

2007 Final Legislative Report



*60th Washington State Legislature
2007 Regular Session*



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Sixtieth Washington State Legislature 2007 Regular Session

Washington State Veterans' Memorials

Medal of Honor



Medal of Honor Memorial: The Medal of Honor Monument was dedicated on November 7, 1976, to honor those Washington citizens who have received the nation's highest military decoration, the Congressional Medal of Honor. The 11½-foot tall granite obelisk is affixed with the Seal of the State of Washington and is inscribed with the names of those Washington citizens who were bestowed this supreme honor. The simple monument is located east of the Winged Victory memorial on the Capitol Campus.

World War II Memorial: The World War II Memorial was authorized in 1995 by the Washington State Legislature. The memorial was dedicated on May 28, 1999, during a patriotic and emotional ceremony that drew a crowd of 5,000. The design features a star-like cluster of five, 14-foot high bronze blades engraved with the names of nearly 6,000 Washington residents who lost their lives in WWII. The engraved names form silhouette images of military personnel and civilians. These blades are placed upon a granite world map.

To read more about the Washington State Veterans Memorials, visit:
www.leg.wa.gov/OutsideTheLegislature/WashingtonStateInfo/Memorials

Winged Victory Monument



60th Washington State Legislature

World War II Memorial



Law Enforcement Memorial



POW/MIA Memorial



Vietnam Veterans Memorial



Korean War Memorial



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Medal of Honor



Washington State Veterans' Memorials

Law Enforcement Memorial: The Washington State Law Enforcement Memorial is a lasting tribute to law enforcement officers who gave their lives in the line of duty, and a place of remembrance for families, friends and fellow officers.

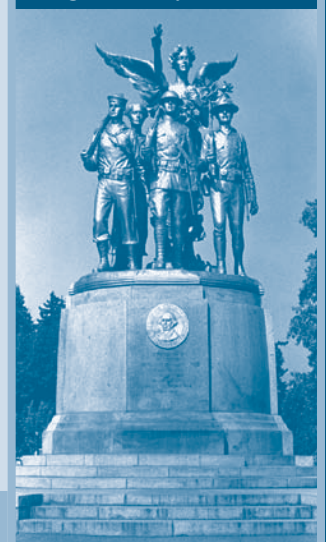
Dedicated on May 1, 2006 the memorial sits in the shadow of the Temple of Justice overlooking Capitol Lake, Puget Sound and the Olympic Mountains beyond. The beautifully designed memorial bears the names of law enforcement officers killed in the line of duty in the state of Washington from territorial days to present.

POW/MIA Memorial: A monument to American prisoners of war and those missing in action was dedicated in a solemn ceremony at the capitol campus on September 16, 1988. An all night vigil, followed by the release of commemorative balloons, followed the ceremony. Recognition was also given to the POW/MIA flag that is flown regularly on one of three flagpoles near the Legislative Building.

To read more about the Washington State Veterans Memorials, visit:
www.leg.wa.gov/OutsideTheLegislature/WashingtonStateInfo/Memorials

60th Washington State Legislature

Winged Victory Monument



World War II Memorial



Law Enforcement Memorial



POW/MIA Memorial



Vietnam Veterans Memorial



Korean War Memorial



Statistical Summary

2007 Regular Session of the 60th Legislature

| Bills Before Legislature | Introduced | Passed Legislature | Vetoed | Partially Vetoed | Enacted |
|--|--------------|--------------------|----------|------------------|------------|
| <i>2007 Regular Session (January 8 - April 22)</i> | | | | | |
| House | 1,416 | 297 | 0 | 21 | 297 |
| Senate | 1,175 | 225 | 0 | 16 | 225 |
| TOTALS | 2,591 | 522 | 0 | 37 | 522 |

| Initiatives, Joint Memorials, Joint Resolutions and Concurrent Resolutions Before Legislature | Introduced | Filed with the Secretary of State |
|---|------------|-----------------------------------|
| <i>2007 Regular Session (January 8 - April 22)</i> | | |
| House | 55 | 9 |
| Senate | 54 | 9 |
| TOTALS | 109 | 18 |
| Initiatives | 3 | 1 |

| Gubernatorial Appointments | Referred | Confirmed |
|--|----------|-----------|
| <i>2007 Regular Session (January 8 - April 22)</i> | | |
| | 283 | 190 |

Historical

Bills Passed Legislature

| Ten-Year Average | | | | Actual | | | |
|------------------|------------|------------|------------------|------------|------------|-----------------|------------|
| | Even Years | Odd Years | Biennial Average | 2005 | 2006 | 2005-2006 Total | 2007 |
| House Bills | 177 | 257 | 434 | 305 | 210 | 515 | 297 |
| Senate Bills | 157 | 202 | 359 | 218 | 166 | 384 | 225 |
| TOTALS | 334 | 459 | 793 | 523 | 376 | 899 | 522 |

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Numerical List

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Senate Bill Reports and Veto Messages

Senate Memorials and Resolutions

Initiatives

Sunset Legislation

Medal of Honor



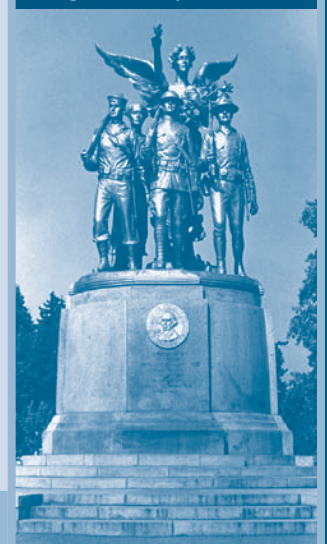
Washington State Veterans' Memorials

Vietnam Veterans' Memorial: The beautiful and symbolic Vietnam Veterans Memorial was unveiled in a patriotic ceremony on Memorial Day, May 25, 1987. The memorial is located on a grassy knoll east of the state Insurance Building on the Capitol Campus and is near the Winged Victory Monument. The site provides visitors with a tranquil spot to reflect on the memories of those men and women who never returned from the Vietnam conflict.

Since its dedication, the Vietnam Veterans Memorial has been the site of many private reflections and tributes. Items such as flags, flowers, letters and personal effects have been left to honor the memory of those who did not return. All items are collected and placed in the state archives.

To read more about the Washington State Veterans Memorials, visit:
www.leg.wa.gov/OutsideTheLegislature/WashingtonStateInfo/Memorials

Winged Victory Monument



60th Washington State Legislature

World War II Memorial



Law Enforcement Memorial



POW/MIA Memorial



Vietnam Veterans Memorial



Korean War Memorial



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HB 1000
PARTIAL VETO

C 44 L 07

Adding porphyria to the list of disabilities for special parking privileges.

By Representatives Kessler, Kagi, Wallace, Moeller, B. Sullivan, Wood, Warnick and Ormsby.

House Committee on Transportation
Senate Committee on Transportation

Background: Porphyria refers to a group of at least eight inheritable metabolic disorders characterized by the build up of porphyrins or porphyrin precursors in the body due to the lack of enzymes necessary to metabolize these chemicals. In many of these disorders, the accumulation of porphyrin in the skin can cause burning, blistering, swelling, and scarring of sun-exposed areas.

The Department of Licensing is required to grant special parking privileges to any person who has a disability that limits or impairs the ability to walk and meets one of the following criteria, as determined by a licensed physician or an advanced nurse practitioner:

- cannot walk further than 200 feet without stopping to rest;
- is severely limited in the ability to walk due to arthritic, neurological, or orthopedic condition;
- is so severely disabled that the person cannot walk without an assistive device;
- uses portable oxygen;
- is restricted by lung disease to a particular extent;
- is impaired by cardiovascular disease or cardiac condition to a particular extent; or
- has a disability resulting from acute sensitivity to automobile emissions that impairs the ability to walk.

Summary: The description of individuals to whom the Department of Licensing is required to grant special parking privileges is expanded to include any person who has a disability that involves acute sensitivity to light and meets one of the additional criteria, as determined by a licensed physician or advanced registered nurse practitioner. The list of additional criteria is expanded to include an individual who is restricted by a form of porphyria to the extent that the applicant would significantly benefit from a decrease in exposure to light.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

Partial Veto Summary: The governor vetoed the emergency clause which allowed the act to take effect on July 1, 2007. The act will instead go into effect on July 22, 2007.

