

outstanding obligations guaranteed by the fund, or (2) the total amount of delinquent assessments and interest accumulated on the delinquent assessments before the levy as of September 1.

The taxes levied for the maintenance of the local improvement guaranty fund shall be additional to and, if need be, in excess of all statutory and charter limitations applicable to tax levies in any city or town.

Sec. 8. Section 35.54.090, chapter 7, Laws of 1965 and RCW 35.54.090 are each amended to read as follows:

Warrants drawing interest at a rate (~~((not to exceed six percent))~~) established by the issuing officer under the direction of the legislative authority of the city or town shall be issued against the local improvement guaranty fund to meet any liability accruing against it. The warrants so issued shall at no time exceed five percent of the outstanding obligations guaranteed by the fund.

Passed the Senate March 30, 1981.

Passed the House April 20, 1981.

Approved by the Governor May 19, 1981.

Filed in Office of Secretary of State May 19, 1981.

## CHAPTER 324

[Engrossed Substitute Senate Bill No. 3386]  
LEGISLATIVE RULES REVIEW

AN ACT Relating to state government; amending section 1, chapter 234, Laws of 1959 as amended by section 1, chapter 237, Laws of 1967 and RCW 34.04.010; amending section 3, chapter 237, Laws of 1967 as last amended by section 7, chapter 240, Laws of 1977 ex. sess. and RCW 34.04.025; amending section 3, chapter 234, Laws of 1959 as amended by section 8, chapter 240, Laws of 1977 ex. sess. and RCW 34.04.030; amending section 2, chapter 57, Laws of 1971 ex. sess. as amended by section 42, chapter 169, Laws of 1977 ex. sess. and RCW 28B.19.020; amending section 3, chapter 57, Laws of 1971 ex. sess. as amended by section 10, chapter 240, Laws of 1977 ex. sess. and RCW 28B.19.030; amending section 4, chapter 57, Laws of 1971 ex. sess. as last amended by section 11, chapter 240, Laws of 1977 ex. sess. and RCW 28B.19.040; adding new sections to chapter 28B.19 RCW; adding new sections to chapter 34.04 RCW; and creating new sections.

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

NEW SECTION. Section 1. The legislature affirms that all rule-making authority of state agencies and institutions of higher education is a function delegated by the legislature, and as such, shall be exercised pursuant to the conditions and restrictions contained in this act.

Sec. 2. Section 1, chapter 234, Laws of 1959 as amended by section 1, chapter 237, Laws of 1967 and RCW 34.04.010 are each amended to read as follows:

((For the purpose of this chapter:)) The definitions set forth in this section shall apply throughout this chapter, unless the context clearly requires otherwise.

(1) "Agency" means any state board, commission, department, or officer, authorized by law to make rules or to adjudicate contested cases, except those in the legislative or judicial branches.

(2) "Rule" means any agency order, directive, or regulation of general applicability (a) the violation of which subjects a person to a penalty or administrative sanction; (b) which establishes, alters, or revokes any procedure, practice, or requirement relating to agency hearings; (c) which establishes, alters, or revokes any qualification or requirement relating to the enjoyment of benefits or privileges conferred by law; (d) which establishes, alters, or revokes any qualifications or standards for the issuance, suspension, or revocation of licenses to pursue any commercial activity, trade, or profession; or (e) which establishes, alters, or revokes any mandatory standards for any product or material which must be met before distribution or sale. The term includes the amendment or repeal of a prior rule, but does not include (i) statements concerning only the internal management of an agency and not affecting private rights or procedures available to the public, (ii) declaratory rulings issued pursuant to RCW 34.04.080, as now or hereafter amended, or (iii) speed restrictions for motor vehicles established by the state (~~highway~~) transportation commission.

(3) "Contested case" means a proceeding before an agency in which an opportunity for a hearing before such agency is required by law or constitutional right prior or subsequent to the determination by the agency of the legal rights, duties, or privileges of specific parties. Contested cases shall also include all cases of licensing and rate making in which an application for a license or rate change is denied except as limited by RCW 66.08.150, or a license is revoked, suspended, or modified, or in which the granting of an application is contested by a person having standing to contest under the law or agency rules.

