet the upper-division and graduate-level needs of underserved communities, are discouraged from offering doctoral degrees. The legislation was silent about the offering of doctoral degrees. The HECB and its predecessor agencies have consistently discouraged the offering of doctoral degrees with some limited exceptions.

There are two kinds of doctoral degrees: (1) professional or practice-oriented doctoral programs (e.g. Ed.D., DPT, Pharm.D., and J.D.), and (2) research-oriented doctoral programs (Ph.D.). Professional or practice-oriented doctoral programs have distinct academic missions to prepare students for professional practice and rely on practica, internships, and/or clinical experiences that may be more appropriate for urban settings. Research-oriented doctoral programs rely on extensive research facilities and equipment, library collections, computing resources, and appropriate research faculty. Whether practice-oriented or research-oriented, doctoral programs are generally more expensive than undergraduate and master's level programs.

The trend in the education of the physical therapist is the DPT as the entry-level degree; therefore, the DPT is becoming the clear choice for the student who intends to become a physical therapist. Eastern Washington University currently offers a high quality master's program with students who graduate well-prepared for a competitive job market; 100 percent of the graduates are employed. No significant additional costs are expected. The University of Washington is the other public university in the state with a physical therapy program; it offers the Ph.D.

Summary: Eastern Washington University (EWU) is authorized to offer doctorate level degrees in physical therapy. As with all new programs, this professional, practice-oriented doctoral program is subject to the review and approval of the HECB. EWU cannot grant research-oriented doctoral degrees.

Votes on Final Passage:

Senate 46 3

House 82 10 (House amended)

Senate 43 3 (Senate concurred)

Effective: July 22, 2001

SSB 5925

C 69 L 01

Reusing waste water derived from food processing.

By Senate Committee on Environment, Energy & Water (originally sponsored by Senators Jacobsen, Honeyford, Fraser, Rasmussen and Morton).

Senate Committee on Environment, Energy & Water
House Committee on Agriculture & Ecology

Background: Existing law establishes standards, procedures, and guidelines for use of reclaimed water that is derived from sewage from a wastewater treatment system.

Summary: "Agricultural industrial process water" is treated food product processing water and can be used for irrigation and other agriculture-related uses, including construction and maintenance. The water is used under a wastewater discharge permit. If there is significant health risk associated with the use, the Department of Health is consulted. The generator retains the exclusive right to the water and is not subject to additional water right permitting requirements. The use shall not impair existing water rights within the generator's source of supply. Water rights that substitute use of reclaimed water are not relinquished.

Votes on Final Passage:

Senate	47	2
House	97	0

Effective: July 22, 2001

ESSB 5937**PARTIAL VETO**

C 10 L 01 E2

Changing postretirement employment restrictions for teachers' retirement system, public employees' retirement system, and school employees' retirement system retirees.

By Senate Committee on Ways & Means (originally sponsored by Senators Shin, Rasmussen, Jacobsen, Winsley, Kohl-Welles and McAuliffe; by request of Governor Locke; Superintendent of Public Instruction).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: All state administered retirement plans impose restrictions on the ability of retirees to collect their retirement allowances if they return to employment in jobs that would be covered by the same retirement plan. The policy assumption underlying these restrictions is that the retirement income is provided for the purpose of permitting the employee to have financial security after he or she leaves the workforce. The federal

Internal Revenue Service (IRS) has established guidelines for pension plans to follow in order to qualify for favorable tax treatment. The IRS guidelines do not limit a retiree's ability to return to work after the retiree has separated from service with an employer, and generally require that pension payments begin no later than when the member turns age 70 and six months.

Prior to April 2000, Social Security retirees under age 70 were subject to a reduction in their benefits if they had earnings over a certain level. Now there is no offset for retirees who reach the Social Security normal retirement age, which is currently age 65, but will increase eventually to age 67. Persons who are younger than the normal retirement age receive a \$1 reduction in their Social Security retirement benefits for every \$2 earned above the annual earnings limit, which is about \$10,700 for 2001.

Beginning July 2001, TRS 1 retirees who have the one calendar month break from employment may work up to 840 hours (120 days) in a school year without a reduction of their allowances. This limit was established by HB 1048, enacted in the 2001 session. PERS 1, PERS 2, SERS 2 and 3, and TRS 2 and 3 retirees who have the required break in service may work up to five months in a calendar year without a break in service. The statutes dealing with post-retirement employment were significantly amended in 1990, 1997, and 2001, as a result of changes proposed by the Joint Committee on Pension Policy (JCPP).

Summary: TRS 1 retirees may work 1500 hours in a school year, and PERS 1 retirees may work 1500 hours in a calendar year, without having their pensions suspended. PERS 2, SERS 2, SERS 3, TRS 2, and TRS 3 retirees may work up to 867 hours in a calendar year without a suspension of benefits. If a PERS 1 or TRS 1 retiree works more than 867 hours in the year, the retiree's employer is required to make employer pension contributions for that retiree for the entire period of employment during that year. The Department of Retirement Systems, Department of Personnel, Superintendent of Public Instruction, and Health Care Authority are directed to jointly develop publications for use during the 2001-03 biennium to explain options for, and implications of, post-retirement employment for PERS 1 and TRS 1 active members and retirees. The ability to work 1500 hours without a reduction in pension is limited to the period ending June 30, 2004, for TRS 1, and the period ending December 31, 2004, for PERS 1. TRS 1 retirees who are re-employed as certificated employees under the bill are not included in the coverage of continuing contract statutes, nor various other statutes in the education code.

The Department of Retirement Systems must provide the State Actuary with information regarding the level of post-retirement employment reported for PERS 1 and TRS 1 retirees. The office of the State Actuary

must review the actuarial impact of the temporary expansion in post-retirement employment and report to the Joint Committee on Pension Policy no later than July 1, 2003. The joint committee must solicit information from the Superintendent of Public Instruction, the Department of Personnel, the Office of Financial Management, the Department of Retirement Systems, and the Health Care Authority regarding the program impacts of the bill, and must report to the legislative fiscal committees no later than October 1, 2003 on any proposed changes to the bill. The Legislature reserves the right to amend or repeal the new PERS and TRS 1 post-retirement employment provisions.

Votes on Final Passage:

Senate 48 0
House 97 0 (House amended)
Senate (Senate refused to concur)
House (House refused to recede)

First Special Session

Senate 47 0
House 92 0 (House amended)
Senate (Senate refused to concur)

Second Special Session

Senate 41 0
House 84 1 (House amended)
Senate 39 0 (Senate concurred)

Effective: July 1, 2001

December 31, 2004 (Section 12)

Partial Veto Summary: The sunset provisions which provided that retirees could work 1500 hours without a reduction in benefits only until 2004 were deleted.

VETO MESSAGE ON ESSB 5937

June 26, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 5 and 6, Engrossed Substitute Senate Bill No. 5937 entitled:

“AN ACT Relating to postretirement employment for teachers’ retirement system, public employees’ retirement system, and school employees’ retirement system retirees;”

This bill addresses worker retention problems in public employment by expanding post-retirement employment opportunities for Plan 1 members of the teachers’ and public employees’ retirement systems.

The state is facing a critical shortage of experienced teachers and other employees with skills that are in high demand. To meet this shortage, we need to attract retirees back to work. ESSB 5937 will help us in this task by creating a program for post-retirement employment. To improve the effectiveness of this program and ensure a steady supply of people with valuable expertise in our schools and state and local agencies, I have vetoed sections 5 and 6, which would have terminated the program in 2004. This sunset date would have been premature and would not have allowed sufficient time for the program to develop.

The bill contains provisions for a study of the program, and a means to recover any resulting costs from employers. These

provisions provide adequate safeguards for the program and make sections 5 and 6 unnecessary.

For these reasons, I have vetoed sections 5 and 6 of Engrossed Substitute Senate Bill No. 5937.

With the exception of sections 5 and 6, Engrossed Substitute Senate Bill 5937 is approved.

Respectfully submitted,

Gary Locke
Governor

SSB 5940

PARTIAL VETO

C 336 L 01

Strengthening career and technical education.

By Senate Committee on Education (originally sponsored by Senators Regala, McAuliffe, Carlson, Kohl-Welles, Eide, Kastama, Rasmussen and Finkbeiner; by request of Superintendent of Public Instruction).

Senate Committee on Education
House Committee on Education
House Committee on Appropriations

Background: In 1993, the Legislature enacted education reform measures that include four general student learning goals required of school districts. Goal four requires districts to provide students with opportunities to understand the importance of work and how student actions affect future career opportunities. Additionally, current high school graduation requirements adopted by the State Board of Education (SBE) require students to take a minimum of one credit of occupational education.

Summary: The Office of Superintendent of Public Instruction (OSPI) must establish standards for career and technical education programs that should include specified components. Additionally, OSPI may provide technical assistance to school districts regarding career guidance and may work with stakeholders to provide for the coordination of leadership activities with the curriculum of technical education programs. Finally, OSPI must review and approve school districts’ plans for the delivery of career and technical education.

Votes on Final Passage:

Senate 37 12
House 97 0 (House amended)
Senate 37 12 (Senate concurred)

Effective: July 22, 2001

Partial Veto Summary: The intent section was removed as it required only those school districts currently offering career and technical education programs to continue to do so, whereas school districts not offering career and technical education programs were encour-

aged to offer such programs. The requirement raised concerns regarding local school board decision-making authority.

VETO MESSAGE ON SB 5940-S

May 15, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 1, Substitute Senate Bill No. 5940 entitled:

“AN ACT Relating to career and technical education;”

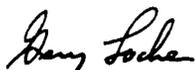
Substitute Senate Bill No. 5940 aligns the K-12 career and technical education programs with education reform and workforce planning efforts. These changes will integrate K-12 and higher education technical programs to better address skills gaps in our state’s workforce.

Section 1 of the bill would have established different expectations for school districts based on their current program offering. School districts currently offering career and technical education programs would be required to continue those programs, while districts that are not currently offering those programs are only encouraged to establish them. I urge all school districts to establish career and technical education programs, but cannot support a provision that requires some, but not all, school districts to do so. In addition, the requirement to provide career and technical education programs infringes on local school board decision-making.

For these reasons, I have vetoed section 1 of Substitute Senate Bill No. 5940.

With the exception of section 1, Substitute Senate Bill No. 5940 is approved.

Respectfully submitted,



Gary Locke
Governor

ESSB 5942
C 112 L 01

Increasing penalties for crimes against dog guides and service animals.

By Senate Committee on Judiciary (originally sponsored by Senators McAuliffe, Jacobsen and Oke).

Senate Committee on Judiciary

House Committee on Criminal Justice & Corrections

Background: Current law provides that any person, firm, corporation, or agent of any person, firm, or corporation who denies or interferes with admittance to or enjoyment of public facilities or interferes with the rights of a totally or partially blind, hearing impaired, or otherwise physically disabled person is guilty of a misdemeanor. Supporters of this bill believe this sanction does not cover dog owners who allow their dogs to run loose and harass or interfere with a guide dog or a person using a guide dog.

Summary: It is a misdemeanor for a person, who has received notice that his or her behavior is interfering with the use of a dog guide or service animal, to continue with reckless disregard, to interfere with the use of the dog guide or service animal. A second or subsequent offense is a gross misdemeanor. A person who, with reckless disregard, allows his or her dog to interfere with the use of a dog guide or service animal by obstructing, intimidating, or otherwise jeopardizing the safety of the dog guide or service animal user or the dog guide or service animal is guilty of a misdemeanor. A second or subsequent offense is a gross misdemeanor. It is a gross misdemeanor if a person, with reckless disregard, injures, disables, or causes the death of a dog guide or service animal or allows his or her dog to do so. It is a class C felony to intentionally injure, disable, or cause the death of a dog guide or service animal.

A person who wrongfully obtains or exerts unauthorized control over a dog guide or service animal with intent to deprive its user of his or her dog guide or service animal is guilty of theft in the first degree.

In any case in which the defendant is convicted of a violation of the above, he or she shall also be ordered to make full restitution for all damages incurred by the dog guide or service animal user and the dog guide or service animal.

Votes on Final Passage:

Senate	47	0
House	97	0

Effective: July 22, 2001

2SSB 5947
C 18 L 01 E2

Providing tax relief to dairy farmers and anaerobic digesters.

By Senate Committee on Ways & Means (originally sponsored by Senators Rasmussen, Morton, Gardner and Honeyford).

Senate Committee on Agriculture & International Trade
Senate Committee on Ways & Means

Background: In 1998, the Legislature enacted the Dairy Nutrient Management Act to address water quality concerns associated with dairy farms. The legislation requires that each dairy farm in the state develop and implement a nutrient management plan that meets standard specifications. Plans include both physical and management elements. Physical elements include such items as pumps, pipes, spray guns, lagoons, concrete pads and structures, gutters and downspouts.

Pursuant to the 1998 legislation, plans are to be developed and approved by July 1, 2002. Plans must be certified that they have been fully implemented by December 31, 2003.

Summary: Once a dairy nutrient management plan has been certified as being fully implemented, the purchase of services, replacement equipment and parts necessary to maintain the plan are exempt from the retail sales and use tax. To obtain an exemption certificate, persons must submit an application to the Department of Revenue and satisfy eligibility requirements.

The retail sales and use tax must not apply to the sale of an anaerobic digester nor to services to install, construct or repair the digester. To qualify, the anaerobic digester must be used primarily to treat dairy manure.

Votes on Final Passage:

Senate 47 1

Second Special Session

Senate 43 1

House 83 0

Effective: July 13, 2001

SSB 5958

C 50 L 01

Adopting the Washington life and disability insurance guaranty association act.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Prentice and Winsley).

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Financial Institutions & Insurance

Background: Insurance guaranty associations are organizations created by statute for the purpose of reimbursing policyholders and beneficiaries for losses resulting from the financial impairment or insolvency of insurance companies. Members of these associations are the individual companies authorized to write particular types of insurance within a state. They are governed by a board of directors made up of representatives of the industry, the state regulator, and in some cases, policyholders. There are statutory provisions governing assessments, eligibility for payment and maximum amount of benefits. Members are assessed following an insolvency in order to keep the fund primed for possible future payments. Assessments in most states, including Washington, are based on the percentage of total premium for the type of insurance written by each member.

In Washington there are two guaranty associations, one to protect property and casualty policyholders, and one for life and disability policies. Members of both associations may offset any payments made to the guaranty fund against premium taxes due over a five-year period. A member is exempt from a payment otherwise due if the payment would render them insolvent. The current Life and Disability Guaranty Association Act was enacted in 1971.

Summary: The Washington Life and Disability Guaranty Association Act is repealed and replaced with a comprehensive act of the same name, and devoted to the same purposes.

General. This bill is a creation of the National Association of Insurance Commissioners and National Association of Life and Health Guaranty Associations. It was developed ten years ago, and has been adopted in a majority of states.

Coverage. Persons covered are as follows: residents and nonresident beneficiaries of policies owned by residents, or in some limited cases, owned by nonresidents; persons who are owners of unallocated annuity contracts (e.g., pension plans) whose plan sponsor has its principal place of business in this state; payees under a structured settlement annuity, or beneficiary of the payee, if the payee is a resident, and in certain limited cases if the payee is not a resident. Duplicate coverage from the guaranty plans of more than one state is avoided.

Types of policies and contracts covered are as follows: direct non-group life and certain group life; disability or annuity policies and their supplements; and unallocated annuity contracts. Various exclusions are specified. Non-economic value obligations of the insolvent insurer are excluded.

Benefits the association may become obligated to cover are the lesser of the contractual obligations of the impaired or insolvent insurer, or \$500,000, in the case of individual policies. For unallocated annuity policies, the limit is \$5 million.

Association created. A non-corporate association is created known as the Washington Life and Disability Insurance Guaranty Association. Membership includes all insurers who write the covered products, and the Insurance Commissioner, ex officio. Insurers must remain members as a condition of authority to transact insurance business. Two accounts are to be maintained: the life insurance account and the disability insurance account. The association is under the immediate supervision of the commissioner. It exercises its powers through a board of directors and performs its function under a plan of operation that is prescribed by the bill.

Powers and duties. In the case of an impaired insurer, the association may assume or reinsure any or all of its policies and provide financial assistance or guarantees. With respect to an insolvent member, the association may guarantee, assume, or reinsure any or all of its policies, provide a variety of forms of financial assistance, or may provide benefits and coverage to policyholders, subject to a number of limitations. The association has certain broad powers, subject to court approval, with respect to administration of the assets of the insolvent member. The commissioner has the authority to act on behalf of the association in the event of unreasonable delays. The association has the authority to appear or intervene before any court or state agency

on behalf of any impaired or insolvent member. The association may exercise any common law rights of subrogation that would have been available to the impaired or insolvent insurer, or any policyholder or beneficiary. Numerous other powers and procedures for their exercise are prescribed.

Assessments. Two classes of assessments are provided: Class A assessments are administrative, and Class B assessments are those necessary to carry out the substantive duties of the association. Class A assessments may either be assessed pro rata or non pro rata. Class B assessments must be made on the basis of percentage of total premiums written for that type of insurance in the state by the member. Assessments may be abated or deferred at the discretion of the board if immediate payment would endanger the ability of the member to meet its contractual obligations. Assessments are limited to 2 percent of the average annual premiums of the member for the past three years.

Credits for assessments paid—tax offsets. An insurer may offset premium taxes due to the state by the amount of assessments paid to the fund. The offset is to be spread evenly over the five-year period following the payment of the assessment.

Plan of operation. The association must submit a plan of operation for approval by the commissioner to assure the proper administration of the association. The plan must include methods of operation, methods for handling assets and meeting obligations, times and places of meetings, and other administrative functions.

Role of the commissioner. The commissioner must provide the necessary premium information, make proper demands upon impaired or insolvent insurers, and serve as liquidator or rehabilitator as necessary. The commissioner may suspend or revoke the certificate of authority of any member who fails to pay an assessment. The commissioner hears and determines appeals from members of any final action by the association with respect to that member. The commissioner must take certain steps to aid in the prevention of insolvencies or impairments.

Examination and annual report. The association is subject to examination and supervision by the commissioner, and must submit an annual financial report in a form approved by the commissioner.

Stay of proceedings. All proceedings in any court in the state where an insolvent insurer is a party are stayed for 60 days following the order of liquidation, conservation or insolvency to allow the association to take appropriate action.

Miscellaneous provisions. Insurers may not use the existence of the association as a sales or marketing device. The bill is to act prospectively. Sections of the repealed act pertaining to powers and obligations of the association regarding any insurer under an order of rehabilitation or conservation, or to any insolvent insurer

under an order of liquidation prior to the effective date of the act to continue to apply to those insurers and those proceedings.

Votes on Final Passage:

Senate	48	0
House	92	0

Effective: July 22, 2001

SSB 5961
C 253 L 01

Modifying provisions concerning fisheries and wildlife issues.

By Senate Committee on Natural Resources, Parks & Shorelines (originally sponsored by Senators Jacobsen and Oke; by request of Department of Fish and Wildlife).

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources

Background: In 1994 the Department of Fisheries and the Department of Game were merged into the Department of Fish and Wildlife. Laws relating to food fish were generally contained in Title 75 RCW. Those relating to game and game fish were contained in Title 77 RCW. In 2000, the two titles were merged into Title 77.

As a result of the merger of the two titles, certain errors, oversights, and redundancies were created in the new Title 77. Many of the provisions in the current Title 77 evolved from separate regulatory systems. Although the requirements of the various statutes were similar, they were stated in different ways. Some provisions in the current code may be confusing or obsolete.

Summary: Technical changes are made to certain provisions of Title 77 to make terminology uniform and correct typographical errors. Some statutes are renumbered to reflect last year's recodification. Terms are added where necessary to fit the two titles and two systems of regulation together. Unnecessary or redundant language is repealed or deleted.

Votes on Final Passage:

Senate	44	0
House	93	0 (House amended)
Senate	47	0 (Senate concurred)

Effective: July 22, 2001

ESSB 5970

C 94 L 01

Revising provisions for probation orders.

By Senate Committee on Judiciary (originally sponsored by Senator Hargrove).

Senate Committee on Judiciary
House Committee on Criminal Justice & Corrections

Background: Persons convicted of gross misdemeanor and misdemeanor crimes can have their sentences suspended for a maximum of two years of probation. Previously, courts tolled (suspend or stop temporarily) the two-year period of the suspended sentence when a defendant failed to appear for a required court hearing or to serve a sentence. A recent case from the Court of Appeals, Division III, *Spokane v. Marquette*, Docket Number 18820-5-III, filed December 21, 2000, has held that orders tolling the probation time due to a defendant's failure to appear are invalid. Prosecuting attorneys have expressed a need for a statute authorizing courts to toll the time during which the sentence is suspended if the defendant has failed to appear for a hearing in order to effectively enforce treatment and other sentence provisions for persons convicted of gross misdemeanors and misdemeanors. Unless the Division III case is overturned on appeal, courts will have no jurisdiction to enforce a suspended sentence if the defendant is able to evade law enforcement for the two-year period of the suspended sentence.

Summary: District and municipal courts are directed to toll the probation term of misdemeanor and gross misdemeanor defendants who fail to appear for any court hearing. The tolling continues until the defendant appears in court and makes his or her presence known to the court. The statute governing municipal court jurisdiction is also amended to conform to district court provisions allowing a court to revoke a suspended sentence at any time before an order terminating probation is entered.

Votes on Final Passage:

Senate 44 0
House 95 0

Effective: July 22, 2001

SB 5972

C 51 L 01

Releasing juvenile offenders.

By Senator Hargrove; by request of Department of Social and Health Services.

Senate Committee on Human Services & Corrections
House Committee on Juvenile Justice

Background: The Department of Social and Health Services, Juvenile Rehabilitation Administration (JRA)

requested this revision in the current statute to eliminate a potential loophole in the sentencing law. Juvenile offenders who have served their maximum sentence in an institution under a manifest injustice adjudication have challenged the authority of JRA to place them on parole.

Summary: The department's parole program placement authority for all juvenile offenders under the age of 21, including those who have served their maximum sentence in an institution under a manifest injustice adjudication is clarified. A manifest injustice adjudication is one in which a court has determined that a sentence within the juvenile offender sentencing standard range, or the chemical dependency disposition alternative would effectuate a manifest injustice. The court, as a result, must impose a disposition outside the standard range.

Votes on Final Passage:

Senate 48 0
House 92 0

Effective: April 17, 2001

SSB 5986

C 254 L 01

Regulating county or local government-owned psychiatric facilities.

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Franklin, Kastama, Long, Regala and Hargrove).

Senate Committee on Health & Long-Term Care
House Committee on Health Care

Background: In the summer of 2000, Puget Sound Hospital in Pierce County filed bankruptcy. The Pierce County Regional Support Network (PCRSN) purchased the Puget Sound Hospital facility. PCRSN intends to convert the facility from a fully-licensed acute care hospital into a mental health and chemical dependency evaluation and treatment facility. Surgical and non-behavioral health services are not provided at the facility.

Current statutory provisions that govern licensing are divided into categories that do not fit the current legal and operational status of the new facility. Psychiatric hospitals are governed under statutory provisions that refer to "private establishments." The new facility is publicly owned by the county and arguably would not withstand legal challenges to its state licensing credentials.

Summary: The private establishments provisions that permit Department of Health regulation of psychiatric hospitals is amended to include county or municipal owned facilities and public hospital districts.

Votes on Final Passage:

Senate	46	0	
House	96	0	(House amended)
Senate	45	0	(Senate concurred)

Effective: July 22, 2001**SSB 5988**

C 302 L 01

Establishing compensation levels for certain employees of the state investment board.

By Senate Committee on Ways & Means (originally sponsored by Senators Snyder, McDonald, Spanel, Winsley, Prentice and Jacobsen; by request of State Investment Board).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: The State Investment Board (SIB) invests and manages 29 state trust and retirement funds with a current market value of \$58 billion. The funds are categorized into six types: retirement, deferred compensation program, insurance, permanent, advanced college tuition program, and other trusts. For this purpose, the SIB employs investment officers. Compensation levels for the confidential secretary and all investment officers, including the deputy director for investment management, are currently established by the Washington Personnel Resources Board. The SIB sets the salary for the executive director of the board.

Summary: The State Investment Board is authorized to set compensation levels for the executive director, a confidential secretary and all investment officers, by conducting a biennial survey of compensation levels at other state investment boards of similar size. The Joint Legislative Audit and Review Committee reviews the survey. The SIB is authorized to maintain a retention pool, from the earnings managed by the board, to use for salary increases for investment officers. Funds for salary increases may not, on average, exceed 5 percent. The SIB must notify the director of the Department of Personnel, the director of Financial Management and the chairs of the House of Representatives and Senate fiscal committees at least 60 days before the effective date of the proposed changes to compensation levels. The authority of the State Committee on Agency Officials' Salaries to review the salary for the chief executive officer of the State Finance Committee is deleted.

Votes on Final Passage:

Senate	48	0	
House	94	2	(House amended)
Senate			(Senate refused to concur)
House	96	2	(House amended)
Senate	40	0	(Senate concurred)

Effective: July 22, 2001**ESB 5990**

C 9 L 01 E2

Issuing general obligation bonds.

By Senators Fairley, Spanel, B. Sheldon and Zarelli; by request of Office of Financial Management.

Senate Committee on Ways & Means

Background: The state of Washington periodically issues general obligation bonds to finance projects authorized in the capital and transportation budgets. General obligation bonds pledge the full faith and credit and taxing power of the state towards payment of debt service. Legislation authorizing the issuance of bonds requires a 60 percent majority vote in both the House of Representatives and the Senate.

Bond authorization legislation generally specifies the account or accounts into which bond sale proceeds are deposited, as well as the source of debt service payments. When debt service payments are due, the State Treasurer withdraws the amounts necessary to make the payments from the state general fund and deposits them into the bond retirement funds. For reimbursable bonds, an equal amount is then transferred to the bond retirement account from the source of the reimbursement.

The State Finance Committee, composed of the Governor, the Lieutenant Governor, and the State Treasurer, is responsible for supervising and controlling the issuance of all state bonds.

Summary: The State Finance Committee is authorized to issue \$935 million of state general obligation bonds to finance projects appropriated in the 2001-03 capital budget. The authority is only for appropriations made in the 2001-03 biennium. Separate bond authorizations are also provided, including \$16 million of reimbursable general obligation bonds for the east plaza garage and \$82.5 million of reimbursable general obligation bonds for the rehabilitation of the state Legislative Building.

The State Treasurer is required to withdraw from state general revenues the amounts necessary to make the principal and interest payments on the bonds and to deposit these amounts into the bond retirement account. The state statutory debt limit is amended to allow debt limit exemptions for bond payments from proceeds of the capitol building trust and from capitol campus parking fees.

Votes on Final Passage:

Senate	47	0	
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Second Special Session

Senate	42	3	
House	85	0	(House amended)
Senate	36	2	(Senate concurred)

Effective: June 26, 2001

ESSB 5995

C 52 L 01

Providing for information sharing among the courts, providers, divisions, and agencies serving dependent children and their families.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Long, Hargrove and Stevens).

Senate Committee on Human Services & Corrections
House Committee on Children & Family Services

Background: Zy’Nyia Nobles died from abuse at age three. She was a young child known to the Department of Social and Health Services. Her family was also known to the department. Upon her death, a fatality review team was established to review the circumstances of her untimely death. A report was generated by the team, and the department responded to the report.

The team’s findings indicated effective communication of meaningful information did not occur. Zy’Nyia was cared for by a number of providers, had a number of caseworkers, and never did have a permanent placement. The needs of the family were varied, which required contact with a number of providers and systems.

Summary: The Department of Social and Health Services is obligated to establish guidelines and use them to facilitate the communication of relevant information among those entities needed to effectively serve families in child dependency cases. The guidelines must comply with state and federal confidentiality and privacy laws.

Law enforcement must notify the Department of Social and Health Services when a child is present at the site of a methamphetamine lab.

The provisions in the bill shall not be construed to create a civil cause of action.

Votes on Final Passage:

Senate	48	0
House	92	0

Effective: July 22, 2001

ESSB 6007

C 11 L 01 E1

Extending unemployment insurance coverage to employees of Indian tribes.

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Prentice, Winsley, Gardner, Franklin, Fairley, Kline and Costa; by request of Employment Security Department).

Senate Committee on Labor, Commerce & Financial Institutions

Background: Congress has extended mandatory unemployment insurance coverage to tribal employees effective

December 21, 2000. Currently, under Washington State law, individual tribes may elect coverage for workers who perform services for tribally-owned businesses. Twenty-seven tribes are already registered with the Employment Security Department to cover some or all of their employees. Tribal enterprises must be taxpaying employers and reimbursement is not currently an option. Legislation is needed in order to establish the terms and conditions of tribal unemployment insurance, and to comply with federal law.

Summary: Tribal enterprises are generally treated like state and local government entities for purposes of unemployment insurance coverage (UI). For tribes within Washington State, tribal UI coverage is mandatory. Tribal employers are offered two options: payment of contributions under the same terms and conditions as all other subject employers, or a reimbursement option.

Failure by tribes to make timely required UI tax or reimbursement payments results in the loss of the option of making payments in lieu of contributions and can result in the loss of coverage for workers. Payment and coverage may be reinstated under certain conditions.

Votes on Final Passage:

Senate	45	4
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First Special Session

Senate	33	8
House	93	0

Effective: June 11, 2001

SSB 6012

C 12 L 01 E1

Allowing customary agricultural related burning in an urban growth area.

By Senate Committee on Environment, Energy & Water (originally sponsored by Senators Honeyford, Rasmussen, Hochstatter, Hale and Carlson).

Senate Committee on Environment, Energy & Water
House Committee on Agriculture & Ecology

Background: Outdoor burning is the burning of any material in an open fire or in an outdoor container without providing for the control of combustion or the control of emissions from the combustion.

Outdoor burning is not allowed in: (1) any area of the state where federal or state ambient air quality standards are exceeded for pollutants emitted by outdoor burning; or (2) urban growth areas, except for certain cities having a population of less than 5,000 people which are exempt until December 31, 2006. Outdoor burning may be allowed for managing storm or flood-related debris.

Agricultural burning is the burning of vegetative debris from an agricultural operation as necessary for

disease or pest control, crop propagation or rotation, and may include the burning of fields, prunings, weeds, irrigation and drainage ditches, fence rows or other essential pathways. A permit for agricultural burning may be issued when it is reasonably necessary to carry out the enterprise. Burning is "reasonably necessary" when it meets the criteria of the best management practices and no practical alternative is reasonably available. Agricultural burning permits are issued by the local air authority, the Department of Ecology, or by delegated conservation districts, counties, fire districts or fire protection agencies. Permits may be issued in non-attainment and urban growth areas.

Summary: Outdoor burning that is normal, necessary, and customary to ongoing agricultural activities is allowed within the urban growth area if the burning is not conducted during air quality episodes or when there has been an "impaired air quality" determination, and the agricultural activities preceded the designation as an urban growth area.

Votes on Final Passage:

Senate 42 6

First Special Session

Senate 47 0

House 96 0

Effective: August 23, 2001

SSB 6020

C 93 L 01

Establishing a school sealant endorsement program for dental hygienists.

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Thibaudeau, Deccio and Costa).

Senate Committee on Health & Long-Term Care

Senate Committee on Ways & Means

House Committee on Health Care

House Committee on Appropriations

Background: A recent oral health survey conducted by the Department of Health found that among second grade children in the state, dental problems have worsened in the last five years. In 1995, when the department conducted its first oral health survey, 6 percent of the children with decay were not being treated. Parents of Head Start kids named dental problems as their number one health concern.

Studies have found that children with sealants experience one fourth of the decay of those who do not have sealants, when they are applied properly. Under current practice, dental hygienists can apply sealants only under the general supervision of a licensed dentist.

Summary: The Legislature finds that access to preventive and restorative oral health services are restricted by regulation and that children are unnecessarily suffering from dental disease. The Legislature intends to address the problem of poor access to low-income children by providing for school-based sealant programs.

The Secretary of the Department of Health is authorized to create a school sealant endorsement program for dental hygienists and dental assistants.

Dental hygienists licensed as of the effective date of this act may assess for and apply sealants, and apply fluoride varnishes to low-income, rural and other at-risk children in school sealant programs without completing the department's sealant program. A dental hygienist licensed after the effective date of this act must complete the department's school sealant program first.

Dental assistants who have worked under the supervision of a licensed dentist for at least 200 hours may apply for endorsement by the department to apply sealants and fluoride varnishes to low-income children in schools. Dental assistants practicing as of the effective date of this act may apply sealants in school programs under the general supervision of a dentist without completing the endorsement program.

Votes on Final Passage:

Senate 47 0

House 94 0

Effective: April 19, 2001

SB 6022

C 53 L 01

Changing from five years to fifteen years the time that certain amounts are awarded to owners and breeders.

By Senators West, Prentice, Patterson, Roach, Rasmussen and Snyder.

Senate Committee on Labor, Commerce & Financial Institutions

House Committee on Commerce & Labor

Background: Racing associations pay a bonus to the owners of Washington-bred horses that finish in the top four positions of a live race meet. The bonus represents 1 percent of the total dollars wagered at the race track (called the handle). Fifty percent of the bonus is used for a period of five years for reimbursement of capital construction costs for building a new race track.

Racing associations pay awards to the breeders of Washington-bred horses that win races. The monies that pay these awards are 1 percent of the exotic wagers such as the exacta and daily double. Of the 1 percent, 75 percent is paid to the breeders and 25 percent pays for reimbursement of capital construction costs of building a new race track for five years.

Summary: The period of time for the bonus for owners and the awards for breeders to reimburse for capital construction costs of a new track is extended to 15 years.

Votes on Final Passage:

Senate 48 0
House 92 0

Effective: July 22, 2001

SSB 6035
C 110 L 01

Creating a college board job bank.

By Senate Committee on Higher Education (originally sponsored by Senators Kohl-Welles, Jacobsen, Costa and Kline).

Senate Committee on Higher Education
House Committee on Higher Education

Background: The use of part-time faculty is important for community and technical colleges. Part-time faculty provide a college flexibility in responding to changes in its enrollment and program needs. Colleges regularly hire part-time faculty. Information on current openings is not always widely available on a consistent basis.

Summary: The State Board for Community and Technical Colleges must create an electronic job bank to act as a clearinghouse for people seeking academic teaching positions in the state's community and technical colleges. The job bank must be accessible on the internet.

The job bank must have a separate section for the listing of part-time academic employment opportunities available at the state community and technical colleges. Minimum features to be included in the job bank are enumerated. The board must develop a strategy to promote its job bank to prospective candidates.

Votes on Final Passage:

Senate 28 20
House 95 0

Effective: July 22, 2001

SSB 6053
C 130 L 01

Adjusting state route 525.