VETO MESSAGE ON HB 1000

April 17, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 2, House Bill No. 1000 entitled:

“AN ACT Relating to adding porphyria to the list of disabilities for special parking privileges.”

Section 2, the emergency clause, was retained from a previous version of the bill. The bill sponsor, stakeholders and the Department of Licensing do not feel it is a necessary component of the bill. An emergency clause is used when immediate enactment of a bill is necessary to preserve the public peace, health, or safety or when it is necessary for the support of state government. It should be used sparingly because its application has the effect of limiting citizens' right to referendum. If retained, the emergency clause would move forward implementation of House Bill No. 1000 by approximately 15 days. Delaying the bill's implementation by 15 days does not rise to the level of public health risk necessitating an emergency clause.

For these reasons, I have vetoed Section 2 of House Bill No. 1000.

With the exception of Section 2, House Bill No. 1000 is approved.

Respectfully submitted,



Christine Gregoire
Governor

E3SHB 1001

C 199 L 07

Combating auto theft.

By House Committee on Appropriations (originally sponsored by Representatives Lovick, Priest, McCoy, Pearson, Kirby, Ross, Hunt, Skinner, Simpson, Newhouse, O'Brien, Armstrong, Ericks, Moeller, Miloscia, Grant, Sells, Green, Eickmeyer, Takko, Kelley, B. Sullivan, Hudgins, Cody, Haigh, Morrell, Chase, Ormsby, Kessler, Blake, Conway, Chandler, P. Sullivan, McDonald, Rodne, Haler, Jarrett, Roach, Walsh, Kristiansen, Wallace, McDermott, Condotta, VanDeWege, Dunshee, McCune, Kenney, Schual-Berke, Hinkle, Bailey, Lantz, Warnick, Upthegrove, Alexander, Campbell and Rolfes).

House Committee on Public Safety & Emergency Preparedness

House Committee on Human Services

House Committee on Appropriations

Senate Committee on Judiciary

Senate Committee on Ways & Means

Background: Sentencing Reform Act and Scoring. Under the Sentencing Reform Act (SRA), an offender convicted of a felony receives a standard sentence range that is based on the seriousness of the offense and the offender's felony convictions. The number of points an

offender receives for current and prior felonies varies according to certain rules.

Vehicle Prowling. A person is guilty of vehicle prowling in the second degree if, with intent to commit a crime against a person or property, he or she enters or remains unlawfully in a vehicle, other than a motor home, or a vessel. Vehicle prowling in the second degree is a gross misdemeanor offense. A gross misdemeanor offense is punishable by imprisonment of not more than one year in jail, or by a fine of not more than \$5,000, or both. Generally, gross misdemeanor offenses do not count as part of an offender's score when calculating his or her standard sentence range.

Motor Vehicle Theft. A person is guilty of theft (of a motor vehicle) in the first degree, if such person commits theft of property or services that exceed \$1,500 in value other than a firearm. Theft in the first degree is ranked as a seriousness level II, class B felony offense under the SRA, which for a first-time adult offender has a standard sentence range of zero to 90 days in jail. Under the Juvenile Justice Act (JJA), the offense is a category B offense and a first-time juvenile offender would receive a local sanction. Local sanctions consists of a maximum of 30 days in detention, 12 months of community supervision, 150 hours of community restitution, and a \$500 fine.

A person is guilty of theft (of a motor vehicle) in the second degree, if the person commits theft of a motor vehicle valued at \$1,500 or less. Theft in the second degree is ranked as a seriousness level I, class C felony offense under the SRA, which for a first-time adult offender has a standard sentence range of zero to 60 days in jail. Under the JJA, the offense is a category C offense and a first-time juvenile offender would receive a local sanction.

Possession of a Stolen Vehicle. A person is guilty of possession of stolen property in the first degree if he or she possesses stolen property (or a vehicle) that exceeds \$1,500 in value. Possession of stolen property in the first degree is ranked as a seriousness level II, class B felony offense under the SRA, which for a first-time adult offender has a standard sentence range of zero to 90 days in jail. Under the JJA, the offense is a category B offense and a first-time juvenile offender would receive a local sanction.

A person is guilty of possession of stolen property in the second degree if he or she possesses stolen property (or a vehicle) valued at \$1,500 or less. Possession of stolen property in the second degree is ranked as a seriousness level I, class C felony offense under the SRA, which for a first-time adult offender has a standard sentence range of zero to 60 days in jail. Under the JJA, the offense is a category C offense and a first-time juvenile offender would receive a local sanction.

Taking A Motor Vehicle Without Permission. A person is guilty of taking a motor vehicle without permission in the first degree if the person intentionally takes a motor vehicle without permission and he or she:

- alters the vehicle to change its appearance or identification numbers;
- removes parts from the vehicle with the intent to sell the parts;
- exports or attempts to export the vehicle out-of-state or out of the country for profit;
- intends to sell the vehicle; or
- is engaged in a conspiracy that has as its objective the theft of motor vehicles for sale to others for profit.

Taking a motor vehicle without permission in the first degree is ranked as a seriousness level V, class B felony offense under the SRA, which for a first-time adult offender has a standard sentence range of six to 12 months in jail. Under the JJA, the offense is a category C offense and a first-time juvenile offender would receive a local sanction.

Taking a motor vehicle without permission in the second degree occurs when a person intentionally takes a motor vehicle without permission or voluntarily rides in a vehicle knowing it was taken without permission.

Home Detention. Home detention is a program of partial confinement available to offenders where the offender is confined in a private residence subject to electronic surveillance. Generally it may not be imposed for offenders convicted of such offenses as a violent offense, drug offense, sex offense, or certain assault offenses.

Theft of Rental, Leased, or Loaned Property. Under the Theft and Robbery Act, a person who, with intent to deprive the owner, wrongfully obtains, exerts, or gains unauthorized control over personal property that is rented or leased to the person is guilty of theft of rental, leased, or lease-purchased property. It is a seriousness level II, class B felony offense if the property is valued at \$1,500 or more. It is a seriousness level I, class C felony offense if the property is valued between \$250 and \$1,500. It is a gross misdemeanor offense if the property is valued at less than \$250.

The statute does not expressly include loaned property.

Traffic Infractions. Generally a traffic infraction is a non-criminal offense. The penalty for a traffic infraction may include a financial penalty or sanctions against the person's driver's license including suspension, revocation, or denial. The base penalty for a traffic infraction, ranging from \$37 to \$500, is established by court rule. In addition, other statutory penalties and fees may apply.

Summary: The act known as the Elizabeth Nowak-Washington Auto Theft Prevention Act provides for increased penalties and triple scoring of prior motor vehicle-related offenses (theft, possession of a stolen

vehicle, and taking a vehicle without permission). Home detention is established as an option for first-time adult offenders. Juvenile offenders are subject to risk assessments, home detention, and increased penalties for the same motor vehicle-related offenses. New crimes are created to cover the making and possession of motor vehicle theft tools. A Statewide Auto Theft Prevention Authority is created to study motor vehicle theft in Washington.

Sentencing Reform Act & Scoring. In the case of multiple prior convictions for the purpose of computing an offender's score, if the present conviction is for an offense involving motor vehicle theft, possession of a stolen vehicle, or taking a motor vehicle without permission in the first or second degree, an offender receives:

- one point for each prior conviction involving vehicle prowling; and
- three points for each prior adult and juvenile conviction involving theft of a motor vehicle, possession of a stolen vehicle, or taking a motor vehicle without permission in the first or second degree.

Separate statutory provisions are created to specifically cover the crimes of theft or possession of a stolen motor vehicle. As a result, the crimes of theft of a motor vehicle and possession of a stolen motor vehicle are removed from the general statutory provisions relating to theft or possession of stolen property and services.

Motor Vehicle Theft. A person is guilty of motor vehicle theft if the person commits theft of any motor vehicle regardless of the value of the vehicle. Theft of a motor vehicle is a seriousness level II, class B felony offense for adult offenders and a category B offense for juvenile offenders.

