

(c) No project may be authorized under this section by the office of financial management unless sufficient funds are available to complete a project's design phase, construction phase, or both.

(d) Appropriations in this act for a capital project shall not be expended under this section unless:

(i) All contracts associated with the performance of the project have been completed and accepted by the state of Washington;

(ii) The statutory thirty-day lien period for each project has expired;

(iii) All claims of lien against project contracts have been satisfied;

(iv) There are no outstanding claims against the state of Washington by any contracted party to the project construction contract; and

(v) Any and all negotiated settlements or settlements arising from the findings of an arbitration board or court of jurisdiction have been satisfied.

NEW SECTION. Sec. 719. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 720. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect July 1, 1985.

Passed the Senate April 28, 1985.

Passed the House April 25, 1985.

Approved by the Governor May 20, 1985.

Filed in Office of Secretary of State May 20, 1985.

CHAPTER 374

[Engrossed Senate Bill No. 3612]

EXCESS SCHOOL LEVIES

AN ACT Relating to excess school levies; reenacting and amending RCW 84.52.0531; creating a new section; and declaring an emergency.

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

Sec. 1. Section 4, chapter 325, Laws of 1977 ex. sess. as last amended by section 1, chapter 168, Laws of 1981 and by section 10, chapter 264, Laws of 1981 and RCW 84.52.0531 are each reenacted and amended to read as follows:

The maximum dollar amount which may be levied by or for any school district for maintenance and operation support under the provisions of RCW 84.52.053 shall be as follows:

(1) For excess levies in ~~((1979))~~ 1985 for collection in ~~((1981, for excess levies in 1980 for collection in 1981))~~ 1986 and thereafter, the sum of:

(a) That amount equal to ten percent of each school district's prior year basic education allocation (~~((converted to one hundred percent of formula, plus~~

~~(b) That amount equal to each school district's prior year basic education allocation converted to one hundred percent of formula minus each school district's basic education allocation for such school year)); plus~~

~~((c))~~ (b) That amount equal to ten percent of each school district's prior year state allocation, exclusive of federal funds, for the following programs:

- (i) Pupil transportation;
- (ii) Handicapped education costs;
- (iii) Gifted; and

(iv) Compensatory education, including but not limited to remediation assistance, bilingual education, and urban, rural, racial disadvantaged programs; plus

~~((d))~~ (c) In the case of nonhigh school districts only, an amount equal to the total estimated amount due by the nonhigh school district to high school districts pursuant to chapter 28A.44 RCW, as now or hereafter amended, for the school year during which collection of the levy is to commence, less the increase in the nonhigh school district's basic education allocation as computed pursuant to subsection ~~((f))~~ (4) of this section due to the inclusion of pupils participating in a program provided for in chapter 28A.44 RCW in such computation.

(2) Excess levies authorized under this section or under RCW 84.52-.052 shall not be used directly or indirectly to increase the average salary or fringe benefits for certificated or classified personnel in any school district: PROVIDED, That any school district may expend excess levy funds to provide increases in salary and fringe benefits for classified or certificated personnel whose salary and fringe benefits are provided wholly from local school district excess levies in a percentage not to exceed the respective average percentage increases in the salary and fringe benefit levels for classified and certificated employees of the district funded with state appropriated funds: PROVIDED FURTHER, That those contracts which have been negotiated prior to July 1, 1977 by those school districts for such school year shall not be abrogated by this section. "Fringe benefits" for purposes of this subsection shall include:

- (a) Employer retirement contributions, if applicable;
- (b) Health and insurance payments including life, accident, disability, unemployment compensation, and workmen's compensation; and
- (c) Employer social security contributions.

(3) Any school district whose average base compensation for certificated or classified personnel respectively is below state-wide average base compensation level for certificated or classified personnel during the preceding school year, may collect and expend property taxes authorized by this

section, or under RCW 84.52.052, for the purpose of increasing such district's average compensation for certificated or classified personnel as allowed in the latest applicable state operating budget. "Compensation", for purposes of this subsection, shall mean salary plus fringe benefits for classified and certificated personnel of a school district as allowed in the latest applicable state operating budget.