By Senate Committee on Transportation (originally sponsored by Senators Shin, Oke and Haugen).

Senate Committee on Transportation
House Committee on Transportation

Background: In 1991, the Legislature designated the Transportation Improvement Board (TIB) to review requests from cities, counties or the state for route jurisdiction transfers. In accordance with the WAC rules for

a jurisdiction transfer, Snohomish County requested on January 21, 2000, that jurisdiction of Paine Field Boulevard be transferred from Snohomish County to the Washington State Department of Transportation. The TIB recommends the Paine Field Boulevard jurisdiction transfer and has indicated that the transfer is consistent with the following:

WAC 479-21-200(4) Is the principal arterial that is a connecting link between two state highways and serves regionally oriented through traffic in urbanized areas with a population of 50,000 or greater.

WAC 479-210-250(2) State highway routes maintain continuity by being composed of routes that join other state routes at both ends.

WAC 479-210-250(4) Exceptions may be made to include: urban connecting links as state highways that function as needed bypass routing of regionally oriented through traffic and benefit truck routing, capacity alternative, business congestion, and geometric deficiencies.

Summary: Jurisdiction of Paine Field Boulevard is transferred from Snohomish County to the Washington State Department of Transportation.

Votes on Final Passage:

Senate 46 0
House 97 0

Effective: July 22, 2001

SSB 6055
C 255 L 01

Evaluating children within the foster care agency caseload.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Long, Hargrove and Stevens).

Senate Committee on Human Services & Corrections
House Committee on Children & Family Services

Background: The Children's Administration within the Department of Social and Health Services has experienced difficulty in identifying an assessment instrument to meet requirements under the current law to assess the needs of children in a state assisted support system.

Summary: A pilot project is created to collect and evaluate data regarding the needs of children who are in a state assisted support system, including in-home and out-of-home placement. The pilot project allows the department to identify an assessment tool which can be implemented within available resources. The information gained through use of the assessment tool must be used in making decisions about the child's out-of-home placement. The department must report its findings to the Legislature by September 30, 2001.

The department is required to provide additional reports on the results of the pilot project to the appropriate Senate and House of Representatives committees, one year, two years, and five years after implementation.

Votes on Final Passage:

Senate	47	0	
House	92	0	(House amended)
Senate	49	0	(Senate concurred)

Effective: July 22, 2001

SSB 6056

C 256 L 01

Providing for department of social and health services coordination of services for children and families in child dependency cases.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Long, Hargrove, Costa, Stevens and Kohl-Welles).

Senate Committee on Human Services & Corrections
House Committee on Children & Family Services

Background: Child dependency cases concern abandonment, abuse, or neglect of a child. In these matters, families may be dysfunctional for multiple reasons, and it is the rare case where only one condition exists that limits the parent's ability to care for his or her child. However, service delivery systems have been established through various funding streams at different agencies, divisions, and the courts. As a result, a person with a criminal history, mental health concerns, chemical dependency issues, and child safety issues must work with a myriad of different entities to obtain necessary services. The person who is not functioning is least able to represent his or her own interests in navigating the system and obtaining services needed to be functional.

Summary: The Department of Social and Health Services must develop methods for coordination of services to families in child dependency cases.

Assessment criteria should screen for multiple needs.

Treatment should be developed for the individual needs of the client in a manner that minimizes the number of contacts the client has to make.

The department must access multi-disciplinary training for staff.

Votes on Final Passage:

Senate	49	0	
House	94	0	(House amended)
Senate	48	0	(Senate concurred)

Effective: July 22, 2001

SB 6107

C 215 L 01

Extending the applicability of provisions relating to geothermal energy.

By Senators Fraser and Morton.

Senate Committee on Environment, Energy & Water
House Committee on Technology, Telecommunications & Energy

Background: In 1981, the Legislature provided for the allocation of revenues distributed to the state under the Mineral Lands Leasing Act of 1920 and the Geothermal Steam Act of 1970. The revenues were dedicated to reduce of dependence on nonrenewable energy, stimulate the development of geothermal energy, mitigate impacts of geothermal development, provide financial assistance to counties to offset the costs associated with that development, and maintain the productivity of renewable resources through the reinvestment of proceeds from these resources.

The funds are distributed as follows: (1) 30 percent to the Department of Natural Resources for geothermal exploration and assessment; (2) 30 percent to Washington State University for the purpose of encouraging the development of geothermal energy; and (3) 40 percent to the county of origin for mitigating impacts caused by geothermal energy exploration, assessment, and development.

The account has been dormant since 1989 due to the limitations placed on geothermal energy development on federal lands by the U.S. Forest Service.

The chapter creating the geothermal energy account terminates on June 30, 2001.

Summary: The geothermal energy statute is extended 10 additional years.

Votes on Final Passage:

Senate	48	0
House	95	0

Effective: May 8, 2001

SB 6109

C 54 L 01

Reporting election independent expenditures and contributions.

By Senators Patterson, Gardner and Kline; by request of Public Disclosure Commission.

Senate Committee on State & Local Government
House Committee on State Government

Background: Initiative 276 was approved by the voters in 1972. Among other requirements, Initiative 276 requires various reports of campaign contributions and

expenditures to be filed with the Public Disclosure Commission (PDC) and county election officers.

In general, an independent expenditure is an expenditure for political advertising that:

- costs at least \$500 (either alone or in conjunction with other ads by the same sponsor benefitting or opposing the same candidate);
- supports or opposes a clearly identified candidate for state or local office;
- is paid for by someone other than a candidate, a candidate's committee or agent; and
- is paid for by some individual or entity who undertakes the advertising without having received the benefitting candidate's encouragement or approval or without collaborating with this candidate or the candidate's agent.

Candidates or political committees must prepare and deliver to the PDC a special report regarding any contribution, or aggregate of contributions, that exceeds \$500 and is received or made within 21 days preceding a general election. The special report must be delivered to the PDC within 48 hours or on the first working day after the reportable contribution is received by the candidate or treasurer.

Each person who makes an independent expenditure of \$100 or more during the same election campaign in support or opposition to a candidate or ballot proposition, who does not otherwise have to file a report as a candidate or political committee, must file a report of the independent expenditure at the following intervals: (1) the 21st day and the seventh day immediately preceding the election; (2) on day ten of the first month after the election; and (3) on day ten of each month in which no other reports are required to be filed.

A lobbyist or a lobbyist's employee must prepare and deliver to the PDC a special report regarding any contribution or aggregate of contributions which exceeds \$500 and is made within 21 days preceding a general election.

Summary: Any sponsor of an independent expenditure with a market value of \$1,000 and made within 21 days of an election must file a special report. If the sponsor makes a subsequent independent expenditure, of any size, supporting or opposing the same candidate or ballot measure, the sponsor must file an additional report. The special report must include: the name and address of the person making the expenditure; the name and address for whom the expenditure was made; a description of the expenditure; the date the expenditure was made; the date when the advertising was first made public; the amount of the expenditure; the name of the candidate and the office or ballot measure; whether the expenditure was in support or opposition; and any other information required by rule. An affidavit must be included declaring that the sponsorship was made independent of the candidate or any agent of that candidate.

Candidates or political committees must prepare and deliver to the PDC a special report regarding any contribution, or aggregate of contributions, that exceeds \$1,000 and is received or made within 21 days preceding a general election.

A lobbyist or a lobbyist's employee must prepare and deliver to the PDC a special report regarding any contribution, or aggregate of contributions, that exceeds \$1,000 and is made within 21 days preceding a general election.

Votes on Final Passage:

Senate	49	0
House	92	0

Effective: January 1, 2002

SSB 6110
C 234 L 01

Providing for the administration of a Puget Sound crab pot buoy tag program.

By Senate Committee on Natural Resources, Parks & Shorelines (originally sponsored by Senators Spanel, Gardner and Kohl-Welles).

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources
House Committee on Appropriations

Background: The Puget Sound crab pot fishery is a limited entry fishery with a 100 pot limit, but the Department of Fish and Wildlife does not have the authority to charge fees for crab pot tags. Crab pot buoy tags would be an important identification tool in managing the fishery in the Puget Sound and could provide an identification so that the distinction can be made between treaty shellfish fishers, recreational fishers, and the Puget Sound crab pot commercial fishers. The highly visible tags allow enforcement of the 100 pot limit.

Summary: In order to manage the Puget Sound crab pot program, the department may charge a fee to members of the Puget Sound crab fishing industry who hold licenses to reimburse the department for the production of crab pot buoy tags and the administration of the Puget Sound crab pot buoy tag program.

A Puget Sound crab pot buoy tag account is created in the Office of the State Treasurer and expenditures from the account are used for the program. The director or the director's designee may authorize expenditures from the account.

Votes on Final Passage:

Senate	48	1	
House	95	0	(House amended)
Senate	47	0	(Senate concurred)

Effective: May 9, 2001

ESSB 6143
C 283 L 01

Requiring publication of level III sex and kidnapping offender notifications.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators T. Sheldon, Hargrove, Long, Costa, Roach, Snyder, McCaslin, Spanel, Winsley, Gardner, Eide, Zarelli, Rossi, Benton, Hochstatter, Swecker, Kastama, Shin, Patterson, Kline, Fraser, McAuliffe and Rasmussen).

Senate Committee on Human Services & Corrections

Background: In reviewing the community notification provisions for registered sex offenders, it became clear after a recent event that there are ways in which the current notification requirements may be insufficient to adequately notify the public.

Summary: The county sheriff must submit level III sex offender community notifications to at least one legal newspaper with general circulation in the area of the sex offender's registered address or location. The newspaper must have a policy to print all statutorily required notices in order to be qualified as a legal newspaper. A current list of level III registered sex offenders must be published twice yearly. The county sheriff must also maintain a list of level III sex offenders on a publicly accessible web site and update it at least monthly.

Votes on Final Passage:

Senate	48	0
House	87	0

Effective: July 22, 2001

3ESSB 6151
C 12 L 01 E2

Revising provisions relating to sex offenders.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Long and Hargrove).

Senate Committee on Human Services & Corrections

Background: The presence of risk level III sex offenders and civilly committed sex offenders on court ordered less restrictive alternatives in the community has created considerable concern about the risks these high risk offenders present for community safety. There is concern that the state needs to address both the issues of appropriate housing and reintegration of persons being released from civil commitment and of the appropriate sentencing of sex offenders in a comprehensive manner so that both the civil and criminal processes effectively address the need to protect the community and permit the state to meet its constitutional and statutory duties.

The Department of Social and Health Services (DSHS) is required by its constitutional and statutory

duty as well as by court order to find less restrictive alternative placements for persons civilly committed to the Special Commitment Center (SCS) who have progressed in treatment to the point that they no longer need a total confinement setting. Lack of appropriate housing in the community and opposition to this sub-population has presented a barrier to the release to a less restrictive alternative setting for some of the committed persons. As the commitment center continues to grow, this barrier would increase without the state's assistance in creating appropriate housing. Consequently, DSHS has attempted, without success, to site three-bed units in the community while requesting funds from the Legislature for a larger facility which would normally be a step toward conditional release to a three-bed facility.

Crimes committed prior to July 1, 1984 are under an indeterminate sentencing structure that permits the Indeterminate Sentence Review Board (ISRB) to return a paroled offender to prison for the remainder of his or her maximum term. The current determinate sentencing structure states a sentence in terms of a specific number of months and not a range of time. Determinate sentencing does not allow the state to return a person under supervision in the community to prison beyond the end of his or her defined term. In addition, the ability of the Department of Corrections (DOC) to supervise sex offenders in the community or place conditions on their behavior upon supervised release to the community varies dependent on the date of the person's crime. Not until July 1, 2000 could DOC adjust conditions to address a person's changing risk level to the community for crimes occurring after that date.

Summary: DSHS is authorized to site and operate a 404-bed relocation of the SCC and a secure community transition facility (SCTF) to house persons conditionally released to a less restrictive alternative on McNeil Island. This SCTF is limited to 15 transitional and nine pre-transitional beds. The McNeil Island SCTF is available to those persons receiving less restrictive alternative orders under RCW 71.09.090(1). The Department of Corrections is authorized to continue operating a prison for sex offenders and other offenders on McNeil Island. This includes access to adequate docking facilities at Steilacoom. Local comprehensive plans, development regulations, and all other laws are preempted and superseded with regard to these two facilities. The state's authority to site an essential public facility in conformance with comprehensive plans and development regulations is not affected and with the exception of these two facilities, state agencies must comply with those plans and regulations. No additional SCTFs may be required to be sited in Pierce County before July 1, 2008 and to the greatest extent possible, persons who were not residents of Pierce County must not be further released to Pierce County until after June 30, 2003. In addition to its other determinations, the court must consider whether a person is able

to withstand changes in routine and situation without regressing to the point that the person presents a danger that cannot reasonably be addressed in the proposed placement.

The Department of Social and Health Services must enter negotiations for a mitigation agreement with the county and affected cities. Employers must notify all other employees of the person's status. Notification at educational institutions is accomplished through existing statutes. DSHS must make reasonable efforts to distribute the impact of the employment, education, and social services needs of the residents among the adjacent counties and not concentrate the impact in any one county.

Before any person is placed in the SCTF on McNeil Island, there must be a 24-hour law enforcement presence on the island which must coordinate with the prison Emergency Response Team.

DSHS must hold three public hearings on the operations and security of the McNeil Island SCTF by August 1, 2001. Additional SCTFs may only be operated following appropriate public participation. This includes two public hearings in each of the three finalist communities and at least one more public hearing in the selected community. If only one site is under consideration, at least two public hearings must be held in that community. Fourteen days notice of the hearing must be given through radio, television and newspapers of general circulation, and to local persons and organizations.

DSHS must provide the Legislature with a transportation plan by August 1, 2001 and must separate residents from minors and vulnerable adults who are not sexually violent predators when traveling between McNeil Island and the mainland. DSHS must facilitate local operational advisory boards. DSHS staff at the SCC and the McNeil SCTF must have self-defense and crisis response training. Escorts must also have training in the offender's pattern of offense. Until the facility reaches seven residents there must be a one-to-one staff to resident ratio during waking hours and two staff for every three residents at night. Staff must be trained in self-defense and incident de-escalation. DSHS must provide the Legislature with a staffing plan for the anticipated growth of the facility to its maximum capacity.

Unless otherwise ordered by the court, all SCTF residents must have 24-hour electronic monitoring, based on the global positioning system where available and funded. Residents must be escorted by trained escorts within close proximity and under close supervision when away from the facility. Escorts may not be relatives of the residents. DSHS must adopt a violation policy for returning residents to the SCC or a higher level of security. The policy must include a mandatory immediate return to the SCC, unless the person is arrested, for any serious violation and may include returns to the SCC for other violations. Serious violations must include the commission of any crime, any unlawful use of a con-

trolled substance, and any violation of a condition targeted at the person's documented pattern of offense. Where DSHS contracts with a provider to operate a secure community transition facility, great weight must be given to the provider's record with regard to violations.

A joint select committee reviews and makes recommendations on equitable distribution criteria for SCTFs, the siting criteria for these facilities, and a method for determining possible mitigation for future SCTFs.

With the exception of the SCTF at McNeil Island, no county may be required to provide more SCTF beds than the aggregate total number of persons committed from or with pending commitment petitions from that county. Counties and cities may choose to site beds in excess of the required number and those that do would be eligible for a bonus incentive. The essential public facilities planning provisions for SCTFs are extended to non-GMA counties. No county may preclude siting of SCTFs.

By August 31, 2001, DSHS must notify counties of the maximum number of beds that could be sited in the county and the projected minimum and maximum number of beds needed for the period of May 2004 through May 2007. Upon notification, counties must promptly notify the cities in the county. DSHS must cease current siting activities and future sites must be under the provisions of this act.

Counties and cities are eligible to participate in an incentive program for siting SCTFs. To participate in the incentive program, counties and cities must give great weight to the equitable distribution of SCTFs. Development regulations, comprehensive plans and other laws must be consistent with the criteria in statute and rule, facilities must have at least three beds, and sites must be approved by the department. The incentive program has four components:

- Counties and cities who commit to initiate the siting process for one or more SCTFs by February 1, 2002 shall receive a planning grant from the Department of Community, Trade, and Economic Development.
- Any county or city that has issued all needed permits for an approved site by May 1, 2003 shall receive an incentive grant of \$50,000 for each bed sited.
- Any county or city that has issued all needed permits for an approved site before January 1, 2003 shall receive an additional incentive bonus of 20 percent of the incentive grant.
- Any county or city that sites and permits SCTFs with beds in excess of the maximum that the county could be required to site shall receive a bonus of \$100,000 per excess bed.

Pierce County is eligible for the excess bed bonus for three SCTF beds on McNeil Island. Despite the prohibition on requiring siting in addition to this facility, Pierce County and its cities are eligible for the incentive

program should they decide to site and actually permit additional facilities.

By October 1, 2001, DSHS must develop and publish policy guidelines for siting and operation of SCTFs in consultation with the joint select committee.

The policy guidelines must balance average law enforcement response time against distance from risk potential activities and endeavors to achieve a maximum five minute response time. Sites may not be in direct proximity to risk potential activities or facilities in existence at the time the site is listed for consideration. The guidelines must specify how DSHS will measure distance and establish a method for analyzing and comparing the remaining criteria. DSHS must have its analysis available at public hearings related to siting.

To be considered, a potential site must meet the distance requirements set out in the policy guidelines, the property must be available for lease or purchase in the required time, reliable security and back-up systems must be available, and appropriate permitting must be available under the local zoning laws. DSHS must analyze and compare sites that meet the minimum consideration criteria according to the method established in rule. Entry level or trainee personnel must be supervised by more experienced personnel. The facility must have minimum security, alarm, and back-up systems including generator systems. The systems must be commercial grade, tamper-proof, and have panic devices for staff. There must be land and cellular telephone access and radio back-up.

DSHS must work with local jurisdictions to develop locations for secure community transition facilities and to achieve equitable distribution within the counties. Secure community transition facilities are essential public facilities. Affected counties and cities must review their county-wide plan, comprehensive plans and development regulations and if necessary revise them to provide siting that is consistent with the siting criteria in statute. Affected counties and cities may use their normal review processes but the review must not occur later than the date specified in RCW 36.70A.130(1).

Any person convicted of a first two-strikes sex offense committed after the effective date of the act and any person who has a prior two-strikes offense who is convicted of any other felony sex offense committed after the effective date of the act is subject to sentencing to a minimum and maximum term sentence. The minimum term is the term the offender would be subject to under the existing statute. The maximum term is the statutory maximum sentence for the offense. Class A felonies have a statutory maximum sentence of life. The statutory maximum sentence for Class B felonies is ten years and for Class C felonies is five years. Persons convicted of rape of a child in the first or second degree or child molestation in the first degree who were under 18

at the time of the crime are subject to a determinate sentence.

As the end of his or her minimum term approaches, the offender is subject to a review by the End of Sentence Review Committee that assesses his or her risk level and that report is given to the ISRB and to law enforcement prior to the offender's release. DOC must make recommendations related to conditions of release to the ISRB based on methods recognized by experts in risk prediction. The ISRB decides whether to release the person to community custody or retain the person in prison. The ISRB must release the offender unless he or she is likelier than not to commit a predatory sex offense. If not released, the ISRB must set a new minimum term not to exceed two years and review the person again at the end of that period under the same standard. If the person is released, the ISRB must impose conditions of community custody on the person. The person remains under community custody for the maximum term. DOC must supervise the person in the community.

If the person violates a condition of community custody, the person is entitled to an administrative hearing and a sanction based on a graduated sanction system that became effective July 1, 2000, under the Offender Accountability Act. The graduated sanctions must be amended to permit community custody revocation to the full extent of the maximum term. Hearings, with the same procedures and time lines established under the Offender Accountability Act, are conducted by the ISRB unless the ISRB otherwise contracts with DOC to conduct the hearings. The rights of the offender are the same as those in existing law under the Offender Accountability Act, except that if community custody revocation is a possible sanction, the person has a right to an attorney. In the case of a person convicted of a Class A felony, community custody revocation could result in lifetime incarceration in prison.

The crimes of assault in the second degree and kidnapping in the second degree when there is a finding of sexual motivation, the crime of indecent liberties with a finding of forcible compulsion, and the attempted crimes of child molestation in the first degree, indecent liberties by forcible compulsion, rape in the first or second degree, and rape of a child in the first or second degree are all Class A felonies. A person is guilty of sexually violent predator escape if he or she escapes from the SCC, a less restrictive alternative, an authorized absence, his or her escort, or if he or she tampers with his or her electronic monitor. Sexually violent predator escape is a Class A felony with a five-year minimum term and is sentenced under the indeterminate sentencing provisions. The crime of sexual misconduct with a minor is modified to include a broader spectrum of school employees.

The ISRB is a member of the review team established under the dangerous mentally ill offender legislation from 1999. The provisions of law related to the

ISRB have been amended with regard to this population of offenders to make them consistent with this act.

Votes on Final Passage:

Senate 35 11
First Special Session
 Senate 39 8
 Senate 38 9 (Senate reconsidered)
 House 75 19 (House amended)

Second Special Session

Senate 29 11
 House 67 14 (House amended)
 Senate 26 13 (Senate concurred)

Effective: June 26, 2001
 September 1, 2001 (Sections 301-363, 501 and 503)

ESSB 6153
PARTIAL VETO
 C 7 L 01 E2

Making 2001-03 operating appropriations.

By Senate Committee on Ways & Means (originally sponsored by Senator Brown).

Senate Committee on Ways & Means

Background: Appropriations for the operations of state government and its various agencies and institutions are made on the basis of a fiscal biennium that begins on July 1 of each odd-numbered year.

Summary: Appropriations are made for the 2001-03 fiscal biennium.

For additional information, see the Statewide Summary & Agency Detail published by the Senate Ways & Means Committee.

Votes on Final Passage:

Second Special Session
 Senate 28 15
 House 50 44 (House amended)
 Senate 26 14 (Senate concurred)

Effective: June 26, 2001
 July 1, 2001 (Section 911)

Partial Veto Summary: The Governor vetoed provisions affecting the following state agencies: State Auditor, Department of Social and Health Services Juvenile Rehabilitation Program, Department of Labor and Industries, Department of Ecology, State Parks and Recreation Commission, Department of Natural Resources, State Patrol, Superintendent of Public Instruction, and the State Board for Community and Technical Colleges. The vetoes affect \$3.646 million of state General Fund appropriations. For more information, see "Legislative Budget Notes" published by the Appropriations Com-

mittee of the House of Representatives and the Senate Ways & Means Committee.

VETO MESSAGE ON ESSB 6153

June 26, 2001

To the Honorable President and Members,
 The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 2; 123(3); 203(1)(s); 217(4); 302(15); 302(16); 302(17); 308(6); 402(5); 514(12)(a); 603(12); 710; 912 and 921 of Engrossed Substitute Senate Bill No. 6153 entitled:

"AN ACT Relating to fiscal matters;"

My reasons for vetoing these sections are as follows:

Section 2, Page 2, Restrictions on Governor's Supplemental Budget

In the event of a projected cash deficit in the state General Fund, the Governor would have been directed to make across-the-board allotment reductions, and to recommend expenditures from the Emergency Reserve Fund before proposing any General Fund tax increases. This provision would have re-stated existing allotment authority, as well as limiting the executive's prerogative concerning its supplemental budget recommendations.

Section 123(3), Page 16, Performance Audits (State Auditor)

This section would have directed the Office of State Auditor to conduct performance audits of three governmental entities as demonstration audits for state and local government agencies. The Joint Legislative Audit and Review Committee (JLARC) already has statutory responsibility for conducting performance audits. There is no compelling reason to duplicate JLARC functions within the Office of State Auditor.

Also, because of an apparent technical error, subsections (2) and (3) would have authorized expenditures from the state General Fund greater than the agency appropriation. With respect to subsection (2), it is my intent to pursue correction of this dollar amount in the 2002 supplemental budget.

Section 203(1)(s), Page 44, Contracted Beds at Local County Detention Facilities (Department of Social and Health Services - Juvenile Rehabilitation Program)

This subsection would have affected the funding for the 33 contracted local county detention facilities and also directed the Department of Social and Health Services (DSHS) not to consider beds in those facilities to achieve reductions in bed capacity. The June 2001 forecast of the Caseload Forecast Council indicates that the juvenile rehabilitation residential population will be declining by approximately 60 beds, and this trend is expected to continue. By eliminating these contracted beds from consideration for reductions, DSHS would have been hindered in its ability to effectively manage and utilize residential beds while providing the appropriate services to youths.

Section 217(4), Page 72, Safety and Health Grants (Department of Labor and Industries)

This section attempted to prevent the Department of Labor and Industries from operating the safety and health grant program, unless separate legislation is passed that specifically authorizes expenditures for that program. However, the statutory authority for that program already exists and cannot be changed by an appropriations bill.

Section 302(15), Page 86, Culvert Removal on Rocky Ford Creek (Department of Ecology)

This subsection would have required the Department of Ecology (DOE) to provide \$50,000 to a local conservation district in Moses Lake for a culvert removal project on Rocky Ford Creek. I support on-the-ground efforts to address flooding and fish barrier problems, and funding for this type of project is available from several existing grant and loan programs through the Salmon Recovery Funding Board, DOE, and the Public Works Trust Board.

Section 302(16), Page 86, Washington Watershed, Science, and Technology Program (Department of Ecology)

This subsection would have required DOE to provide \$300,000 to the State Conservation Commission to establish the Washington Watershed, Science, and Technology Program. This program would have provided technical assistance to private landowners in conducting water quality monitoring, riparian vegetation management, and noxious weed control. Although I support the goal of this proviso, the creation of a new technical assistance program for these items is unnecessary since the Conservation Commission, DOE, and the Department of Fish and Wildlife already provide such assistance.

Section 302(17), Pages 86-87, Palouse Conservation District Pilot Project (Department of Ecology)

The subsection would have required DOE to provide \$75,000 to a conservation district in the Palouse region for a pilot project to evaluate the ability of existing voluntary and regulatory programs to improve water quality. Funding for this project is available, and has already been applied for, from the Centennial Clean Water Fund.

Section 308(6), Page 97, Trust Land Roads Nonappropriated Account (Department of Natural Resources)

This subsection would have restricted the appropriation of a nonappropriated account. Since there is not an appropriation from this account, the proviso is not binding and should not be included in the appropriations bill.

Section 402(5), Page 103, Mobilization of State Fire Service Resources Study (Washington State Patrol)

This proviso would have required the Washington State Patrol, in consultation with various local and state fire service entities, to conduct a study of the fire mobilization plan and procedures. The study was to include an analysis of the cost effectiveness and efficiency of the fire service mobilization plan. However, no funds were provided to the Patrol for this activity. I will direct the Patrol to examine, to the extent possible within existing resources, the fire mobilization plan and to make timely recommendations for improvements.

Section 514(12)(a), Page 137, National Board for Professional Teaching Standards Bonus (Superintendent of Public Instruction - Education Reform)

Section 514(12) provides funding for bonuses for teachers who attain certification by the National Board for Professional Teaching Standards (NBPTS). The Legislature extended the length of the bonus from two to three years, but subsection (a) would have resulted in ten teachers losing their third year bonus payment because they achieved NBPTS certification before the 1999-00 school year. Sufficient funds are provided in the fiscal year 2002 budget to make the third bonus payment to these outstanding teachers - who were the first in this state to pursue and obtain NBPTS certification. Therefore, I have vetoed Section 514(12)(a) and request that the Superintendent of Public Instruction make an annual bonus payment of \$3,500 to every teacher who attained NBPTS certification before or during the 2001-02 school year.

This veto makes a technical correction to allow the full implementation of the three-year bonus limit adopted by the Legislature. Next session, I will again ask the Legislature to provide funding for bonus payments to teachers for each year in which their certification by the NBPTS is maintained.

Section 603(12), Page 152, Fee for Adult Basic Education Courses (State Board for Community and Technical Colleges)

The purpose of adult basic education is to provide adults the basic knowledge and skills that are normally acquired from kindergarten through 12th grade. Therefore, it has been the policy of the state to pay for this education. Before we ask students to pay for a portion of this education, there should be a public discussion about changing the current policy.

I am asking the State Board for Community and Technical Colleges to review their adult basic education programs and recommend changes to our policy that will improve this pro-

gram, including any alterations in the way this program should be funded.

Section 710, Pages 169-170, Distribution of Excess Funds from the Forest Development Account (Department of Natural Resources)

Distribution of forest management funds to counties at this time is not in the best interest of the long-term health of the account or the long-term management of the resources on Forest Board lands. Prior transfers from this account have depleted the available balance. In addition, the Department of Natural Resources' June revenue forecast projects an \$8.8 million decrease in revenue for the Forest Development Account.

Section 912, Pages 202-203, Forest Development Account Distribution of Fund Balance (Department of Natural Resources)

This section would have provided statutory authorization during the 2001-03 Biennium to distribute Forest Development Account funds as directed in section 710. Since section 710 has been vetoed, section 912 is unnecessary.

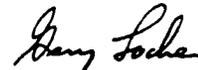
Section 921, Pages 210-212, Parks and Recreation Fees (Washington State Parks and Recreation Commission)

This section would have temporarily limited the statutory authority allowing the Washington State Parks and Recreation Commission to charge fees for basic parkland access. The revenue from such fees can be used to provide desperately needed maintenance to park facilities. Currently, the parks system has a \$40 million maintenance backlog in addition to a \$292 million ten-year capital facilities funding need. I have in the past supported, and continue to believe it is important, that we preserve the Commission's ability to implement fees as it deems appropriate.

For these reasons, I have vetoed sections 2; 123(3); 203(1)(s); 217(4); 302(15); 302(16); 302(17); 308(6); 402(5); 514(12)(a); 603(12); 710; 912 and 921 of Engrossed Substitute Senate Bill No. 6153.

With the exception of sections 2; 123(3); 203(1)(s); 217(4); 302(15); 302(16); 302(17); 308(6); 402(5); 514(12)(a); 603(12); 710; 912 and 921, Engrossed Substitute Senate Bill No. 6153 is approved.

Respectfully submitted,



Gary Locke
Governor

SSB 6155
PARTIAL VETO
C 8 L 01 E2

Making appropriations and authorizing expenditures for capital improvements.

By Senate Committee on Ways & Means (originally sponsored by Senator Brown).

Senate Committee on Ways & Means

Background: The programs and agencies of state government are funded on a two-year basis, with each fiscal biennium beginning on July 1 of odd-numbered years. The capital budget generally includes appropriations for the acquisition, construction, and repair of capital assets such as land, buildings, and other infrastructure improvements. Funding for the capital budget is primarily from

state general obligation bonds, with other funding derived from various dedicated taxes, fees, and state trust land timber revenues.

Summary: The omnibus 2001-03 capital budget authorizes new capital projects for state agencies and institutions of higher education. See the Capital Budget Summary published by the Senate Ways & Means Committee.

The capital budget also authorizes state agencies to undertake various lease-purchase and lease development projects.

Votes on Final Passage:

Second Special Session

Senate	41	4	
House	84	1	(House amended)
Senate	36	2	(Senate concurred)

Effective: June 26, 2001

Partial Veto Summary: The Governor vetoed provisions affecting the Interagency Committee for Outdoor Recreation and the School for the Deaf. The vetoes do not affect the overall total appropriations in the budget. For more information, see "Legislative Budget Notes" published by the Appropriations Committee of the House of Representatives and the Senate Ways & Means Committee.

VETO MESSAGE ON SSB 6155

June 26, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to parts of sections 354 and 612 of Substitute Senate Bill No. 6155 entitled:

"AN ACT Relating to the capital budget;"

My reasons for vetoing these sections are as follows:

Section 354(3), page 93. Interagency Committee for Outdoor Recreation

This subsection would have provided \$1 million for a grant to the People for Salmon organization to coordinate and implement volunteer salmon recovery efforts. I whole-heartedly endorse volunteerism in support of salmon recovery. However, I continue to oppose direct appropriation of dollars to projects, which have not been through the normal Salmon Recovery Funding Board review process. We must preserve the Board's authority to make the best decisions about how state and federal salmon recovery money is spent.

Section 612, page 126, lines 1 - 5. School for the Deaf: Phase 2B

This appropriation language would have unnecessarily delayed the design of the renovation of the School for the Deaf by more than two years. Since the Joint Legislative Audit and Review Committee (JLARC) and public policy studies are directed at capacity planning and educational delivery systems, their findings are not expected to significantly alter the legislative-directed master plan and facility program studies recently completed by the school. This appropriation funds the preliminary design of the campus renovation to address student safety, energy efficiency and educational program delivery, and the project should not be delayed for additional studies.

For these reasons I have vetoed portions of sections 354 and 612 of Substitute Senate Bill No. 6155.

With the exception of those portions of sections 354 and 612 as specified above, Substitute Senate Bill No. 6155 is approved.
Respectfully submitted,



Gary Locke
Governor

ESSB 6167
PARTIAL VETO
C 11 L 01 E2

Ensuring sound actuarial funding of the state retirement systems.

By Senate Committee on Ways & Means (originally sponsored by Senators Brown, Snyder, Spanel and B. Sheldon).

Senate Committee on Ways & Means

Background: 1989 Pension Funding Reforms. In 1989 the Legislature established new processes to provide for the systematic funding of the various state-administered retirement plans, including the Public Employees Retirement System (PERS), the Teachers Retirement System (TRS), the School Employees Retirement System (SERS), the Washington State Patrol Retirement System (WSPRS) and the Law Enforcement Officers and Fire Fighters Retirement System (LEOFF). Contribution rates were initially placed in statute and the Governor was required to use those rates in preparing a proposed budget. A statement of legislative intent was adopted, which included the goals of fully funding Plan 1 liabilities by June 30, 2024; maintaining the fully funded status of the Plan 2 systems, and establishing predictable long-term employer contribution rates that would remain a relatively constant proportion of future state budgets.

The 1989 pension funding bill established new employer contribution rates in statute, required the Economic and Revenue Forecast Council (ERFC) to adopt the economic assumptions used by the State Actuary in conducting valuation studies of the state retirement systems, and also required the ERFC to recommend changes in employer contribution rates once every six years.

In 1990 several of the state retirement plans had very large levels of unfunded liabilities: PERS 1 had about \$2.3 billion in unfunded liabilities and a funding ratio of 66 percent; TRS 1 had about \$2.4 billion in unfunded liabilities and a funding ratio of 60 percent; and LEOFF 1 had \$1.2 billion and a funding ratio of 65 percent. These funding ratios had increased from 56 percent, 38 percent, and 22 percent respectively since 1980, primarily due to the strong investment returns from 1985 through 1989.