Possession of a Stolen Vehicle. A person is guilty of possession of a stolen motor vehicle if he or she possesses a stolen vehicle regardless of the value of the vehicle. Possession of a stolen motor vehicle is a seriousness level II, class B felony offense for adult offenders and a category B offense for juvenile offenders.

Taking a Motor Vehicle without Permission. The crime of taking a motor vehicle without permission in the first degree is redefined and expanded to include when an offender engages in a conspiracy and solicits a juvenile to participate in the theft of the vehicle. Under the JJA, the offense of taking a motor vehicle without permission in the first degree is increased to a category B offense.

Home Detention. The eligibility for home detention is expanded to include adult offenders convicted of taking a motor vehicle without permission in the second degree, theft of a motor vehicle, or possession of a stolen motor vehicle in the first degree, provided the offender has:

- no convictions for taking a motor vehicle without permission, theft of a motor vehicle, or possession of

a stolen motor vehicle during the preceding five years;

- no more than two prior motor vehicle-related (theft, possession, or taking without permission) convictions;
- no violent convictions in the preceding two years;
- no more than two prior convictions for a violent offense in total;
- no prior escape charges; and
- fulfilled any other conditions of the home detention program.

Juvenile Offenders. In any case where a juvenile has been adjudicated of a motor vehicle theft-related offense, the juvenile's disposition must include an evaluation to determine whether the juvenile is in need of treatment.

A juvenile offender adjudicated of an offense that involves theft of a motor vehicle or possession of a stolen motor vehicle is subject to the following mandatory minimum sentencing terms:

- Juveniles with no prior adjudications must be sentenced to: (1) a minimum of five days of home detention and 45 hours of community restitution, or (2) no home detention and 90 hours community restitution.
- Juveniles with one prior adjudication must be sentenced to a minimum of 10 days detention, 90 hours of community restitution, and a \$400 fine.
- Juveniles with two or more prior adjudications must be sentenced to a minimum of 15-36 weeks confinement, seven days home detention, four months supervision, 90 hours of community restitution, and a \$400 fine.

A juvenile offender adjudicated of the offense of taking a motor vehicle without permission in the first degree is subject to the following mandatory minimum sentencing terms:

- Juveniles with no prior adjudications must be sentenced to a minimum of five days of home detention, 45 hours of community restitution, and a \$250 fine.
- Juveniles with one prior adjudication must be sentenced to a minimum of 10 days of detention, 90 hours of community restitution, and a \$400 fine.
- Juveniles with two or more prior adjudications must be sentenced to a minimum of 15-36 weeks of confinement, seven days of home detention, four months of supervision, 90 hours of community restitution, and a \$400 fine.

A juvenile offender adjudicated of the offense of taking a motor vehicle without permission in the second degree is subject to the following mandatory minimum sentencing terms:

- Juveniles with no prior adjudications must be sentenced to: (1) a minimum of one day of home detention, one month of supervision, and 15 hours of community restitution, or (2) no home detention, one

month of supervision, and 30 hours of community restitution.

- Juveniles with one prior adjudication must be sentenced to a minimum of one day detention, two days home detention, two months supervision, 30 hours of community restitution, and a \$150 fine.
- Juveniles with two or more prior adjudications must be sentenced to a minimum of three days detention, seven days home detention, three months supervision, 45 hours of community restitution, and a \$150 fine.

Theft of Rental, Leased, or Loaned Property. The statute relating to rental, leased, or lease-purchased property is expanded to include loaned property. A person who, with intent to deprive the owner, wrongfully obtains, exerts, or gains unauthorized control over personal property that is loaned to the person is guilty of theft of rental, leased, lease-purchased, or loaned property.

Making or Possession of Auto Theft Tools. A person who makes, mends, uses, or possesses tools commonly used for the commission of vehicle theft is guilty of making or having vehicle theft tools, a gross misdemeanor offense. A motor vehicle theft tool includes, but is not limited to, the following: slim jim, false master key, master purpose key, altered or shaved key, trial or jiggle keys, slide hammer, lock puller, picklock, bit, nippers, and any other implement shown by facts and circumstances that is intended to be used in the commission of a motor vehicle theft.

Washington Auto Theft Prevention Authority. The Washington Auto Theft Prevention Authority (WATPA) is established within the Washington Association of Sheriffs and Police Chiefs to review and make recommendations to the Legislature and the Governor regarding motor vehicle theft crimes in Washington. The WATPA consists of the following members, appointed by the Governor, and each serving staggered four-year terms:

- the Executive Director of the Washington Association of Sheriffs and Police Chiefs or the executive director's designee;
- the Chief of the Washington State Patrol or the chief's designee;
- two police chiefs;
- two sheriffs;
- one prosecuting attorney;
- a representative from the insurance industry who is responsible for writing property and casualty liability insurance in Washington;
- a representative from the automobile industry; and
- one member of the general public.

The WATPA must annually elect a chairperson and other such officers as it deems appropriate from its membership and it may obtain or contract for staff services, including an executive director, and any facilities and

equipment that the WATPA requires to carry out its duties. The WATPA may also solicit and accept gifts, grants, bequests, devises, or other funds from public and private sources to support its activities.

In preparing its recommendations, the WATPA must, at a minimum, review the following issues:

- determine the scope of the problem of motor vehicle theft, including particular areas of the state where the problem is the greatest;
- analyze the various methods of combating the problem of motor vehicle theft;
- develop and implement a plan of operation; and
- develop and implement a financial plan.

The WATPA must annually report its activities, findings, and recommendations during the preceding year to the Legislature by December 31.

The WATPA is not a law enforcement agency and may not gather, collect, or disseminate intelligence information for the purpose of investigating specific crimes or pursuing or capturing specific perpetrators. Members of the WATPA may not exercise general authority peace officer powers while acting in their capacity as members unless the exercise of peace officer powers is necessary to prevent an imminent threat to persons or property.

The Governor may remove any member of the WATPA for cause including but not limited to: neglect of duty, misconduct, malfeasance or misfeasance in office, or upon written request of two-thirds of the members of the WATPA. Upon the death, resignation, or removal of a member, the Governor must appoint a replacement to fill the remainder of the unexpired term.

Members of the WATPA who are not public employees must be compensated in accordance with the salaries and expense statute and must be reimbursed for travel expenses incurred in carrying out the duties of the WATPA.

Any member serving in his or her official capacity on the WATPA, the member's employer, or any other entity that selected members to serve, are immune from a civil action based upon an act performed in good faith.

Washington Auto Theft Prevention Authority Account. The WATPA Account (Account) is created as an appropriated account in the custody of the State Treasurer. All receipts from gifts, grants, bequests, devises, specific traffic infraction surcharges, or other funds from public and private sources to support its activities must be deposited into the Account. Expenditures from the Account may be used only for activities relating to motor vehicle theft, including education, prevention, law enforcement, investigation, prosecution, and confinement costs.

The Account is subject to allotment procedures under the state budgeting, accounting, and reporting system statute but an appropriation is not required for expenditures. The WATPA must allocate moneys in the Account to public agencies for the purpose of

establishing, maintaining, and supporting programs that are designed to prevent motor vehicle theft, including providing financial support:

- to prosecution agencies to increase the effectiveness of motor vehicle theft prosecution;
- to a unit of local government or a team consisting of units of local governments to increase the effectiveness of motor vehicle theft enforcement;
- for the procurement of equipment and technologies for use by law enforcement agencies for the purpose of enforcing motor vehicle theft laws; and
- for programs that are designed to educate and assist the public in the prevention of motor vehicle theft.

The costs of administration must not exceed 10 percent of the moneys in the Account in any one year so that the greatest possible portion of the moneys available to the WAPTA are expended on combating motor vehicle theft.

Prior to awarding moneys from the WATPA Account for motor vehicle theft enforcement or prosecution efforts, the WATPA must verify that the financial award includes sufficient funding to cover proposed activities, which include, but are not limited to administration, law enforcement, prosecutor, court, and offender confinement costs. Moneys expended from the WATPA Account must be used to supplement, not supplant, other moneys that are available for motor vehicle theft prevention.

Traffic Infractions. In addition to any other penalties imposed by law, a person found to have committed a traffic infraction must be assessed a \$10 surcharge per infraction. Revenue from this fee must be remitted to the State Treasurer for deposit in the WATPA Account.