(4) "License" includes the whole or part of any agency permit, certificate, approval, registration, charter, or any form of permission required by law, including agency rule, to engage in any activity, but does not include a license required solely for revenue purposes.

(5) "Licensing" includes the agency process respecting the grant, denial, renewal, revocation, suspension, annulment, withdrawal, or modification of a license.

(6) "Rules review committee" or "committee" means the joint administrative rules review committee created pursuant to section 5 of this 1981 act for the purpose of selectively reviewing existing and proposed rules of state agencies.

Sec. 3. Section 3, chapter 237, Laws of 1967 as last amended by section 7, chapter 240, Laws of 1977 ex. sess. and RCW 34.04.025 are each amended to read as follows:

(1) Prior to the adoption, amendment, or repeal of any rule, each agency shall:

(a) File notice thereof with the code reviser in accordance with RCW 34.08.020(1) for publication in the state register, and with the secretary of the senate, the chief clerk of the house of representatives, and the rules review committee, and mail such notice to all persons who have made timely request of the agency for advance notice of its rule-making proceedings. Such notice shall also include (i) reference to the authority under which the rule is proposed, (ii) a statement of either the terms or substance of the proposed rule or a description of the subjects and issues involved, and (iii) the time when, the place where, and the manner in which interested persons may present their views thereon;

(b) Furnish to the legislature, along with the notice required by subsection (1)(a) of this section, a statement of the reasons supporting the proposed action;

(c) Afford all interested persons reasonable opportunity to submit data, views, or arguments, orally or in writing. In case of substantive rules, opportunity for oral hearing must be granted if requested by twenty-five persons, by a governmental subdivision or agency, by the rules review committee, or by an association having not less than twenty-five members.

(2) The agency shall make every effort to insure that the information on the proposed rule circulated pursuant to subsection (1)(a) of this section accurately reflects the rule to be presented and discussed at any oral hearing on such rule. Where substantial changes in the draft of the proposed rule are made after publication of notice in the register which would render it difficult for interested persons to properly comment on the rule without further notice, new notice of the agency's intended action as provided in subsection (1)(a) of this section shall be required.

(3) The agency shall consider fully all written and oral submissions respecting the proposed rule including those addressing the question of whether the proposed rule is within the intent of the legislature as expressed by the statute which the rule implements, and may amend the proposed rule at the oral hearing or adopt the proposed rule, if there are no substantial changes, without refiling the notice required by this section. Upon adoption of a rule, the agency, if requested to do so by an interested person either prior to adoption or within thirty days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, incorporating therein its reasons for overruling the considerations urged against its adoption.

~~((2))~~ (4) No proceeding (~~shall~~) may be held on any rule until twenty days have passed from the distribution date of the register in which notice thereof was contained. The code reviser shall make provisions for informing an agency giving notice under subsection (1) of this section of the distribution date of the register in which such notice will be published.

~~((3))~~ (5) No rule hereafter adopted is valid unless adopted in substantial compliance with this section, (~~or, if~~) unless it is an emergency rule

designated as such(;) and is adopted in substantial compliance with RCW 34.04.030, as now or hereafter amended. In any proceeding a rule cannot be contested on the ground of noncompliance with the procedural requirements of RCW 34.08.020(1), of this section, or of RCW 34.04.030, as now or hereafter amended, after two years have elapsed from the effective date of the rule.

Sec. 4. Section 3, chapter 234, Laws of 1959 as amended by section 8, chapter 240, Laws of 1977 ex. sess. and RCW 34.04.030 are each amended to read as follows:

~~((+))~~ If the agency finds that immediate adoption or amendment of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observance of the requirements of notice and opportunity to present views on the proposed action would be contrary to the public interest, the agency may dispense with such requirements and adopt the rule or amendment as an emergency rule or amendment. The agency's finding and a ~~((brief))~~ concise statement of the reasons for its finding shall be incorporated in the emergency rule or amendment as filed with the office of the code reviser under RCW 34.04.040 and with the rules review committee. An emergency rule or amendment ~~((shall))~~ may not remain in effect for longer than ninety days after filing. This section does not relieve any agency from compliance with any law requiring that its permanent rules be approved by designated persons or bodies before they become effective.