Changes to Funding Statutes Since 1989. In 1992 the Legislature amended the funding statutes to lower the

employer contribution rates, based on the most recent actuarial studies. In 1993 the legislature again amended the funding statutes to lower the employer contribution rates in light of updated actuarial valuation studies, and also provided that the ERFC would adopt future changes to the employer contribution rates every two years, in addition to adopting changes to the economic assumptions every six years. Later the statute was amended to provide that the ERFC would adopt changes to the economic assumptions every other year in odd-numbered years.

In 1998 the pension funding process was amended again to create a new Pension Funding Council (PFC) which would take over the role of the ERFC in adopting changes to economic assumptions and employer contribution rates. The PFC consists of the directors of the Department of Retirement Systems, the director of the Office of Financial Management, and the chair and ranking minority members of the House Appropriations Committee and the Senate Ways and Means Committee. The PFC has no separate staff or funding; it receives staff support from a workgroup consisting of staff persons who are appointed by the PFC members, plus staff representing the State Investment Board and the Economic and Revenue Forecast Council. The PFC can adopt changes to employer contribution rates with four votes; the statutes are unclear whether it requires four or five votes to change the economic assumptions. The PFC adopted changes to employer contribution rates in 1998 for use in the 1999-2001 biennium, and again in 2000 for use in the 2001-2003 biennium. The rates adopted by the PFC in both years were the rates developed in the most recent State Actuary valuation studies of the state retirement plans.

Another major pension funding change was made in 1998 with the establishment of the investment "gains sharing" program. All extraordinary investment gains in the PERS 1 and TRS 1 funds are now used for two purposes: 50 percent to fund PERS 1 and TRS 1 cost-of-living adjustment (COLA) increases; and 50 percent to more rapidly pay off the PERS 1 and TRS 1 unfunded liabilities. In odd-numbered years, investment earnings that exceed a 10 percent average rate of return over the prior four years are defined to be "extraordinary investment gains." Since 1998 more than \$1.8 billion in extraordinary gains have been used for the two purposes; as a result, the current deadline for paying off the PERS 1 and TRS 1 unfunded liabilities is December 31, 2016.

The Legislature amended the pension funding statutes in the 2000 supplemental budget to provide that the PFC rates would be used through April 2000, and new rates, reflecting the most recent actuarial valuation studies would be implemented on May 1, 2000. The 2000 amendments to the pension funding statutes were challenged in court by some retiree organizations who claimed the changes could not be made in the budget

itself, and that the Legislature had not reserved the right to make future changes to the funding statutes.

The 1999 actuarial valuation studies indicate:

- the PERS 1 unfunded liabilities have been reduced to \$809 million, and the plan has a 93 percent funding ratio;
- the TRS 1 unfunded liabilities have been reduced to \$663 million, and the plan also has a 93 percent funding ratio; and
- the LEOFF 1 unfunded liabilities have been entirely eliminated, and the plan has a 125 percent funding ratio.

The long-term economic assumptions used in the valuation studies that the PFC is charged to review and adjust include: investment returns - currently 7.5 percent; salary growth - currently 4 percent; inflation - currently 3.5 percent; and growth in membership salaries. The PFC has never changed the economic assumptions; the last changes were made by the ERFC in 1997. During the 1999 PFC review of the long-term economic assumptions, the council's consulting actuary indicated the current assumption for investment returns was lower than the 8 percent assumption which was most common for other large public sector pension plans, and the salary growth assumption was lower than the 4.8 percent average of the salary growth assumptions used by those same plans.

Summary: Legislative intent regarding the state's pension funding processes is modified in recognition of the improvement in the funding status of the state retirement systems since 1989. New long-term economic assumptions are adopted in statute for use in state retirement system actuarial studies. The investment return assumption is increased to 8 percent per year and the salary growth assumption is increased to 4.5 percent per year. A new asset value smoothing technique which provides for actuarial gains and losses to be spread evenly over a four-year period is adopted. New employer, state, and Plan 2 member contribution rates are adopted for the 2001-2003 biennium for the Public Employees Retirement System (PERS), the Teachers Retirement System (TRS), the School Employees Retirement System (SERS), and the Law Enforcement Officers and Fire Fighters Retirement System, Plan 2 (LEOFF 2). The target date for repayment of the PERS 1 and TRS 1 unfunded liabilities is moved back from December 31, 2016 to June 30, 2024. The roles of the Pension Funding Council (PFC) and the Legislature in adopting economic assumptions, asset value smoothing techniques, and contribution rates, is clarified. The staffing for the PFC is transferred to the Office of the State Actuary and the PFC workgroup is abolished. The PFC is authorized to also retain independent actuarial advice.

Votes on Final Passage:

Senate 26 21

Second Special Session

Senate 26 16

House 51 36

Effective: July 1, 2001

March 1, 2002 (Sections 2-4, 8, 13, 14, 16)

Partial Veto Summary: The provisions which would have eliminated the pension funding work group and transferred staffing responsibility to the Office of the State Actuary were deleted.

VETO MESSAGE ON ESSB 6167

June 26, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 18, Engrossed Substitute Senate Bill No. 6167 entitled:

“AN ACT Relating to actuarial funding of state retirement systems;”

This bill establishes long-term economic assumptions and contribution rates for the state pension funds. These are matters of great concern to both working and retired members of the retirement systems and for the state as a whole. Implementing these assumptions requires a high level of expertise and appropriate input from those with the experience and skills to ensure the credibility and accountability of the process.

Section 18 would have abolished the pension funding work group entirely, and transferred staffing responsibility to the state actuary. This approach would have reduced the amount of expertise and input available and would have eroded confidence in the reliability of the pension system.

I agree with members of the Legislature that the current process could be better, and am willing to work with them on another solution.

For these reasons, I have vetoed section 18 of Engrossed Substitute Senate Bill No. 6167.

With the exception of section 18, Engrossed Substitute Senate Bill No. 6167 is approved.

Respectfully submitted,

Gary Locke
Governor

SB 6181
C 1 L 01 E1

Allowing Washington state ferry fares to be increased in excess of the fiscal growth factor.

By Senators B. Sheldon, Horn, Spanel, Haugen and Gardner.

Background: In the 2000 supplemental budget, Chapter 3, Laws of 2000, 2nd Special Session, the Legislature created the Joint Task Force on Ferries (JTFF). Part of the JTFF’s charge was to review fare policy and deter-

mine what level of operational funding should be collected through the farebox. JTFF, as well as the Transportation Commission’s Tariff Policy Committee, has recommended that the commission begin phasing in increases over a six-year period. The goal of the increases would be to increase the proportion of operating expenses recovered from the farebox from the current level of 60 percent to a new target level of 80 percent.

Ferry tariffs (fares) are a fee under RCW 43.135.055 and are subject to the I-601 limit. However, I-601 authorized the Legislature to exempt particular fees, thus allowing them to be raised in excess of the I-601 limit. The ferry fares cannot be raised unless the Legislature exempts the fares from the I-601 limit on fee increases.

Summary: The Transportation Commission is granted the authority to increase ferry fares in excess of the I-601 limitation on fee increases.

Votes on Final Passage:

First Special Session

Senate 44 4

House 73 21

Effective: May 2, 2001

ESB 6188
C 2 L 01 E1

Streamlining the environmental permit process for transportation projects.

By Senators Prentice, Swecker, Haugen, McDonald, Gardner, Horn, Rasmussen and Deccio.

Senate Committee on Transportation

House Committee on Transportation

Background: The Legislature and the Governor formed the Blue Ribbon Commission on Transportation in 1998 to assess the local, regional, and state transportation system; ensure that current and future money is spent wisely; make the system more accountable and predictable; and prepare a 20-year plan for funding and investing in the transportation system. The commission consisted of 46 members representing business, labor, agriculture, tribes, government, ports, shipping, trucking, transit, rail, environmental interests, and the general public.

The commission made 18 recommendations to the Governor and the Legislature. Recommendation 11 directs the Washington State Department of Transportation (WSDOT) to work toward a goal of one-stop environmental permitting for transportation projects.

Summary: The following projects are eligible for a streamlined environmental permitting process: pilot projects designated in this act, transportation projects of statewide significance, and projects selected for a pro-

grammatic approach by the transportation permit efficiency and accountability committee created in this act.

Transportation projects of statewide significance means a surface transportation project or combination of projects that cross multiple city or county jurisdictional boundaries or connects major destinations in support of the economy. These projects are designated by the WSDOT and must be approved by the Senate and House Transportation Committees.

The Transportation Permit Efficiency and Accountability Committee (TPEAC) is created. The TPEAC must consist of the following nine voting members: four legislators, a Secretary of WSDOT designee, a Director of Department of Fish and Wildlife designee, a Director of Department of Ecology designee, an Association of Washington Cities designee, and a Washington State Association of Counties designee. The eight nonvoting members of the committee include representatives from the construction industry, environmental interests, labor, and tribes. The WSDOT must provide administrative assistance to the TPEAC.

The TPEAC must assess the application of current environmental standards and integrate those standards where appropriate. The TPEAC must designate three pilot projects and use a streamlined process for permitting those projects. The TPEAC must also develop a list of streamlining opportunities and make recommendations to the Legislature on necessary statutory or administrative changes. Finally, the TPEAC must implement a streamlined permitting process for transportation projects of statewide significance based on the integrated standards developed by the committee. Committee action may not override existing statutes, regulations or local ordinances. The committee must make twice yearly reports to the Legislature.

Local governments have three options for participating in the streamlined process. If a local government elects to be a participating entity, a representative from the local government will be part of the coordinated review of the project. If a local government elects to be an assigning entity, the local government will enter into an agreement with the department to define the local permit requirements that must be met. If a local government elects not to participate in the coordinated process, the department will conduct the local permitting process and must comply with the provisions of the city and county ordinances.

An interim process for permitting transportation projects of statewide significance applies until the TPEAC adopts integrated standards and best management practices. This process is optional for the department and specifies a six-step process including early involvement of affected agencies, identification of permit requirements, selection of preferred alternatives, coordinated reviews and hearings, and timelines for completing reviews and decisions.

This legislation expires March 31, 2003.

Votes on Final Passage:

First Special Session

Senate	39	3
House	96	0

Effective: May 29, 2001

ESB 6194

PARTIAL VETO

C 22 L 01 E2

Authorizing port districts to provide pilots in Grays Harbor.

By Senators Snyder, Hargrove and T. Sheldon.

Senate Committee on Transportation

Background: Currently, the persons who provide pilotage services in the Grays Harbor Navigation Channel are paid a fee per ship they pilot into port. With the decline in the timber industry, fewer ships use the Grays Harbor port. As a consequence, the two remaining pilot owners are threatening to leave Grays Harbor, thus leaving the only deep water port on the Pacific Coast without pilots.

Summary: A countywide port district located within the Grays Harbor pilotage district is created. It may begin pilotage service on or before June 30, 2001.

To be employed by a port district to perform pilotage services, a pilot must be licensed by the Board of Pilotage Commissioners (Board). Before establishing pilotage services in the Grays Harbor pilotage district, a port district must provide 60 days written notice to the chair of the Board.

A port district requiring additional pilots may petition the Board to qualify and license as a pilot a person who has already passed the Grays Harbor pilotage district examination and is on the waiting list for its training program.

The Joint Legislative Audit and Review Committee must conduct a study to determine the effectiveness of this legislation. The study must be issued to the House and Senate Transportation committees no later than June 30, 2006.

Votes on Final Passage:

Second Special Session

Senate	44	0
House	83	0

Effective: July 13, 2001

Partial Veto Summary: The study to be conducted by the Joint Legislative Audit and Review Committee is removed.

VETO MESSAGE ON SB 6194

July 13, 2001

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to section 2, Engrossed Senate Bill No. 6194 entitled:

“AN ACT Relating to authorizing the provision of pilotage services in the Grays Harbor pilotage district by port districts;”

Engrossed Senate Bill No. 6194 authorizes the Port of Grays Harbor to undertake pilotage services under certain conditions. This bill will help ensure the safe passage of maritime traffic in the Grays Harbor pilotage district when no private sector pilots are available.

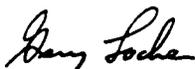
Section 2 of the bill mandates a study of this authorization by the Joint Legislative Audit and Review Committee. Although a review of the provisions and effectiveness of this act should be undertaken, the scope of the study is too broad. It specifically requests that the committee investigate whether other ports have indicated an interest in providing pilotage services, suggesting that we might consider the provision of pilotage services by ports other than Grays Harbor.

In the case of Grays Harbor, it is clear that the private sector is no longer able to adequately provide this essential public service. However, there is no evidence to suggest that the public needs to provide these services in any other area. The public sector should not unnecessarily displace functioning private sector businesses.

For these reasons I have vetoed section 2 of Engrossed Senate Bill No. 6194.

With the exception of section 2, Engrossed Senate Bill No. 6194 is approved.

Respectfully submitted,



Gary Locke
Governor

ESB 6198

C 21 L 01 E2

Allowing the governor to enter into cigarette sales contracts with certain Indian tribes.

By Senators Prentice, Deccio, B. Sheldon, Honeyford, T. Sheldon, Jacobsen and Rasmussen.

Background: Cigarette taxes are added directly to the price of these goods before the sales tax is applied. The rate for the cigarette tax is 82.5 cents per pack of 20 cigarettes. Retail sales and use taxes are also imposed on sales of cigarettes. Revenue from the first 23 cents of the cigarette tax goes to the general fund. The next 8 cents are dedicated to water quality improvement programs. The next 41 cents go to the Health Services Account. The final 10.5 cents are dedicated to youth violence prevention and drug enforcement.

Under federal law, the cigarette tax does not apply to cigarettes sold on an Indian reservation to an enrolled

tribal member for personal consumption. However, sales made by tribal cigarette retailers to non-tribal members are subject to the tax. Enforcement of state cigarette taxes in respect to tribal retail operations has involved considerable difficulty and litigation, with mixed results.

In the 2001 session, ESSB 5372 passed allowing the Governor to enter into cooperative agreements concerning the sales of cigarettes with federally recognized Indian tribes located within Washington. Cooperative agreements must be for renewable terms of eight years or less. Cigarettes sold on Indian lands during the cooperative agreement's term are subject to a tribal cigarette tax and are exempt from state cigarette, and sales and use taxes.

The Governor is authorized to enter into cooperative agreements with the Squaxin Island Tribe, Nisqually Tribe, Tulalip Tribes, the Mukleshoot Indian Tribe, the Quinault Nation, the Jamestown S'Klallam Indian Tribe, the Port Gamble S'Klallam Tribe, the Stillaguamish Tribe, and the Sauk-Suiattle Tribe, the Skokomish Indian Tribe, the Nooksack Indian Tribe, and the Lummi Nation with a tax rate of 100 percent of the state cigarette and sales tax rate. The 100 percent rate may be phased in over three years but the rate can be no lower than 80 percent of state cigarette and sales tax rate.

Summary: The Yakima Indian Nation and the Suquamish Tribe are added to the list of tribes that the Governor may enter into agreements with.

Votes on Final Passage:

Second Special Session

Senate	41	0
House	81	2

Effective: September 20, 2001

SJM 8006

Requesting fish passage modifications be made to the Leavenworth National Fish Hatchery.

By Senators Jacobsen, Swecker and Parlette.

Senate Committee on Natural Resources, Parks & Shorelines

House Committee on Natural Resources

Background: The United States Fish and Wildlife Service operates a salmon hatchery on the Icicle River near Leavenworth, Washington. There are currently three Icicle River species of salmonids listed as either threatened or endangered by the federal Endangered Species Act.

The fish hatchery utilizes a water withdrawal design that does not provide protection for naturally spawned salmon or trout. The hatchery withdrawal structure could be modified to provide more protection to wild salmonids.

Summary: The Legislature requests the United States Fish and Wildlife Service to modify the water with-

drawal structure at the Leavenworth National Fish Hatchery in order to make it more compatible with wild salmon and trout. Congress is asked to provide sufficient funding for the project.

Votes on Final Passage:

Senate	49	0
House	95	0

SJM 8008

Requesting a joint Oregon-Washington committee on taxation be established.

By Senators Benton and Carlson.

Senate Committee on Ways & Means
House Committee on Finance

Background: The state of Washington imposes a sales tax but no income tax. Washington exempts Oregon residents who purchase goods in Washington from sales tax.

The state of Oregon imposes an income tax but no sales tax. Oregon's income tax applies to the income of residents from all sources, both within Oregon and without. Oregon also taxes nonresidents on income from Oregon sources. For the 1998 tax year, Washington residents filed 79,461 Oregon income tax returns and paid an average of \$1,655 in Oregon personal income tax. Washington residents paid a total of \$130 million in Oregon personal income tax. This represented 3.8 percent of all Oregon personal income taxes.

Summary: A request is made to the Governor and Legislature of the state of Oregon to establish a joint committee on taxation, consisting of an equal number of legislators from both states, to study the issue of tax fairness for residents residing in one state who are employed, conduct business, or make purchases in the other state.

Votes on Final Passage:

Senate	49	0
House	94	1

ESJM 8016

Emphasizing free and fair trade of nonanadromous aquaculture products between the United States and Canada.

By Senators Shin, Rasmussen, and Sheahan.

Senate Committee on Agriculture & International Trade
House Committee on Trade & Economic Development

Background: Washington's aquaculture industry exports salmon and trout eggs and smolts throughout the world. However, it has experienced difficulty exporting to Canada. For example, Canada requires that Atlantic salmon eggs being imported to British Columbia

undergo a quarantine. It does not allow the importation of Atlantic salmon smolts. Aquaculturists in both the United States and Canada, as well as some U.S. government officials, have questioned the need for Canada's import restrictions.

Summary: The federal government is asked to emphasize the importance of the free and fair trade of upland aquacultural products between the United State and Canada in its dealings with Canada.

Votes on Final Passage:

Senate	46	0	
House	95	0	(House amended)
Senate	47	0	(Senate concurred)

SJM 8019

Petitioning the secretary of agriculture to review certain policies of the conservation reserve enhancement program.

By Senators Rasmussen, Parlette, Spanel and Oke.

Senate Committee on Agriculture & International Trade
House Committee on Agriculture & Ecology

Background: The federal Conservation Reserve Enhancement Program is administered by the United States Department of Agriculture (USDA). To offer this program, the USDA must enter into cost-share agreements with states or their political subdivisions to provide incentives to owners of agricultural lands to undertake specific conservation and environmental objectives of that state and the nation.

The state of Washington has entered into a memorandum of agreement with USDA whereby landowners may enter into contracts for 15 years to plant native trees and shrubs on agricultural lands adjacent to streams. The specific environmental objectives of the program are to restore and enhance salmon habitat and improve water quality. The memorandum of agreement provides for 100,000 acres of land to be enrolled in the program. Currently, 1400 acres have been enrolled in the program.

As a matter of policy of the USDA, the program can only be offered on agricultural lands upon which annual crops or pasture is grown. Lands upon which perennial horticultural crops are grown do not currently qualify for enrollment in the program. There are numerous areas in the state where perennial horticultural crops are grown adjacent to streams that contain listed species of salmonids.

Summary: The Washington State Legislature requests the Secretary of the Department of Agriculture to alter its policies to allow the inclusion into the Conservation Reserve Enhancement Program lands that are currently being used to produce perennial horticultural crops.

Copies of the memorial are to be immediately transmitted to the President of the United States, the Secretary

ESJR 8208

of the United States Department of Agriculture, the President of the U.S. Senate, the Speaker of the U.S. House of Representatives, and to each member of Congress from the state of Washington.

Votes on Final Passage:

Senate	46	0	
House	95	0	(House amended)
Senate	46	0	(Senate concurred)

ESJR 8208

Amending the Constitution regarding the use of judges pro tempore.

By Senators Kline and Constantine; by request of Administrator for the Courts.

Senate Committee on Judiciary
House Committee on Judiciary

Background: Under the provisions of the Washington State Constitution and statutes, there are specific limitations on the use of judges pro tempore in superior courts. A case in superior court may only be heard by a judge pro tempore if the person is a member of the State Bar and is agreed to in writing by the litigants and approved by the court.

Given the court congestion that many superior courts are experiencing throughout the state, the Board for Judicial Administration is recommending that the current restrictions on the use of pro tempore judges be made more flexible. The board is of the opinion that greater use of pro tempore judges will reduce court congestion and help to alleviate the need for authorizing additional full-time elected judges in the superior courts.

Summary: The Washington State Constitution is amended to provide that, in addition to those persons currently authorized to be a judge pro tempore in superior court, any sitting elected judge may serve as a judge pro tempore in superior court without the approval of the litigants, as provided by Supreme Court rule. The rule must take into consideration assignments of judges pro tempore based on the experience of such judges and provide for the right, exercisable once during a case, to a change of a judge pro tempore.

Votes on Final Passage:

Senate	42	6	
House	91	5	(House amended)
Senate	39	8	(Senate concurred)

Effective: January 1, 2002 (upon approval by the voters)

Sunset Legislation

Background: The Legislature adopted the Washington State Sunset Act (43.131 RCW) in 1977 in order to improve legislative oversight of state agencies and programs. The sunset process provides for the automatic termination of selected state agencies, programs, units, subunits and statutes. Unless the Legislature provides otherwise, the entity made subject to sunset review must formulate the performance measures by which it will ultimately be evaluated. One year prior to an automatic termination, the Joint Legislative Audit and Review Committee and the Office of Financial Management conduct program and fiscal reviews. These reviews are designed to assist the Legislature in determining whether agencies and programs should be terminated automatically or reauthorized in either their current or a modified form prior to the termination date.

Session Summary: Legislation instituted a sunset review to be completed by January 1, 2004, with the legislation expiring on June 30, 2004, of the program to reimburse landowners for damage by deer and elk to range land. Legislation also extended the termination date of the linked deposit program from June 30, 2000 to June 30, 2003 and extended the repealer of the act from June 30, 2001 to June 30, 2004.

Program Added to Sunset Review

**Program to reimburse landowners
for damage by deer and elk
to range land** 2SHB 1752 (C 274 L 01)

Program with Sunset Date Extended

Linked Deposit Program 2SHB 1445 (C 316 L 01)

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2001 FINAL LEGISLATIVE REPORT

THE APRIL 29, 1965 QUAKE



Washington State Archives

On April 29, 1965, a magnitude 6.5 earthquake rocked the northwest causing extensive damage and loss of life. The epicenter was located in northwestern Washington between Bremerton and Tacoma. Some damage was difficult to evaluate since many buildings in Seattle and other Puget Sound areas had been damaged by previous earthquakes, notably that of April 13, 1949.

The Legislative Building suffered a crack about three feet long on the inside of the inner dome of the rotunda. The five-ton chandelier swung on its 110-foot chain, in a one-foot orbit for half an hour after the shock. There were reports the dome had shifted. The building superintendent reported some stones weighing 25 pounds or more had broken loose. Damage to light fixtures and elevator shafts in the Legislative Building was about \$200,000.

SECTION II BUDGET INFORMATION

Operating Budget

Capital Budget

Transportation Budget

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2001-03 Operating Budget Overview

The 2001 Legislature was confronted with a difficult fiscal situation created by the resurgence of rapid health care cost increases, the passage of two initiatives with large fiscal impacts, a slowdown in the economy, and a major earthquake. Budget pressures were mitigated somewhat from savings in the cost of the state's pension systems and a large one-time increase in federal revenues.

The 2001-03 operating budget was adopted in the second extraordinary session. The state general fund for 2001-03 is \$22.8 billion, an 8.3 percent increase over the 1999-01 appropriation¹. The total funds operating budget for 2001-03 is \$43.3 billion, a 13.1 percent increase over the 1999-01 budget.

Health Care Costs

The Legislature enacted a supplemental budget to the 1991-01 biennial appropriation of \$194.5 million, of which \$141 million was for the Medical Assistance Program in the Department of Social and Health Services. The Medical Assistance Program supplemental appropriation represents nearly a 17 percent increase in the estimated expenditures for fiscal year 2001 over the 2000 session appropriation level. These increased costs were reflected in the 2001-03 biennium Medical Assistance Program appropriation, an increase of \$439 million over the 1991-01 appropriations level.

An additional \$131 million was appropriated to pay for the increased cost of health care benefits for public school, higher education, and other state employees.

Ballot Initiatives

In November 2000, two initiatives passed with large impacts on the state general fund. Initiative 728 (I-728) diverts \$470 million in the 2001-3 biennium from the state general fund to a new Student Achievement Account and the Education Construction Account. The funds are to be used by local school districts to reduce class size, provide extended learning, and other specified purposes.

Initiative 732 requires cost of living increases (COLAs) for public school employees and some community college employees equal to the Seattle area consumer price index (CPI). The fiscal year 2002 COLA provided by the budget is 3.7 percent. The budget includes funds for an estimated 3.1 percent COLA in fiscal year 2003; however, no rate for fiscal year 2003 is specified in the budget because the second year CPI will be not be known until the end of calendar year 2001. The sum of \$348 million is appropriated for these COLAs.

Economic Slowdown

General fund revenue for the 2001-03 biennium is forecast to increase only 3.8 percent over the 1999-01 biennium. Although not a recession-level growth rate, this is the slowest revenue growth since the 1991-93 biennium. When general fund revenue diverted from the passage of I-728 and the phase out of the estate tax mandated by Congress is factored in, revenue for fiscal year 2002 is forecast to actually decrease from the previous fiscal year. Revenue growth in fiscal year 2003 is forecast to increase by 4.8 percent, close to average general fund revenue growth.

¹ Annual general fund state expenditures for fiscal year 2002 are \$11.217 billion and for fiscal year 2003 are \$11.566 billion.

2001-03 Operating Budget (ESSB 6153)

The Nisqually Earthquake

On February 28, 2001, a 6.8 magnitude earthquake centered less than 15 miles from the capitol struck the state. In the omnibus 2001-03 operating budget, the 2001 supplemental to the 1999-01 operating budget, and in other legislation, \$77.3 million from the emergency reserve account and \$168 million of federal matching funds from the Federal Emergency Management Agency were appropriated for earthquake recovery purposes.

Pension Changes

Savings of \$315 million in General Fund-State were realized through reductions in state pension contributions. Of this amount, \$198 million of savings were realized through the passage of Chapter 11, Laws of 2001, 2nd sp.s., Partial Veto (ESSB 6167), which raised the long-term investment return assumption for pensions from 7.5 percent to 8 percent and changed the target date for full funding of the two pension funds with unfunded liabilities back to June 30, 2024. The remainder of the pension savings results from the 1999 valuation studies of the state pension plans.

The operating budget includes \$125 million of appropriations from the State Surplus Assets Reserve Account. This account was created to receive funds that were to be generated by restructuring the Law Enforcement Officers and Fire Fighters 1 pension plan (LEOFF). The LEOFF 1 pension has assets in excess of what is needed to fully fund the pension obligation to all beneficiaries. Second Engrossed Substitute Senate Bill 6166, which would have established the State Surplus Assets Reserve Fund and transferred assets from the Law Enforcement Officers Plan 1 pension account, was not enacted.

Additional Federal Revenues

The Nursing Home Proportionate Share program (ProShare) is a Washington State program that uses payments to public hospitals operating nursing homes to generate additional federal Medicaid revenues. These additional federal revenues are returned to the state and available to support any state activity. In May, the Department of Social and Health Services completed additional data collection and analysis that concluded that an additional \$450 million was available by the end of the 2001-03 biennium. These funds are to be deposited in the Health Services Account. The amount of \$150 million is transferred from the Health Service Account to the state general fund.

Spending Limit

General fund expenditures are subject to the spending limit created in Initiative 601 (I-601). In the 2000 legislative session, the calculation of the spending limit was amended to allow for an increase in the limit when revenues or expenditures are transferred into the general fund. The budget transfers \$220 million: \$150 million from the Health Services Account and \$70 million from the Multimodal Account. These transfers increase the I-601 spending limit by \$426 million for the biennium to \$22,850.2 million. The 2001-03 general fund appropriation is \$67 million below the adjusted spending limit². These transfers are reflected in the unrestricted ending fund balance.

Reserves

The 2001-03 general fund budget leaves a total of \$162 million in the unrestricted balance and an additional \$446 million in the Emergency Reserve Fund. The \$608 million is slightly more than 5 percent of annual spending

² Annual general fund spending limits for fiscal year 2002 are \$11,232.6 million and for fiscal year 2003 are \$11,617.6 million.

2001-03 Estimated Revenues and Expenditures

General Fund-State
(Dollars in Millions)

Resources	
Beginning Balance	599.7
March Revenue Forecast	22,215.5
June Revenue Change	-108.9
Tax Reductions	-17.1
Budget Driven Revenue and Minor Transfers	35.8
Multimodal Account Transfer	70.0
Health Services Account Transfer	150.0
Available Resources	22,944.9
Appropriations and Limit	
Total Appropriations	22,783.2
Spending Limit	22,848.4
<i>Appropriations Compared to Limit</i>	-65.1
General Fund Balance	
Ending Balance	161.7
Emergency Reserve Fund Balance	
Beginning Balance and Interest	541.3
Transportation Transfer	-70.0
Earthquake and Drought (HB 2258)	-25.0
Ending Balance	446.2
Total Reserves	607.9

2001-03 Operating Budget (ESSB 6153)

**2001-03 Washington State Budget
Adjustments to the Initiative 601 Expenditure Limit
(Dollars in Millions)**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>2001-03</u>
Beginning Limit	11,135.8	11,462.1	22,597.9
Budget Adjustments (Detail below)	-11.5	23.9	12.5
Transit	-92.7	-95.4	-188.1
FMAP	20.1	20.7	40.8
Ferries	-20.0	-20.6	-40.6
Multimodal Account	70.0	72.1	142.1
Health Services Account (Year 1)	130.0	133.8	263.8
Health Services Account (Year 2)	0.0	20.0	20.0
Ending Limit	<u>11,231.8</u>	<u>11,616.6</u>	<u>22,848.4</u>
Detail of Budget Adjustments			
Shift Div of Alcohol & Substance Abuse into General Fund	13.5	13.9	27.4
Federal Funding - Illegal Alien Offenders	3.1	3.2	6.4
Treasurer Account	0.0	8.0	8.0
Senate Transportation Committee Costs	0.8	0.9	1.7
Core Salmon Recovery Activities	0.6	0.6	1.3
Community Supervision Workload Change	0.3	0.3	0.6
Fish Management	0.3	0.3	0.5
Federal Match For Forest Legacy Support	0.2	0.2	0.4
E2SHB 1658 - Oyster Reserve Lands	-0.2	-0.2	-0.3
SB 5082 - Defining Rural Counties	-0.4	-0.5	-0.9
2E2SSB 5514 - Public Facilities	-0.5	-0.5	-1.1
Teen Pregnancy Prevention	-0.6	-0.6	-1.1
Mental Health Inpatient Emergency Pool	-0.9	0.0	-0.9
Employment Security Fund Change	-1.3	-1.3	-2.6
Puget Sound Action Team	-1.6	-1.7	-3.3
ESSB 5237 - Fair Fund Transfer	-2.0	-2.1	-4.1
Federal Disproportionate Share Payments	-22.8	16.0	-6.8
Washington State Patrol Transfer	0.0	-12.6	-12.6
Subtotal	<u>-11.5</u>	<u>23.9</u>	<u>12.5</u>

**2001-03 Washington State Operating Budget
 Appropriations Contained Within Other Legislation
 (Dollars in Thousands)**

Bill Number and Subject	Session Law	Agency	GF-S	Total
HB 2258 - Earthquake And Drought Relief	C 26 L 01 E2	Other Legislation with Appropriations		25,000
ESSB 5237 - Fair Fund	C 16 L 01	Other Legislation with Appropriations	100	
Total			100	25,000

Note: Operating appropriations contained in Chapter 7, Laws of 2001, 2nd sp.,s., Partial Veto (SSB 6153 - 2001-03 Omnibus Operating Budget) and Chapter 14, Laws of 2001, 2nd sp.s. (3ESSB 5327 - 2001-03 Transportation Budget) are displayed in the appropriate sections of this document.

Revenues

In November 2000, the voters approved Initiative 722 (I-722). I-722 exempted increases in property tax valuations above 2 percent per year from property taxation, limited the growth of property tax levies of taxing districts to 2 percent per year, repealed the law which allows "stockpiling" of future property tax increases, invalidated 1999 tax increases imposed without voter approval, and exempted vehicles from property taxes. It was estimated that I-722 would decrease state general fund revenues by \$35.8 million for the 2001-03 biennium and local government revenues by \$348.8 million. On November 30, 2000, the Thurston County Superior Court enjoined implementation of I-722. On February 23, 2001, the Thurston County Superior Court ruled the initiative was unconstitutional because it contained more than one subject, failed to set out amended statutes in full, violated the property tax uniformity requirement, and made gifts of public money. An appeal to the state Supreme Court is pending.

During the 2001 regular, first, second, and third special sessions, the Legislature enacted 37 bills affecting revenue. After four partial vetoes, state general fund resources were reduced by \$17.2 million.

Only four bills had revenue impacts on the state general fund in excess of \$1 million. The most significant bill, Chapter 214, Laws of 2001 (EHB 2247), was directed at the energy crisis. The bill provides a 60-month credit against the business and occupation tax for the amount of the public utility tax attributable to purchases of natural gas by a direct service industrial (DSI) firm that constructs a gas turbine electrical generating facility. A comparable 60-month deferral/exemption for the use tax on brokered natural gas purchased by the DSI firm that constructs a new power plant is also provided. The bill also provides a comparable 60-month credit for public utility tax on electrical sales to the DSI firm if a public utility constructs a new power plant to supply the power needs of the DSI firm. This credit is allowed if the public utility passes the credit on to the DSI firm in reduced rates and has a 10-year contract to supply power to the DSI firm. These credits and deferrals are capped at \$2.5 million per fiscal year and an individual firm is limited to \$1.5 million of credit or deferral per fiscal year if more than one firm participates. In addition, a public utility tax credit is established for light and power businesses and gas distribution businesses for billing discounts and qualifying contributions that are equal to or greater than 125 percent of discounts or contributions given in fiscal year 2000 or, if no contributions or discounts were given in fiscal year 2000, in the first year that they are given. The amount of the credit is equal to 50 percent of the billing discount. Finally, a sales and use tax exemption is created for the installation or acquisition of air pollution control equipment for thermal electric peaking plants smaller than 100 megawatts. In total, this bill decreases general fund revenues by \$8.3 million.

The next most significant bill in terms of impact, Chapter 16, Laws of 2001, 2nd sp.s., (ESSB 5237), provided a permanent funding mechanism for the Fair Fund. It provided for the annual transfer of \$2 million from the general fund to the Fair Fund for local fairs and youth shows.