Notes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 80 | 16 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 83 | 15 | (House concurred) |

Effective: July 22, 2007

SHB 1002
C 22 L 07

Modifying the sales and use taxation of vessels.

By House Committee on Finance (originally sponsored by Representatives O'Brien, Orcutt, Kessler, Condotta, McIntire, Sommers, Kenney, McDonald, Haler, Simpson, Wallace and Warnick).

House Committee on Finance
Senate Committee on Ways & Means

Background: Sales and Use Taxes. Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible

personal property and some services when used in this state, if retail sales taxes were not collected when the property or service was acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2 percent, for an average combined state and local tax rate of 8.5 percent.

Sales and Use Taxes with Respect to Watercraft.

Retail sales tax does not apply to sales of watercraft to nonresidents if the watercraft is not used within this state for more than 45 days and the purchaser gives the dealer an exemption certificate. If the purchaser is a resident of another state, the watercraft must also be one for which registration is required under federal law. This registration requirement does not apply to watercraft purchased by residents of foreign countries. Nonresidents may bring watercraft registered under federal law or another state into Washington for their use and enjoyment while temporarily within the state without incurring use tax. The use of the watercraft within the state may not exceed six months in any 12-month period.

Vessel Registration Exemption.

Nonresident individuals may bring vessels into Washington for temporary use and enjoyment without registering the vessel with the Department of Licensing. The temporary period may not exceed six months in any 12-month period. The nonresident individual must acquire an identification document on or before the 61st day of use in the state. The identification document is valid for two months and renewable once.

Summary: Sales Tax Exemption for Vessels. A retail sales tax exemption is provided for vessels 30 feet or longer sold to nonresident individuals. The vessel owner must purchase and display a use permit provided by the vessel dealer at the time of purchase. To qualify for the sales tax exemption and receive a use permit, the individual must provide satisfactory proof of his or her nonresident status at the time of purchase. A vessel dealer is not required to make tax exempt retail sales to nonresidents. If a vessel dealer does make an exempt sale, the dealer must maintain records that adequately substantiate the buyer's nonresident status. The fee for a use permit is \$500 for vessels 50 feet in length or less and \$800 for vessels over 50 feet in length. The fees are deposited in the State General Fund. A use permit is valid for 12 consecutive months from the date of issuance and is nonrenewable. A vessel in Washington that remains after the permit has expired is subject to sales tax on the original selling price of the vessel. Interest applies to any tax due. A seller that makes tax exempt sales and does not maintain adequate records is liable for the sales tax. Vessel dealers who issue use permits must file tax returns electronically.

Use Tax Exemption for Vessels. A use tax exemption is provided for vessels 30 feet or longer for vessels:

- brought into the state by nonresident individuals;
- purchased in the state from a vessel dealer and having a valid use permit, as described above; or
- purchased from a person who is not a vessel dealer.

A nonresident individual who purchases a vessel in the state from a person who is not a vessel dealer, or brings a vessel into the state, must purchase and display a use permit within 14 days of the date the vessel is purchased in, or brought into, the state, to receive the exemption. The conditions and requirements for use permits for use tax exemptions are the same as the requirements and conditions for use permits for sales tax exemptions, as described above.

A nonresident may not claim the 45-day use tax exemption for a vessel within 24 months of the expiration of a use permit for the same vessel.

Vessel Registration Exemption. Nonresident individuals possessing a valid use permit do not have to acquire a vessel identification document from, or register the vessel with, the Department of Licensing during the 12 month period the permit is in effect.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 95 | 3 |
| Senate | 45 | 0 |

Effective: July 1, 2007

HB 1005

C 195 L 07

Determining rates for the rental of county equipment.

By Representatives Kessler, Ericks and B. Sullivan.

House Committee on Local Government
Senate Committee on Government Operations & Elections

Background: State law requires a county to establish an "equipment rental and revolving fund" (fund) in the county treasury. The purpose of the fund is to provide funding for the following:

- the purchase, repair, and maintenance of county road department equipment;
- the purchase or manufacture of materials and supplies for the county road department; and
- the administration and operation of the fund.

The fund consists of monies paid by various county departments for the use of the equipment owned by the fund. The monies paid into the fund from budgets of these county departments, in turn, provide for the purchase and maintenance of county road department equipment.

The fund must be administered by the county engineer or other appointee of the county government. The duties of the fund administrator include responsibility for

the establishment of terms and charges for the sale of materials or supplies purchased, maintained, or manufactured with monies from the fund.

Equipment owned by the fund may be subject to rental by county departments to provide funding for the costs of equipment replacement, materials and supplies, maintenance, and repair. The rental rates must be determined by the county engineer and are subject to annual review by the county government. Only the county engineer if authorized to determine rental rates.

Summary: A county government is authorized to designate an appointee to set rates for the rental of equipment owned by the county's equipment rental and revolving fund.

The county road administration board is authorized to inquire into the rental rate setting process as part of its statutory oversight responsibility.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 0 | |
| Senate | 45 | 0 | (Senate amended) |
| House | 95 | 0 | (House concurred) |

Effective: July 22, 2007

ESHB 1008

C 312 L 07

Protecting vulnerable adults.

By House Committee on Judiciary (originally sponsored by Representatives Moeller, Lovick, Kagi, Cody, Appleton, Conway, Morrell, Kenney, Simpson, B. Sullivan, Goodman and Lantz).

House Committee on Judiciary
Senate Committee on Judiciary

Background: The Abuse of Vulnerable Adults Act provides a number of protections for vulnerable adults, including: authorizing the Department of Social and Health Services (Department) and law enforcement agencies to investigate complaints of abandonment, abuse, financial exploitation, or neglect of vulnerable adults; requiring mandatory reporting and investigations; and allowing vulnerable adults to seek protection orders or file civil suits for damages resulting from abandonment, abuse, exploitation, or neglect.

A vulnerable adult includes a person who:

- is age 60 years or over who has a functional, mental, or physical inability for self-care;
- has been found to be incapacitated;
- has a developmental disability;
- resides in a licensed facility such as a nursing home, adult family home, or residential habilitation center; or
- is receiving hospice or home health services.

A vulnerable adult who is suffering from abandonment, abuse, financial exploitation, or neglect may

petition the superior court for an order for protection. The court may order any relief it deems necessary to protect the vulnerable adult for a specified period of time that may not exceed one year. The types of relief the court may order include:

- restraining the respondent from committing acts of abuse, abandonment, exploitation, or neglect;
- prohibiting contact by the respondent;
- prohibiting the respondent from coming within a certain distance of particular locations;
- requiring the respondent to provide an accounting of the disposition of the vulnerable adult's income or resources; and
- restraining the sale of property for a specified time period.

The Department is authorized to file a petition for an order for protection on behalf of a vulnerable adult, but only if the vulnerable adult consents. In addition, there is a provision that states that where necessary, a petition for a protection order or an action for civil damages may be brought by the vulnerable adult's family members and/or guardian or legal fiduciary.

The civil filing fee for a petition for an order for protection is \$200. The court may waive the filing fee in its discretion.

A vulnerable adult who has suffered abandonment, abuse, financial exploitation, or neglect while residing at a facility or while receiving care from a home health, hospice, or home care agency, may bring a cause of action for civil damages for his or her injuries, pain and suffering, and property loss. Upon the death of the vulnerable adult, the executor or administrator of the deceased may bring the action for damages for the benefit of the following statutory beneficiaries: spouse and children, or parents and siblings who were dependent on the vulnerable adult for support. If a deceased vulnerable adult has no surviving statutory beneficiaries, the estate does not have standing to bring the action, even for recovery of the economic losses to the estate.

Summary: A petition for an order for protection for a vulnerable adult may be brought by an interested person on behalf of the vulnerable adult. "Interested person" means a person who demonstrates to the court that he or she is interested in the vulnerable adult's welfare and has a good faith belief that intervention is necessary to protect the vulnerable adult, and that the vulnerable adult is unable to protect his or her own interests. An interested person must state in the petition why he or she qualifies as an interested person. The Department of Social and Health Services (Department) may bring a petition on behalf of the vulnerable adult without the consent of the vulnerable adult if the Department believes the vulnerable adult lacks the ability or capacity to consent.