~~((2) The emergency rule published in the register is solely to inform the public of its adoption, and nothing in this section shall be construed to prevent the implementation of the rule upon its filing with the code reviser in accordance with RCW 34.04.040(2).)~~

NEW SECTION. Sec. 5. There is added to chapter 34.04 RCW a new section to read as follows:

(1) There is hereby created a joint administrative rules review committee which shall be a bipartisan committee consisting of four senators and four representatives from the state legislature. The senate members of the committee shall be appointed by the president of the senate, and the house members of the committee shall be appointed by the speaker of the house. Not more than two members from each house may be from the same political party. All appointments to the committee are subject to approval by the caucuses to which the appointed members belong.

(2) The initial members of the committee shall be appointed as soon as possible after the effective date of this act, and shall serve until the next regular session of the legislature convenes in an odd-numbered year. Thereafter members shall be appointed as soon as possible after the legislature convenes in regular session in an odd-numbered year, and their terms shall extend until the legislature next convenes in regular session in an odd-numbered year or until such members no longer serve in the legislature, whichever occurs first. Members may be reappointed to a committee.

(3) The president of the senate shall appoint the chairperson in even-numbered years and the vice chairperson in odd-numbered years from among committee membership. The speaker of the house shall appoint the chairperson in odd-numbered years and the vice chairperson in even-numbered years from among committee membership. Such appointments shall be made in January of each year as soon as possible after a legislative session convenes.

(4) Vacancies on the committee shall be filled as soon as possible from the same political party as original appointments.

NEW SECTION. Sec. 6. There is added to chapter 34.04 RCW a new section to read as follows:

Whenever a majority of the members of the rules review committee determines that a proposed rule is not within the intent of the legislature as expressed in the statute which the rule implements, the committee shall give the affected agency written notice of its decision. The notice shall be given at least seven days prior to any hearing scheduled for consideration of or adoption of the proposed rule pursuant to RCW 34.04.025(1)(a)(iii) as now or hereafter amended. The notice shall include a statement of the review committee's findings and the reasons therefor.

NEW SECTION. Sec. 7. There is added to chapter 34.04 RCW a new section to read as follows:

(1) All rules required to be filed pursuant to RCW 34.04.040, and emergency rules adopted pursuant to RCW 34.04.030 as now or hereafter amended, are subject to selective review by the legislature.

(2) If the rules review committee finds by a majority vote of its members: (a) That an existing rule is not within the intent of the legislature as expressed by the statute which the rule implements, or (b) that the rule has not been adopted in accordance with all applicable provisions of law, the agency affected shall be notified of such finding and the reasons therefor. Within thirty days of the receipt of the rules review committee's notice, the agency shall file notice of a hearing on the rule in question with the code reviser and mail notice to all persons who have made timely request of the agency for advance notice of its rule-making proceedings as provided in RCW 34.04.025, as now or hereafter amended. The agency's notice shall include the rules review committee's findings and reasons therefor, and shall be published in the Washington state register in accordance with the provisions of chapter 34.08 RCW.

(3) The agency shall consider fully all written and oral submissions regarding whether the rule in question is within the intent of the legislature as expressed by the statute which the rule implements and whether the rule was adopted in accordance with all applicable provisions of law.

NEW SECTION. Sec. 8. There is added to chapter 34.04 RCW a new section to read as follows:

(1) Within seven days of an agency hearing held after notification of the agency by the rules review committee pursuant to section 6 or 7 of this act, the affected agency shall notify the committee of its action on a proposed or existing rule to which the committee objected. If the rules review committee determines, by a majority vote of its members, that the agency has failed to provide for the required hearings or notice of its action to the committee, the committee may file notice of its objections, together with a concise statement of the reasons therefor, with the code reviser within thirty days of such determination.

(2) If the rules review committee finds, by a majority vote of its members, that the proposed or existing rule in question has not been modified, amended, withdrawn, or repealed by the agency so as to conform with the intent of the legislature, the rules review committee may, within thirty days from notification by the agency of its action, file with the code reviser notice of its objections together with a concise statement of the reasons therefor. Such notice and statement shall also be provided to the agency by the rules review committee.