(4) For the purpose of this section, the basic education allocation shall be determined pursuant to RCW 28A.41.130, 28A.41.140, and 28A.41.145, as now or hereafter amended: PROVIDED, That when determining the basic education allocation under subsection (1) of this section, effective September 1, 1979, nonresident full time equivalent pupils who are participating in a program provided for in chapter 28A.44 RCW or in any other program pursuant to an interdistrict agreement shall be included in the enrollment of the resident district and excluded from the enrollment of the serving district.

Certificated personnel shall include those persons employed by a school district in a teaching, instructional, administrative or supervisory capacity and who hold positions as certificated personnel as defined under RCW 28A.01.130, as now or hereafter amended, and every school district superintendent, and any person hired in any manner to fill a position designated as, or which is in fact, that of deputy superintendent or assistant superintendent. Classified personnel shall include those persons employed by a school district other than certificated personnel as defined in this section in a capacity for which certification is not required.

(5) Any district (~~which is qualified to exceed the maximum dollar amount permitted under subsection (1) of this section during calendar year 1982~~) is authorized to exceed the levy limitations imposed by subsection (1) for taxes to be collected during calendar years (~~(1983)~~) 1985 through (~~(1990)~~) 1993 as follows:

(a) (~~The dollar amount of levy qualification for taxes to be collected in 1983 shall be the same as the maximum qualification for 1982.~~

(b) For every district which qualifies to exceed the limitations in subsection (1) of this section during calendar year 1982, a "base year levy percentage" shall be established. This levy percentage shall be equal to the percent a district's levy qualification during calendar year 1982 is of the prior 1980-81 school fiscal year's basic education allocation and state allocation for categorical programs) For excess levies to be collected in calendar years 1986, 1987, and 1988, a base year levy percentage shall be established. The base year levy percentage shall be equal to the greater of: (i) The district's actual levy percentage for calendar year 1985, (ii) the average levy percentage for all school district levies in the state in calendar year 1985, or (iii) the average levy percentage for all school district levies in the educational service district of the district in calendar year 1985.

~~((c))~~ (b) The base year levy percentage established in (a) of this subsection shall be reduced in even increments beginning in calendar year ~~((1984))~~ 1989. The incremental reduction shall equal ~~((one-seventh))~~ one-fifth of the percentage points the base year levy percentage exceeds the amount authorized in subsection (1) of this section.

~~((d))~~ (c) For excess levies to be collected in calendar year ~~((1990))~~ 1993, the maximum dollar amount which may be levied by or for any school district shall not exceed the amount authorized in subsection (1) of this section. The provisions of this subsection shall not apply to excess levies to be collected after calendar year ~~((1990))~~ 1993.

~~(6) ((For the purpose of subsection (1) of this section, the superintendent of public instruction may grant local school districts authority to exceed the levy limitations imposed by said subsections. PROVIDED, That said limitations can only be exceeded by an amount that will insure local school districts the ability to raise a total excess levy dollar amount per annual average full time equivalent student which when combined with the basic education allocation is equal to but does not exceed one hundred and six percent for levies to be collected in 1980 and thereafter of the previous school year's comparable dollars per annual average full time equivalent student. PROVIDED FURTHER, That for levies to be collected in 1980 and thereafter any school district receiving authority to exceed the levy limitation and whose enrollment is declining at a rate of at least four percent, or three hundred full time equivalent students, whichever is less, from the immediately preceding school year, may, in addition to the increase above, further increase its levy by an amount equal to fifty percent of the enrollment decline multiplied by the previous school year's comparable dollars per annual full time equivalent student. The provisions of this subsection (6) shall only apply to excess levies for collection prior to calendar year 1983.~~

~~(7))~~ The superintendent of public instruction shall develop rules and regulations and inform school districts of the pertinent data necessary to carry out the provisions of this section.