When a petition for an order for protection is filed by someone other than the vulnerable adult, notice of the petition and hearing must be personally served on the

vulnerable adult and must include a standard notice form developed by the Administrative Office of the Courts (AOC). If good faith attempts at personal service are unsuccessful, the court may authorize service by mail, or by publication if personal service or service by mail cannot be obtained.

Notice of a request for a temporary protection order must be provided to the respondent, and to the vulnerable adult if someone other than the vulnerable adult filed the petition, unless there would be immediate and irreparable injury, loss, or damage before notice could be provided.

A process is created for resolving a petition brought on behalf of the vulnerable adult where the vulnerable adult does not consent to the petition. If the vulnerable adult objects to the petition at the hearing, the court may dismiss the petition or the portions with which the vulnerable adult objects, or the court may take additional testimony or order an additional hearing to determine whether the vulnerable adult is unable to protect his or her person or estate in connection with the issues raised in the petition due to incapacity, undue influence, or duress. The additional evidentiary hearing is not necessary if the vulnerable adult has been found to be fully incapacitated under the guardianship laws. The court may enter a temporary protection order pending the evidentiary hearing, which must be held within 14 days.

The court may enter a protection order against the wishes of a vulnerable adult if the court determines that the vulnerable adult is unable to protect his or her person or estate in connection with the issues raised in the petition due to incapacity, undue influence, or duress. If the court determines a vulnerable adult who does not consent to the petition is capable of protecting himself or herself, the court must dismiss the order or modify the order if agreed to by the vulnerable adult.

The remedies that the court may provide in an order for protection may extend for a maximum period of five years. The court may not charge a filing fee to the petitioner for a petition for an order for protection.

A process is created for a competent vulnerable adult or a vulnerable adult's guardian to petition for a modification or termination of a protection order.

The AOC must develop and maintain: standard petition, temporary order for protection, and permanent order for protection forms; a standard notice form to provide notice to a vulnerable adult if the vulnerable adult is not the petitioner; instructions; and a court staff handbook on the protection order process. The instructions must be designed to assist petitioners in completing the petition and must include a sample of the standard forms. The standard notice form must be designed to explain in clear, plain language the purpose of the petition and that the vulnerable adult has the right to participate and either support or object to the petition.

The AOC may prepare these documents in consultation with members of the Elder Law Section of the Washington State Bar Association, judges, the Department, the Washington Protection and Advocacy System, and law enforcement. In addition, the AOC must translate the instructions and standard forms into the languages spoken by the significant non-English-speaking or limited-English-speaking populations in the state.

Court clerks must make the standard forms and instructions available, free of charge, within 90 days of receiving them from the AOC. The standard petition and order forms must be used for all protection orders sought or issued after October 1, 2007.

A deceased vulnerable adult's cause of action for damages resulting from abandonment, abuse, financial exploitation, or neglect while residing at a facility or receiving care from a home health, hospice, or home care agency survives to the deceased vulnerable adult's estate for recovery of the economic losses to the estate if the deceased vulnerable adult has no surviving statutory beneficiaries.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 1 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

2SHB 1009
C 313 L 07

Establishing work groups to periodically review and update the child support schedule.

By House Committee on Appropriations (originally sponsored by Representatives Moeller, Wallace, Linville, Wood and Dickerson).

House Committee on Judiciary
House Committee on Appropriations
Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means

Background: The Division of Child Support (DCS), a division within the Department of Social and Health Services (DSHS), 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.

Review of Child Support Schedule. The Legislature must review the child support schedule, which contains guidelines and the economic table, every four years to determine whether the support schedule results in appropriate support orders. While the Legislature has considered modifications to the child support laws over the years, the Legislature has not made major substantive

changes to the methods for calculating child support or to the economic table.

Order Summary Report. The order summary report is a form created by the Administrative Office of the Courts (AOC). A party seeking to establish or modify a child support order must file an order summary report with the court clerk, and the clerk must send those forms to the AOC. The purpose of the form is to collect data necessary for reviews of the child support schedule.

Child Support Work Group. In March of 2005, the Governor charged the DCS to convene a workgroup to review the state child support guidelines. The Governor's request was in response to a letter received by the DCS from the federal Office of Child Support Enforcement (OCSE). The OCSE expressed concern that Washington's child support guidelines had not been adequately reviewed in several years as required by federal law. Failure to adequately review the child support guidelines could result in a recommendation by the OCSE to disapprove Washington's child support state plan. Disapproval could jeopardize some of the federal money the DSHS receives for its child support program and the Temporary Assistance for Needy Families program.

In response to the Governor's request, the DCS established a Child Support Guidelines Workgroup. The workgroup met monthly from April 2005 until December 2005. It issued a report on January 16, 2006, and made a number of final recommendations to the Legislature.

Summary: Review of Child Support Schedule. By August 1, 2007, the DCS must convene a work group to continue the work of the 2005 work group and produce recommendations to the Legislature by December 30, 2008. The 21-member work group consists of:

- the Director of the DCS;
- a professor of law specializing in family law;
- a representative from the Washington State Bar Association's Family Law Executive Committee;
- an economist;
- a representative of the tribal community;
- two representatives from the Superior Court Judges' Association, including a superior court judge and a court commissioner familiar with child support issues;
- a representative from the AOC;
- a prosecutor;
- a representative from legal services;
- three non-custodial parents;
- three custodial parents;
- four legislators; and
- an administrative law judge.

Beginning in 2011, and every four years thereafter, the DCS must convene a work group with similar membership to review the laws, administrative rules, and practices surrounding child support. The Governor shall appoint the chair of the workgroup. Reports to the

Legislature are due October 1, 2011, and every four years thereafter.

Order Summary Report. The format of the order summary report is revised. The report must be included at the top of the first page of the child support worksheets, but it is not considered part of the worksheet. The order summary report must contain all data the DCS needs to perform a quadrennial review of the child support schedule. Every month, the clerk of the court must transmit all child support worksheets and order summary reports to the DCS. The DCS must store and maintain the order summary report data and prepare a report at least every four years.

Joint Legislative Audit Review Committee. By July 1, 2010, the Joint Legislative Audit and Review Committee must review and analyze data collected from the order summary reports, review the recommendations made by the previous DCS work group, review data on the costs of child rearing, review other relevant research, and prepare a report on the application of the current child support guidelines.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 98 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007

ESHB 1024

C 65 L 07

Phasing out the use of polybrominated diphenyl ethers.

By House Committee on Select Committee on Environmental Health (originally sponsored by Representatives Hunter, Priest, Kessler, B. Sullivan, Dickerson, Jarrett, Hasegawa, Campbell, Rodne, Rolfes, McDermott, McIntire, Chase, Green, Hudgins, Uptegrove, Quall, Conway, Clibborn, Sommers, Morrell, Sells, Kenney, Haigh, Cody, Hunt, Lantz, McCoy, Appleton, Pettigrew, Schual-Berke, Roberts, Fromhold, Takko, Simpson, P. Sullivan, Lovick, Flannigan, Moeller, Miloscia, Williams, Blake, O'Brien, Linville, Wood, Goodman, Seaquist, Springer, Ericks, Kagi, Darneille, Dunshee, Strow, Pedersen, Eickmeyer, McCune and Ormsby; by request of Department of Ecology).

House Select Committee on Environmental Health
Senate Committee on Water, Energy & Telecommunications

Background: Polybrominated diphenyl ethers (PBDEs) are members of a broader class of brominated chemicals used as flame retardants. They are often added to products such as computers, televisions, furniture, and carpet pads to reduce the risk of fire if a product is exposed to heat or flame. There are three main types of PBDEs used in consumer products: Penta-BDE, Octa-BDE, and Deca-BDE. Polybrominated diphenyl ethers have been

measured in blood, fat, and breast milk in people around the world.

In general, animal toxicity studies indicate that the PBDEs in Penta-BDE commercial products are more toxic than PBDEs in Octa- or Deca-BDE. Deca-BDE is the least toxic, but several new studies indicate that Deca-BDE is likely to degrade into the more toxic PBDEs found in Penta- or Octa-BDE products.