(3) The code reviser shall publish the rules review committee's notice of objection and statement of the reasons therefor issued pursuant to subsection (1) or (2) of this section in the Washington state register and shall publish in the next supplement and compilation of the Washington Administrative Code a reference to the committee's objection and to the issue of the Washington state register in which the full text thereof appears.

(4) Such notice shall be removed from a rule published in the Washington Administrative Code if a subsequent adjudicatory proceeding determines that the rule is within the intent of the legislature or was adopted in accordance with all applicable laws, whichever was the objection of the rules review committee.

NEW SECTION. Sec. 9. There is added to chapter 34.04 RCW a new section to read as follows:

(1) The rules review committee may recommend to the legislature that the original enabling legislation serving as authority for the promulgation of any rule reviewed by the committee be amended or repealed in such manner as the committee deems advisable.

(2) The rules review committee shall report on its activities, including findings and recommendations with respect to rule-making procedures of state agencies and institutions of higher education, thirty days prior to the convening of the regular session of the legislature in 1984.

NEW SECTION. Sec. 10. There is added to chapter 34.04 RCW a new section to read as follows:

It is the express policy of the legislature that establishment of procedures for review of administrative rules by the legislature and the notice of objection required by sections 7(2) and 8(2) of this act in no way serves to

establish a presumption as to the legality or constitutionality of a rule in any subsequent judicial proceedings interpreting such rules.

Sec. 11. Section 2, chapter 57, Laws of 1971 ex. sess. as amended by section 42, chapter 169, Laws of 1977 ex. sess. and RCW 28B.19.020 are each amended to read as follows:

The words used in this chapter shall have the meaning given in this section, unless the context clearly indicates otherwise((:)).

(1) "Institutions of higher education" are the University of Washington, Washington State University, Central Washington University, Eastern Washington University, Western Washington University, The Evergreen State College, the various community colleges, and the governing boards of each of the above, and the various colleges, divisions, departments, or offices authorized by the governing board of the institution involved to act for the institution, all of which are sometimes referred to in this chapter as "institutions." The various state community colleges are sometimes referred to in this chapter as "community colleges."

(2) "Rule" means any order, directive, or regulation of any institution of higher education which affects the relationship of the general public with the institution, or the relationship of particular segments of the particular educational community such as students, faculty, or other employees, with the institution or with each other, (a) the violation of which subjects a person to a penalty or administrative sanction; or (b) which establishes, alters, or revokes any procedures, practice, or requirement relating to institutional hearings; or (c) which establishes, alters, or revokes any qualification or requirement relating to the enjoyment of benefits or privileges conferred by law. The term includes the amendment or repeal of a prior rule but does not include rules, regulations, orders, statements, or policies relating primarily to the following: Standards for admission; academic advancement, academic credits, graduation and the granting of degrees; tuition and fees, scholarships, financial aids, and similar academic matters; employment relationships; fiscal processes; or matters concerning only the internal management of an institution and not affecting private rights or procedures available to the general public; and such matters need not be established by rule adopted under this chapter unless otherwise required by law.

(3) "Contested case" means a formal or informal proceeding before an institution of higher education, division, department, office, or designated official or representative thereof in which an opportunity for hearing is required by law, constitutional rights, or institutional policy, prior or subsequent to the determination by the institution of the legal rights, duties, or privileges of specific parties.

(4) "Rules review committee" or "committee" means the joint administrative rules review committee created pursuant to section 5 of this 1981 act for the purpose of selectively reviewing existing and proposed rules of institutions of higher education.

Sec. 12. Section 3, chapter 57, Laws of 1971 ex. sess. as amended by section 10, chapter 240, Laws of 1977 ex. sess. and RCW 28B.19.030 are each amended to read as follows:

(1) Prior to the adoption, amendment, or repeal of any rule adopted under this chapter, each institution, college, division, department, or official thereof exercising rule-making authority delegated by the governing board or the president, shall:

(a) File notice thereof with the code reviser in accordance with RCW 34.08.020(1) for publication in the state register, and with the secretary of the senate, the chief clerk of the house of representatives, and the rules review committee, and mail the notice to all persons who have made timely request of the institution or related board for advance notice of its rule-making proceedings. Such notice shall also include (i) reference to the authority under which the rule is proposed, (ii) a statement of either the terms or substance of the proposed rule or a description of the subjects and issues involved, and (iii) the time when, the place where, and the manner in which interested persons may present their views thereon;