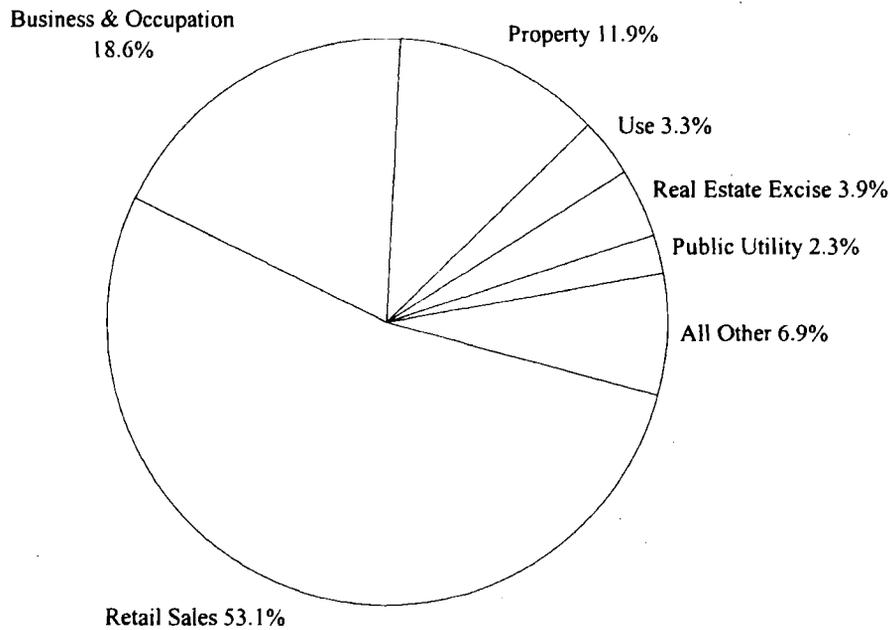
The other two bills were aimed at aiding agriculture. Chapter 25, Laws of 2001, 2nd sp.s. (ESHB 2138) reduced the business and occupation tax rate on manufacturing dairy products and by-products from 0.484 percent to 0.138 percent and provided sales and use exemptions to farmers for propane used to heat structures that house chickens and for bedding materials for chickens. This bill decreases general fund revenues by \$3 million. Chapter 17, Laws of 2001, 2nd sp.s. (SSB 5496) exempts sales to farmers or veterinarians of animal pharmaceuticals approved by the United States Department of Agriculture or by the United States Food and Drug Administration if administered to an animal raised by a farmer for sale. This bill decreases general fund revenues by \$2.2 million.

All other revenue bills passed by the Legislature and signed by the Governor either had no revenue impacts or impacts of \$1 million or less on the state general fund.

Washington State Revenue Forecast - June 2001

2001-03 General Fund-State Revenues by Source

(Dollars in Millions)



Sources of Revenue	
Retail Sales	11,726.5
Business & Occupation	4,119.3
Property	2,623.2 *
Use	731.8
Real Estate Excise	861.7
Public Utility	505.6
All Other	1,531.0
Total *	22,099.1

* The state levy forecast reflects only the General Fund portion. The portion of the state levy that is transferred to the Student Achievement Account by Initiative 728 is excluded.

Note: Reflects the June 2001 Revenue Forecast (Cash Basis).

2001-03 Operating Budget (ESSB 6153)

Washington State General Fund-State Revenues By Source

Dollars in Millions

	1991-93	1993-95	1995-97	1997-99	1999-01	2001-03
Retail Sales	7,163.0	8,020.5	8,541.8	9,609.8	10,936.8	11,726.5
Business & Occupation	2,503.5	3,031.5	3,300.1	3,603.6	3,765.5	4,119.3
Property	1,661.8	1,960.4	2,211.7	2,452.8	2,654.3	2,623.2 *
Use	515.1	569.4	626.1	662.0	781.2	731.8
Real Estate Excise	399.0	493.0	532.6	746.3	803.3	861.7
Public Utility	292.9	345.2	388.1	415.8	489.1	505.6
All Other	1,817.0	1,780.9	1,729.5	2,129.2	1,854.8	1,531.0
Total	14,352.3	16,200.9	17,329.9	19,619.5	21,285.0	22,099.1

Percent of Total

Retail Sales	49.9%	49.5%	49.3%	49.0%	51.4%	53.1%
Business & Occupation	17.4%	18.7%	19.0%	18.4%	17.7%	18.6%
Property	11.6%	12.1%	12.8%	12.5%	12.5%	11.9%
Use	3.6%	3.5%	3.6%	3.4%	3.7%	3.3%
Real Estate Excise	2.8%	3.0%	3.1%	3.8%	3.8%	3.9%
Public Utility	2.0%	2.1%	2.2%	2.1%	2.3%	2.3%
All Other	12.7%	11.0%	10.0%	10.9%	8.7%	6.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Percent Change from Prior Biennium

Retail Sales	12.0%	6.5%	12.5%	13.8%	7.2%
Business & Occupation	21.1%	8.9%	9.2%	4.5%	9.4%
Property	18.0%	12.8%	10.9%	8.2%	-1.2%
Use	10.5%	10.0%	5.7%	18.0%	-6.3%
Real Estate Excise	23.6%	8.0%	40.1%	7.6%	7.3%
Public Utility	17.9%	12.4%	7.1%	17.6%	3.4%
All Other	-2.0%	-2.9%	23.1%	-12.9%	-17.5%
Total	12.9%	7.0%	13.2%	8.5%	3.8%

* The state levy forecast reflects only the General Fund portion. The portion of the state levy that is transferred to the Student Achievement Account by Initiative 728 is excluded.

Note: Data for 1999-01 and 2001-03 reflect the June 2001 Revenue Forecast (Cash Basis).

2001 Revenue Legislation

General Fund-State

(Dollars in Thousands)

		<u>2001-03</u>	<u>2003-05</u>	
HB	1018	Disaster Relief	-33	0
HB	1055	Leasehold Tax/Lake Cushman	25	-144
HB	1116	Orthotic Devices	-61	-153
SHB	1119	Motor Vehicle Sales	1,164	-90
SHB	1125	Lodging Combined Sales Tax	0	0
SHB	1140	Grain Warehouses	-5	0
SHB	1202	Property Tax Administration	0	0
SHB	1203	Sales & Use Tax Electronic Certificates	0	0
SHB	1339	Taxation of Farmers	-14	-14
HB	1361	Excise Tax Administration	0	0
ESHB	1385	Linen and Uniform Supply	1,377	1,560
2SHB	1418	Community Revitalization Tax Increment	0	0
SHB	1445	Time Certificate Investment	-518	0
HB	1450	Property Tax Land Transfer	-91	-66
SHB	1467	Property Tax Administration	0	0
HB	1582	Motorcycles Training Use Tax	0	0
SHB	1624	Hospital B&O (Health Services)	0	-15,210
HB	1706	Direct Pay Permits	0	0
ESHB	1832	Water Resources Management	-895	0
HB	1859	Electric Generating Facilities	-312	-418
SHB	1906	Farm Equipment Tax Exemption	0	-6,991
SHB	1915	Wine and Cider Taxation	20	20
HB	2098	Property Tax Exemption (Very Low-Income Housing)	0	0
ESHB	2138	Rural Economic Development	-3,041	-3,749
SHB	2184	Park Model Trailers	-350	-423
ESHB	2191	Property Tax Exempt Leased Property	0	0
EHB	2247	Energy Package	-8,248	-10,000
EHB	2260	Grocery Distribution Cooperatives	0	0
SSB	5101	Consumer/Contractors	605	0
SB	5108	Short-Rotation Hardwoods Taxation	0	0
ESSB	5237	Providing Fair Funding	-4,000	-4,000
ESSB	5372	Tribal Cigarette Tax Compact	-155	0
SSB	5484	Conifer Seeds/Tax Exemption	-58	-32
SSB	5496	Animal Health Products	-2,206	-2,206
SSB	5702	Forest Lands/Taxation	0	0
2SSB	5947	Dairy Farmers	-408	-408
SJM	8008	Oregon and Washington Committee on Taxation	0	0
			<u>-17,204</u>	<u>-42,324</u>

Revenue Legislation

Tax Relief for Disasters – \$32,500 General Fund-State Revenue Decrease

Chapter 113, Laws of 2001 (HB 1018) decreases state general fund revenues by \$32,500 and local government revenues by \$5,500. The legislation creates a sales tax exemption until July 1, 2003, for labor and service charges associated with moving houses, demolishing houses, or cleaning up debris in an area that has been declared a federal landslide disaster area.

Exempting Certain Leasehold Interests – \$25,400 General Fund-State Revenue Increase

Chapter 26, Laws of 2001 (HB 1055) increases state general fund revenues by \$25,400 and local government revenues by \$285,000. The legislation exempts leases of public land consisting of at least 3,000 residential lots from the leasehold excise tax and makes them subject to the property tax. This applies to the lot only. Currently, this would only apply to the Lake Cushman Development.

Tax Exemptions for Sale or Use of Orthotic Devices – \$61,000 General Fund-State Revenue Decrease

Chapter 75, Laws of 2001 (HB 1116) decreases state general fund revenues by \$61,000 and local government revenues by \$17,000. The legislation exempts from sales and use tax orthotic devices prescribed by a podiatrist.

Taxation of Motor Vehicle Sales – \$1.164 Million General Fund-State Revenue Increase

Chapter 258, Laws of 2001 (SHB 1119) increases state general fund revenues by \$1.164 million. The legislation exempts from the business and occupation (B&O) tax auto dealers, licensed in Washington or another state, on wholesale sales of used motor vehicles to dealers at auto auctions. New car dealers are exempt from the B&O tax on inter-dealer sales of new vehicles for the purpose of adjusting inventory levels. In-state dealers that make courtesy deliveries of new vehicles on behalf of out-of-state vehicle dealers are deemed to be agents of the out-of-state dealers and must collect the B&O tax.

Limiting the Combined Sales Tax Rate on Lodging – No General Fund-State Revenue Impact

Chapter 6, Laws of 2001 (SHB 1125) has no state revenue impact. This legislation requires local sales taxes to provide an exemption for lodging if the total sales tax rate would exceed the greater of 12 percent or the total sales rate in effect on December 1, 2000.

Grain Warehouses – \$5,000 General Fund-State Revenue Decrease

Chapter 20, Laws of 2001 (SHB 1140) decreases state general fund revenues by \$5,000. The legislation allows grain warehouses the option of using cash accounting.

Property Tax Administration – No General Fund-State Revenue Impact

Chapter 185, Laws of 2001 (SHB 1202) has no revenue impact. This legislation makes procedures consistent for appeals of county assessor decisions.

Sales Tax Exemption Documentation – No General Fund-State Revenue Impact

Chapter 116, Laws of 2001 (SHB 1203) has no revenue impact. This legislation authorizes the Department of Revenue to enter into agreements for electronic sales tax exemption certificates.

Equity in the Taxation of Farmers – \$14,000 General Fund-State Revenue Decrease

Chapter 118, Laws of 2001 (SHB 1339) decreases state general fund revenues by \$14,000 and local government revenues by \$4,000. The legislation allows farmers who use their agricultural products in a manufacturing process to take the exemption from sales and use taxes for purchases of feed, seed, fertilizer, pollination agents, and chemical sprays. All farmers eligible for the business and occupation tax exemption on wholesales sales are also exempt under the litter tax.

Simplifying Excise Tax Application and Administration – No General Fund-State Revenue Impact

Chapter 320, Laws of 2001, Partial Veto (HB 1361) has no revenue impact. This legislation makes miscellaneous excise tax housekeeping changes. References to the Internal Revenue Code are updated, for purposes of probate and trust law and the estate and transfer tax. For purposes of the business and occupation (B&O) tax on royalties, royalties is defined

to exclude the licensing of canned software to the end user. The sales and use tax exemptions for ride sharing vehicles are updated to reflect the repeal of the motor vehicle excise tax. Changes in local sales taxes that are credited against the state sales tax can be made after a 30-day advance notice and can take effect on the first day of a month rather than 75 days notice to take effect on the first day of a quarter. Businesses handling solid waste are excluded from the public utility tax and subject to the B&O tax. The enhanced food fish tax is changed to apply to the first possession after landing to clarify that the buyer is responsible for the tax. The time period for taxpayers who take the B&O tax credit for job creation in rural counties to report information is extended from December 31 to January 31 of the following year to be consistent with the more recent B&O tax credits. The requirement to report private timber purchases of over 200,000 board feet that expired July 1, 2000, is reinstated until July 1, 2004. The Department of Revenue must report to the Legislature by November 30, 2001, on the progress made in working with business to clarify the B&O tax deduction for investment income. (The Governor vetoed a provision that affected the application of the B&O tax deduction for investment income.)

Linen and Uniform Supply Services – \$1.377 Million General Fund-State Increase

Chapter 186, Laws of 2001 (HB 1385) increases state general fund revenues by \$1.377 million and local government revenues by \$403,000. The legislation changes state and local sales taxation of linen and uniform supply services from the location of the laundering activity to the place of delivery to the customer.

Tax Increment Financing – No General Fund-State Revenue Impact

Chapter 212, Laws of 2001 (ESHB 1418) has no state revenue impact but decreases local government revenues by an indeterminate amount. This legislation allows the diversion of portions of regular property tax levies from local governments that imposed the taxes to the government that financed community revitalization facilities and programs.

Linked Deposit Program – \$518,000 General Fund-State Revenue Decrease

Chapter 316, Laws of 2001, Partial Veto (2SHB 1445) decreases state general fund revenues by \$518,000. The legislation retains the linked deposit program under which low-interest loans are made available for women and minority-owned businesses. (The Governor vetoed provisions that would have directed the program to socially and economically disadvantaged business enterprises, deleting all references to women or minority-owned businesses.)

Property Tax Relief for Certain Land Transfers – \$91,000 General Fund-State Revenue Decrease

Chapter 305, Laws of 2001 (SHB 1450) decreases state general fund revenues by \$91,000 and local government revenues by \$272,000. The legislation exempts from payment of back taxes property that is removed from a current use valuation program if the property is sold or transferred within two years of the death of an owner of at least 50 percent interest in the property and the property has been in current use programs continuously since 1993.

Improving Property Tax Administration by Correcting Terminology and Deleting Obsolete Provisions – No General Fund-State Revenue Impact

Chapter 187, Laws of 2001 (SHB 1467) has no revenue impact. This legislation makes miscellaneous property tax housekeeping changes. The value-averaging provisions of Referendum 47 that were invalidated by the Supreme Court are removed from the statutes. The multiple exemptions for business inventories are consolidated into one statute. In order to secure release of a performance bond, a purchaser of Department of Natural Resources timber need only present proof of payment of property taxes rather than all taxes. The 1967 property tax exemption for real property beneath air space dedicated to a public body for a stadium or related parking facility is repealed. The six-year property tax exemption for alcohol fuel manufacturing facilities that expired in 1992 is repealed. The two 1999 session laws that amended the homes for the aging property tax exemption statute without reference to each other are integrated.

Exempting Certain Motorcycles Used For Training From the Use Tax – No General Fund-State Revenue Impact

Chapter 121, Laws of 2001 (HB 1582) has no revenue impact. This legislation provides an exemption from the use tax for motorcycles that are loaned to the Department of Licensing or to persons contracting with the Department for use in the motorcycle operator training and education program.

2001-03 Operating Budget (ESSB 6153)

Nonprofit and Public Hospital Taxation – No General Fund-State Revenue Impact

Chapter 23, Laws of 2001, 2nd sp.s., Partial Veto (SHB 1624) has no general fund revenue impact. This legislation authorizes a business and occupation tax deduction for amounts received by a non-profit hospital or a public hospital from organizations under contract with the federal or state government to manage health benefits for Medicare, medical assistance, children's health, or the Basic Health Plan. (The Governor vetoed a provision that would have applied the deduction to reporting periods prior to the effective date of this act.) The bill does reduce Health Services Account revenue by \$12.6 million.

Authorizing the Department of Revenue to Issue Direct Pay Permits – No General Fund-State Revenue Impact

Chapter 188, Laws of 2001 (HB 1706) has no revenue impact. This legislation authorizes the Department of Revenue to grant a direct pay permit to a taxpayer required to use electronic funds transfer in paying taxes or making taxable purchases over \$10 million per year.

Water Resource Management – \$895,000 General Fund-State Revenue Decrease

Chapter 237, Laws of 2001 (ESHB 1832) decreases state general fund revenues by \$895,000. The legislation modifies provisions concerning water management, including a public utility tax deduction for 75 percent of water conservation expenditures.

Electric Generating Facilities – \$312,000 General Fund-State Revenue Decrease

Chapter 213, Laws of 2001 (HB 1859) decreases state general fund revenues by \$312,000 and local government revenues by \$92,000. The legislation expands the sales and use tax exemption for machinery and equipment used in generating at least 200 kilowatts of electricity using wind, solar energy, and landfill gas. The exemption is expanded to include fuel cells and facilities generating at least 200 watts.

Property Tax Exemption for Farm Equipment – No General Fund-State Revenue Impact

Chapter 24, Laws of 2001, 2nd sp.s., Partial Veto (SHB 1906) has no revenue impact. This legislation exempts from the state property tax machinery and equipment owned by a farmer and used exclusively to grow agricultural products. The farmer continues to pay local property taxes on the machinery and equipment. (The Governor vetoed a reduction in the state property tax that would have prevented the exemption from causing tax shifts to other taxpayers.)

Wine and Cider Provisions – \$20,000 General Fund-State Revenue Increase

Chapter 124, Laws of 2001 (SHB 1915) increases state general fund revenues by \$20,000 and local government revenues by \$6,000. The legislation continues the wine tax that funds a portion of the Washington Wine Commission activities.

Very Low-Income Property Tax Exemption – No General Fund-State Revenue Impact

Chapter 7, Laws of 2001, 1st sp.s. (HB 2098) has no state revenue impact but decreases local government revenues by \$36,000. This legislation makes administrative changes to the exemption program for very low-income property, including adding mobile home parks to the property tax exemption for very low-income housing.

Promoting Rural Economic Development – \$3.041 Million General Fund-State Revenue Decrease

Chapter 25, Laws of 2001, 2nd sp.s. (ESHB 2138) decreases state general fund revenues by \$3.041 million and local government revenues by \$81,000. The legislation reduces the business and occupation tax rate on manufacturing dairy products and by-products from 0.484 percent to 0.138 percent. Sales and use exemptions are provided for sales to farmers of propane or natural gas used to heat structures that house chickens and bedding materials for chickens, such as wood shavings, straw, and similar materials.

Park Model Trailers – \$350,000 General Fund-State Revenue Decrease

Chapter 282, Laws of 2001 (SHB 2184) decreases state general fund revenues by \$350,000 and local government revenues by \$111,000. The legislation exempts from sales and use taxes and subjects to the real estate excise tax sales of used park model trailers that are fixed in location.

Property Tax Exemptions for Property Leased by Public Entities – No General Fund-State Revenue Impact

Chapter 126, Laws of 2001 (ESHB 2191) has no state revenue impact but decreases local government revenues by \$164,000. This legislation exempts from property tax real and personal property owned by nonprofit foundations of institutions of higher education that is leased to an institution of higher education if actively used by enrolled students. Real and personal property leased to a hospital owned by public hospital district is exempt from property tax.

Managing Energy Supply and Demand – \$8.248 Million General Fund-State Revenue Decrease

Chapter 214, Laws of 2001 (EHB 2247) decreases state general fund revenues by \$8.248 million and local government revenues by \$168,000. The legislation makes a number of significant energy related tax and regulatory changes. The threshold for siting new stationary thermal power plants through the Energy Facility Site Evaluation Counsel is raised from 250 megawatts to 350 megawatts. Tax credits and deferrals are provided to direct service industries customers who currently purchase electricity from the Bonneville Power Administration. A credit is available against the public utility tax due from gas and electric utilities for qualifying contributions and billing discounts offered to qualifying low-income customers. The concept of energy management systems is introduced into the development of life cycle cost analysis for the construction or renovation of major public buildings. A sales and use tax exemption is created for the installation or acquisition of air pollution control equipment for thermal electric peaking plants smaller than 100 megawatts. Electric utilities (other than small electric utilities) must offer their consumers, at least quarterly, a voluntary choice to purchase electricity generated from alternative energy resources.

Grocery Distribution Coops – No General Fund-State Revenue Impact

Chapter 9, Laws of 2001, 1st sp.s. (EHB 2260) has no revenue impact. This legislation taxes certain grocery distribution cooperatives under the business and occupation tax at 1.5 percent on sales to their customer-owners rather than at 0.484 percent. A deduction is allowed equal to the cost of goods sold. In addition, grocery distribution cooperatives are exempt from the litter tax.

Consumer Protection – \$605,000 General Fund-State Revenue Increase

Chapter 159, Laws of 2001 (SSB 5101) increases state general fund revenues by \$605,000. The legislation protects consumers in contractor transactions.

Short Rotation Hardwoods – No General Fund-State Revenue Impact

Chapter 97, Laws of 2001 (SB 5108) has no revenue impact. This legislation increases the maximum length of the growing cycle for exemption from the timber excise tax and the Forest Practices Act of short-rotation hardwoods from the current ten-year period to 15 years. The definition of agricultural product is extended to specifically include short-rotation hardwoods.

Annual Monetary Transfers into the Fair Fund – \$4.0 Million General Fund-State Revenue Decrease

Chapter 16, Laws of 2001, 2nd, sp.s. (ESSB 5237) decreases state general fund revenues by \$4.0 million. The legislation provides for the transfer of \$2.0 million from the general fund at the beginning of each fiscal year to the Fair Fund to be distributed by the State Fairs Commission to local fairs and youth shows.

Authorizing Cooperative Agreements Concerning the Taxation of Cigarette Sales on Indian Lands – \$155,000 General Fund-State Revenue Decrease

Chapter 235, Laws of 2001 (ESSB 5372) decreases state general fund revenues by \$155,000. This legislation allows the Governor to make cigarette tax contracts with Indian tribes concerning sales of cigarettes. The tribal cigarette tax rate must be equal to 100 percent of the state cigarette and sales tax rates after a phase-in period.

Sales Tax Exemption for Conifer Seed – \$58,000 General Fund-State Revenue Decrease

Chapter 129, Laws of 2001 (SSB 5484) decreases state general fund revenues by \$58,000 and local government revenues by \$12,000. The legislation provides sales and use tax exemptions for sales of conifer seed that is placed into freezer storage by the seller and used to grow timber outside Washington or sold to an Indian tribe for growing timber in Indian country.

2001-03 Operating Budget (ESSB 6153)

Sales Tax Exemption for Animal Pharmaceuticals – \$2.206 Million General Fund-State Revenue Decrease

Chapter 17, Laws of 2001, 2nd sp.s. (SSB 5496) decreases state general fund revenues by \$2.206 million and local government revenues by \$307,000. The legislation provides sales and use tax exemptions for sales to farmers or veterinarians of animal pharmaceuticals approved by the United States Department of Agriculture or by the United States Food and Drug Administration if administered to an animal raised by a farmer for sale.

Forest Lands Taxation – No General Fund-State Revenue Impact

Chapter 249, Laws of 2001 (SSB 5702) has no revenue impact. This legislation simplifies administration and harmonizes current use taxation of forest land. Classified forest land is merged with designated forest land. Up to 10 percent of the forest land can be used for incidental uses. A reasonable processing fee may be required with an application. Land cannot be removed from classification based on governmental restrictions preventing harvest. On removal, the land is revalued to market value as of January 1 of the year of removal and is subject to a pro rata share of taxes for the balance of the year based on the new value instead of being revalued as of January 1 of the following year. The maximum period for the compensating tax is reduced from ten years to nine years.

Tax Relief for Dairy Farmers and Anaerobic Digesters – \$408,000 General Fund-State Revenue Decrease

Chapter 18, Laws of 2001, 2nd sp.s. (2SSB 5947) decreases state general fund revenues by \$408,000 and local government revenues by \$118,000. The legislation provides sales and use tax exemptions for the maintenance and repair of dairy nutrient management equipment and facilities. Sales and use tax exemptions are provided for the purchase, construction, and repair of an anaerobic digester used primarily to treat dairy manure.

Requesting a Joint Oregon-Washington Committee on Taxation be Established – No General Fund-State Revenue Impact

Senate Joint Memorial 8008 has no revenue impact. This legislation requests the Governor and Legislature of Oregon to establish a joint committee on taxation, consisting of an equal number of legislators from both states, to study the issue of tax fairness for residents residing in one state who are employed, conduct business, or make purchases in the other state.

Washington State Omnibus Operating Budget
1999-01 Expenditure Authority vs. 2001-03 Budget

TOTAL STATE

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	1999-01	2001-03	Difference	1999-01	2001-03	Difference
Legislative	117,683	133,124	15,441	124,815	139,285	14,470
Judicial	66,254	71,679	5,425	122,485	141,697	19,212
Governmental Operations	402,941	392,304	-10,637	2,543,698	2,707,559	163,861
Other Human Services	1,101,239	1,232,822	131,583	3,145,543	3,427,544	282,001
DSHS	5,299,870	6,182,481	882,611	12,792,331	15,484,051	2,691,720
Natural Resources	304,994	355,477	50,483	1,033,453	1,123,648	90,195
Transportation	53,088	40,722	-12,366	110,512	104,494	-6,018
Total Education	12,061,987	12,763,534	701,547	16,355,925	18,190,998	1,835,073
Public Schools	9,458,965	9,903,086	444,121	10,378,372	11,571,857	1,193,485
Higher Education	2,548,501	2,800,460	251,959	5,876,047	6,502,726	626,679
Other Education	54,521	59,988	5,467	101,506	116,415	14,909
Special Appropriations	1,636,652	1,610,995	-25,657	2,173,673	2,011,471	-162,202
Total Budget Bill	21,044,708	22,783,138	1,738,430	38,402,435	43,330,747	4,928,312
Appropriations in Other Legislation	0	100	100	0	25,100	25,100
Statewide Total	21,044,708	22,783,238	1,738,530	38,402,435	43,355,847	4,953,412

Note: Includes only appropriations from the Omnibus Operating Budget enacted through the July 2001 special session of the Legislature.

2001-03 Operating Budget (ESSB 6153)**Washington State Omnibus Operating Budget****1999-01 Expenditure Authority vs. 2001-03 Budget****LEGISLATIVE AND JUDICIAL**

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	1999-01	2001-03	Difference	1999-01	2001-03	Difference
House of Representatives	50,989	56,810	5,821	51,034	56,855	5,821
Senate	41,359	46,862	5,503	41,404	46,907	5,503
Jt Leg Audit & Review Committee	3,375	4,374	999	3,375	4,374	999
LEAP Committee	2,532	2,791	259	2,937	2,994	57
Office of the State Actuary	0	0	0	1,967	1,923	-44
Joint Legislative Systems Comm	11,694	13,464	1,770	13,875	15,170	1,295
Statute Law Committee	7,238	7,947	709	9,727	10,186	459
Redistricting Commission	496	876	380	496	876	380
Total Legislative	117,683	133,124	15,441	124,815	139,285	14,470
Supreme Court	10,094	10,933	839	10,094	10,933	839
State Law Library	3,685	3,965	280	3,685	3,965	280
Court of Appeals	22,779	25,624	2,845	22,779	25,624	2,845
Commission on Judicial Conduct	1,848	1,924	76	1,848	1,924	76
Office of Administrator for Courts	27,348	28,633	1,285	71,499	86,025	14,526
Office of Public Defense	500	600	100	12,580	13,226	646
Total Judicial	66,254	71,679	5,425	122,485	141,697	19,212
Total Legislative/Judicial	183,937	204,803	20,866	247,300	280,982	33,682

Washington State Omnibus Operating Budget
1999-01 Expenditure Authority vs. 2001-03 Budget
GOVERNMENTAL OPERATIONS

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	1999-01	2001-03	Difference	1999-01	2001-03	Difference
Office of the Governor	11,482	9,061	-2,421	12,391	13,188	797
Office of the Lieutenant Governor	686	900	214	846	900	54
Public Disclosure Commission	4,058	3,813	-245	4,058	3,813	-245
Office of the Secretary of State	23,813	19,220	-4,593	37,130	34,561	-2,569
Governor's Office of Indian Affairs	520	551	31	520	551	31
Asian-Pacific-American Affrs	436	466	30	436	466	30
Office of the State Treasurer	0	0	0	14,244	12,870	-1,374
Office of the State Auditor	2,156	1,802	-354	43,171	44,940	1,769
Comm Salaries for Elected Officials	200	232	32	200	232	32
Office of the Attorney General	8,606	9,617	1,011	157,429	164,806	7,377
Caseload Forecast Council	910	1,250	340	910	1,250	340
Dept of Financial Institutions	0	0	0	20,359	23,776	3,417
Dept Community, Trade, Econ Dev	145,442	141,957	-3,485	365,061	357,893	-7,168
Economic & Revenue Forecast Council	947	1,026	79	947	1,026	79
Office of Financial Management	25,950	24,480	-1,470	64,693	69,226	4,533
Office of Administrative Hearings	0	0	0	20,930	21,988	1,058
Department of Personnel	0	0	0	34,022	33,693	-329
State Lottery Commission	0	0	0	796,297	763,162	-33,135
Washington State Gambling Comm	0	0	0	27,630	29,803	2,173
WA State Comm on Hispanic Affairs	450	460	10	450	460	10
African-American Affairs Comm	387	420	33	387	420	33
Personnel Appeals Board	0	0	0	1,602	1,679	77
Department of Retirement Systems	0	0	0	49,419	52,917	3,498
State Investment Board	0	0	0	11,137	12,876	1,739
Department of Revenue	137,154	145,207	8,053	147,071	155,498	8,427
Board of Tax Appeals	1,856	2,231	375	1,856	2,231	375
Municipal Research Council	1,766	0	-1,766	4,146	4,575	429
Minority & Women's Business Enterp	0	0	0	2,546	2,616	70
Dept of General Administration	901	1,179	278	127,405	133,029	5,624
Department of Information Services	0	0	0	216,173	209,488	-6,685
Office of Insurance Commissioner	0	0	0	25,670	29,675	4,005
State Board of Accountancy	0	0	0	1,254	1,716	462
Forensic Investigations Council	0	0	0	272	276	4
Washington Horse Racing Commission	0	0	0	4,579	4,504	-75
WA State Liquor Control Board	2,819	2,967	148	146,366	153,229	6,863
Utilities and Transportation Comm	0	0	0	27,418	31,235	3,817
Board for Volunteer Firefighters	0	0	0	573	569	-4
Military Department	25,537	18,144	-7,393	134,801	257,367	122,566
Public Employment Relations Comm	4,066	4,318	252	4,066	4,318	252
Growth Management Hearings Board	2,799	3,003	204	2,799	3,003	204
State Convention and Trade Center	0	0	0	32,434	67,734	35,300
Total Governmental Operations	402,941	392,304	-10,637	2,543,698	2,707,559	163,861

2001-03 Operating Budget (ESSB 6153)

**Washington State Omnibus Operating Budget
1999-01 Expenditure Authority vs. 2001-03 Budget**

HUMAN SERVICES

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	1999-01	2001-03	Difference	1999-01	2001-03	Difference
WA State Health Care Authority	13,004	13,309	305	603,223	682,887	79,664
Human Rights Commission	5,147	5,388	241	6,721	7,032	311
Bd of Industrial Insurance Appeals	0	0	0	23,231	29,406	6,175
Criminal Justice Training Comm	0	0	0	17,152	19,047	1,895
Department of Labor and Industries	14,508	15,420	912	424,822	455,143	30,321
Indeterminate Sentence Review Board	1,854	1,998	144	1,854	1,998	144
Department of Health	127,124	132,249	5,125	571,645	631,161	59,516
Department of Veterans' Affairs	18,364	19,756	1,392	59,758	75,977	16,219
Department of Corrections	914,081	1,039,588	125,507	971,162	1,080,427	109,265
Dept of Services for the Blind	2,994	3,321	327	16,480	16,334	-146
Sentencing Guidelines Commission	1,641	1,793	152	1,641	1,793	152
Department of Employment Security	2,522	0	-2,522	447,854	426,339	-21,515
Total Other Human Services	1,101,239	1,232,822	131,583	3,145,543	3,427,544	282,001

Washington State Omnibus Operating Budget
1999-01 Expenditure Authority vs. 2001-03 Budget
DEPARTMENT OF SOCIAL & HEALTH SERVICES

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	1999-01	2001-03	Difference	1999-01	2001-03	Difference
Children and Family Services	407,157	464,802	57,645	766,235	844,299	78,064
Juvenile Rehabilitation	166,264	170,715	4,451	231,737	241,095	9,358
Mental Health	522,571	604,510	81,939	1,028,135	1,126,665	98,530
Developmental Disabilities	535,671	620,544	84,873	1,032,376	1,187,715	155,339
Long-Term Care	923,380	1,056,818	133,438	1,907,979	2,144,082	236,103
Economic Services Administration	849,113	861,310	12,197	2,105,964	2,249,449	143,485
Alcohol & Substance Abuse	43,404	76,985	33,581	219,224	235,646	16,422
Medical Assistance Payments	1,720,386	2,159,789	439,403	5,215,234	7,125,957	1,910,723
Vocational Rehabilitation	17,370	21,089	3,719	101,032	105,187	4,155
Administration/Support Svcs	52,139	59,813	7,674	100,016	111,185	11,169
Payments to Other Agencies	62,415	86,106	23,691	84,399	112,771	28,372
Total DSHS	5,299,870	6,182,481	882,611	12,792,331	15,484,051	2,691,720
Total Human Services	6,401,109	7,415,303	1,014,194	15,937,874	18,911,595	2,973,721

2001-03 Operating Budget (ESSB 6153)**Washington State Omnibus Operating Budget
1999-01 Expenditure Authority vs. 2001-03 Budget
NATURAL RESOURCES**

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	1999-01	2001-03	Difference	1999-01	2001-03	Difference
Columbia River Gorge Commission	697	789	92	1,354	1,538	184
Department of Ecology	78,687	91,114	12,427	278,867	326,336	47,469
WA Pollution Liab Insurance Program	0	0	0	2,094	2,150	56
State Parks and Recreation Comm	55,781	65,164	9,383	89,500	100,639	11,139
Interagency Comm for Outdoor Rec	275	788	513	6,626	14,235	7,609
Environmental Hearings Office	1,612	1,693	81	1,612	1,693	81
State Conservation Commission	5,264	4,403	-861	9,326	8,142	-1,184
Dept of Fish and Wildlife	87,828	102,362	14,534	302,802	296,637	-6,165
Department of Natural Resources	59,458	72,975	13,517	259,433	283,216	23,783
Department of Agriculture	15,392	16,189	797	81,839	89,062	7,223
Total Natural Resources	304,994	355,477	50,483	1,033,453	1,123,648	90,195