On January 28, 2004, Governor Locke signed Executive Order 04-01 directing state agencies to take certain actions regarding persistent toxic chemicals. The Department of Ecology (DOE), in consultation with the Department of Health (DOH), was directed to move forward immediately in developing a chemical action plan that identifies actions the state may take to reduce threats posed by PBDEs, and to recommend actions by December 1, 2004.

On December 31, 2004, the DOE and the DOH released the *Washington State Polybrominated Diphenyl Ether (PBDE) Chemical Action Plan: Interim Plan* (Interim Plan). The Interim Plan recommended that:

- the Legislature should prohibit the manufacture, distribution, or sale of new products containing Penta-BDE and Octa-BDE by July 2006;
- the prohibition may include an exemption for new products that contain recycled material from products containing Penta-BDE and Octa-BDE;
- the DOE and the DOH should develop a proposal for a prohibition on appropriate products containing Deca-BDE by December 2005;
- by July 2006 the DOE should establish appropriate disposal and recycling practices for products containing PBDEs;
- restrictions should apply to the state's purchase of PBDE products;
- educational materials should be developed; and
- the Department of Labor and Industries should develop ways for employers and employees to minimize exposure to PBDEs.

In January 2006, the agencies issued a Final PBDE Chemical Action Plan (Chemical Action Plan) recommending that the Legislature prohibit Penta-BDE and Octa-BDE. The sole U.S. manufacturer of Penta-BDE and Octa-BDE voluntarily ceased producing the chemicals in December 2004, and production of Penta-BDE and Octa-BDE has ended in most international markets.

The Chemical Action Plan further recommended that use of Deca-BDE be prohibited, provided that safer, effective, affordable alternatives are identified, or upon finding additional evidence of harm caused by Deca-BDE.

Summary: After January 1, 2008, no person may manufacture, knowingly sell, or distribute for in-state use non-edible products containing polybrominated diphenyl ethers (PBDEs).

Exceptions to this prohibition include:

- products containing Deca-BDE, except for mattresses (prohibition effective January 1, 2008), and except for residential upholstered furniture, and televisions or computers with electronic enclosures containing commercial Deca-BDE (prohibition effective January 1, 2011, if a safer and technically feasible alternative that meets applicable fire safety standards is available);
- used transportation vehicles and used or new parts manufactured before January 1, 2008, containing PBDEs;
- equipment containing PBDEs used primarily for military or federally funded space program applications;
- Federal Aviation Administration fire worthiness requirements and recommendations;
- new raw material or parts used in transportation vehicles containing Deca-BDE;
- use of Deca-BDE in transportation equipment;
- sale or distribution of any used product containing PBDEs;
- any new product with recycled or used materials containing Deca-BDE;
- sale or purchase of any previously owned product containing PBDEs made in casual or isolated sales and to sales by nonprofit organizations;
- new carpet cushion made from recycled foam with less than one-tenth of 1 percent Penta-BDE; and
- medical devices.

The prohibition does not restrict the ability of a manufacturer, importer, or distributor from transporting products containing PBDEs through the state, or storing products for later distribution outside the state.

An assessment process is established to identify alternatives to Deca-BDE products. Steps in the assessment process include:

- the Department of Ecology (DOE) and the Department of Health (DOH) first identify a safer and technically feasible alternative to Deca-BDE products;
- the newly created Fire Safety Committee reports its finding to the State Fire Marshal on whether the identified alternative meets applicable fire safety standards;
- a determination is made by the State Fire Marshal on whether the alternative meets applicable fire safety standards;
- public input is sought;
- findings are published in the Washington State Register;
- a report is submitted to the Legislature by the DOE; and
- two years after the report is submitted, the prohibition takes effect.

The prohibition may not take effect for Deca-BDE in upholstered furniture, televisions, or computers until the DOE and the DOH identify that a safer and technically

feasible alternative is available, and the State Fire Marshal determines that the alternative meets applicable fire safety standards.

The Fire Safety Committee is created for the exclusive purpose of finding whether a potential alternative meets applicable fire safety standards. It consists of a representative from the DOE as an ex officio nonvoting member that chairs the committee and five voting members, appointed by the Governor, representing:

- the Office of the State Fire Marshal;
- a statewide association representing the interests of fire chiefs;
- a statewide association representing the interests of fire commissioners;
- a recognized statewide council, affiliated with an international association representing the interests of firefighters; and
- a statewide association representing the interests of volunteer firefighters.

The DOE and the DOH are directed to review risk assessments, scientific studies, and other relevant findings on alternatives to the use of commercial Deca-BDE in products not directly addressed in the act and on the potential effect of PBDEs in the waste stream. If a safer and technically feasible alternative becomes available, the DOE must convene the Fire Safety Committee to make a finding on whether the alternative meets applicable fire safety standards. If it is found that the alternative meets applicable fire safety standards, the State Fire Marshal must then make a determination on whether the alternative meets applicable fire safety standards. Findings must be published in the Washington State Register and reported to the Legislature by December 31 of the year they are made.

The DOE is to assist state agencies to give priority and preference to purchases that do not contain PBDEs.

The DOE is to assist manufacturers and retailers to achieve compliance. Retailers who unknowingly sell prohibited products are not liable for violations. Manufacturers must notify sellers about the provisions in the act no less than 90 days prior to the effective date of the restrictions. A manufacturer that knowingly produces, sells, or distributes a product prohibited from manufacture, sale, or distribution must recall the product and reimburse the retailer or other purchaser for the product and any shipping and handling.

Enforcement must rely on notification and information exchange between the DOE and manufacturers. A warning letter may be issued to a manufacturer that violates provisions of the act. If after one year compliance is not achieved, penalties may be assessed.

Manufacturers in violation of provisions in the act are subject to civil penalties of up to \$1,000 for each violation in the case of a first offense. Manufacturers who are repeat violators are subject to a civil penalty up to

\$5,000 for each repeat offense. Penalties collected must be deposited in the State Toxic Control Account.

Votes on Final Passage:

House 71 24
Senate 41 8

Effective: July 22, 2007

HB 1025

C 4 L 07

Recommending authorization for projects by the public works board.

By Representatives Rolfes, Newhouse, Lovick, Armstrong, Dunshee, Eickmeyer, Ericks, Blake, Morrell, Kenney, P. Sullivan, Wallace, Moeller, Warnick, Chase and Miloscia; by request of Department of Community, Trade, and Economic Development.

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: The Public Works Assistance Account (PWAA), 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 (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.

The PWAA appropriation is made in the Capital Budget, but the project list is submitted annually in separate legislation. The CTED received an appropriation of \$288.9 million from the Public Works Assistance Account in the 2005-07 Capital Budget. The funding is available for public works project loans in the 2006 and 2007 loan cycles.

Each year, the 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 pre-construction activities, planning loans, or emergency loans.

Summary: As recommended by the Board, 19 public works project loans totaling \$71 million are authorized for the 2007 loan cycle. The 19 authorized projects fall into the following categories: (1) six domestic water

projects totaling \$16.2 million; and (2) 13 sanitary sewer projects totaling \$54.8 million.

Votes on Final Passage:

House 94 0
Senate 48 0

Effective: March 12, 2007

SHB 1029

C 309 L 07

Defining alternative motor fuels.

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives B. Sullivan, Linville and Morris).

House Committee on Technology, Energy & Communications
Senate Committee on Water, Energy & Telecommunications

Background: Alternative Fuel. Alternative fuel is a fuel derived from non-petroleum sources that can be used to power a motor vehicle. The term "alternative fuel" is not defined in state law. Federal law defines alternative fuel as alcohol fuel, compressed natural gas, liquified natural gas, liquified petroleum gas, coal-derived liquid fuels, and fuels derived from biomass.

Alcohol Fuels. Alcohol fuels are made from crops such as corn, wheat, barley, potatoes, sugarcane, and the cellulose of plants such as switchgrass, straw, and trees. Methanol and ethanol are two types of alcohol fuels used in motor vehicles. Ethanol is most commonly produced from corn and sugarcane. Methanol is primarily made from natural gas, but also can be made from renewable sources.

Ethanol. Ethanol is a type of alcohol fuel. The most common blends of ethanol fuel are:

- E10 – 10 percent ethanol and 90 percent unleaded gasoline; and
- E85 – 85 percent ethanol and 15 percent unleaded gasoline.