***NEW SECTION. Sec. 2. (1) The legislature recognizes the importance of a strong educational system to individual development, the health of the community, and to the quality of life in the state as a whole. To assure the continuance of a strong educational system, it is necessary to clarify the definition of basic education and review and analyze methods for funding the common schools. To address these needs, the legislature hereby creates a joint select committee on school funding to review and analyze current and alternative methods of funding education.**

(2) The joint select committee on school funding, in consultation with the superintendent of public instruction, state board of education, school administration and employee organizations, and members of community and

business organizations involved with education issues, shall review and make recommendations on funding issues including the following:

- (a) Focusing on instructional resources and actual class size as the major components of the basic education allocation formula;**
- (b) Effectiveness of the excess levy as mechanism for funding;**
- (c) Alternate methods of funding;**
- (d) Methods for equalizing funding between districts; and**
- (e) How school districts are expending income from all sources.**

School districts shall provide any information requested by the joint select committee on school funding in a timely manner.

(3) The committee shall consist of fourteen voting members:

(a) Three members from each caucus of the house of representatives, selected by the speaker of the house of representatives; at least one member of each caucus shall be a member of the house education committee and at least one member of each caucus shall be a member of the house ways and means committee;

(b) Three members from each caucus of the senate, selected by the president of the senate; at least one member of each caucus shall be a member of the senate education committee and at least one member of each caucus shall be a member of the senate ways and means committee; and

(c) The chairman of the house education committee and the chairman of the senate education committee.

(4) The committee will use legislative staff and facilities, but may hire additional staff with specific technical expertise, if such expertise is necessary to carry out this directive. All expenses shall be paid jointly by the house of representatives and the senate.

(5) The committee shall report its findings and recommendations to the governor and the legislature by the commencement of the 1986 regular session of the legislature. The committee shall cease to exist on April 1, 1986.

***Sec. 2 was vetoed, see message at end of chapter.**

NEW SECTION. Sec. 3. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

***NEW SECTION. Sec. 4. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.**

***Sec. 4 was vetoed, see message at end of chapter.**

Passed the Senate April 20, 1985.

Passed the House April 16, 1985.

Approved by the Governor May 20, 1985, with the exception of certain items which are vetoed.

Filed in Office of Secretary of State May 20, 1985.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to two sections Engrossed Senate Bill 3612 entitled:

"AN ACT Relating to excess school levies;"

The primary purpose of Engrossed Senate Bill 3612 is to extend the levels of local school support levy options for three years. Section 2 of that legislation also establishes a legislative committee to undertake a review of the means to adequately fund the state's basic education responsibilities.

I support both the need for such a study and the issues identified within Section 2. However, I believe that there are additional far-reaching issues that must also be considered. These issues include state and local revenues; the relationship of educational funding to other state responsibilities; and structured relationships between the state and local schools which result from state funding.

For this reason I am vetoing Section 2. In lieu of allowing that section to become law, I will, by executive order, establish a broadly based study committee including legislators, educators and interested citizens.

Section 4 of the bill declares an emergency and provides for the act to take effect immediately. The emergency clause section is not necessary in order to continue the administrative provisions for the collection of the levels of school levies that would be based upon this legislation. The 1985 levies have already been certified. The 1986 levies are to be certified in October, well after the normal effective date of this legislation.

The emergency clause should be restricted to those instances where its use is clearly warranted due to the urgency of the situation. For these reasons I have vetoed Section 4.

With the exception of Sections 2 and 4, which I have vetoed, the remainder of Engrossed Senate Bill No. 3612 is approved."

CHAPTER 375

[Substitute Senate Bill No. 3684]

STATE LOTTERY FUNDS AND ACCOUNTS

AN ACT Relating to lotteries; amending RCW 67.70.040, 67.70.050, 67.70.230, 67.70.240, and 67.70.260; adding a new section to chapter 67.70 RCW; creating a new section; making an appropriation; providing an effective date; and declaring an emergency.

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

Sec. 1. Section 4, chapter 7, Laws of 1982 2nd ex. sess. and RCW 67.70.040 are each amended to read as follows:

The commission shall have the power, and it shall be its duty:

(1) To promulgate such rules governing the establishment and operation of a state lottery as it deems necessary and desirable in order that such a lottery be initiated at the earliest feasible and practicable time, and in order that such lottery produce the maximum amount of net revenues for the state consonant with the dignity of the state and the general welfare of the people. Such rules shall include, but shall not be limited to, the following:

(a) The type of lottery to be conducted which may include the selling of tickets or shares, or the use of electronic or mechanical devices or video terminals which do not require a printed ticket;