**Washington State Omnibus Operating Budget
1999-01 Expenditure Authority vs. 2001-03 Budget**

TRANSPORTATION

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	<u>1999-01</u>	<u>2001-03</u>	<u>Difference</u>	<u>1999-01</u>	<u>2001-03</u>	<u>Difference</u>
Washington State Patrol	42,435	29,956	-12,479	77,319	69,929	-7,390
Department of Licensing	<u>10,653</u>	<u>10,766</u>	<u>113</u>	<u>33,193</u>	<u>34,565</u>	<u>1,372</u>
Total Transportation	53,088	40,722	-12,366	110,512	104,494	-6,018

2001-03 Operating Budget (ESSB 6153)

**Washington State Omnibus Operating Budget
1999-01 Expenditure Authority vs. 2001-03 Budget
EDUCATION**

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	1999-01	2001-03	Difference	1999-01	2001-03	Difference
OSPI & Statewide Programs	84,159	61,304	-22,855	178,643	299,329	120,686
General Apportionment	6,997,102	7,512,176	515,074	6,997,102	7,512,176	515,074
Pupil Transportation	364,864	387,491	22,627	364,864	387,491	22,627
School Food Services	6,200	6,200	0	297,961	296,387	-1,574
Special Education	778,087	839,908	61,821	954,198	1,096,000	141,802
Traffic Safety Education	15,014	6,183	-8,831	15,014	6,183	-8,831
Educational Service Districts	9,067	9,536	469	9,067	9,536	469
Levy Equalization	226,670	284,644	57,974	226,670	284,644	57,974
Elementary/Secondary School Improv	0	0	0	285,193	288,166	2,973
Institutional Education	37,545	38,248	703	46,093	46,796	703
Ed of Highly Capable Students	12,254	12,840	586	12,254	12,840	586
Student Achievement Program	0	0	0	0	393,300	393,300
Education Reform	68,647	72,245	3,598	68,880	75,478	6,598
Transitional Bilingual Instruction	73,652	88,215	14,563	73,652	88,215	14,563
Learning Assistance Program (LAP)	137,328	139,410	2,082	137,328	139,410	2,082
Block Grants	60,370	37,031	-23,339	60,370	37,031	-23,339
Better Schools Program	56,096	8,996	-47,100	56,096	8,996	-47,100
Compensation Adjustments	531,910	398,659	-133,251	531,910	398,659	-133,251
Common School Construction	0	0	0	63,077	191,220	128,143
Total Public Schools	9,458,965	9,903,086	444,121	10,378,372	11,571,857	1,193,485

Washington State Omnibus Operating Budget
1999-01 Expenditure Authority vs. 2001-03 Budget
PUBLIC SCHOOLS

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	1999-01	2001-03	Difference	1999-01	2001-03	Difference
Higher Education Coordinating Board	240,637	264,603	23,966	250,835	279,692	28,857
University of Washington	651,947	707,088	55,141	2,712,042	2,952,973	240,931
Washington State University	379,970	411,355	31,385	789,187	833,510	44,323
Eastern Washington University	85,539	92,914	7,375	153,469	166,402	12,933
Central Washington University	86,786	89,140	2,354	155,959	178,717	22,758
The Evergreen State College	47,147	51,594	4,447	82,178	90,905	8,727
Spokane Intercollegiate & Tech Inst	0	3,000	3,000	2,659	4,327	1,668
Western Washington University	109,807	122,636	12,829	219,672	240,406	20,734
Community/Technical College System	946,668	1,058,130	111,462	1,510,046	1,755,794	245,748
Total Higher Education	2,548,501	2,800,460	251,959	5,876,047	6,502,726	626,679
State School for the Blind	8,209	9,111	902	8,853	10,284	1,431
State School for the Deaf	13,699	14,834	1,135	13,699	15,066	1,367
Work Force Training & Education Coord Board	2,847	3,482	635	37,751	48,968	11,217
State Library	16,718	17,577	859	25,577	24,553	-1,024
Washington State Arts Commission	4,876	5,747	871	5,921	6,747	826
Washington State Historical Society	5,652	6,028	376	7,185	7,588	403
East Washington State Historical Society	2,520	3,209	689	2,520	3,209	689
Total Other Education	54,521	59,988	5,467	101,506	116,415	14,909
Total Education	12,061,987	12,763,534	701,547	16,355,925	18,190,998	1,835,073

2001-03 Operating Budget (ESSB 6153)

Washington State Omnibus Operating Budget 1999-01 Expenditure Authority vs. 2001-03 Budget SPECIAL APPROPRIATIONS

(Dollars in Thousands)

	General Fund-State			Total All Funds		
	1999-01	2001-03	Difference	1999-01	2001-03	Difference
Bond Retirement and Interest	1,119,242	1,248,770	129,528	1,294,029	1,445,279	151,250
Special Approps to the Governor	308,014	179,406	-128,608	487,641	244,170	-243,471
Sundry Claims	307	0	-307	528	0	-528
Other Appropriations	-3,647	0	3,647	-13,408	0	13,408
State Employee Compensation Adjust	161,024	138,099	-22,925	353,171	277,302	-75,869
Contributions to Retirement Systems	51,712	44,720	-6,992	51,712	44,720	-6,992
Total Budget Bill	1,636,652	1,610,995	-25,657	2,173,673	2,011,471	-162,202
Appropriations in Other Legislation	0	100	100	0	25,100	25,100
Total Special Appropriations	1,636,652	1,611,095	-25,557	2,173,673	2,036,571	-137,102

Budget Highlights

LEGISLATIVE

Appropriations to legislative agencies provide carryforward funding for statutory duties, as well as enhancements in selected areas.

Senate and House of Representatives

Funding is provided to continue support to the Legislative Ethics Board and to Project Citizen, a program to promote government participation by middle school students.

Joint Legislative Audit and Review Committee

Funding is provided for studies of a variety of state programs, including developmental disabilities programs, the State School for the Deaf, water conservancy boards, and children's mental health services.

JUDICIAL

Court of Appeals

The amount of \$327,000 is provided to make compensation adjustments for Court of Appeals' staff based on recruitment and retention difficulties, new duties assigned, or salary inversion or compression. The Court of Appeals will determine the specific positions to receive an increase based on these factors.

Funding in the amount of \$159,000 is provided for costs associated with enhancing courtroom security and remodeling a bathroom in the Division III facility.

Office of the Administrator for the Courts

A total of \$17.9 million is provided to maintain and upgrade the judicial information system. The Office of the Administrator for the Courts is in the process of converting many applications from mainframe to web-based environments. Included in the total appropriation is \$410,000 that is provided for purchasing audio recording, courtroom presentation, and video conferencing equipment for all divisions of the Court of Appeals and for replacing the audio system in Division I.

The amount of \$1,618,000 is provided for increasing juror pay. The Office of the Administrator for the Courts may contract with local governments to provide additional juror pay. The contract shall provide that the local government is responsible for the first \$10 of juror compensation for each day or partial day of jury service, and the state shall reimburse the local government for any additional compensation, excluding the first day, up to a maximum of \$15 per day.

A total of \$750,000 is provided for enhancements to certain judicial programs as determined by the Office of the Administrator for the Courts in consultation with the Supreme Court. Unified family courts are among the programs that may be funded from this appropriation.

The amount of \$138,000 is provided to pay for pro-tem judges who travel outside of their jurisdictions to assist other courts in reducing temporary backlogs.

Office of Public Defense

A total of \$600,000 is provided to continue a pilot program through June 30, 2002, to improve defense services provided for parents involved in dependency and termination hearings. An evaluation of the pilot project is due by February 1, 2002.

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Funding in the amount of \$235,000 is provided for the Office of Public Defense to contract with an existing public defender association to establish a Capital Defense Assistance Center. The center will provide training and assistance to defense attorneys involved in capital offense cases.

GOVERNMENTAL OPERATIONS

Department of Community, Trade, and Economic Development

The amount of \$1 million is provided for the acquisition of equipment to preserve donated perishable goods. These funds are in addition to the existing level of state food assistance of \$7.4 million per biennium.

The amount of \$200,000 is provided to assist industrial workers who have been displaced by energy-related plant closures in rural counties. Grants will be provided to meet the displaced workers' basic needs including, but not limited to, emergency medical and dental services, family and mental health counseling, food, energy costs, mortgage, and rental costs.

An additional \$880,000 is provided for community-based legal advocates to assist sexual assault victims with both civil and criminal justice issues.

Utilities and Transportation Commission

Following the passage of the Washington State Pipeline Safety Act of 2000, funding is provided for the Utilities and Transportation Commission to implement an interstate and intrastate natural gas and hazardous liquid pipeline safety program.

Military Department

The budget provides \$37.9 million in state funds and \$157.8 million in federal funds for costs associated with the response and recovery activities as a result of the February 28, 2001, earthquake. The funding provided is sufficient to cover the entire state match for state agency costs and one-half of the local required for Federal Emergency Management Agency reimbursement.

HUMAN SERVICES

The Human Services section is separated into two sections: the Department of Social and Health Services (DSHS) and Other Human Services. The DSHS budget is displayed by program division in order to better describe the costs of particular services provided by the Department. The Other Human Services section displays budgets at the departmental level, and includes the Department of Corrections, the Department of Labor and Industries, the Employment Security Department, the Health Care Authority, the Department of Health, and other human services related agencies.

DEPARTMENT OF SOCIAL AND HEALTH SERVICES

Children and Family Services

The budget provides \$12.2 million in state and federal funding to improve the caseworker ratio from the current 29:1 to 24:1.

The budget increases the basic rate paid to foster parents from the current average of \$405 per month to \$420 on July 1, 2001, and to \$440 on July 1, 2002. This increase will cost \$3.8 million in state and federal funding over the biennium.

The budget expands the use of private child placing agencies and increases the rate paid to them for placement services. The cost for these enhancements is \$5.7 million in state and federal funding.

The budget provides \$2.1 million (\$2.0 million state general fund) to increase the availability of respite care for foster parents. The expansion of respite care is intended to increase the retention of foster parents.

Funding for the Family Policy Council (FPC) and Community Health and Safety Network Grants is reduced by 25 percent in the budget. This saves \$2.2 million in the state general fund. The FPC is to implement reductions in network grants so that programs and networks with the best outcomes and history of substantial contract compliance are maintained.

Juvenile Rehabilitation Administration

Due to recent assessments of the number of youth with mental health issues in Juvenile Rehabilitation Administration facilities, \$1.1 million is provided for increased mental health staffing at the Maple Lane School and increased medication management resources to address workload associated with the increased usage of psychotropic medications.

Savings of \$1.6 million are achieved by implementing efficiencies in the administration of regional services programs in the community. Regional services include parole services, community facilities, drug and alcohol services, learning and life skills centers, regional support staff, regional administration, and diagnostics. Additionally, the opening of a recently constructed 64-bed unit at Green Hill School will be delayed until the second year of the biennium, saving \$812,000.

The Juvenile Rehabilitation Administration currently contracts with county detention centers to provide short-term residential programming for juvenile offenders in the community commitment program. The Governor vetoed the community commitment program proviso, and therefore \$3 million in county detention contract funding lapses.

Mental Health

To keep pace with the growth in the number of persons enrolled in Medicaid, total funding for counseling, case management, residential and hospital care, and other community mental health services provided through Regional Support Networks is increased by \$48.5 million (7.8 percent). In addition, the appropriations act directs the department to phase in a new formula for allocating available resources among the Regional Support Networks over the next six years. The new formula will use the number of low-income persons enrolled in state medical assistance programs, rather than total population, as the primary measure of the relative need for state funding in each Regional Support Network area. The budget also provides \$500,000 of state and federal funding for completion of additional studies to assess whether medical assistance enrollment is an adequate and sufficient measure of the relative prevalence of mental illness across the state.

Two new efforts are initiated to measure and evaluate the performance of the community mental health system. First, a total of \$822,000 is provided for development of an improved management information system that will track common system outcomes – such as homelessness, criminal justice system involvement, employment status, and frequency of hospitalization – across all of the Regional Support Networks. Second, a total of \$75,000 is provided for the Washington State Institute of Public Policy to begin a longitudinal study that will track the status of mental health consumers for a period of at least ten years.

A total of \$5.7 million is provided for development of community residential and support services for persons who no longer require active psychiatric treatment in an inpatient hospital setting, but whose treatment needs constitute substantial barriers to community placement. The effort is expected to permit closure of four state hospital wards over the course of the 2001-03 biennium, resulting in a net savings of \$3.5 million in state funds. A total of \$7.2 million is provided to increase staffing at the two state psychiatric hospitals in order to provide improved care for two groups of patients: those with developmental disabilities and those involved with the criminal justice system.

Pursuant to Chapter 12, Laws of 2001, 2nd sp.s. (E3SSB 6151), a community transition program will be established at an existing facility on McNeil Island. The budget provides \$5.8 million for the operating costs associated with the program that is designed for Special Commitment Center residents that have progressed enough in their treatment plans to be suitable for this type of less restrictive alternative. An additional \$2 million is provided to compensate local jurisdictions impacted by the placement of the facility.

A total of \$2.5 million is provided to implement the plan adopted for the Special Commitment Center to satisfy the United States District Court's rulings. Enhancements to the program include: the establishment of a vocational program;

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the adoption of a preventative health program; the establishment of another Assistant Resident Manager position to help cover evening hours; and the development of a tracking system to collect resident information, treatment progress, and other activities designed to assist residents in achieving successful treatment.

Developmental Disabilities

Building upon the Division's past efforts to enable integrated community living, the budget provides a total of \$8.3 million (\$4.3 million state general fund) for community residential placements and corresponding support services for up to 80 individuals who chose to transition from state residential habilitation centers (RHCs). Funding for these placements is consistent with the Division's overall planning related to the U.S. Supreme Court decision in the *L.C. v. Olmstead* case. As a result of these moves plus normal attrition, a total of \$7.3 million (\$3.3 million state general fund) is anticipated in savings due to the consolidation of vacancies in RHC cottages.

The budget provides \$8.7 million for residential housing and supports for the following groups of individuals with developmental disabilities and community protection issues: those being released by the Department of Corrections; those in crisis using statewide diversion beds; and those in state psychiatric hospitals.

The sum of \$2.0 million from the state general fund is provided in the Developmental Disabilities Division budget for job training and placement, or other productive daytime activities, for young people with disabilities who are expected to graduate from special education programs during the 2001-03 biennium.

The budget provides \$24.3 million in state and federal funding to workers who earn less than \$10 per hour and provide direct care to persons with developmental disabilities who live in their own homes or in community residential placements. When combined with the vendor rate increase provided for in the budget, most workers will receive a 50 cent increase in their hourly compensation over the biennium.

A total of \$5.9 million (\$3.3 million state general fund) is provided to improve the case manager to client ratio for developmentally disabled clients enrolled in the Medicaid Home and Community-Based Waiver. A total of 48 caseworkers will be added over the 2001-03 biennium. The additional staff will be used to ensure better monitoring of client health and safety.

Long-Term Care Services

The budget provides a total of \$2.1 billion so that an average of 47,000 people per month may receive long-term care in their own homes, assisted living facilities, adult family homes, and nursing homes. This is a 6.8 percent increase in the number of people receiving such services, and a 12 percent increase in total expenditures, from the 1999-01 level.

A total of \$27.6 million is provided to increase compensation for low-wage workers who provide direct care for persons in their own homes and in adult family homes, assisted living facilities, and nursing homes. An additional \$5.6 million is appropriated to provide health insurance for additional homecare workers, and to cover increased health insurance costs.

In accordance with Chapter 8, Laws of 2001, 1st sp.s., Partial Veto (SHB 2242), a total of \$80.6 million is provided to increase nursing home payment rates. Nursing home payment rates will increase an average of 4.4 percent per year, including the impact of the low-wage worker increase.

Funding is also provided to enhance or to increase access to long-term care services in the community. The budget provides \$1.5 million for exceptional care rates so that persons with Alzheimer's disease or related dementias who might otherwise require nursing home care may instead reside in community boarding facilities specializing in their care. A total of \$910,000 is provided to increase skilled nursing visits for persons receiving in-home care. Chapter 269, Laws of 2001 (SHB 1341), is expected to enable 1,100 people to qualify for publicly-funded, community-based long-term care, while still saving approximately \$1 million because an estimated 375 of these individuals would otherwise be served in nursing facilities, at greater public expense. Admissions to the chore services program are to be frozen effective July 1, 2001, for an anticipated savings of \$1.5 million by the end of the biennium.

Economic Services Administration

The budget increases funding for subsidized childcare and other WorkFirst programs by \$29 million. The funding is from the federal Temporary Assistance for Needy Families block grant and the Child Care Development block grant.

The budget saves \$6.6 million in state general funds by shifting from federal to state administration of state supplemental payments for persons on the federal Supplemental Security Income program. The shift would occur in the second year of the biennium and is expected to save \$16-18 million per biennium once fully implemented.

The budget reduces funding by \$3 million (\$2 million in state general fund) in anticipation of savings resulting from the streamlining of processes to determine and review eligibility for income assistance programs. The savings will reduce staffing by 275 positions by the end of the 2001-03 biennium.

Alcohol and Substance Abuse

The budget provides \$2.9 million from the Public Safety and Education Account for drug and alcohol treatment for persons on the Supplemental Security Income (SSI) Program. Preliminary data show that providing drug and alcohol treatment for SSI clients with indications of drug and alcohol problems saves money in the Medical Assistance Program. The estimated savings in medical services is \$5.6 million state general fund.

The budget provides \$3.2 million from the state general fund for a 35-bed chemical dependency involuntary treatment (CDIT) facility in eastern Washington. This facility will ease the pressure on the one CDIT facility in western Washington and help reduce the repeated use of emergency rooms, jails, and psychiatric hospitals by persons whose intoxication makes them a danger to themselves or others.

The budget provides \$2.8 million from the Public Safety and Education Account for drug and alcohol treatment for persons gravely disabled from their addictions, including those who are addicted to methamphetamines.

Funding is provided for additional drug courts that are exhausting their federal grants in the 2001-03 biennium. The budget funds half of the lost federal money for five additional counties, for a total cost to the Public Safety and Education Account of \$1.1 million. The balance of drug court funding is expected to come from savings at the local level.

Medical Assistance

The 2001-03 budget provides a total of \$5.8 billion in state and federal funds for an average of about 835,000 persons per month to receive medical, dental, and vision care through Medicaid and other DSHS medical assistance programs. Total expenditures on such services are budgeted to increase by \$983 million (20 percent) from the 1999-01 level, and the state share of those expenditures is projected to increase by \$497 million (24 percent). The number of people receiving state medical assistance is expected to be 8 percent higher in 2001-03 than in 1999-01, and the average cost per person served is budgeted to grow by 12 percent.

The increase in the cost per person served would be greater except for certain cost-control measures anticipated in the budget. The Department of Social and Health Services is directed to develop and implement utilization- and cost-management strategies which are expected to avoid at least \$90 million of cost increases which would otherwise occur in state medical assistance programs. The budget also anticipates that the federal government will enact a Medicare prescription drug program, resulting in \$34 million of avoided prescription drug expenditures by the state Medicaid program during the second year of the biennium.

The impact of Medical Assistance cost increases on state taxpayers is also expected to be mitigated by new federal law and regulations regarding the disproportionate share hospital and Medicare upper payment limit programs. Changes to those programs are expected to result in an additional \$350 million of federal revenues into the Health Services Account during the 2001-03 biennium. These revenues are used in the budget to cover cost increases in the Basic Health Plan and in Medicaid coverage for low-income children; to provide an additional \$7 million to public hospitals to reduce the impact of uncompensated care; to enroll without a waiting period all eligible children who apply for coverage under the State Children's Health Insurance Program, which serves families with incomes between 200-250 percent of poverty; and to extend Medicaid eligibility to two additional groups of recipients. The newly-covered groups are uninsured women

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with incomes below 200 percent of poverty who have been diagnosed with breast or cervical cancer; and persons with incomes below 450 percent of poverty who go to work despite having disabilities severe enough to qualify for social security disability coverage.

Vocational Rehabilitation

General Fund-State support for the Vocational Rehabilitation Program is increased by \$2.6 million (8.2 percent). As a result, Washington will be able to collect the full amount of federal matching funds expected to be available during the 2001-03 biennium.

OTHER HUMAN SERVICES

Basic Health Plan

A total of \$496 million is provided from the Health Services Account for operation of the Basic Health Plan. This is an \$82 million (20 percent) increase from the 1999-01 level, due to escalation in the rates charged by managed care plans to provide coverage for Basic Health enrollees. The total increase would be greater, but \$26.5 million of state costs are avoided by subsidizing enrollment for 125,000 persons per month, rather than 133,000 as originally planned. Additionally, the amount which enrollees are required to contribute toward the cost of their prescriptions is increased by \$2, for an anticipated savings of \$2.6 million.

Criminal Justice Training Commission

The budget provides funding for a variety of activities at the state and local levels to address methamphetamine issues. In the Criminal Justice Training Commission's budget, \$233,000 is provided to train and equip local law enforcement personnel to respond to clandestine drug labs.

Funding in the amount of \$450,000 is provided for the Washington Association of Sheriffs and Police Chiefs to implement school mapping, or electronic pre-incident plans, for K-12 schools. Additionally, \$65,000 is provided to establish regionalized training programs for school district and local law enforcement officials on school safety issues.

The budget provides \$374,000 for the implementation of Chapter 167, Laws of 2001 (HB 1062), which establishes a certification and de-certification process for police officers in the state.

Department of Labor and Industries

The budget provides a total of \$11 million from the Accident Account and Medical Aid Account for six technology improvement projects. These projects will improve claims collections, assess the feasibility of filing claims over the Internet, allow for payment of premiums over the Internet, improve the system that calculates pension benefits, develop a new system for collection and analysis of worker safety and health data, and allow for registration and licensing of electrical contractors over the Internet.

Funding for the crime victims compensation program is increased by \$3 million from the Public Safety and Education Account.

The budget provides \$2.9 million of one-time funding for the increased cost of calculating injured workers' benefits under a recent state Supreme Court ruling (Cockle Decision). This funding, from the Accident Account and Medical Aid Account, is provided for fiscal year 2002. The department is required to propose legislation that would provide greater certainty and simplicity in calculating benefits.

The budget reduces \$10 million in Medical Aid Account funding for the occupational health and safety grant program.

Department of Health

A total of \$10.6 million is appropriated to provide the new pneumococcal conjugate vaccine to all children under the age of two. The vaccine has been determined effective in the prevention of middle-ear infections, sinus infections, and meningitis among young children.

Funding for the state's comprehensive effort to reduce tobacco use is increased by \$5 million over the biennium, to a total of \$17.5 million per year.

New grants totaling \$1.6 million will be provided to assist local jurisdictions in assuring the safety of very small drinking water systems. Additionally, \$1.2 million is provided to monitor and assist larger systems in complying with increased standards mandated by the federal Safe Drinking Water Act.

Funding for the AIDS Prescription Drug Program is increased by \$1.8 million, to keep pace with enrollment in the program, which is expected to grow by 14 percent per year.

The cost of the above enhancements is partially offset by a number of program reductions and efficiencies. These include an \$840,000 reduction in agency administrative costs, and a \$714,000 reduction in funding for coordination and management of the statewide trauma system.

Department of Veterans' Affairs

A total of \$11 million is provided to establish and operate a state veterans' home in Spokane. This will be the first time the state has operated a veterans' facility in eastern Washington. The department will also reconfigure 65 beds at the two western Washington facilities to provide a higher level of care. Increased federal revenues and resident contributions, resulting in a \$0.6 million savings in state-fund expenditures, will offset the cost of this reconfiguration.

Department of Corrections

A total of \$12.5 million is provided for the second phase of a project to replace the Offender-Based Tracking System with the new Offender Management Network Information (OMNI) system. The department expects OMNI to improve reporting capabilities, reduce data entry efforts, and redirect staff time towards offender supervision. The total estimated cost of the replacement project is \$44 million.

Funding in the amount of \$12.9 million is provided to implement Chapter 196, Laws of 1999 (Offender Accountability Act), which made a variety of changes to the supervision of offenders in the community. With this increase, the budget provides approximately \$21.2 million for costs associated with the Offender Accountability Act in the 2001-03 biennium.

In the budget reductions submitted to the Governor, the department identified a variety of steps that could result in cost savings. The budget assumes many of these efficiencies. Savings in the amount of \$5.8 million are achieved by: transferring female youthful offenders to a Juvenile Rehabilitation Administration facility; reducing goods and services expenditures; lease-purchasing equipment with longer life cycles; modifying the reimbursement schedule for the inpatient treatment of offenders in hospitals; and reducing facility maintenance activities.

Savings of \$1.2 million are achieved through the elimination of staffed law libraries. The department will continue to contract with private attorneys and law firms to provide legal counsel to offenders.

Services for the Blind

An additional \$270,000 is provided for technological devices that will assist people with visual impairments get and keep jobs. State financial assistance is increased by \$100,000 (25 percent) for the center that provides comprehensive services for persons who are both deaf and blind.

Sentencing Guidelines Commission

The budget provides \$78,000 for the Sentencing Guidelines Commission to conduct a comprehensive review and evaluation of state sentencing policy. The review and evaluation will include an analysis of whether current sentencing policies are consistent with the purposes of the Sentencing Reform Act and with prison capacity. In addition, the review and evaluation will consider studies on the cost-effectiveness of sentencing alternatives, as well as the fiscal impact of sentencing policies on state and local government.

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Employment Security

The budget provides authority to spend \$3.2 million of one-time federal funding to improve the unemployment insurance program. Funds will be used to pay off the telecenter debt and improve telecenter operations, make corrections to the department's benefit and tax systems, and improve other agency technology.

NATURAL RESOURCES

SALMON AND WATER

Since 1991, the National Marine Fisheries Service and U.S. Fish and Wildlife Service have added 15 populations of salmon and trout to the endangered species list, covering three-quarters of the state. In 1998, the Legislature began funding watershed-based planning and salmon recovery programs toward a state goal of restoring salmon populations to healthy, harvestable levels.

In the 2002-03 biennium, new funding is provided for salmon recovery and associated water resources projects and programs. The capital budget provides \$133.2 million and the operating budget provides \$66.4 million in funding for these salmon and water programs. Descriptions of significant new programs or enhancements are organized according to the Statewide Strategy to Recovery Salmon.

Regional Response

- **Salmon Recovery Grant Funding**

The capital budget provides \$54.6 million (\$27.6 million General Fund-Federal and \$27 million in state bonds) to the Salmon Recovery Funding (SRF) Board for grants for salmon restoration projects and activities. These funds will be allocated to the highest priority projects across the state to remove fish passage barriers, restore fish habitat, reduce water quality degradation, and support community-based restoration efforts. The operating budget provides \$358,000 in federal funds and 1.8 FTEs for administration of the SRF Board.

- **Watershed-Based Planning**

The Salmon Recovery Act of 1998 and the Watershed Planning Act of 1998 established separate watershed-based planning programs. The operating budget provides \$4.5 million from the general fund for the Department of Fish and Wildlife to continue to provide grants and technical assistance to lead entities that recommend salmon habitat improvement and restoration projects for funding by the Salmon Recovery Funding Board. The budget also provides \$3.1 million from the Water Quality Account and 3.5 FTEs to the Department of Ecology to make grants for watershed assessments and to provide technical assistance to local watershed planning groups. The budget also provides \$1 million from the Water Quality Account to the Department of Fish and Wildlife for grants to watershed groups that develop regional salmon recovery plans.

- **Limiting Factors Analysis**

The operating budget provides \$1.6 million from the Water Quality Account for the Conservation Commission to complete the remaining limiting factors analyses that support lead entity decisions.

Science and Monitoring

- **Statewide Monitoring Strategy**

The operating budget provides \$1.5 million (\$500,000 each from the general fund, Water Quality Account, and State Toxics Control Account) to the Interagency Committee for Outdoor Recreation to coordinate natural resources agencies in developing a monitoring strategy that can be used to evaluate the effectiveness of salmon recovery efforts.

- **Salmon Science and Monitoring**

The Department of Fish and Wildlife conducts salmon-related inventory, monitoring and basic science research. The operating budget provides \$1.5 million from the general fund for the salmonid stock inventory and smolt production monitoring.

- **Enhanced Stream Flow Monitoring**
The operating budget provides \$1.6 million (\$500,000 from the general fund, \$564,000 from the Drought Preparedness Account, and \$549,000 from the Water Quality Account) and 2.0 FTEs for the Department of Ecology to provide equipment and training for local entities to monitor stream flows in additional basins where low stream flows may create critical limitations for trout and salmon.
- **Water Rights Data**
The operating budget provides \$847,000 from the Water Quality Account and 2.0 FTEs to the Department of Ecology to begin converting water rights information to a geographic-based system. Initial funding is provided to support analysis and decision-making by Ecology; future funding will enable the public to access the information.

Habitat

Agriculture

- **Salmon Recovery Pesticide Strategy**
The operating budget provides \$830,000 from the State Toxics Control Account and 4.5 FTEs for the Department of Agriculture to implement a pesticide monitoring strategy program intended to enable the state, the federal Environmental Protection Agency, and citizens following state law to be exempt from the prohibition on “take” under the Endangered Species Act (ESA).
- **Agriculture-Fish-Water Negotiations**
Farmers, environmental groups, and federal and state agencies are negotiating agricultural practices that will protect salmon and their habitat and ensure a viable agricultural industry. The operating budget provides \$500,000 from the Water Quality Account for the Conservation Commission to support the Agriculture, Fish, and Water negotiations and make grants to stakeholders to enable their continued participation in the negotiations.
- **Lower Skykomish Habitat Conservation Plan (HCP)**
The operating budget provides \$250,000 from the general fund for the Department of Fish and Wildlife to make a grant to the Lower Skykomish Habitat Conservation Group to develop a salmon habitat conservation plan for the lower Skykomish River. If approved by the federal agencies implementing the ESA, the HCP would be among the first with a focus on agricultural practices.

Forestry

- **Forest Practice Regulation and Small Landowner Riparian Easements**
The state Forest Practices Board has revised forest practice rules to protect salmon and water in accordance with Chapter 4, Laws of 1999, 1st sp.s., (ESHB 2091 – Forest Practices). The operating budget provides \$13 million (\$2.5 million from the general fund, \$625,000 from the Salmon Recovery Account, \$2.9 million from the Water Quality Account, and \$7 million in federal funds) and 11.1 FTEs to the Department of Natural Resources to implement the Forests and Fish Agreement. The capital budget provides \$2.2 million in state bonds to purchase riparian easements from small timber owners to mitigate the economic impact of the rules.
- **Trust Land Road Improvements**
The operating budget provides \$3.8 million in trust management funds and 20.2 FTEs for the Department of Natural Resources to upgrade roads on trust lands to meet the requirements of the Forests and Fish Agreement. Poorly designed or constructed forest roads pose a threat to fish and water resources.

Land Use

- **Growth Management Updates**
The operating budget provides \$3 million from the general fund to the Department of Community, Trade, and Economic Development to make grants to local government to help pay the costs to update local critical area ordinances.

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Stormwater

- **Sharing Costs to Manage Stormwater**

The operating budget provides \$1 million from the State Toxics Control Account and 1.0 FTE for the Department of Ecology to assist local governments with implementation of the new Environmental Protection Agency Phase II Stormwater requirements.

Water Resources

- **Water Rights Purchase and Irrigation Efficiencies**

Irrigation activities may pose threats to fish through improper water withdrawals from surface and ground waters and wasting water through poorly functioning irrigation facilities. The capital budget provides the following funding for the Department of Ecology: \$3.4 million from state bonds for water measuring devices and gauges; \$9 million (\$4 million from Referendum 38 bonds and \$5 million from the Water Quality Account) to make grants for water irrigation efficiencies through which conserved water will be placed in the trust water rights program; and \$7 million (\$1 million from state bonds and \$6 million in federal funds) to purchase or lease water rights.

- **Water Rights Changes**

The operating budget provides \$3 million each from the general fund and the Water Quality Account and 27.0 FTEs to the Department of Ecology to implement Chapter 237, Laws of 2001 (ESHB 1832 – Water Resource Management) and to process applications for changes and transfers of existing water rights.

- **Drought Response**

In March 2001, the Governor declared a drought emergency. The operating budget provides \$5 million (\$564,000 from the Emergency Water Projects Account and \$4.4 million from the Drought Preparedness Account) and 7.0 FTEs for the Department of Ecology to purchase and lease water in response to low instream flows due to the drought and to expedite processing of water right change and transfer applications.

- **Instream Flows**

The operating budget provides \$600,000 from the Water Quality Account to the Department of Ecology to set instream flows in basins not subject to planning under the Watershed Planning Act.

Fish Passage

- **Fish Screen Compliance**

The Department of Fish and Wildlife is provided \$600,000 in the operating budget for cooperative compliance programs for fish passage and \$5 million (\$1.5 million from state bonds and \$3.5 million in federal funds) in the capital budget to install fish screens and fish ways.

Harvest

- **Salmon License Buy-back**

Continuing the implementation of the U.S.-Canada salmon treaty, the state provides a 25 percent match to federal funds appropriated for commercial salmon fishing license buyback. The operating budget provides \$1.3 million from the general fund to match \$5 million in federal funds.

Hatcheries

- **Fish and Wildlife Facility Retrofit and Enhancement**

Improperly designed hatcheries, fish blockages, and failing road systems on the Department of Fish and Wildlife lands pose threats to ESA-listed salmon and trout species and may violate water quality standards. The capital budget provides \$5.8 million from various state funds and \$24.3 million in federal funds to the Department to bring its lands and facilities into compliance with the ESA and the Clean Water Act.

- **Hatchery ESA Strategy**
The operating budget provides \$500,000 from the general fund to the Department of Fish and Wildlife to continue implementation of a hatchery Endangered Species Act Program to evaluate and correct those hatchery programs that may jeopardize recovery of natural salmon stocks.

Hydropower

- **Hydropower Re-licensing**
The operating budget provides \$389,000 from the general fund and 2.8 FTEs for the Department of Fish and Wildlife to represent the state's fish and wildlife interests in hydroelectric power project re-licensing process by the Federal Energy Regulatory Commission.

CLEANING-UP TOXIC CONTAMINATION

- **Clean Sites Initiative**
The operating budget provides \$9.3 million from the State Toxics Control Account for the Department of Ecology to clean up sites contaminated by toxic chemicals that present a serious threat to human health and the environment.
- **Persistent Bioaccumulative Toxics Strategy**
Persistent, bioaccumulative toxic chemicals (PBTs) have been linked to a wide range of toxic effects in fish, wildlife, and humans. The operating budget provides \$800,000 from the State Toxics Control Account and 2.3 FTEs to the Department of Ecology to conduct baseline monitoring and develop chemical-specific action plans to reduce PBTs in the environment.
- **Area-Wide Contamination**
The operating budget provides \$1.2 million from the State Toxics Control Account for the Department of Ecology to develop a strategy to address emergent area-wide soil contamination problems including arsenic contamination in Everett and Tacoma and arsenic-contaminated orchards in eastern Washington.