(b) Furnish to the legislature, along with the notice required by subsection (1)(a) of this section, a statement of the reasons supporting the proposed action;

(c) Provide notice to the campus or standard newspaper of the institution involved and to a newspaper of general circulation in the area at least seven days prior to the date of the rule-making proceeding. The notice shall state the time when, place where, and manner in which interested persons may present their views thereon and the general subject matter to be covered;

~~((c))~~ (d) Afford all interested persons reasonable opportunity to submit data, views, or arguments, orally or in writing. An opportunity for oral hearing must be granted if requested by twenty-five persons or by the rules review committee.

(2) The institution shall make every effort to insure that the information on the proposed rule circulated pursuant to subsection (1)(a) of this section accurately reflects the rule to be presented and discussed at any oral hearing on such rule. Where substantial changes in the draft of the proposed rule are made after publication of notice in the register which would render it difficult for interested persons to properly comment on the rule without further notice, new notice of the institution's intended action as provided in subsection (1)(a) of this section shall be required.

(3) The institution shall consider fully all written and oral statements respecting the proposed rule including those addressing the question of whether the proposed rule is within the intent of the legislature as expressed by the statute which the rule implements, and may amend the proposed rule at the oral hearing or adopt the proposed rule, if there are no substantial changes, without refileing the notice required by this section.



~~((2))~~ (4) No proceeding ~~((shall))~~ may be held on any rule until twenty days have passed from the distribution date of the register in which notice thereof was contained. The code reviser shall make provisions for informing an institution of higher education giving notice under subsection (1) of this section of the distribution date of the register in which such notice will be published.

~~((3))~~ (5) No rule adopted under this chapter is valid unless adopted in substantial compliance with this section, ~~((or, if))~~ unless it is an emergency rule designated as such~~((;))~~ and is adopted in substantial compliance with RCW 28B.19.040, as now or hereafter amended. In any proceeding a rule cannot be contested on the ground of noncompliance with the procedural requirements of RCW 34.08.020(1), of this section, or of RCW 28B.19.040, as now or hereafter amended, after two years have elapsed from the effective date of the rule.

~~((4))~~ (6) When twenty days notice of intended action to adopt, amend, or repeal a rule has not been filed with the code reviser, as required by subsection ~~((2))~~ (4) of this section, the code reviser ~~((shall))~~ may not publish such rule, and such rule ~~((shall))~~ may not be effective for any purpose.

Sec. 13. Section 4, chapter 57, Laws of 1971 ex. sess. as last amended by section 11, chapter 240, Laws of 1977 ex. sess. and RCW 28B.19.040 are each amended to read as follows:

If the institution of higher education finds that immediate adoption or amendment of a rule is necessary for the preservation of the public health, safety, or general welfare, and the observance of the requirements of notice and opportunity to present views on the proposed action would be contrary to the public interest, the institution may dispense with such requirements and adopt the rule or amendment as an emergency rule or amendment. The institution's finding and a ~~((brief))~~ concise statement of the reasons for its finding shall accompany the emergency rule or amendment as filed with the code reviser and with the rules review committee. An emergency rule or amendment ~~((shall))~~ may not remain in effect for longer than ninety days after filing.

Emergency rules ~~((shall))~~ become effective upon filing with the code reviser unless an effective date is specified in the rule. ~~((The emergency rule published in the state register is solely to inform the public of its adoption, and nothing in this section shall be construed to prevent the implementation of the rule upon such filing.))~~

NEW SECTION. Sec. 14. There is added to chapter 28B.19 RCW a new section to read as follows:

Whenever a majority of the members of the rules review committee determines that a proposed rule is not within the intent of the legislature as expressed in the statute which the rule implements, the committee shall give the affected institution written notice of its decision. The notice shall be

given at least seven days prior to any hearing scheduled for consideration of or adoption of the proposed rule pursuant to RCW 28B.19.030(1)(a)(iii) as now or hereafter amended. The notice shall include a statement of the review committee's findings and the reasons therefor.