Vehicles must be specially designed to run on E85 and use of the fuel blend is approved for Flexible Fuel Vehicles (FFVs) only. The FFVs are designed to run on #85, gasoline, or any blend of the two. There are more than four million FFVs on the road in the United States.

Typically, an E85 blend is seasonally adjusted to ensure proper starting and performance in different geographic locations. During winter, higher percentages of gasoline is added to E85 to ensure that vehicles are able to start at cold temperatures. According to the American Society of Testing and Materials Standard Specification for Fuel Ethanol for Automotive Spark-Ignition Engines, E85 sold during colder months may contain 70 percent ethanol and 30 percent petroleum to produce the necessary vapor pressure for starting in cold temperatures.

Motor Fuel Quality Act. The state Motor Fuel Quality Act (Act) provides for the establishment of quality specifications for all liquid motor fuels, except aviation fuel, marine fuel, and liquefied petroleum gases, and establishes a sampling, testing, and enforcement program. The term "motor fuel" means any liquid product used for the generation of power in an internal combustion engine used for the propulsion of a motor vehicle upon the highways of this state.

The Act contains a definition of biodiesel fuel, diesel, and motor fuel, but does not define alternative fuel, alcohol fuel, E85 motor fuel, or nonhazardous motor fuel.

Tax Exemptions and Preferential Tax Rates for Bio-fuels. Washington law makes available tax exemptions or preferential tax rates to promote motor fuels containing 85 percent ethanol. However, state law does not use a consistent definition for motor fuels containing 85 percent ethanol.

Summary: The Motor Fuel Quality Act is amended to include a definition for alcohol fuel, alternative fuel, E85 motor fuel, and nonhazardous motor fuel. The new definition for E85 conforms with the nationally recognized definition.

Tax Preferences. The business and occupation (B&O) tax deduction for sale of alternative fuel and the retail sales and use tax exemption for distribution of biodiesel or alcohol fuels are amended to replace the definition of alcohol fuel or alcohol fuel blends with a definition for E85 motor fuel.

The sales and use tax exemption for use of machinery, equipment, vehicles, and services related to biodiesel or E85 motor fuel is extended from July 1, 2009, to July 1, 2015.

The B&O tax deduction for sale or distribution of biodiesel or E85 motor fuels is extended from July 1, 2009, to July 1, 2015.

Definitions. "Alcohol fuel" is defined as any alcohol made from a product other than petroleum or natural gas that is used alone or in combination with gasoline or other petroleum products for use as a fuel in self-propelled motor vehicles.

"Alternative fuel" is defined as all products or energy sources used to propel motor vehicles, other than conventional gasoline, diesel, or reformulated gasoline. Alternative fuel includes, but is not limited to, liquefied petroleum gas, liquefied natural gas, compressed natural gas, biodiesel fuel, E85 motor fuel, fuels containing 70 percent or more by volume of alcohol fuel, fuels that are derived from biomass, hydrogen fuel, anhydrous ammonia fuel, nonhazardous motor fuel, or electricity, excluding onboard electric generation.

"E85 motor fuel" is defined as an alternative fuel that is a blend of ethanol and hydrocarbon of which the ethanol portion is nominally 75 to 85 percent denatured fuel ethanol by volume that complies with the most recent

version of American Society of Testing and Materials specification D-5798.

"Nonhazardous motor fuel" is defined as any fuel of a type distributed for use in self-propelled motor vehicles that does not contain a hazardous liquid as defined in Motor Fuel Quality Act.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 46 | 0 | (Senate amended) |
| House | 94 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 1037

C 325 L 07

Regarding electrical transmission.

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Morris, Hudgins, Moeller and B. Sullivan).

House Committee on Technology, Energy & Communications

Senate Committee on Water, Energy & Telecommunications

Background: Energy Facility Site Evaluation Council. The Energy Facility Site Evaluation Council (EFSEC) is the one-stop permitting and certificating authority for the siting of major energy facilities in Washington. The EFSEC's jurisdiction does not extend to general electrical transmission lines. It does, however, have jurisdiction over (1) new transmission lines that operate in excess of 115 kilovolts that are necessary to connect a power plant to the region's power grid, and (2) electrical transmission facilities in "national interest electric transmission corridors" as designated by the U.S. Secretary of Energy.

Federal Electrical Transmission Study. In August 2006, the Department of Energy issued the first National Electric Transmission Congestion Study (Study), which identified three classes of congestion: (1) areas where near-term action is needed, called "critical congestion areas;" (2) areas where additional analysis and information appear to be needed, called "congestion areas of concern;" and (3) areas where congestion would become a problem if new generation were to be developed without considering new transmission, called "conditional congestion areas."

Summary: Electric Transmission Facilities Opt-in Provisions. A person may choose to use the EFSEC siting process when developing electric transmission facilities of at least 115,000 volts, and the facilities are located in a completely new corridor in more than one jurisdiction that has promulgated land use plans or zoning ordinances.

A person may choose to use the EFSEC siting process when developing electric transmission facilities in excess of 115,000 volts, and the facilities are located outside of a national interest electric transmission corridor and are not new corridors.

Electrical Transmission Facilities Preapplication Process. A person considering applying for a site certification agreement for any transmission facility may initiate a preapplication process. The preapplication process is initiated by written correspondence from the preapplicant to the EFSEC, and includes the process adopted by the EFSEC for consulting with the preapplicant and with cities, towns, and counties prior to accepting applications for transmission facilities.

The EFSEC must consider and may recommend certification of electrical transmission facilities in corridors by affected cities, towns, or counties where:

- the jurisdictions have identified electrical transmission facility corridors as part of their land use plans and zoning maps based on policies in their plans;
- the proposed electrical transmission facility is consistent with any adopted development regulations that govern the siting of electrical transmission facilities in such corridors; and
- contiguous jurisdictions in which related regional electrical transmission facilities are located have either prior to or during the preapplication process undertaken good faith efforts to coordinate the locations of their corridors consistent with the Growth Management Act.

In the absence of a corridor designation as part of land use plans and zoning maps, preapplicants are required to negotiate for a reasonable time with affected cities, towns, and counties to attempt to reach agreement about a corridor plan. If no corridor plan is agreed to by the applicant and cities, towns, and counties, the applicant shall propose a recommended corridor and electrical transmission facilities to be included within the proposed corridor.

The EFSEC must develop and adopt rules to govern the process. Preapplicants are required to pay the EFSEC a fee of \$10,000 to be applied to the cost of the process.

National Interest Electric Transmission Corridors. The EFSEC jurisdiction over national interest electric transmission corridors applies to electric transmission lines of at least 115,000 volts.

A legislative finding that transmission lines at or below 115,000 volts have historically been regulated by local government is repealed.

Definition. The definition for "site" is amended to include alternative energy resource and electrical transmission facility.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 88 | 3 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1038
C 326 L 07

Developing regional compacts for siting electric transmission lines.

By Representatives Morris, Hudgins, Anderson, Moeller and B. Sullivan.

House Committee on Technology, Energy & Communications

Senate Committee on Water, Energy & Telecommunications

Senate Committee on Ways & Means

Background: National Energy Policy Act of 2005. Section 1221 of the National Energy Policy Act of 2005 (Act) authorizes the Secretary of the U.S. Department of Energy (Secretary) to conduct a study within one year of passage, and triennially thereafter, of electric transmission congestion.

In determining whether to designate a particular area as a National Interest Electric Transmission Corridor (NIETC), the Secretary may consider the following:

- whether the economic vitality and development of the corridor, or the end markets served by the corridor, may be constrained by lack of adequate or reasonably priced electricity;
- whether economic growth in the corridor, or the end markets served by the corridor, may be jeopardized by reliance on limited sources of energy; and a diversification of supply is warranted;
- whether the energy independence of the United States would be served by the designation;
- whether the designation would be in the interest of national energy policy; and
- whether the designation would enhance national defense and homeland security.

First National Electric Transmission Congestion Study. In August 2006, the Secretary issued the first National Electric Transmission Congestion Study (Study) which designated geographic areas experiencing electric energy transmission capacity constraints or congestion that adversely affects consumers. The Study identified the corridor from Seattle to Portland as a "Congestion Area of Concern."

Also, the Study noted that significant congestion occurs where transmission lines cross the Washington-Oregon border, especially during summer when loads are highest and transmission operating limits are lower.