OTHER NATURAL RESOURCES

- **Enhanced Fire Protection**
A century of forest management that emphasized aggressive suppression of all fires has contributed to a pattern of frequent, catastrophic fires. In addition, increasing residential development in rural forested areas increases the frequency of fires in the wild land-urban interface and makes fire suppression more expensive. With an additional \$9.8 million from the general fund and 24 FTEs in the operating budget, the Department of Natural Resources fire protection program will add staff, increase training, and purchase additional equipment.
- **Trust Land Management Activities**
The operating budget provides \$4.2 million from trust management funds and 35.0 FTEs to the Department of Natural Resources to enhance silvicultural activities, improve the product sales system, and add timber sales staff.
- **State Parks Maintenance Backlog**
The operating budget provides \$4 million from the general fund and 7.5 FTEs to preserve and maintain the state park system, with an emphasis on projects that protect health and safety.
- **State Parks Management and Visitor Safety**
The operating budget provides \$1.7 million from the general fund and 9.0 FTEs to the State Parks and Recreation Commission to staff recent Park acquisitions and to hire additional rangers to focus on park personnel and visitor safety.
- **Abandoned Orchards**
The operating budget provides \$450,000 from the State Toxics Control Account and \$450,000 from non-appropriated funds for the Department of Agriculture to reimburse county horticulture pest and disease boards

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for the costs of addressing problems from abandoned orchards. Failure to control pests in abandoned orchards threatens adjacent operating farms.

- **Agriculture Marketing**
The operating budget provides \$850,000 from the general fund and 1.5 FTEs to the Department of Agriculture to promote Washington agricultural products, develop a small farm direct marketing program, and to reduce trade barriers. These funds will be matched by industry contributions and federal grants.
- **Public Use and Natural Area Stewardship**
The operating budget provides \$925,000 from each of the general fund and the Aquatic Lands Enhancement Account to the Department of Natural Resources to maintain recreational access to state trust lands open for public use, maintain natural area preserves and natural resources conservation areas, and, where appropriate, enhance public access to natural areas.
- **Agricultural Fairs and Youth Shows**
Chapter 16, Laws of 2001, 2nd sp.s. (ESSB 5237 – Fair Fund), makes annual transfers of \$2 million from the general fund to the Fair Fund, thereby creating a stable funding source for the more than 70 agricultural fairs and youth shows.
- **Spartina Eradication**
The operating budget provides \$1.4 million from the Aquatic Lands Enhancement Account for the Department of Agriculture to begin a spartina eradication program in Puget Sound and in Willapa Bay.
- **Preventing Oil Spills**
The operating budget provides \$1.7 million from the general fund to the Department of Ecology to establish a charter safety tug service that includes the placement of a rescue tug at Neah Bay for at least 200 days during fiscal year 2002. Under the charter safety tug service, the department authorizes the U.S. Coast Guard to dispatch tug services throughout the state when weather or other conditions increase the risk of an oil spill. The budget also provides \$280,000 from the oil spill prevention account for the department to study the feasibility of a tracking system using transponders and advanced radar technology and to access vessel incident reporting information from the federal government.

TRANSPORTATION

The majority of funding for transportation services is included in the transportation budget, not in the omnibus appropriations act. The omnibus appropriations act includes only a portion of the funding for the Department of Licensing and the Washington State Patrol. Therefore, the notes contained in this section are limited. For additional information on transportation funding, please see the Transportation Budget and Special Appropriations sections of this document.

Department of Licensing

A total of \$924,000 is provided for information technology upgrades and improvements. Many of the improvements are designed to offer business and professional licensing services over the Internet. In addition to the \$924,000, the Department of Licensing may also seek funding for the general fund portion of its technology projects by applying to the Department of Information Services for a share of funds from the \$7.5 million combined technology pool. This \$7.5 million pool is a competitive information technology pool for state executive branch agencies.

An amount of \$125,000 is provided for costs associated with a half-time management analyst position and contracted psychometrician services to allow the Private Investigator Program to revise licensing tests to meet statutory requirements. The budget also includes \$107,000 for additional costs associated with adjudicative proceedings in the Security Guard licensing program.

Washington State Patrol

Funding is provided for a variety of activities at the state and local levels to address methamphetamine issues. In the Washington State Patrol's (WSP) budget, \$1.4 million is provided to: add two staff to the full-time methamphetamine response team; enhance the ability of the crime labs to assist in the investigation of clandestine lab operations; and establish a Training and Education Resource Center to provide information to government agencies, businesses, and individuals in dealing with methamphetamine issues.

A total of \$607,000 is provided for ongoing staff support for the Washington State Identification System, the Washington Crime Information Center, and the Sex Offender Registry systems, which have been integrated into a single system known as "W2" that allows criminal justice and other users to get information concerning an offender from one place at any time. Additionally, the budget includes \$328,000 to allow WSP to implement a criminal intelligence index that provides 24-hour access to intelligence information for all criminal justice agencies.

In the 1998 legislative session, certain activities and portions of programs within WSP were transferred to the omnibus operating budget from the transportation budget. Beginning in fiscal year 2003, these activities are transferred back to the transportation budget. This transfer is predicated upon the enactment of new transportation revenue.

PUBLIC SCHOOLS

Compensation

Initiative 732 Cost-of-Living Adjustments (COLAs) – \$318.0 million General Fund-State

Funds are provided to implement Initiative 732 to provide annual COLAs for state-funded teachers and staff in public schools. The COLA is based on the Seattle consumer price index and provides an increase of 3.7 percent for the 2001-02 school year. Another increase for the 2002-03 school year will be provided, with the specific rate to be specified by the 2002 Legislature consistent with the provisions of Initiative 732.

Salary increases for non-state funded staff are expected to come from the source of funds for the salaries. For example, increases for levy-funded staff are to be paid from levy funds.

Health Benefit Increases – \$80.6 million General Fund-State

Funds are provided to increase the 2000-01 school year health benefit rate allocation per full-time equivalent (FTE) employee from \$425.89 to \$455.27 per month for 2001-02, and to \$493.59 per month for 2002-03. These increases are comparable to the increases provided to state employees.

Pension Rate Changes – \$136.8 million General Fund-State Savings

The Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS) employer contribution rate adopted by the Pension Funding Council for the 2001-03 biennium was 3.21 percent and the Teachers' Retirement System (TRS) employer contribution rate was 5.38 percent. Effective July 1, 2001, the PERS employer rate is further reduced to 1.54 percent, and effective September 1, 2001, the SERS employer rate is also further reduced to 1.54 percent and the TRS employer rate is further reduced to 2.75 percent. These rates are set in accordance with Chapter 11, Laws of 2001, 2nd sp.s., Partial Veto (ESSB 6167 – State Retirement Systems), which increases the long-term actuarial assumptions for future wage growth and investment returns, and re-establishes the June 30, 2024, deadline for funding all of the liabilities of PERS Plan 1 and TRS Plan 1.

Class Room Resources/Lower Class Size

Initiative 728 – \$393.3 million Student Achievement Fund, \$76.7 million Education Construction Account

Initiative 728 requires a portion of lottery revenues, a portion of state property taxes with established dollar per student amounts, and excess emergency reserve funds to be deposited into the newly created Student Achievement Fund and the Education Construction Account.

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Deposits to the Student Achievement Fund are expected to total \$393.3 million. The funds will be distributed to school districts at a rate of \$193.92 per FTE student for the 2001-02 school year and \$220.59 per FTE student for the 2002-03 school year. The permissible uses of this fund are: smaller classes in grades K-4; smaller classes for certain grade 5-12 classes; extended learning opportunities in grades K-12; professional development for educators; early childhood programs; and building improvements or additions to support class size reductions or extended learning programs.

The \$76.7 million of Education Construction Account moneys are appropriated in the capital budget and are used for K-12 and higher education school construction.

K-4 Class Size/Extended Learning – \$85.7 million General Fund-State Savings

Funds are provided to continue the Better Schools class-size and extended learning component. The Better Schools Program is eliminated and the K-4 class size funds are transferred to the Apportionment Program. This transfer consolidates multiple funding sources for grades K-4 staffing allocations into one program. This component continues funding for the additional 2.2 certificated instructional staff per 1,000 FTE students for class size reduction and extended learning purposes in grades K-4. These funds are not considered part of the state's basic education allocation.

Continuing Education Reform and School Improvement

Reading Corps – \$7.8 million General Fund-State

Funds are provided for Reading Corps grants for schools in which significant numbers of students in grades K-6 do not perform well on reading assessments. The reading programs may be provided before, during, or after the school day, and on Saturdays, summer, intercessions, or other vacation periods. The grants are to be used for proven, research-based programs provided by mentors or tutors and must include pre- and post- testing to determine the effectiveness of the programs.

Focused Assistance – \$2.8 million General Fund-State

Funding is provided to the Office of the Superintendent of Public Instruction to conduct educational audits of low-performing schools and to enter into performance agreements to implement the recommendations of the audit and the community. Each educational audit will include recommendations for best practices and ways to address identified needs.

Mentor/Beginning Teacher Assistance Expansion – \$2.5 million General Fund-State

Funding for teacher mentoring is increased from \$3.4 million per year to \$4.7 million per year. Up to \$200,000 per year may be used for a mentor teacher academy.

Alternative Teacher Certification Routes – \$2.0 million General Fund-State

Funds are provided to implement Chapter 158, Laws of 2001 (E2SSB 5695 – Alternative Teacher Certification). The bill creates two grant programs: one providing stipends for alternative teacher candidates and teacher mentors; and the other, conditional scholarships providing forgivable loans to alternative teacher candidates if they teach in Washington public schools.

Math Helping Corps Expansion – \$1.7 million General Fund-State

Funds are provided to expand the Math Helping Corps from the current \$2.0 million to \$3.7 million. The purpose of the Math Helping Corps is to provide assistance to school districts having difficulties meeting the math standards under education reform.

Principal Leadership Development Expansion – \$1.0 million General Fund-State

Funds are provided to expand the Principal Leadership Development Program from the current \$250,000 to \$1.25 million. Principals participating in the program will establish a growth plan in coordination with an assigned mentor who will monitor and assist the principal in achieving the desired professional growth.

State Leadership for School Improvement – \$768,000 General Fund-State

Funding and staff previously allocated to the Center for the Improvement of Student Learning are redirected for the Superintendent to assist schools in implementing high academic standards, aligning curriculum with these standards, and training teachers to use assessments to improve student learning. Funds may also be used to increase community and parental awareness of education reform.

Web-Based Instructional Network – \$260,000 General Fund-State

Funding is provided for the development and posting of web-based instructional tools, assessment data, and other information that assists schools and teachers in implementing higher academic standards.

National Teacher Certification Bonus – \$241,000 General Fund-State

Funds are provided to increase the duration of the \$3,500 annual bonus for attaining national teacher certification from the current two years to three years.

School Safety

School Safety Allocation Increase – \$6.1 million General Fund-State

Funds are provided for a school safety allocation to school districts at a rate of \$6.36 per student per year. The total biennial allocation for school safety is \$12.1 million and can be used to create and implement school safety plans.

Anti-Bullying/Harassment Training – \$500,000 General Fund-State

Funds are provided to the Office of the Superintendent of Public Instruction to create a model policy that school districts can use as a guide for training programs.

Non-Violence Leadership Training – \$300,000 General Fund-State

Funds are provided for a non-violence leadership training program offered by the Institute for Community Leadership headquartered in Seattle. The program consists of school-based workshops that use reading, writing, listening, and public speaking to build character and to develop skills for a changing society. The funds are expected to provide up to 80 percent funding for workshops serving 12 school districts and 36 schools.

School Safety Training – \$216,000 General Fund-State

Funds are provided to implement a school safety training program for school administrators and school safety personnel provided by the Criminal Justice Training Commission.

School Safety Center – \$200,000 General Fund-State

Funds are provided to establish a School Safety Center located in the Office of the Superintendent of Public Instruction. The main functions of the safety office are to provide model comprehensive school safety plans to schools and to provide assistance to schools in developing and implementing comprehensive safe school plans.

Other Enhancements

Increase the Special Education Enrollment Maximum – \$2.9 million General Fund-State

Starting with the 2002-03 school year, funds are provided to increase the percentage of a school district's FTE enrollment funded as special education from the current maximum of 12.7 percent to 13.0 percent.

LASER Science Program – \$1.7 million General Fund-State

Funds are provided for the LASER Science Program. Under the program, the Superintendent of Public Instruction will contract with the Pacific Science Center for a statewide program coordinator and the initial purchase of science kits for districts that participate in the LASER Program. Districts participating in the LASER Program write a five-year strategic plan for implementing a science education program for grades K-8 and provide professional development for teachers and administrators.

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OSPI Information Systems – \$700,000 General Fund-State

Funding is provided to upgrade information systems in the Office of the Superintendent of Public Instruction. Priority will be given to upgrading the general apportionment system and continuing work on the student information system.

Savings and Reductions

Better Schools Program Staff Development – \$40.2 million General Fund-State Savings

The staff development portion of the Better Schools Program created by the 2000 Legislature is not continued.

Block Grant – \$17.6 million General Fund-State Savings

The block grant allocation per student is reduced from \$28.81 per K-12 student per year to \$18.48 per student. Block grant funds are discretionary funds that can be used by school districts for any educational purpose.

Traffic Safety Education – \$8.1 million General Fund-State Savings

Beginning with the 2001-02 school year, the state subsidy of \$137 per student for the driver education program is eliminated. The subsidy of \$203.97 is continued for driver education students eligible for free and reduced-price lunches.

Washington Assessment of Student Learning (WASL) Adjustments – \$6.3 million General Fund-State Savings

Various budget adjustments are made for the WASLs based on the following: savings of \$285,000 from reduction in the number of advisory committee members used to develop the WASLs; \$300,000 in savings from separating the question and answer booklets which reduces scoring costs; \$415,000 in efficiency savings and other adjustments; and availability and utilization of at least \$1.0 million of federal funds in fiscal year 2002 and at least \$2.0 million in fiscal year 2003. Including state and federal funds, the change in assessment timelines and double scoring, this budget increases WASL funding from \$19.9 million to \$25.1 million for the 2001-03 biennium.

Statewide Programs – \$3.8 million General Fund-State Savings

The allocation for statewide programs is reduced by \$3.8 million. Statewide programs include a number of health and safety, technology, and grant and allocation programs amounting to \$36.7 million.

Information Technology Workforce Training – \$3.6 million General Fund-State Savings

Funding is eliminated for information technology workforce training grants. This grant program was initiated by the 1999 Legislature to prepare students to achieve information technology skill certifications. School districts receiving the grants used them to acquire computer software and hardware, improve Internet access, and provide staff training.

Magnet Schools – \$1.6 million General Fund-State Savings

Funding for the Magnet School Program is eliminated. The purpose of this program was to provide funds to certain school districts with large minority populations to establish magnet programs to encourage racial integration of schools through voluntary student transfers.

Discontinue the Center For the Improvement of Student Learning (CISL) – \$1.3 million General Fund-State Savings

CISL, located in the Office of the Superintendent of Public Instruction, is eliminated. The purpose of the Center is to serve as a clearinghouse for information regarding educational improvement and parental involvement programs. The funds and staff are transferred to other similar functions in the office.

State Office Administrative Reductions – \$680,000 General Fund-State Savings

The administration budget of the Superintendent of Public Instruction is reduced by 3 percent through administrative efficiencies and reductions at the state office.

Geographic Alliance – \$100,000 General Fund-State Savings

State funding for the geographic alliance is eliminated. The purpose of the program was to train K-12 teachers to improve the teaching of geography in schools.

HIGHER EDUCATION

Enrollment Increases

The amount of \$31.4 million from the state general fund is provided to address increasing enrollment demand. Access to public higher education is expanded to accommodate an additional 3,575 full-time equivalent (FTE) student enrollments: 435 enrollments in the baccalaureate institutions and 3,140 enrollments in the community and technical colleges. Included in these totals are 239 new enrollments to expand the supply of college graduates and trainees in computer science, network engineering, software systems, and information technology, 140 of which are earmarked to accelerate the preparation of students with the math and science credits necessary to transfer to a new state technology institution operating at the University of Washington-Tacoma.

Other Support for New Enrollments

Supporting new enrollments, the sum of \$2 million from the state general fund is provided to develop new training programs in rural counties and other communities adversely impacted by job reductions and industry dislocation – particularly due to rapid changes in the price of energy. Another \$1.1 million from the state general fund supports the operation of the North Snohomish, Island, and Skagit (NSIS) higher education consortium. The Jefferson County demonstration project to improve access to post-secondary education for adults living in remote areas is renewed with \$350,000 from the state general fund. Students from migrant and seasonal farm-working families will receive assistance in the transition from high school to college through a new state grant program at the Higher Education Coordinating Board.

Applied Research

The Spokane Intercollegiate Research and Technology Institute receives a direct appropriation of \$3 million from the general fund to support its operations. The University of Washington and Washington State University each receive an additional \$300,000 from the state general fund for faculty research projects to advance the development of new technologies.

Compensation

A cost-of-living adjustment (COLA) of 3.7 percent, effective July 2, 2001, is funded for state-funded higher education employees. Funding is also provided for a second COLA in fiscal year 2003 in an amount to be determined by the 2002 Legislature, consistent with the provisions of Initiative 732 for academic employees and technical college employees. Additionally, the community and technical colleges receive \$7.5 million from the state general fund to address part-time faculty salary disparity and \$3.5 million from the state general fund for increments.

Financial Aid

A total of \$33 million from the state general fund is appropriated to increase student financial aid through State Need Grant, Promise Scholarship, and State Work Study programs. The sum of \$1 million from the state general fund remains in the budget to renew conditional loans to classified K-12 employees seeking to become classroom teachers through a demonstration project at the Higher Education Coordinating Board.

Tuition Policy

Governing boards of each institution and the State Board for Community and Technical Colleges are granted authority to increase tuition rates with caps set by the Legislature in the budget act. For undergraduate and most graduate students, the maximum increase for academic year 2001-02 is 6.7 percent and for academic year 2002-03 is 6.1 percent. Tuition fees for law and graduate business programs may not increase more than 12 percent a year except at the University of Washington where the maximum increase for graduate business programs is 15 percent for academic year 2001-02 and 20 percent for academic year 2002-03. For adult basic education classes, the Legislature intends that a minimum of \$5.00 a credit hour be charged except for students of limited income. The Governor vetoed this fee directive. Continuing the policy of the prior biennium, tuition rates may vary based on “off hour” educational services – courses offered in the evening or on weekend, for distance education, or on different campuses – to encourage full use of state educational facilities and resources.

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OTHER EDUCATION

Arts Commission

The amount of \$500,000 is provided to increase grants for arts programs at the local level and improve access to the arts for all residents in Washington.

Washington State Historical Society

In preparation for the Lewis and Clark Trail Bicentennial in 2004, \$375,000 is provided for the Washington State Historical Society to work with local communities, tribal governments, neighboring states, and the National Bicentennial Council to plan local events and community education programs. Ongoing funding of \$325,000 is provided to the State Parks and Recreation Commission for additional full-time equivalent staff for the Lewis and Clark Interpretive Center at Fort Canby.

Through the capital budget, \$1 million will be distributed to local and tribal governments for interpretive projects identified by the Lewis and Clark Bicentennial Advisory Committee under the auspices of the Washington State Historical Society. Fort Canby and Sacagawea State Parks will each receive \$1 million through the State Parks and Recreation Commission to renovate facilities and enhance exhibits at their respective Lewis and Clark Trail interpretive centers.

Eastern Washington State Historical Society

The budget provides \$447,000 for a staff increase for the Northwest Museum of Arts and Culture (formerly the Cheney Cowles Museum) expansion slated for completion in late 2001. The additional staff will help the Eastern Washington State Historical Society enhance and expand exhibits, display more of the museum's permanent collections, feature regional and national collections, and offer more interactive learning environments.

SPECIAL APPROPRIATIONS

Initiative-695 (I-695) Assistance to Public Health Districts, Cities, and Counties

The budget provides funding of \$192 million for assistance to public health districts, cities, and counties to address the impacts of I-695. This funding continues the legislative intent set forth in the 2000 supplemental budget, which was affirmed by the legislative task force, for backfill of public health and local government losses due to I-695 with state resources. An increase in funding is provided at the Initiative 601 growth rate.

Ferry Assistance

The sum of \$30 million from the State Surplus Assets Account is appropriated to the Puget Sound Ferry Operations Account to support ferry operations in the 2001-03 biennium, however, there are no moneys to support this appropriation. Second Engrossed Substitute Senate Bill 6166, which would have established the State Surplus Assets Reserve Fund and transferred assets from the Law Enforcement Officers Fire Fighters Plan 1 pension account, was not enacted.

Technology Pool

Funding is provided for a competitive information technology pool for state executive branch agencies, excluding schools and institutions of higher education. Agencies may apply to the Department of Information Services to receive a share of these funds. Funds are to be distributed to state agencies by the Office of Financial Management (OFM). OFM shall not distribute funding unless specific operational budget savings are identified for any ongoing operating costs resulting from the information technology project.

Extraordinary Criminal Justice

A total of \$975,000 is provided for financial assistance to Franklin, Klickitat, Cowlitz, Skagit, Yakima, Thurston, and Spokane counties for extraordinary criminal justice costs incurred in the adjudication of aggravated homicide cases.

Torts

Initially, it was assumed that \$144 million would be available for tort claims and defense in the 2001-03 biennium, but the actual funding level is \$106 million. Tort appropriations come from several sources. State agencies' revolving fund appropriations include a base amount of \$75 million plus an increase of \$38 million to pay for tort claims and defense. However, \$13 million of the \$38 million increase is unfunded, because the transportation budget did not include \$13 million to pay for the increase in the Department of Transportation's tort premium. There is a \$6.4 million appropriation from the General Fund-State to pay for torts. Another \$25 million appropriation is from the State Surplus Assets Reserve Account; however, there are no moneys to support this appropriation. Second Engrossed Substitute Senate Bill 6166, which would have established the State Surplus Assets Reserve Fund and transferred assets from the Law Enforcement Officers Fire Fighters Plan 1 pension account, was not enacted.

Salaries

State Employees Cost-of-Living Adjustment (COLA) – \$115.1 million General Fund-State

To offset expected inflation, the budget funds an across-the-board salary increase of 3.7 percent on July 1, 2001. Funding is also provided for an increase for fiscal year 2003, in an amount to be determined by the 2002 Legislature. All classified and exempt employees who are subject to the jurisdiction of the Washington Personnel Resources Board (WPRB) will receive both increases. Employee groups that are not under WPRB, such as Washington State Patrol commissioned officers, assistant attorneys general, and judicial employees, will receive increases that average 3.7 percent beginning July 1, 2001, and that average the same level of increase provided for classified employees in fiscal year 2003.

The budget includes a total of \$629 million General Fund-State to provide COLAs for all employee groups and vendors: \$115 million for state agencies; \$107 million for higher education; \$318 million for K-12; and \$89 million for vendors.

Recruitment and Retention Priorities – \$27.5 million General Fund-State

The budget provides funding for nine highest priority salary increase proposals adopted by the WPRB as part of the "6767" process. The job classes that will receive increases effective January 1, 2002 include: psychiatrists, psychologists, information technology positions, forensic scientists, social workers, campus police, financial classifications, insurance examiners, registered nurses, and licensed practical nurses.

Assistant Attorneys General – \$3.1 million General Fund-State, \$3.1 million Other Funds

The budget provides funding to increase beginning salaries, to provide merit-based salary increases, and to address recruitment and retention problems in certain specialty areas of practice, such as torts, revenue, utilities, and other high-demand fields.

Health Benefits

State Agency Employee Health Benefits Cost Increases – \$27.2 million General Fund-State

The budget increases the monthly state contribution for health insurance and related benefits for state agency and higher education employees from a current level of \$436.16 to \$457.29 in fiscal year 2002 and to \$497.69 in fiscal year 2003, an increase of \$61.53 over two years, or 14 percent. This funding level reflects the following expected changes in state employee health benefits:

- Increases in employee co-payments for ambulance service, emergency room visits, and in-patient and out-patient hospital care;
- Elimination of double premium payments to health plans where married employees are both state employees; and
- An increase in the employee share of the total monthly contributions for health insurance related benefits. The current employee premiums pay about 6 percent of the cost of the total benefit package; this would increase to about 8 percent in 2002 and to 10 percent in 2003.

The average state employee premium is expected to increase from about \$28 per month to \$52 per month in calendar year 2002, and to \$58 in 2003. The portion of the premium collected for administrative expenses is adjusted for various

2001-03 Operating Budget (ESSB 6153)

employee and retiree groups to more accurately reflect the administrative costs associated with each group. The funding level assumes no increase in the current \$10 co-pay for office visits and no changes to the current pharmacy benefit co-pays.

In addition to the \$27 million General Fund-State provided to state agencies for health insurance funding rate increases, an additional \$23 million was provided to higher education institutions and \$81 million to K-12 for such increases.

Medicare Retirees Health Insurance Premium Subsidy

Approximately \$10 million of the increase in funding for state, higher education, and K-12 employee health benefits will be used to increase the Medicare retiree subsidy from \$69.98 for calendar year 2001, to \$85.84 for 2002, and to \$102.55 for 2003. This is a \$32.57 increase (47 percent) over two years.

Pensions

Pension Contribution Rate Adjustments – \$43 million General Fund-State Savings

The budget includes reductions in employer and state contributions for the Public Employees' Retirement System (PERS), School Employees' Retirement System (SERS), Teachers' Retirement System (TRS), and Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement Plan 2 – contained in Chapter 11, Laws of 2001, 2nd sp.s., Partial Veto (ESSB 6167). The new funding provisions increase the long-term salary growth assumption to 4.5 percent and the long-term investment return assumption to 8 percent; re-establish the June 30, 2024 target date for full funding all PERS 1 and TRS 1 liabilities; and provides a four-year period for smoothing investment gains and losses.

The changes to the state's long-term economic assumptions bring the state's assumptions for pension funding into closer alignment with the average assumptions used by the majority of other state retirement plans. The extension of the Plan 1 funding target date returns it to the date originally established in 1989; the implementation of the smoothing period will provide greater rate predictability and stability. These changes will result in \$198 million total state general fund savings: \$143.9 million for K-12 (\$136.8 in base savings plus \$7.1 in reduced COLA costs), and \$11.5 million in higher education, \$8 million in LEOFF 2, and \$35 million in state agencies.

As a result of the 1999 valuation studies and the changes in the long-term economic assumptions, the member contribution rate for PERS Plan 2 will be reduced by 1.55 percent of pay, from 2.43 percent to 0.88 percent. This reduction will more than offset the proposed average increase in employee health premiums for the great majority of state employees. The TRS Plan 2 member rate will be reduced by 1.78 percent, from 3.01 percent to 1.23 percent.

Reducing Local Government Pension Costs – \$162 Million Local Funds

The budget provides for lower local employer pension contribution rates in PERS, SERS, TRS, and LEOFF 2 – contained in Chapter 11, Laws of 2001, 2nd sp.s., Partial Veto (ESSB 6167). These lower rates yield \$119.9 million in savings for PERS and SERS employers, \$28.5 million in savings for TRS employers, and \$13.6 million in savings for LEOFF 2 employers.

2001-03 Capital Budget Highlights

The 2001-03 capital budget was enacted as Chapter 8, Laws of 2001, 2nd sp.s, Partial Veto (SSB 6155). Governor Locke's partial veto reduced the appropriation amount by \$1 million. The legislation authorizing the issuance of bonds to finance the bonded portion of the capital budget was enacted as Chapter 9, Laws of 2001, 2nd sp.s. (ESB 5990).

Appropriations in the capital budget total \$2.5 billion. Of that amount, \$878 million is supported by state bonds subject to the statutory 7 percent debt limit. The remaining \$1.6 billion of appropriations is financed by a variety of cash sources and other bonds that are not subject to the state debt limit. Bonds are subject to the 7 percent debt limit if the principal and interest payments on the bonds are paid from the state general fund or other appropriated funds in the state treasury.

The bond bill, ESB 5990, provided two exemptions to the statutory debt limit: 1) bonds supporting the \$82 million appropriation for the Legislative Building renovation and 2) bonds for the state capitol plaza garage renovation. Although the sources of repayment for these projects are from appropriated funds, the Legislative Building project repayments are derived from federally-granted timber trust and \$16 million of the plaza garage project will be financed through parking fees. Other bond-supported authorizations that are excluded from the debt limit include \$25 million for the University of Washington (UW) Bioengineering Research facility that is financed from non-appropriated federal grants.

Some of the larger cash sources used to fund the capital budget include: Common School Construction Account (\$371 million, see details on the following page), Public Works Assistance Account (\$230 million), federal funds (\$219 million), Education Construction Account (\$108 million), State Water Pollution Control Revolving Account (\$113 million), Water Quality Account (\$65 million), and the Local Toxics Control Account (\$52 million).

The 2001-03 appropriations subject to the debt limit declined by 11 percent when compared to the 1999-01 capital budget. Debt limit capacity is determined largely by the amount of existing outstanding debt, projected revenue growth, and long-term interest rates. Relative weakness in the state's revenue growth and fluctuating interest rates dictated the reduction in the appropriation. It is also the state's policy to develop a stable plan for an ongoing capital program that provides for future projects.

In contrast to the debt limit appropriations, other appropriated funds increased by 26 percent. This increase is partially due to the unique nature of the Legislative Building renovation and plaza parking garage but is also due to the use of \$108 million of the Education Construction Account to fund higher education projects. Other cash sources such as the Public Works Assistance Account and federal funds continue to demonstrate significant growth.

Capital Budget Appropriations

Dollars in Millions

	<u>1993-95</u>	<u>1995-97</u>	<u>1997-99</u>	<u>1999-01</u>	<u>2001-03</u>
State Bonds	940	790	935	987	878
Other Funds	<u>713</u>	<u>849</u>	<u>1,038</u>	<u>1,310</u>	<u>1,627</u>
Total	1,653	1,639	1,973	2,297	2,505

2001-03 Capital Budget (SSB 6155)

Public School Construction

The sum of \$438.3 million was appropriated as matching funds to construct and renovate buildings for the state's public school system. Additionally, \$2 million was provided for school construction assistance program staff. Of the amount for construction grants, \$30.5 million was contingent upon the passage of HB 2173, allowing the state lottery to participate in multi-state games for the purpose of increasing funding for school construction. Failure of HB 2173 to pass the Legislature resulted in the lapse of that portion of the appropriation. The resulting total for new construction grants is \$408 million. The \$408 million is anticipated to fully fund requests from school districts for matching funds and to double state assistance for kindergarten space. Also within that amount, \$5.4 million is earmarked for skill centers capital improvements.

The Common School Construction Fund receives revenue from a variety of sources. The following revenue streams are expected to be deposited into the fund to support the 2001-03 appropriations: \$122.5 million from timber trust revenues; \$40 million of state bonds is provided through the Trust Land Transfer Program that provides revenue for school construction when the timber on certain school parcels is determined to be unharvestable and the parcels have alternative uses; \$36.7 million from Education Savings Account transfers that are derived from state agency under-expenditures; \$16 million from interest earnings, federal funds, and other transfers; and \$154.5 million from the Education Construction Account.

Higher Education

Higher education was provided \$414 million in state bonds, or 47 percent of the total debt limit bond funds. Other state funds provided for higher education capital projects include \$108 million from the Education Construction Account and \$98 million from higher education building accounts. The institutions' building accounts receive funds from student fees, timber trust revenues, and, in the case of UW, special endowments.

The Legislature placed a greater emphasis on community college capital investment by accelerating the design and construction of scheduled projects so that both the current funding level and future funding levels will be increased over historic levels. The \$263 million provided to the community colleges represents a 15 percent growth in appropriations over the 1999-01 budget. These funds include over \$97 million for design and construction of major new facilities, \$95 million in renovation or replacement of older facilities, and \$71 million for preservation and minor works projects.

The four-year institutions received \$387 million for the main and branch campuses. Major new facilities include the expansion of the UW Tacoma branch campus (\$42 million), Washington State University (WSU) energy plant renovation (\$23 million), WSU Vancouver classroom expansion (\$16 million), Central Washington University Music Facility (\$14 million), The Evergreen State College Seminar Building (\$41 million), and Western Washington University Communications Facility (\$32.5 million).

Human Services

The 2001-03 capital budget provided \$47.7 million to build a new Special Commitment Center facility on McNeil Island. Combined with the \$16.5 million in funding provided in the 1999-01 biennium, the funding level is sufficient to construct 228 beds of the total planned capacity of 402 beds. Additionally, \$3.2 million is provided to construct a less restrictive, or "step-down," facility for Special Commitment Center residents that have progressed enough in their treatment plans to be suitable for this type of community transition facility.

A total of \$57.1 million is provided for preservation and expansion of the state's prison system. Some of the major new construction projects include: 1) construction of a new 100-bed Intensive Management Unit at the Monroe Correctional Complex (\$20.7 million); 2) three water-related upgrades at the Washington Corrections Center in Shelton (\$12.4 million); and 3) infrastructure improvements at the Washington State Penitentiary in Walla Walla (\$6 million).

The capital budget also allocated \$3 million in state funds and \$1.3 million in federal funds for the construction, expansion, and improvement of local jails and other correctional facilities.

An initial appropriation of \$4.5 million is provided for planning and design of a new 240-bed nursing facility for the Department of Veterans' Affairs.

Salmon Recovery and Water

The Legislature continues efforts to restore salmon populations to healthy, harvestable levels by investing in salmon recovery programs and associated water resources programs and projects. The capital budget provides \$133.2 million and the operating budget provides \$66.4 million in funding for salmon and water programs. Capital funding includes: \$54.6 million (\$27.6 million General Fund-Federal and \$27 million in state bonds) for grants for salmon restoration projects and activities; \$3.4 million from state bonds to distribute water measuring devices and gauges; \$9 million (\$4 million from Referendum 38 bonds and \$5 million from the Water Quality Account) to make grants for water irrigation efficiencies through which conserved water will be placed in the trust water rights program; \$7 million (\$1 million from state bonds and \$6 million in federal funds) to purchase or lease water rights; \$5 million (\$1.5 million from state bonds and \$3.5 million in federal funds) to install fish screens and fish ways; \$5.8 million from various state funds and \$24.3 million in federal funds to bring state lands and facilities into compliance with the Endangered Species Act and the Clean Water Act; and \$2.2 million in state bonds to purchase riparian easements from small timber owners to mitigate the economic impact of forest practice rules.