NEW SECTION. Sec. 15. There is added to chapter 28B.19 RCW a new section to read as follows:

(1) All rules required to be filed pursuant to RCW 28B.19.050, and emergency rules adopted pursuant to RCW 28B.19.040 as now or hereafter amended, are subject to selective review by the legislature.

(2) If the rules review committee finds by a majority vote of its members at a meeting: (a) That an existing rule is not within the intent of the legislature as expressed by the statute which the rule implements, or (b) that the rule has not been adopted in accordance with all applicable provisions of law, the institution affected shall be notified of such finding and the reasons therefor. Within thirty days of the receipt of the review committee's notice, the institution shall file notice of a hearing on the rule in question with the code reviser and mail notice to all persons who have made timely request of the institution for advance notice of its rule-making proceedings as provided in RCW 28B.19.030 as now or hereafter amended. The institution's notice shall include the review committee's findings and reasons therefor, and shall be published in the Washington state register in accordance with the provisions of chapter 34.08 RCW.

(3) The institution shall consider fully all written and oral submissions respecting whether the rule in question is within the intent of the legislature as expressed by the statute which the rule implements and whether the rule was adopted in accordance with all applicable provisions of law.

NEW SECTION. Sec. 16. There is added to chapter 28B.19 RCW a new section to read as follows:

(1) Within seven days of an institution hearing held after notification of the institution by the rules review committee pursuant to section 14 or 15 of this act, the affected institution shall notify the committee of its action regarding a proposed or existing rule to which the committee objected. If the rules review committee determines by a majority vote of its members that the institution has failed to provide for the required hearings or notice of its action to the committee, the committee may file notice of its objections, together with a concise statement of the reasons therefor, with the code reviser within thirty days of such determination.

(2) If the rules review committee finds by a majority vote of its members that the proposed or existing rule in question has not been modified, amended, withdrawn, or repealed by the institution so as to conform with the intent of the legislature, the rules review committee may, within thirty days from notification by the institution of its action, file with the code reviser notice of its objections together with a concise statement of the reasons

therefor. Such notice and statement shall also be provided to the institution by the rules review committee.

(3) The code reviser shall publish the review committee's notice of objection and statement of the reasons therefor issued pursuant to subsection (1) or (2) of this section in the Washington state register and shall publish in the next supplement and compilation of the Washington Administrative Code a reference to the committee's objection and to the issue of the Washington state register in which the full text thereof appears.

(4) Such notice shall be removed from a rule published in the Washington Administrative Code if a subsequent adjudicatory proceeding determines that the rule is within the intent of the legislature or was adopted in accordance with all applicable laws, whichever was the objection of the rules review committee.

NEW SECTION. Sec. 17. There is added to chapter 28B.19 RCW a new section to read as follows:

It is the express policy of the legislature that establishment of procedures for review of administrative rules by the legislature and the notice of objection required by sections 15(2) and 16(2) of this act in no way serves to establish a presumption as to the legality or constitutionality of a rule in any subsequent judicial proceedings interpreting such rules.

NEW SECTION. Sec. 18. 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.

Passed the Senate April 26, 1981.

Passed the House April 20, 1981.

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CHAPTER 325

[Substitute Senate Bill No. 3602]

INDUSTRIAL INSURANCE, SELF-INSURER BENEFICIARIES—ALTERNATIVE REIMBURSEMENT METHOD

AN ACT Relating to self-insurers; and amending section 51.44.070, chapter 23, Laws of 1961 as last amended by section 56, chapter 289, Laws of 1971 ex. sess. and RCW 51.44.070.

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

Section 1. Section 51.44.070, chapter 23, Laws of 1961 as last amended by section 56, chapter 289, Laws of 1971 ex. sess. and RCW 51.44.070 are each amended to read as follows:

(1) For every case resulting in death or permanent total disability the department shall transfer on its books from the accident fund of the proper class and/or appropriate account to the "reserve fund" a sum of money for that case equal to the estimated present cash value of the monthly payments provided for it, to be calculated upon the basis of an annuity covering the payments in this title provided to be made for the case. Such annuity values shall be based upon rates of mortality, disability, remarriage, and interest as