Habitat and Recreation

Over \$138 million is provided to improve public access to recreation and preserve open space and habitat. Through the Washington Wildlife and Recreation Program, \$45 million in state bonds is provided for habitat and recreation projects. With the Trust Land Transfer Program, \$50 million in bonds is provided to purchase unharvestable timber lands from the school trust and transfer those lands to recreation and habitat status. Through the Aquatic Lands Enhancement Grant Program, \$5.5 million of revenues from state tidelands and bedlands is provided for water access projects. The State Parks and Recreation Commission is provided \$38 million in state, federal, and local authority to preserve and improve the state park system.

Legislative Building Renovation

The 74 year-old Legislative Building will undergo renovation of aging and overburdened building systems and repairs related to the Nisqually Earthquake. In addition to basic repairs and systems upgrades, improvements will be made to provide additional public gathering areas and interpretive facilities within the building. A bond authorization and appropriation of \$83 million is provided. Debt service on the bonds will be paid from revenues derived from federally granted trust lands that were provided to the state for the purpose of establishing and maintaining the state capitol. In addition to the bond sources provided, additional cash appropriations of \$6.5 million are provided from Capitol Trust timber revenues and agency rents through the Thurston County Capital Facilities Account.

Preservation of Existing State Buildings

In addition to the Legislative Building renovation, the budget provides more than \$500 million for the repair and preservation of state-owned facilities. Of that amount, \$153 million is supported by debt limit bonds.

Local Infrastructure

Various grant and loan programs provide over \$660 million to local governments and non-profit organizations. The largest of these programs are for roads, sewer, water, housing, and pollution control. These include the Public Works Trust Fund (\$250 million), the Water Pollution Control Revolving Account (\$159 million), the various housing

2001-03 Capital Budget (SSB 6155)

programs (\$78 million), the Clean Water Account (\$50 million), and the Drinking Water Assistance Program (\$31.7 million). State assistance to local governments also extends to the social service area such as the Community Services Program (\$4.4 million), the cultural arena such as the Building for the Arts Program (\$3.9 million), and heritage facilities such as the Washington Heritage Program (\$4.2 million).

Projects Funded by Alternative Financing Contracts

In addition to appropriations for capital projects, the budget authorizes state agencies to enter into financial contracts for acquisition of land and facilities and to enter into long-term lease agreements. Twenty-three projects are authorized totaling \$124 million.

2001 Supplemental Capital Appropriations

The 2001 supplemental capital budget for the 1999-01 biennium was enacted as Chapter 123, Laws of 2001 (ESHB 1625). No additional state bond supported appropriations were provided in the supplemental budget.

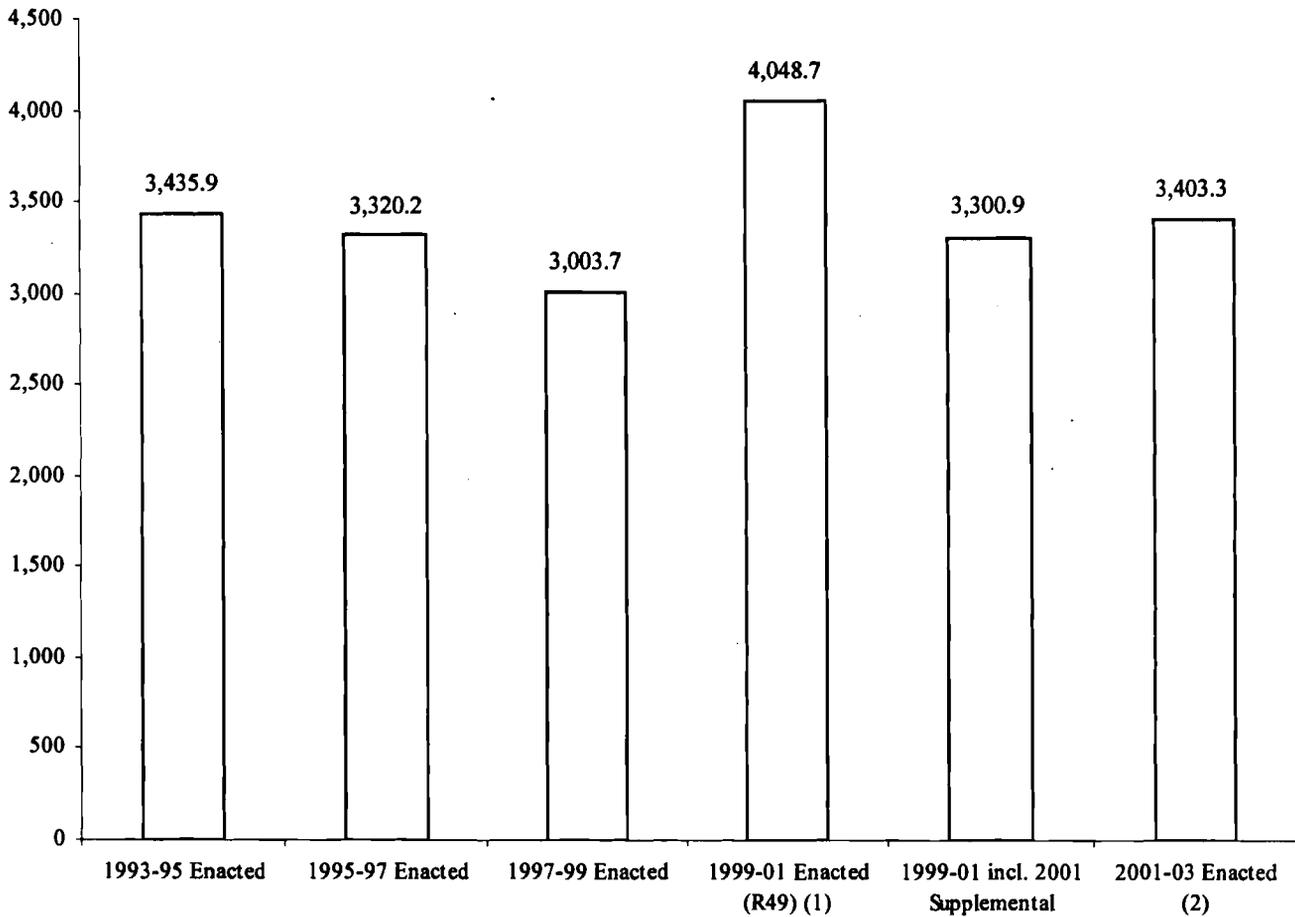
The amount of \$2.5 million was added to the Legislative Building Renovation appropriation and the use of the funds was expanded to accommodate emergency expenditures related to the Nisqually Earthquake. Additionally, funds for land purchase at the UW Tacoma (\$2.5 million) and site remediation at Highline Community College (\$1.3 million) were provided from the Education Construction Account.

An additional appropriation of \$93.6 million was made in Chapter 132, Laws of 2001 (SHB 1001), for the purpose of providing loans for 27 sewer, water, and road projects through the Public Works Board.

2001-03 Transportation Budget Highlights
Chapter 14, Laws of 2001, 2nd sp.s, partial veto (3ESSB 5327)

1999-01 Transportation Budget	2001-03 Transportation Budget
3,300.9 Million	3,403.3 Million

Enacted Budget History by Biennium
Total Appropriated Funds
(Dollars in Millions)

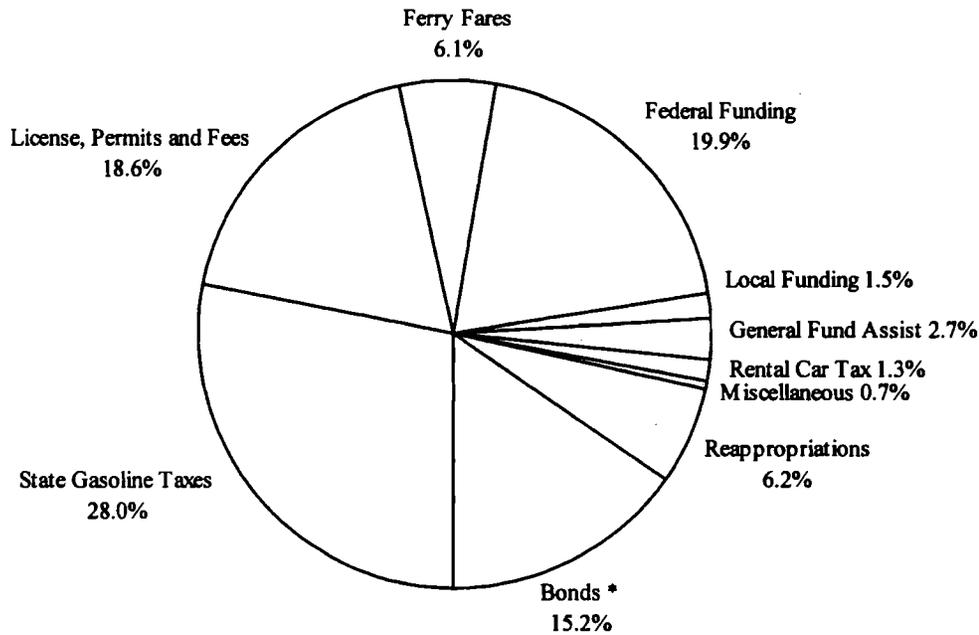


Note: Bond retirement and interest amounts are not included.

(1) The 1999-01 enacted budget included the sale of bonds authorized by Referendum 49.

(2) The 2001-03 enacted budget reflects all funds budgeted by the Legislature through the July 2001 session.

2001-03 Washington State Transportation Revenues
March 2001 Forecast
(Dollars in Millions)



Sources of Revenue	
State Gasoline Taxes	1,050.0
License, Permits and Fees	698.9
Ferry Fares	227.1
Federal Funding	746.1
Local Funding	54.9
General Fund Assistance	100.0
Rental Car Tax	48.5
Miscellaneous	25.1
Reappropriations from 1999-01	231.0
Bonds *	569.6
Total	3,751.2

* Bonds are financed with state transportation revenues but are shown above as a percentage of all transportation revenues.

2001-02 Transportation Budget (3ESSB 5327)

2001-03 Proposed Bond Sales (Dollars in Millions)

Program	
Highway Improvement	407.4
Economic Partnership	1.4
WSF Capital	50.0
Special Category C	63.5
Transportation Improvement Board	47.3
Total	569.6

Transportation Administrative Reductions (Dollars in Thousands)

- Amount of inflation not funded: \$5.2 Million
- Reductions were made in the following transportation programs:

Program	
Highway Management and Facilities	1,510
DOT Improvements	1,735
DOT Economic Partnerships	181
DOT Highway Maintenance	7,869
DOT Preservation	4,189
DOT Traffic Operations	1,415
DOT Transportation Management and Support	4,906
DOT Transportation Planning, Data, and Research	900
DOT Public Transportation	350
DOT Rail	250
DOT Local Programs	237
VIN Program	3,910
House Transportation Committee	120
Washington State Patrol	512
Department of Licensing	990
Legislative Evaluation & Accountability Program Committee	153
Freight Mobility Strategic Investment Board	11
Total	29,238

2001 Transportation Budget (3ESSB 5327)

Transportation Investments

Department of Transportation

State Highways

- \$847 million is provided for state highway improvements
 - Congestion Relief: \$479 million is provided for highway capacity improvements, including major projects such as Sunset Interchange on I-90 and Sprague Avenue to Argonne Road on I-90 in Spokane.
 - HOV's: \$110 million for design, right of way and construction of HOV projects.
 - Safety: \$145 million to improve the safety of state highways.
 - Economic Development/Freight Mobility: \$156 million in funding for economic initiatives.
 - Environmental: \$19 million for environmental projects.
 - \$48 million is provided for the Tacoma Narrows Bridge.
- \$578 million is provided for highway preservation to repave roadways, repair and rebuild bridges, repair unstable slopes, etc.
- \$313 million is provided for the maintenance and operations of state highways, including keeping open all Safety Rest Areas, snow and ice removal, patching roadways, pavement striping, maintaining traffic signals and retaining current levels of highway illumination, etc.

Washington State Ferries

- \$16.8 million is provided to maintain weekend, night and shoulder auto ferry service and weekday passenger only ferry service.
- \$187 million is provided for vessel and terminal preservation activities.

Rail

- \$8 million is provided for additional rail projects.
- \$9 million in one-time funding is reappropriated for the King Street Station.

Aviation

- \$1.4 million in grant funding is provided to help reduce backlogged airport safety preservation activities.
- \$150,000 is provided for the state match of a federal grant for an economic study of aviation in Washington.
- \$100,000 provided for airport safety inspections.
- \$220,000 provided for equipment maintenance and replacement.

Local Programs

- \$39.7 million is reappropriated for local freight mobility projects.
- \$24.2 million is reappropriated for city and county corridor congestion relief programs that complement the state corridor congestion relief program.
- \$10 million is provided as a state match with Oregon for the Columbia River Dredging Project.
- \$4.2 million is added and \$4.7 million is reappropriated for a small city pavement program.
- \$2.0 million is added and \$4.9 million is reappropriated for enhanced safety for schools, which includes signals and channelization.

Transportation Improvement Board

- \$20 million in Transportation Improvement Bonds is provided for regionally significant transportation projects.
- Administrative costs are isolated through the creation of an operating program.

County Roads Administration Board

- Administrative costs are isolated through the creation of an operating program.

Freight Mobility Strategic Investment Board

- \$120,000 is provided for a comprehensive, long-term statewide freight needs analysis, and outreach workshops.

Washington State Patrol

- \$3.5 million for capital projects such as weigh in motion.
- \$3.1 million to increase vehicle safety inspections by funding 10 new CVO positions, vehicles, and equipment. 80% of this amount is federal funding.
- \$500,000 for on-going replacement of police equipment.
- \$1.1 million for pursuit vehicle and motorcycle replacement in support of the JLARC Audit Recommendations.
- \$830,000 for mission vehicles to maintain a 130,000 mile replacement policy in support of the JLARC Audit Recommendation.
- Savings of \$3.9 million for the elimination of the out of state VIN inspections.
- \$1.2 million for 10 new school bus inspectors.

Department of Licensing

- \$4.5 million for Technology Improvements, such as expanded internet services and imaging technology.
- \$916,000 for implementation of HB 2029 for VIN processes and systems.

Other Transportation Agencies

- **Legislative Evaluation and Accountability Program**
 - \$27,000 for 0.2 FTE to assist in managing increased volume of information and data.
- **Washington Traffic Safety Commission**
 - \$500,000 increase in funds from the School Zone Safety Fund to support local school zone safety projects. Dedicated revenues come from traffic infractions and fines occurring in school zones.
 - \$150,000 for community DUI task forces to reduce DUI occurrences.
- **State Parks and Recreation Commission-Capital**
 - \$763,000 in reappropriations for roads within Cama Beach, Ike Kinswa, and Beacon Rock State Parks. These funds were not expended in the 1999-2001 biennium.
- **Joint Legislative Audit and Review Committee**
 - \$50,000 for Washington State Patrol study of emergency communication systems.
- **Office of the State Auditor**
 - \$126,000 continued project support for the Local Government finance system.

2001 Transportation Budget (3ESSB 5327)

2001-03 Washington State Transportation Budget

Agency Summary

TOTAL OPERATING AND CAPITAL BUDGET

Total Appropriated Funds

(Dollars in Thousands)

	<u>Enacted</u>
Department of Transportation	2,682,728
Pgm D - Hwy Mgmt & Facilities	64,095
Pgm F - Aviation	5,012
Pgm I1 - Improvements - Mobility	478,839
Pgm I2 - Improvements - Safety	144,957
Pgm I3 - Improvements - Econ Init	156,406
Pgm I4 - Improvements - Env Retro	18,982
Pgm I7 - Tacoma Narrows Br	47,682
Pgm K - Transpo Economic Part	2,553
Pgm M - Highway Maintenance	279,973
Pgm P1 - Preservation - Roadway	278,682
Pgm P2 - Preservation - Structures	167,962
Pgm P3 - Preservation - Other Facil	131,528
Pgm Q - Traffic Operations	56,747
Pgm S - Transportation Management	106,936
Pgm T - Transpo Plan, Data & Resch	33,283
Pgm U - Charges from Other Agys	28,080
Pgm V - Public Transportation	14,439
Pgm W - WA State Ferries-Cap	187,376
Pgm X - WA State Ferries-Op	321,673
Pgm Y - Rail	54,644
Pgm Z - Local Programs	102,879
Washington State Patrol	243,514
Field Operations Bureau	169,334
Support Services Bureau	70,695
Capital	3,485
Department of Licensing	165,999
Management & Support Services	12,303
Information Systems	9,337
Vehicle Services	60,770
Driver Services	83,589
Legislative Transportation Comm	3,596
LEAP Committee	488
Office of the State Auditor	126
Board of Pilotage Commissioners	305
Utilities and Transportation Comm	126
WA Traffic Safety Commission	8,813
County Road Administration Board	80,620
Transportation Improvement Board	213,295
Marine Employees' Commission	332
Transportation Commission	773
Freight Mobility Strategic Invest	717
State Parks and Recreation Comm	1,582
Department of Agriculture	305
Total Appropriation	3,403,319
Bond Retirement and Interest	303,636
Total	3,706,955

2001 FINAL LEGISLATIVE REPORT

THE FEBRUARY 28, 2001 QUAKE



Wednesday, February 28, 2001, started out as a routine workday for many at the Washington State Legislature. However, at 10:54 a.m. a 6.8 magnitude earthquake struck, shaking and cracking the historic buildings of the capitol campus. The earthquake's epicenter was located in the Nisqually Valley 11 miles northeast of Olympia.

Despite widespread damage throughout the Puget Sound area, there was no loss of life.

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SHB	1341	Community residential option	C	269	L 01
HB	1346	Foreign children entering U.S.	C	144	L 01
EHB	1347	Settlement protection act	C	178	L 01
SHB	1349	Derelict vessels	C	27	L 01
EHB	1350	Water rights appeals	C	220	L 01
HB	1361	Excise tax administration	C	320	L 01PV
ESHB	1364	General anesthesia services	C	321	L 01
SHB	1365	Infant and child products	C	257	L 01
HB	1366	Credit unions	C	83	L 01
HB	1369	Electricians/installations	C	211	L 01
ESHB	1371	Emergency service personnel	C	165	L 01

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SHB	1375	Expedited rule process	C 25	L 01	
SHB	1376	Veterans affairs personnel	C 84	L 01	
SHB	1384	Agencies/executive sessions	C 216	L 01	
HB	1385	Linen & uniform supply	C 186	L 01	
SHB	1391	Statutory leg committees	C 259	L 01	
HB	1394	Salmon recovery	C 221	L 01	
EHB	1407	Taxation of fuel	C 270	L 01	
ESHB	1418	Community revitalization	C 212	L 01	
HB	1419	Ignition interlock	C 55	L 01	
ESHB	1420	Volunteer fire fighters	C 173	L 01	
SHB	1426	Boarding homes	C 85	L 01	
2SHB	1445	Time certificate investment	C 316	L 01	PV
SHB	1450	Property tax/land transfer	C 305	L 01	
ESHB	1458	Land use project permit	C 322	L 01	
SHB	1467	Property tax	C 187	L 01	
SHB	1471	Diversions	C 175	L 01	
SHB	1498	Hunting & fishing licenses	C 306	L 01	
2SHB	1499	Marine fin fish aquaculture	C 86	L 01	
SHB	1501	Liability company reports	C 307	L 01	
SHB	1515	Public works/higher education	C 38	L 01	
HB	1523	Cities and towns	C 200	L 01	
EHB	1530	Claims against local government	C 119	L 01	
SHB	1537	Credit unions	C 120	L 01	
HB	1542	CTED	C 87	L 01	
SHB	1545	Nonprofit organizations	C 271	L 01	
HB	1546	Victims of stalking	C 28	L 01	
HB	1547	Licensing insurance agents	C 56	L 01	
HB	1548	Metropolitan park districts	C 29	L 01	
HB	1564	False/misleading statements	C 308	L 01	
HB	1567	Abstracts of driving records	C 309	L 01	
HB	1577	Candidates/elected officers	C 30	L 01	
HB	1578	Criminal profiteering	C 222	L 01	
HB	1579	Unlawful practice of law	C 310	L 01	
HB	1581	Motor vehicle dealers	C 272	L 01	
HB	1582	Motorcycles	C 121	L 01	
HB	1584	Vehicle license renewals	C 206	L 01	
2SHB	1590	Breastfeeding	C 88	L 01	
SHB	1591	Harassment orders	C 311	L 01	
SHB	1596	Public transit	C 89	L 01	
EHB	1606	Irrigation pumping installation	C 122	L 01	
HB	1611	Missing person records	C 223	L 01	
HB	1613	Unidentified persons/information	C 172	L 01	
HB	1614	Commercial bribery	C 224	L 01	
HB	1623	Investing surplus funds	C 31	L 01	
SHB	1624	Health or welfare services/B&O tax	C 23	L 01	E2 PV
ESHB	1625	Supplemental capital budget	C 123	L 01	
SHB	1632	Digital signatures	C 39	L 01	
HB	1633	Individual health insurance	C 196	L 01	
HB	1634	Insurer's estate	C 40	L 01	

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SHB	1643	Liability of volunteers	C 209	L 01
SHB	1644	Election recount procedures	C 225	L 01
SHB	1649	Hit and run	C 145	L 01
SHB	1650	Community mental health services	C 323	L 01PV
ESHB	1655	Fish & wildlife committee	C 312	L 01
E2SHB	1658	State oyster reserve lands	C 273	L 01
SHB	1661	Juvenile life insurance	C 197	L 01
SHB	1678	Right-of-way acquisition	C 201	L 01PV
SHB	1680	Public works/design-build	C 226	L 01
HB	1692	Perjury	C 171	L 01
HB	1694	Unlicensed practice/business	C 207	L 01
HB	1706	Direct pay permits	C 188	L 01
HB	1716	Veterans/Philippines	C 111	L 01
HB	1727	Insurers/investments	C 90	L 01
HB	1729	Surplus line brokers	C 91	L 01
SHB	1739	Election integrity	C 41	L 01
HB	1750	Street vacations	C 202	L 01
2SHB	1752	Wildlife damage	C 274	L 01
SHB	1763	Insurance/confidentiality	C 57	L 01
HB	1770	Campaign contributions	C 208	L 01
HB	1780	Fruit & vegetable district fund	C 92	L 01
SHB	1781	Agency liquor vendor stores	C 313	L 01
ESHB	1785	Investing in the environment	C 227	L 01
SHB	1792	Holding company act	C 179	L 01
SHB	1793	Court filing fees	C 146	L 01
SHB	1821	Coastal Dungeness crab	C 228	L 01
ESHB	1832	Water resources management	C 237	L 01
2SHB	1835	Forest products commission	C 314	L 01
SHB	1836	Local park & rec task force	C 275	L 01
EHB	1845	Surface mining	C 5	L 01E1
HB	1846	DNR property sale/exchange	C 189	L 01
HB	1851	Insurance/small employers	C 147	L 01
HB	1855	Private clubs/liquor	C 198	L 01
HB	1859	Electric generating facilities	C 213	L 01
EHB	1864	Family law court files	C 42	L 01PV
HB	1865	Watershed planning	C 229	L 01
SHB	1884	Telecommunications devices	C 210	L 01
SHB	1891	Marketing of agriculture	C 324	L 01
SHB	1892	Agricultural boards & commissions	C 315	L 01PV
HB	1895	Theft of motor vehicle fuel	C 325	L 01
HB	1898	Crisis nurseries	C 230	L 01
SHB	1899	Professional licenses	C 276	L 01
SHB	1906	Farm equipment tax exemption	C 24	L 01 E2 PV
SHB	1915	Wine and cider	C 124	L 01
SHB	1920	Guardianship proceedings	C 148	L 01
SHB	1926	Local government records	C 13	L 01E2
EHB	1936	Mooring and buoys	C 277	L 01
HB	1943	County rail districts	C 58	L 01
SHB	1950	Workers' compensation	C 231	L 01

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HB	1951	Wine/off-premise consumption	C 199	L 01
HB	1952	Offender registration	C 169	L 01
SHB	1971	Appraisers/school districts	C 183	L 01
HB	1983	Debt collection	C 43	L 01
HB	1984	Agricultural products	C 3	L 01E2
ESHB	1995	Civil forfeitures of property	C 168	L 01PV
ESHB	1996	Fish & wildlife data	C 278	L 01
ESHB	1997	Industrial bank lands	C 326	L 01
E2SHB	2025	Schools/bilingual instruction	C 6	L 01E1
HB	2029	Motor vehicles/VIN inspection	C 125	L 01
HB	2037	Irrigation districts	C 149	L 01
SHB	2041	Boarding/adult family homes	C 193	L 01
SHB	2046	Trusts for nonhuman animals	C 327	L 01PV
SHB	2049	Technical assistance program	C 190	L 01
HB	2086	Sex offender registration	C 170	L 01
HB	2098	Property tax exemption	C 7	L 01E1
SHB	2104	Forest fire protection	C 279	L 01
SHB	2105	Small forest landowners	C 280	L 01
HB	2126	College payment program	C 184	L 01
ESHB	2138	Rural economic development	C 25	L 01E2
ESHB	2172	Backflow prevention assemblies	C 281	L 01PV
SHB	2184	Park model trailers	C 282	L 01
ESHB	2191	Property tax	C 126	L 01
SHB	2221	Ferries	C 59	L 01
HB	2222	Earthquake funding	C 5	L 01
SHB	2227	Veterans' home	C 4	L 01E2
EHB	2230	Disabled persons/benefits	C 15	L 01 PV E2
HB	2233	Supplemental security income	C 5	L 01E2
SHB	2242	Nursing home rates	C 8	L 01 PV E1
EHB	2247	State energy supply	C 214	L 01
HB	2258	Earthquake funding	C 26	L 01E2
EHB	2260	Grocery distribution coops	C 9	L 01E1
EHB	2266	Commodity boards/commission	C 6	L 01E2

SENATE BILLS

ESSB	5013	Persistent sex offenders	C 7	L 01
SSB	5014	Sex & kidnaping offenders	C 95	L 01
SSB	5015	Border area definition	C 8	L 01
ESSB	5017	Sale of precursor drugs	C 96	L 01
SB	5022	Salmon recovery funding board	C 9	L 01
SB	5038	Chapter 9.94A RCW	C 10	L 01
SB	5047	Correctional facilities	C 11	L 01
SB	5048	Mental health commitments	C 12	L 01
ESB	5051	Chemical dependency	C 13	L 01
ESSB	5052	Trust & estate disputes	C 14	L 01
ESB	5053	Uniform commercial code	C 32	L 01
SB	5054	Perpetuities	C 60	L 01
SB	5057	City & town government	C 33	L 01
ESSB	5060	Alternative public works contract	C 328	L 01

PV: Partial Veto; E1: First Special Session; E2: Second Special Session

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SB	5061	Engineering systems	C	34	L 01
SB	5063	Limited public works	C	284	L 01
SSB	5077	Sheriff's employees	C	232	L 01
SSB	5101	Consumer protection/contractors	C	159	L 01
SB	5108	Short-rotation hardwoods	C	97	L 01
SSB	5114	Motorcycles	C	285	L 01
SSB	5118	Adult offender/compact	C	35	L 01
SB	5121	Office of marine safety	C	36	L 01
ESSB	5122	Sexually violent predators	C	286	L 01
SSB	5123	Sexually violent predators	C	287	L 01
SB	5127	Sheriff's office personnel	C	151	L 01
ESB	5143	State patrol retirement	C	329	L 01 PV
SB	5145	PERS	C	37	L 01
SSB	5182	Pipeline safety	C	238	L 01
SSB	5184	Vulnerable adult abuse	C	233	L 01
SB	5197	Private activity bonds	C	330	L 01
SSB	5205	Self-insurers	C	152	L 01
SB	5206	Geologists	C	61	L 01
SSB	5219	Sellers of travel	C	44	L 01
SB	5223	Rail fixed guideway system	C	127	L 01
SSB	5224	King street railroad station	C	62	L 01
ESSB	5237	Fair fund	C	16	L 01 E2
ESSB	5238	Water-sewer district board	C	63	L 01
SSB	5241	Court venue	C	45	L 01
SB	5252	Courts of limited jurisdiction	C	15	L 01
SSB	5255	Public disclosure/terrorism	C	98	L 01
SB	5256	Emergency management compact	C	288	L 01
ESB	5258	Disclosure/health care information	C	16	L 01
SSB	5263	National guard & reserves	C	133	L 01
SB	5270	Victims' compensation	C	153	L 01
SB	5273	Election filing dates	C	46	L 01
SSB	5274	Vehicle licensing subagents	C	331	L 01
SB	5275	Absentee ballots	C	241	L 01 PV
SB	5305	RCW corrections	C	64	L 01
SSB	5309	Local criminal justice	C	289	L 01
SB	5316	Unemployment compensation	C	99	L 01
SB	5317	Unemployment compensation	C	100	L 01
SSB	5319	Municipal research council	C	290	L 01
3ESSB	5327	Transportation budget	C	14	L 01 PV E2
SB	5331	Business to business debts	C	47	L 01
SB	5333	Water rights	C	239	L 01
SSB	5335	Enhanced 911 system	C	128	L 01
SB	5348	Uniform child custody act	C	65	L 01
SB	5359	Health professions board members	C	101	L 01
SB	5367	Community mobilization	C	48	L 01
ESSB	5372	Cigarette sales/Indian lands	C	235	L 01
ESB	5374	Unauthorized sale of goods	C	160	L 01
SB	5377	Vehicles/gross weight	C	66	L 01
SB	5389	Small claims court	C	154	L 01

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SB	5392	Emancipation of minors	C 161	L 01
SB	5393	Truancy records	C 162	L 01
SSB	5401	Boards and commissions	C 291	L 01
ESSB	5407	Simulcast horse racing	C 10	L 01E1
ESSB	5413	Child dependency	C 332	L 01
SSB	5417	Opiate substitution treatment	C 242	L 01
ESSB	5434	Disabled parking permits	C 67	L 01
SSB	5438	Lands vehicle use permit	C 243	L 01
SB	5440	Fish & wildlife commission	C 155	L 01
SSB	5442	Salmon fishing gear	C 163	L 01
SSB	5443	Commercial fishing license	C 244	L 01
ESSB	5449	Identity theft	C 217	L 01
SSB	5468	Chemical dependency	C 164	L 01
SSB	5472	Municipal courts	C 68	L 01
SSB	5474	General administration service account	C 292	L 01
SSB	5484	Conifer seeds/tax exemption	C 129	L 01
SB	5491	Small claims appeals	C 156	L 01
SSB	5494	Noise prevention/motor vehicles	C 293	L 01
ESB	5495	Outdoor athletic fields	C 245	L 01
SSB	5496	Animal health products	C 17	L 01E2
SSB	5497	Forest practices act	C 102	L 01
SSB	5502	Boxing official licensing	C 246	L 01
SSB	5509	Higher ed/student ID	C 103	L 01
SB	5518	Motorcycle exam	C 104	L 01
SB	5531	Fishery licenses	C 105	L 01
SSB	5533	Pesticides/schools	C 333	L 01PV
SSB	5558	Alcohol violators	C 247	L 01
SSB	5565	Controlled substance orders	C 248	L 01
ESSB	5566	Prescription drug information card	C 106	L 01
SSB	5572	Highway signs/crime stoppers	C 107	L 01
ESSB	5583	Public mental health system	C 334	L 01PV
E2SSB	5593	Public accountancy act	C 294	L 01
SB	5604	Liquor control board	C 295	L 01
ESSB	5606	Background checks	C 296	L 01
SSB	5621	Animal therapy	C 297	L 01
SSB	5637	Watershed health	C 298	L 01
SSB	5638	County treasurer	C 299	L 01
2ESB	5686	School timelines	C 20	L 01E2
SB	5691	Juvenile offender records	C 49	L 01
E2SSB	5695	Teacher certification	C 158	L 01
SSB	5702	Forest lands/taxation	C 249	L 01
ESSB	5703	Mobile home alterations	C 335	L 01
SSB	5733	County road construction	C 108	L 01
SSB	5734	Agricultural fairs	C 157	L 01
ESB	5790	Vehicular assault	C 300	L 01
SSB	5862	Trust lands/sale of material	C 250	L 01
SB	5863	DNR/Cowlitz river	C 150	L 01
ESSB	5877	Social workers & counselors	C 251	L 01
SSB	5896	DNA testing of evidence	C 301	L 01

PV: Partial Veto; E1: First Special Session; E2: Second Special Session

Bill Number to Session Law Table

SB	5903	Physician license fees	C 109	L 01
SSB	5905	Tribal/state gaming compacts	C 236	L 01
SSB	5910	Water rights	C 240	L 01
SSB	5919	Water storage products	C 19	L 01E2
SB	5921	Physical therapy	C 252	L 01
SSB	5925	Reclaimed water	C 69	L 01
ESSB	5937	TRS & PERS	C 10	L 01 PV E2
SSB	5940	Career & technical education	C 336	L 01PV
ESSB	5942	Guide dogs & service animals	C 112	L 01
2SSB	5947	Dairy farmers	C 18	L 01E2
SSB	5958	Life & disability insurance	C 50	L 01
SSB	5961	Fish and wildlife statutes	C 253	L 01
ESSB	5970	Probation orders	C 94	L 01
SB	5972	Juvenile offenders	C 51	L 01
SSB	5986	Public psychiatric facilities	C 254	L 01
SSB	5988	State investment board	C 302	L 01
ESB	5990	General obligation bonds	C 9	L 01E2
ESSB	5995	Parent-child relationship	C 52	L 01
ESSB	6007	Unemployment/Indian tribes	C 11	L 01E1
SSB	6012	Outdoor burning	C 12	L 01E1
SSB	6020	Access to dental care	C 93	L 01
SB	6022	Horse owners & breeders	C 53	L 01
SSB	6035	College board job bank	C 110	L 01
SSB	6053	State route 525	C 130	L 01
SSB	6055	Foster care agency caseload	C 255	L 01
SSB	6056	Child dependency cases	C 256	L 01
SB	6107	Geothermal energy	C 215	L 01
SB	6109	Campaign disclosure	C 54	L 01
SSB	6110	Puget Sound crab pot buoy	C 234	L 01
ESSB	6143	Sex & kidnaping offenders	C 283	L 01
3ESSB	6151	High-risk sex offenders	C 12	L 01E2
ESSB	6153	Operating budget	C 7	L 01 PV E2
SSB	6155	Capital budget	C 8	L 01 PV E2
ESSB	6167	State retirement systems	C 11	L 01 PV E2
SB	6181	Ferry fares	C 1	L 01E1
ESB	6188	Environmental permit process	C 2	L 01E1
ESB	6194	Grays Harbor/pilots	C 22	L 01 PV E2
ESB	6198	Cigarette sales	C 21	L 01E2

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C	1	L 01	Animal trapping & poisons	INIT 713
C	2	L 01	Limiting/repealing taxes	INIT 722
C	3	L 01	Public education	INIT 728
C	4	L 01	School employees' COLA	INIT 732
C	5	L 01	Earthquake funding	HB 2222
C	6	L 01	Lodging combined sales tax	SHB 1125
C	7	L 01	Persistent sex offenders	ESSB 5013
C	8	L 01	Border area definition	SSB 5015
C	9	L 01	Salmon recovery funding board	SB 5022
C	10	L 01	Chapter 9.94A RCW	SB 5038
C	11	L 01	Correctional facilities	SB 5047
C	12	L 01	Mental health commitments	SB 5048
C	13	L 01	Chemical dependency	ESB 5051
C	14	L 01	Trust & estate disputes	ESSB 5052
C	15	L 01	Courts of limited jurisdiction	SB 5252
C	16	L 01	Disclosure/health care information	ESB 5258
C	17	L 01	Hit and run	HB 1280
C	18	L 01	Horse racing compact	SHB 1027
C	19	L 01	Marine employees	HB 1100
C	20	L 01	Grain warehouses	SHB 1140
C	21	L 01	Insurer investments	HB 1296
C	22	L 01	Hemodialysis technicians	HB 1309
C	23	L 01	Private vocational schools	HB 1313
C	24	L 01	Epinephrine	HB 1317
C	25	L 01	Expedited rule process	SHB 1375
C	26	L 01	Leasehold excise tax	HB 1055
C	27	L 01	Derelict vessels	SHB 1349
C	28	L 01	Victims of stalking	HB 1546
C	29	L 01	Metropolitan park districts	HB 1548
C	30	L 01	Candidates/elected officers	HB 1577
C	31	L 01	Investing surplus funds	HB 1623
C	32	L 01	Uniform commercial code	ESB 5053
C	33	L 01	City & town government	SB 5057
C	34	L 01	Engineering systems	SB 5061
C	35	L 01	Adult offender/compact	SSB 5118
C	36	L 01	Office of marine safety	SB 5121
C	37	L 01	PERS	SB 5145
C	38	L 01	Public works/higher education	SHB 1515
C	39	L 01	Digital signatures	SHB 1632
C	40	L 01	Insurer's estate	HB 1634
C	41	L 01	Election integrity	SHB 1739
C	42	L 01 PV	Family law court files	EHB 1864
C	43	L 01	Debt collection	HB 1983
C	44	L 01	Sellers of travel	SSB 5219
C	45	L 01	Court venue	SSB 5241
C	46	L 01	Election filing dates	SB 5273
C	47	L 01	Business to business debts	SB 5331

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C	48	L 01	Community mobilization	SB 5367
C	49	L 01	Juvenile offender records	SB 5691
C	50	L 01	Life & disability insurance	SSB 5958
C	51	L 01	Juvenile offenders	SB 5972
C	52	L 01	Parent-child relationship	ESSB 5995
C	53	L 01	Horse owners & breeders	SB 6022
C	54	L 01	Campaign disclosure	SB 6109
C	55	L 01	Ignition interlock	HB 1419
C	56	L 01	Licensing insurance agents	HB 1547
C	57	L 01	Insurance/confidentiality	SHB 1763
C	58	L 01	County rail districts	HB 1943
C	59	L 01	Ferries	SHB 2221
C	60	L 01	Perpetuities	SB 5054
C	61	L 01	Geologists	SB 5206
C	62	L 01	King street railroad station	SSB 5224
C	63	L 01	Water-sewer district board	ESSB 5238
C	64	L 01	RCW corrections	SB 5305
C	65	L 01	Uniform child custody act	SB 5348
C	66	L 01	Vehicles/gross weight	SB 5377
C	67	L 01	Disabled parking permits	ESSB 5434
C	68	L 01	Municipal courts	SSB 5472
C	69	L 01	Reclaimed water	SSB 5925
C	70	L 01	Public personnel files/privacy	HB 1002
C	71	L 01	Military leave	HB 1028
C	72	L 01	Railroad police	HB 1067
C	73	L 01	City/town elected officials	HB 1084
C	74	L 01	Commuter trip reduction program	HB 1098
C	75	L 01	Orthotic devices	HB 1116
C	76	L 01	Public hospital districts	HB 1131
C	77	L 01	Product standards	SHB 1136
C	78	L 01	Real estate appraisers	HB 1160
C	79	L 01	Fire district purchases	HB 1173
C	80	L 01	Public health system funds	E2SHB 1180
C	81	L 01	Consumer loan companies	HB 1205
C	82	L 01	Sudden infant death	HB 1216
C	83	L 01	Credit unions	HB 1366
C	84	L 01	Veterans affairs personnel	SHB 1376
C	85	L 01	Boarding homes	SHB 1426
C	86	L 01	Marine fin fish aquaculture	2SHB 1499
C	87	L 01	CTED	HB 1542
C	88	L 01	Breastfeeding	2SHB 1590
C	89	L 01	Public transit	SHB 1596
C	90	L 01	Insurers/investments	HB 1727
C	91	L 01	Surplus line brokers	HB 1729
C	92	L 01	Fruit & vegetable district fund	HB 1780
C	93	L 01	Access to dental care	SSB 6020
C	94	L 01	Probation orders	ESSB 5970
C	95	L 01	Sex & kidnaping offenders	SSB 5014
C	96	L 01	Sale of precursor drugs	ESSB 5017

C	97	L 01	Short-rotation hardwoods	SB 5108
C	98	L 01	Public disclosure/terrorism	SSB 5255
C	99	L 01	Unemployment compensation	SB 5316
C	100	L 01	Unemployment compensation	SB 5317
C	101	L 01	Health professions board members	SB 5359
C	102	L 01	Forest practices act	SSB 5497
C	103	L 01	Higher ed/student ID	SSB 5509
C	104	L 01	Motorcycle exam	SB 5518
C	105	L 01	Fishery licenses	SB 5531
C	106	L 01	Prescription drug information card	ESSB 5566
C	107	L 01	Highway signs/crime stoppers	SSB 5572
C	108	L 01	County road construction	SSB 5733
C	109	L 01	Physician license fees	SB 5903
C	110	L 01	College board job bank	SSB 6035
C	111	L 01	Veterans/Philippines	HB 1716
C	112	L 01	Guide dogs & service animals	ESSB 5942
C	113	L 01	Disaster tax relief	HB 1018
C	114	L 01	Limited medical license	EHB 1076
C	115	L 01	Restitution	SHB 1117
C	116	L 01	Sales & use tax exemption	SHB 1203
C	117	L 01	Supplemental operating budget	SHB 1314
C	118	L 01	Taxation of farmers	SHB 1339
C	119	L 01	Claims against local government	EHB 1530
C	120	L 01	Credit unions	SHB 1537
C	121	L 01	Motorcycles	HB 1582
C	122	L 01	Irrigation pumping installation	EHB 1606
C	123	L 01	Supplemental capital budget	ESHB 1625
C	124	L 01	Wine and cider	SHB 1915
C	125	L 01	Motor vehicles/VIN inspection	HB 2029
C	126	L 01	Property tax	ESHB 2191
C	127	L 01	Rail fixed guideway system	SB 5223
C	128	L 01	Enhanced 911 system	SSB 5335
C	129	L 01	Conifer seeds/tax exemption	SSB 5484
C	130	L 01	State route 525	SSB 6053
C	131	L 01	Public works board budget	SHB 1000
C	132	L 01	Public works board projects	SHB 1001
C	133	L 01	National guard & reserves	SSB 5263
C	134	L 01	Disability payments	SHB 1004
C	135	L 01	Steelhead recovery	HB 1035
C	136	L 01	Crime victims' compensation	HB 1040
C	137	L 01	Juvenile offender basic training	HB 1070
C	138	L 01	Liability/donated labor	SHB 1133
C	139	L 01	Garbage & junk vehicles	SHB 1163
C	140	L 01	Records of conviction/vacation	SHB 1174
C	141	L 01	Drinking water	HB 1198
C	142	L 01	Alcohol or drug test	HB 1243
C	143	L 01	Educational service districts	HB 1257
C	144	L 01	Foreign children entering U.S.	HB 1346
C	145	L 01	Hit and run	SHB 1649

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C 146	L 01	Court filing fees	SHB 1793
C 147	L 01	Insurance/small employers	HB 1851
C 148	L 01	Guardianship proceedings	SHB 1920
C 149	L 01	Irrigation districts	HB 2037
C 150	L 01	DNR/Cowlitz river	SB 5863
C 151	L 01	Sheriff's office personnel	SB 5127
C 152	L 01	Self-insurers	SSB 5205
C 153	L 01	Victims' compensation	SB 5270
C 154	L 01	Small claims court	SB 5389
C 155	L 01	Fish & wildlife commission	SB 5440
C 156	L 01	Small claims appeals	SB 5491
C 157	L 01	Agricultural fairs	SSB 5734
C 158	L 01	Teacher certification	E2SSB 5695
C 159	L 01	Consumer protection/contractors	SSB 5101
C 160	L 01	Unauthorized sale of goods	ESB 5374
C 161	L 01	Emancipation of minors	SB 5392
C 162	L 01	Truancy records	SB 5393
C 163	L 01	Salmon fishing gear	SSB 5442
C 164	L 01	Chemical dependency	SSB 5468
C 165	L 01	Emergency service personnel	ESHB 1371
C 166	L 01	Criminal justice training	HB 1066
C 167	L 01	Peace officers	HB 1062
C 168	L 01 PV	Civil forfeitures of property	ESHB 1995
C 169	L 01	Offender registration	HB 1952
C 170	L 01	Sex offender registration	HB 2086
C 171	L 01	Perjury	HB 1692
C 172	L 01	Unidentified persons/information	HB 1613
C 173	L 01	Volunteer fire fighters	ESHB 1420
C 174	L 01	Sealing juvenile records	SHB 1212
C 175	L 01	Diversions	SHB 1471
C 176	L 01	Alien banks	HB 1036
C 177	L 01	Financial services regulation fund	HB 1211
C 178	L 01	Settlement protection act	EHB 1347
C 179	L 01	Holding company act	SHB 1792
C 180	L 01	Retirement systems	HB 1213
C 181	L 01	Retirement benefits board	SHB 1214
C 182	L 01	Educational service districts	SHB 1256
C 183	L 01	Appraisers/school districts	SHB 1971
C 184	L 01	College payment program	HB 2126
C 185	L 01	Property tax	SHB 1202
C 186	L 01	Linen & uniform supply	HB 1385
C 187	L 01	Property tax	SHB 1467
C 188	L 01	Direct pay permits	HB 1706
C 189	L 01	DNR property sale/exchange	HB 1846
C 190	L 01	Technical assistance program	SHB 2049
C 191	L 01	PACE program	EHB 1099
C 192	L 01	Foster care	SHB 1259
C 193	L 01	Boarding/adult family homes	SHB 2041
C 194	L 01	Electrology & tattooing	SHB 1042

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C 195	L 01	Health care professional's license	SHB 1094
C 196	L 01	Individual health insurance	HB 1633
C 197	L 01	Juvenile life insurance	SHB 1661
C 198	L 01	Private clubs/liquor	HB 1855
C 199	L 01	Wine/off-premise consumption	HB 1951
C 200	L 01	Cities and towns	HB 1523
C 201	L 01 PV	Right-of-way acquisition	SHB 1678
C 202	L 01	Street vacations	HB 1750
C 203	L 01	Power of attorney	SHB 1135
C 204	L 01	Apprenticeship law	SHB 1234
C 205	L 01	Legislation commission	SHB 1282
C 206	L 01	Vehicle license renewals	HB 1584
C 207	L 01	Unlicensed practice/business	HB 1694
C 208	L 01	Campaign contributions	HB 1770
C 209	L 01	Liability of volunteers	SHB 1643
C 210	L 01	Telecommunications devices	SHB 1884
C 211	L 01	Electricians/installations	HB 1369
C 212	L 01	Community revitalization	ESHB 1418
C 213	L 01	Electric generating facilities	HB 1859
C 214	L 01	State energy supply	EHB 2247
C 215	L 01	Geothermal energy	SB 6107
C 216	L 01	Agencies/executive sessions	SHB 1384
C 217	L 01	Identity theft	ESSB 5449
C 218	L 01	Gasoline additives	EHB 1015
C 219	L 01	Prevailing wage	HB 1138
C 220	L 01	Water rights appeals	EHB 1350
C 221	L 01	Salmon recovery	HB 1394
C 222	L 01	Criminal profiteering	HB 1578
C 223	L 01	Missing person records	HB 1611
C 224	L 01	Commercial bribery	HB 1614
C 225	L 01	Election recount procedures	SHB 1644
C 226	L 01	Public works/design-build	SHB 1680
C 227	L 01	Investing in the environment	ESHB 1785
C 228	L 01	Coastal Dungeness crab	SHB 1821
C 229	L 01	Watershed planning	HB 1865
C 230	L 01	Crisis nurseries	HB 1898
C 231	L 01	Workers' compensation	SHB 1950
C 232	L 01	Sheriff's employees	SSB 5077
C 233	L 01	Vulnerable adult abuse	SSB 5184
C 234	L 01	Puget Sound crab pot buoy	SSB 6110
C 235	L 01	Cigarette sales/Indian lands	ESSB 5372
C 236	L 01	Tribal/state gaming compacts	SSB 5905
C 237	L 01	Water resources management	ESHB 1832
C 238	L 01	Pipeline safety	SSB 5182
C 239	L 01	Water rights	SB 5333
C 240	L 01	Water rights	SSB 5910
C 241	L 01 PV	Absentee ballots	SB 5275
C 242	L 01	Opiate substitution treatment	SSB 5417
C 243	L 01	Lands vehicle use permit	SSB 5438

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C 244	L 01	Commercial fishing license	SSB 5443
C 245	L 01	Outdoor athletic fields	ESB 5495
C 246	L 01	Boxing official licensing	SSB 5502
C 247	L 01	Alcohol violators	SSB 5558
C 248	L 01	Controlled substance orders	SSB 5565
C 249	L 01	Forest lands/taxation	SSB 5702
C 250	L 01	Trust lands/sale of material	SSB 5862
C 251	L 01	Social workers & counselors	ESSB 5877
C 252	L 01	Physical therapy	SB 5921
C 253	L 01	Fish and wildlife statutes	SSB 5961
C 254	L 01	Public psychiatric facilities	SSB 5986
C 255	L 01	Foster care agency caseload	SSB 6055
C 256	L 01	Child dependency cases	SSB 6056
C 257	L 01	Infant and child products	SHB 1365
C 258	L 01	Motor vehicle sales/B&O tax	SHB 1119
C 259	L 01	Statutory leg committees	SHB 1391
C 260	L 01	Protection orders	2SHB 1041
C 261	L 01	LEOFF plan 2	HB 1045
C 262	L 01	Oversize load permits	HB 1095
C 263	L 01	Teachers/lapsed certification	SHB 1120
C 264	L 01	Escaping from custody	HB 1227
C 265	L 01	Foster care services	2SHB 1249
C 266	L 01	Educational service districts	HB 1255
C 267	L 01	Telecommunications	HB 1287
C 268	L 01	Veterans' & military affairs	SHB 1325
C 269	L 01	Community residential option	SHB 1341
C 270	L 01	Taxation of fuel	EHB 1407
C 271	L 01	Nonprofit organizations	SHB 1545
C 272	L 01	Motor vehicle dealers	HB 1581
C 273	L 01	State oyster reserve lands	E2SHB 1658
C 274	L 01	Wildlife damage	2SHB 1752
C 275	L 01	Local park & rec task force	SHB 1836
C 276	L 01	Professional licenses	SHB 1899
C 277	L 01	Mooring and buoys	EHB 1936
C 278	L 01	Fish & wildlife data	ESHB 1996
C 279	L 01	Forest fire protection	SHB 2104
C 280	L 01	Small forest landowners	SHB 2105
C 281	L 01 PV	Backflow prevention assemblies	ESHB 2172
C 282	L 01	Park model trailers	SHB 2184
C 283	L 01	Sex & kidnaping offenders	ESSB 6143
C 284	L 01	Limited public works	SB 5063
C 285	L 01	Motorcycles	SSB 5114
C 286	L 01	Sexually violent predators	ESSB 5122
C 287	L 01	Sexually violent predators	SSB 5123
C 288	L 01	Emergency management compact	SB 5256
C 289	L 01	Local criminal justice	SSB 5309
C 290	L 01	Municipal research council	SSB 5319
C 291	L 01	Boards and commissions	SSB 5401
C 292	L 01	General administration service account	SSB 5474

C 293	L 01	Noise prevention/motor vehicles	SSB 5494
C 294	L 01	Public accountancy act	E2SSB 5593
C 295	L 01	Liquor control board	SB 5604
C 296	L 01	Background checks	ESSB 5606
C 297	L 01	Animal therapy	SSB 5621
C 298	L 01	Watershed health	SSB 5637
C 299	L 01	County treasurer	SSB 5638
C 300	L 01	Vehicular assault	ESB 5790
C 301	L 01	DNA testing of evidence	SSB 5896
C 302	L 01	State investment board	SSB 5988
C 303	L 01	Salmon recovery grants	HB 1071
C 304	L 01	Economic development finance authority	SHB 1295
C 305	L 01	Property tax/land transfer	SHB 1450
C 306	L 01	Hunting & fishing licenses	SHB 1498
C 307	L 01	Liability company reports	SHB 1501
C 308	L 01	False/misleading statements	HB 1564
C 309	L 01	Abstracts of driving records	HB 1567
C 310	L 01	Unlawful practice of law	HB 1579
C 311	L 01	Harassment orders	SHB 1591
C 312	L 01	Fish & wildlife committee	ESHB 1655
C 313	L 01	Agency liquor vendor stores	SHB 1781
C 314	L 01	Forest products commission	2SHB 1835
C 315	L 01 PV	Agricultural boards & commissions	SHB 1892
C 316	L 01 PV	Time certificate investment	2SHB 1445
C 317	L 01	TERS	HB 1048
C 318	L 01 PV	Foster parents' rights	HB 1102
C 319	L 01 PV	Adult family homes	SHB 1320
C 320	L 01 PV	Excise tax administration	HB 1361
C 321	L 01	General anesthesia services	ESHB 1364
C 322	L 01	Land use project permit	ESHB 1458
C 323	L 01 PV	Community mental health services	SHB 1650
C 324	L 01	Marketing of agriculture	SHB 1891
C 325	L 01	Theft of motor vehicle fuel	HB 1895
C 326	L 01	Industrial bank lands	ESHB 1997
C 327	L 01 PV	Trusts for nonhuman animals	SHB 2046
C 328	L 01	Alternative public works contract	ESSB 5060
C 329	L 01 PV	State patrol retirement	ESB 5143
C 330	L 01	Private activity bonds	SB 5197
C 331	L 01	Vehicle licensing subagents	SSB 5274
C 332	L 01	Child dependency	ESSB 5413
C 333	L 01 PV	Pesticides/schools	SSB 5533
C 334	L 01 PV	Public mental health system	ESSB 5583
C 335	L 01	Mobile home alterations	ESSB 5703
C 336	L 01 PV	Career & technical education	SSB 5940
C 337	L 01 PV	Salmon eggs	ESHB 1286

First Special Session

C 1	L 01 E1	Ferry fares	SB 6181
C 2	L 01 E1	Environmental permit process	ESB 6188

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C	3	L 01 E1	(Salary Commission recommendations)	
C	4	L 01 E1	Breast/cervical cancer	2SHB 1058
C	5	L 01 E1	Surface mining	EHB 1845
C	6	L 01 E1	Schools/bilingual instruction	E2SHB 2025
C	7	L 01 E1	Property tax exemption	HB 2098
C	8	L 01 E1	Nursing home rates	SHB 2242
C	9	L 01 E1	Grocery distribution coops	EHB 2260
C	10	L 01 E1	Simulcast horse racing	ESSB 5407
C	11	L 01 E1	Unemployment/Indian tribes	ESSB 6007
C	12	L 01 E1	Outdoor burning	SSB 6012

Second Special Session

C	1	L 01 E2	Supplemental transportation budget	2ESHB 1266
C	2	L 01 E2	Small rural hospitals	HB 1162
C	3	L 01 E2	Agricultural products	HB 1984
C	4	L 01 E2	Veterans' home	SHB 2227
C	5	L 01 E2	Supplemental security income	HB 2233
C	6	L 01 E2	Commodity boards/commission	EHB 2266
C	7	L 01 E2 PV	Operating budget	ESSB 6153
C	8	L 01 E2 PV	Capital budget	SSB 6155
C	9	L 01 E2	General obligation bonds	ESB 5990
C	10	L 01 E2 PV	TRS & PERS	ESSB 5937
C	11	L 01 E2 PV	State retirement systems	ESSB 6167
C	12	L 01 E2	High-risk sex offenders	3ESSB 6151
C	13	L 01 E2	Local government records	SHB 1926
C	14	L 01 E2 PV	Transportation budget	3ESSB 5327
C	15	L 01 E2 PV	Disabled persons/benefits	EHB 2230
C	16	L 01 E2	Fair fund	ESSB 5237
C	17	L 01 E2	Animal health products	SSB 5496
C	18	L 01 E2	Dairy farmers	2SSB 5947
C	19	L 01 E2	Water storage products	SSB 5919
C	20	L 01 E2	School assessment timelines	2ESB 5686
C	21	L 01 E2	Cigarette sales	ESB 6198
C	22	L 01 E2 PV	Grays Harbor/pilots	ESB 6194
C	23	L 01 E2 PV	Health or welfare services/B&O tax	SHB 1624
C	24	L 01 E2 PV	Farm equipment tax exemption	SHB 1906
C	25	L 01 E2	Rural economic development	ESHB 2138
C	26	L 01 E2	Earthquake funding	HB 2258

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Lynn Kessler
Kathy Lambert
Kelli Linville
Dave Mastin
Jim McIntire
Joyce Mulliken
Kirk Pearson
Cheryl Pflug
Laura Ruderman
Dave Schmidt
Shay Schual-Berke
Gig Talcott
Kip Tokuda

Senate Agriculture & International Trade

Marilyn Rassmussen, *Chair*
Paull Shin, *V. Chair*
Linda Evans Parlette
Larry Sheahan
Sid Snyder
Harriet Spanel
Dan Swecker

See Senate Ways & Means

House Capital Budget

Gary Alexander, *Co-Chair*
Edward Murray, *Co-Chair*
Mike Armstrong, *V. Chair*
Luke Esser, *V. Chair*
Jim McIntire, *V. Chair*
Kelly Barlean
Roger Bush
Sarah Cascada
Shirley Hankins
Sam Hunt
Patricia Lantz
Al O'Brien
Val Ogden
Erik Poulsen
Aaron Reardon
Mark G. Schoesler
Velma Veloria
Beverly Woods

House Children & Family Services

Marc Boldt, *Co-Chair*
Kip Tokuda, *Co-Chair*
Ruth Kagi, *V. Chair*
Dave Morell, *V. Chair*
Ida Ballasiotes
Tom Campbell
Jeannie Darneille
Mary Lou Dickerson
Mark Miloscia
Cheryl Pflug

House Commerce & Labor

James Clements, *Co-Chair*
Steve Conway, *Co-Chair*
Bruce Chandler, *V. Chair*
Alex Wood, *V. Chair*
Sam Hunt
Phyllis Kenney
Barbara Lisk
Cathy McMorris

see Senate Ways & Means

see Senate Human Services & Corrections

see Senate Labor, Commerce & Financial Institutions

Standing Committee Assignments

**see House Technology,
Telecommunications &
Energy; Trade &
Economic Development**

**Senate Economic
Development &
Telecommunications**

Tim Sheldon, *Chair*
Betti Sheldon, *V. Chair*
Lisa Brown
Darlene Fairley
Bill Finkbeiner
Mary Margaret Haugen
Bob McCaslin
Dino Rossi
Val Stevens

House Finance

Jack Cairnes, *Co-Chair*
Jeff Morris, *Co-Chair*
Jean Berkey, *V. Chair*
Dan Roach, *V. Chair*
Mike Carrell
Steve Conway
John Pennington
Sharon Tomiko Santos
Steve Van Luven
Velma Veloria

**see Senate Labor,
Commerce & Financial
Institutions**

**House Criminal Justice
& Corrections**

Ida Ballasiotes, *Co-Chair*
Al O'Brien, *Co-Chair*
John Ahern, *V. Chair*
John Lovick, *V. Chair*
Jack Cairnes
Ruth Kagi
Steve Kirby
Dave Morell

**see Senate Human
Services & Corrections;
Judiciary**

**see House Natural
Resources; Technology,
Telecommunications &
Energy**

**Senate Environment,
Energy & Water**

Karen Fraser, *Chair*
Debbie Regala, *V. Chair*
Tracey Eide
Patricia Hale
Jim Honeyford
Ken Jacobsen
Dan McDonald
Bob Morton
Julia Patterson

House Education

Dave Quall, *Co-Chair*
Gigi Talcott, *Co-Chair*
Glenn Anderson, *V. Chair*
Kathy Haigh, *V. Chair*
Don Cox
Doug Ericksen
Karen Keiser
Joe McDermott
Kirk Pearson
Phil Rockefeller
Sharon Tomiko Santos
Lynn Schindler
Dave Schmidt
Shay Schual-Berke

Senate Education

Rosemary McAuliffe,
Chair
Tracey Eide, *V. Chair*
Don Carlson
Bill Finkbeiner
Mike Hewitt
Harold Hochstatter
Stephen Johnson
Jim Kastama
Jeanne Kohl-Welles
Margarita Prentice
Marilyn Rasmussen
Debbie Regala
Joseph Zarelli

**House Financial
Institutions & Insurance**

Brad Benson, *Co-Chair*
Brian Hatfield, *Co-Chair*
Roger Bush, *V. Chair*
Jim McIntire, *V. Chair*
Kelly Barlean
Jack Cairnes
Richard DeBolt
Karen Keiser
Mark Miloscia
Dan Roach
Sharon Tomiko Santos
Geoff Simpson

**see Senate Labor,
Commerce & Financial
Institutions**

Standing Committee Assignments

House Health Care

Tom Campbell, *Co-Chair*
Eileen Cody, *Co-Chair*
Shay Schual-Berke, *V. Chair*
Mary Skinner, *V. Chair*
Gary Alexander
Ida Ballasiotes
Steve Conway
Jeannie Darneille
Carolyn Edmonds
Jeanne Edwards
Joe Marine
Cathy McMorris
John Pennington
Laura Ruderman

House Higher Education

Don Cox, *Co-Chair*
Phyllis Gutierrez Kenney,
Co-Chair
Jeff Gombosky, *V. Chair*
Fred Jarrett, *V. Chair*
Jim Dunn
Bill Fromhold
Patricia Lantz
Mary Skinner

see House Criminal
Justice & Corrections;
Children & Family
Services

Senate Health & Long- Term Care

Pat Thibaudeau, *Chair*
Rosa Franklin, *V. Chair*
Jeri Costa
Alex Deccio
Karen Fraser
Linda Evans Parlette
Shirley Winsley

Senate Higher Education

Jeanne Kohl-Welles,
Chair
Paull Shin, *V. Chair*
Don Carlson
Jim Horn
Ken Jacobsen
Rosemary McAuliffe
Linda Evans Parlette
Larry Sheahan
Betti Sheldon

Senate Human Services & Corrections

James Hargrove, *Chair*
Jeri Costa, *V. Chair*
Don Carlson
Rosa Franklin
Mike Hewitt
Jim Kastama
Jeanne Kohl-Welles
Jeanine Long
Val Stevens

House Judiciary

Mike Carrell, *Co-Chair*
Patricia Lantz, *Co-Chair*
Christopher Hurst, *V. Chair*
Kathy Lambert, *V. Chair*
Marc Boldt
Sarah Casada
Mary Lou Dickerson
Luke Esser
John Lovick
Joe McDermott

House Juvenile Justice

Jerome Delvin, *Co-Chair*
Mary Lou Dickerson, *Co-Chair*
William "Ike"
Eickmeyer, *V. Chair*
Joe Marine, *V. Chair*
Mike Armstrong
Mike Carrell
Jeannie Darneille
Kip Tokuda

see House Commerce &
Labor; Financial
Institutions & Insurance

Senate Judiciary

Adam Kline, *Chair*
Dow Constantine, *V. Chair*
Jeri Costa
James Hargrove
Stephen Johnson
Jim Kastama
Jeanine Long
Bob McCaslin
Pam Roach
Pat Thibaudeau
Joseph Zarelli

see Senate Human
Services & Corrections;
Judiciary

Senate Labor, Commerce & Financial Institutions

Margarita Prentice, *Chair*
Georgia Gardner, *V. Chair*
Don Benton
Alex Deccio
Darlene Fairley
Rosa Franklin
Harold Hochstatter
Jim Honeyford
Julia Patterson
Marilyn Rasmussen
Debbie Regala
James West
Shirley Winsley

Standing Committee Assignments

House Local Government & Housing

Joyce Mulliken, *Co-Chair*
Hans Dunshee, *Co-Chair*
Jeanne Edwards, *V. Chair*
Thomas M. Mielke, *V. Chair*
Jean Berkey
Larry Crouse
Richard DeBolt
Jim Dunn
Carolyn Edmonds
Brian Hatfield
Fred Jarrett
Steve Kirby

House Natural Resources

Mark Doumit, *Co-Chair*
Bob Sump, *Co-Chair*
Kirk Pearson, *V. Chair*
Phil Rockefeller, *V. Chair*
Jim Buck
Gary Chandler
Jeanne Edwards
William "Ike" Eickmeyer
Doug Ericksen
Brock Jackley
Ed Murray
John Pennington

House Rules

Clyde Ballard, *Co-Chair*
Frank Chopp, *Co-Chair*
Jim Buck
Roger Bush
Bill Grant
Kathy Haigh
Shirley Hankins
Christopher Hurst
Lynn Kessler
Steve Kirby
Kathy Lambert
Barbara Lisk
Dave Mastin
Val Ogden
John Pennington
Erik Poulsen
Aaron Reardon
Sharon Tomiko Santos
Mark G. Schoesler
Beverly Woods

see Senate State & Local Government

Senate Natural Resources, Parks & Shorelines

Ken Jacobsen, *Chair*
Harriet Spanel, *V. Chair*
Dow Constantine
James Hargrove
Dan McDonald
Bob Morton
Bob Oke
Sid Snyder
Val Stevens

Senate Rules

Lt. Governor Brad Owen, *Chair*
Rosa Franklin, *V. Chair*
Dow Constantine
Jeri Costa
Alex Deccio
Tracey Eide
Georgia Gardner
Patricia Hale
Harold Hochstatter
Jim Horn
Stephen Johnson
Larry Sheahan
Betti Sheldon
Paull Shin
Sid Snyder
Harriet Spanel
James West

House Select on Elections

Val Odgen, *Co-Chair*
Dave Schmidt, *Co-Chair*
Ruth Fisher, *V. Chair*
Gigi Talcott, *V. Chair*
Ida Ballasiotes
Larry Crouse
Jeff Morris
Sandra Romero

House State Government

Cathy McMorris, *Co-Chair*
Sandra Romero, *Co-Chair*
Mark Miloscia, *V. Chair*
Lynn Schindler, *V. Chair*
Kathy Haigh
Kathy Lambert
Joe McDermott
Dave Schmidt

House Technology, Telecommunications & Energy

Larry Crouse, *Co-Chair*
Erik Poulsen, *Co-Chair*
Sarah Casada, *V. Chair*
Laura Ruderman, *V. Chair*
Glenn Anderson
Jean Berkey
Roger Bush
Bruce Chandler
Mike Cooper
Richard DeBolt
Jerome Delvin
Luke Esser
Sam Hunt
Kelli Linville
Thomas M. Mielke
Jeff Morris
Cheryl Pflug
Aaron Reardon
Geoff Simpson
Alex Wood

see Senate State & Local Government

Senate State & Local Government

Julia Patterson, *Chair*
Darlene Fairley, *V. Chair*
Georgia Gardner
Patricia Hale
Mary Margaret Haugen
Jim Horn
Adam Kline
Bob McCaslin
Pam Roach
Tim Sheldon
Dan Swecker

see Senate Energy, Technology & Telecommunications

Standing Committee Assignments

House Trade & Economic Development

Steve Van Luven, *Co-Chair*
Velma Veloria, *Co-Chair*
Jim Dunn, *V. Chair*
William "Ike"
Eickmeyer, *V. Chair*
Bill Fromhold, *V. Chair*
John Ahern
Jeff Gombosky
Brock Jackley
Joyce Mulliken
Al O'Brien
Cheryl Pflug
Alex Woods

House Transportation

Ruth Fisher, *Co-Chair*
Maryann Mitchell, *Co-Chair*
Mike Cooper, *V. Chair*
Doug Ericksen, *V. Chair*
Shirley Hankins, *V. Chair*
John Lovick, *V. Chair*
John Ahern
Glenn Anderson
Mike Armstrong
Gary Chandler
Carolyn Edmonds
Kathy Haigh
Brian Hatfield
Christopher Hurst
Brock Jackley
Fred Jarrett
Joe Marine
Thomas M. Mielke
Dave Morell
Edward Murray
Val Ogden
Aaron Reardon
Phil Rockefeller
Sandra Romero
Lynn Schindler
Geoff Simpson
Mary Skinner
Bob Sump
Alex Wood
Beverly Woods

see Senate Agriculture & International Trade; Economic Development & Telecommunications

Senate Transportation

Mary Margaret Haugen, *Chair*
Georgia Gardner, *V. Chair*
Don Benton
Tracey Eide
Bill Finkbeiner
Jim Horn
Ken Jacobsen
Stephen Johnson
Jim Kastama
Rosemary McAuliffe
Dan McDonald
Bob Oke
Julia Patterson
Margarita Prentice
Tim Sheldon
Paull Shin
Dan Swecker

see House Appropriations, Capital Budget, Finance

Senate Ways & Means

Lisa Brown, *Chair*
Dow Constantine, *V. Chair*
Darlene Fairley, *V. Chair (Capital Budget)*
Karen Fraser
Mike Hewitt
Jim Honeyford
Adam Kline
Jeanne Kohl-Welles
Jeanine Long
Linda Evans Parlette
Marilyn Rasmussen
Debbie Regala
Pam Roach
Dino Rossi
Larry Sheahan
Betti Sheldon
Sid Snyder
Harriet Spanel
Pat Thibaudeau
Shirley Winsley
Joseph Zarelli