The U.S. Department of Energy intends to make its first NIETC designation during the fall of 2007.

Federal Energy Regulatory Commission's Backstop Authority. While the Act mandates the U.S. Department of Energy to designate NIETCs, the Federal Energy Regulatory Commission (FERC) is authorized to issue NIETC construction or modification permits. The FERC may issue permits if:

- a state does not have siting authority;
- a state does not consider interstate benefits;
- a state has withheld approval for more than one year after the filing of an application or one year after the designation as a national interest electric transmission corridor; or
- a state has conditioned its approval in such a manner that there will be no significant reduction of transmission congestion.

Interstate Compact. Section 1221 prohibits FERC from exerting backstop authority if three or more contiguous states enter into an interstate compact establishing a regional transmission siting agency. The creation of an interstate compact is subject to approval by the U.S. Congress.

The Act grants regional compact agencies the authority to facilitate siting of future electric energy transmission facilities with compact states and to carry out the electric energy transmission siting responsibilities of compact states. The FERC retains authority to issue a permit for construction or modification of an electric transmission facility with a compact state, if members' states are in disagreement and the Secretary finds it an impediment to completing the work.

Energy Facility Site Evaluation Council. The Energy Facility Site Evaluation Council (EFSEC) is the one-stop permitting and certifying authority for the siting of major energy facilities in Washington. The EFSEC's jurisdiction includes siting the construction of new electrical transmission facilities or the modification of existing electrical transmission facilities in a National Interest Electric Transmission Corridor designated by the Secretary.

Summary: Task Force. A task force is established to negotiate the terms of a regional interstate compact to assert jurisdiction over national interest electric transmission corridors.

Task Force Membership. The chair and the ranking minority member from the Senate Water, Energy and Telecommunications Committee and the House Technology, Energy and Communications Committee, or their designees, serve as legislative representatives on the task force. The Governor appoints five members to serve on the task force. After the task force is formed, members will choose co-chairs representing the House of Representatives and the Senate from among its legislative membership.

Terms of the Compact. In negotiating the terms of the compact, the task force is instructed to ensure that the compact reflects as close as possible the Washington EFSEC model and its procedures to ensure appropriate adjudicative proceedings and mitigation of environmental impacts. Also, the task force is to negotiate the terms of the compact through processes established and supported by the Pacific Northwest Economic Region.

Task Force Staff Support. Staff support for the task force members is provided from respective legislative committees and appropriate agencies appointed by the Governor.

Reporting Requirements. The task force is required to report to the appropriate committees of the Legislature its preliminary recommendations on the compact by January 1, 2008, and its final recommendations by September 1, 2008.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 48 | 1 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 1039

C 225 L 07

Allowing the department of ecology to issue opinions for a portion of a facility under the model toxics control act.

By House Committee on Select Committee on Environmental Health (originally sponsored by Representatives B. Sullivan, Kenney and Chase).

House Select Committee on Environmental Health
Senate Committee on Water, Energy & Telecommunications

Background: The Department of Ecology (Department) administers the Model Toxics Control Act (MTCA). As part of its administration, the Department is authorized to advise and assist owners of contaminated land. Advice and assistance regarding independent remedial actions may be provided in a written opinion by the Department. The written opinion may address whether independent remedial actions or proposals for those actions meet requirements of the MTCA or whether further independent remedial actions are required. This written opinion may result in what is informally referred to by the Department as a "No Further Action" (NFA) letter or opinion.

Written opinions or advice given by the Department apply to facilities. Facilities generally consist of any site where contamination or a hazardous substance is located. A facility may consist of one or more parcels of land with common owners or different owners. The Department does not issue NFA opinions for portions of

facilities if the entire facility would not be issued a NFA opinion.

Summary: The Department is not precluded from issuing written opinions under the MTCA on whether further remedial action is necessary for a portion of the real property located within a facility. An opinion on a portion of a facility must also include an opinion on the status of the whole facility.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007

SHB 1041
C 467 L 07

Modifying plurality voting for directors.

By House Committee on Judiciary (originally sponsored by Representatives Pedersen, Rodne, Haler, Moeller and Lantz).

House Committee on Judiciary
Senate Committee on Judiciary

Background: The Washington Business Corporation Act (WBCA) regulates the creation and operation of business corporations. Some of the provisions of the WBCA are default rules that will apply only if a corporation chooses not to adopt some alternative. One of the default provisions of the WBCA provides for plurality voting to elect the directors of a corporation.

The default plurality voting provision in the WBCA provides that, unless otherwise provided in the articles of incorporation, in any election of directors the candidates elected are those receiving the largest numbers of votes cast by the shares entitled to vote in the election, up to the number of directors to be elected by such shares.

Also by default, shareholders may cumulate votes by multiplying the number of votes they are entitled to cast by the number of directors for whom they are entitled to vote and cast the product for a single candidate or distribute the product among two or more candidates.

Plurality voting allows for the election of a director candidate who gets more votes than other candidates, but does not require a candidate to get a majority of votes. Plurality voting also allows election regardless of the number of votes withheld or cast against a candidate.

Some corporations have provided for other methods of election, including some form of majority vote requirement, or some form of restriction on plurality voting. However, a corporation operating under the default system can adopt majority voting only by amending its articles of incorporation, and amending the articles requires action by both the shareholders and the board of directors. If a corporation adopts a majority voting rule or tries to ameliorate the effects of plurality voting, other

provisions of law present potential problems. For instance, the WBCA provides that a director continues in office until a successor is elected. Thus, even in a corporation with majority voting, an incumbent director who fails to get a majority vote might nonetheless remain in office. Bylaw changes which might require a director to resign in such a situation are suspect because of the arguably overriding statutory provision calling for the director to remain in office.

In some instances, a director of a corporation may be elected by the vote of only a specified class or group of shareholders. In such a case, if a vacancy occurs and it is to be filled by a shareholder vote, only shareholders from that same class or group may vote. However, if such a vacancy is to be filled by the board of directors, the WBCA does not designate directors who may participate in filling the vacancy.

It is a generally accepted practice for publicly-held corporations to appoint someone to count votes and otherwise oversee elections at shareholders' meetings. However, there is no requirement in the WBCA for the appointment of such a person.

The American Bar Association (ABA) issued a report in late 2005 that recommended changes to the plurality voting rule in the Model Corporations Act. In 2006, the state of Delaware adopted changes to its corporation law that are equivalent to those recommendations. The Corporate Act Revision Committee of the Washington State Bar Association has recommended changes to the WBCA similar to those recommended by the ABA and those adopted by Delaware.

Summary: Several changes are made to the WBCA with respect to the election of directors of corporations. The general default to a plurality voting rule is maintained, but corporations are given increased ability to deviate from or modify plurality voting without having to amend their articles of incorporation.

Unless prohibited or contradicted by the articles of incorporation, the bylaws of a corporation may specify a number, percentage, or level of votes required for the election of directors. A bylaw providing for any such manner of election that has been adopted by the shareholders may not be amended by the board of directors unless the bylaw itself allows it. However, such a bylaw that has been adopted by the board of directors may be amended by either the board or the shareholders.

Bylaws may provide for the counting of votes cast against or votes withheld in determining whether a candidate has received a specified number, percentage, or level of votes. Unless the bylaws provide otherwise, abstentions will not count as votes cast.

In the case of an election where there are more candidates than positions, and at least one candidate is proposed by shareholders, the statutory default plurality voting will apply unless the bylaws specifically cover such cases.

Corporations are authorized to alter the provision requiring that directors remain in office until a successor is elected or appointed. Shorter terms of office may also be provided for directors who are elected by less than some specified vote.

A director's resignation may be made effective contingent upon a future date to be determined by some event. A notice of resignation contingent upon the failure to receive a specified vote may be made irrevocable.

When a vacancy occurs in a director position that was held by a director elected by a specific voting group of shareholders, and the vacancy is to be filled by the board of directors, only those directors who were elected by that same voting group may participate in filling the vacancy.

Any corporation with shares listed on a national exchange or regularly traded in certain markets must appoint an inspector to oversee voting at shareholders' meetings. The person appointed may be an officer or employee of the corporation. It is the duty of the inspector to act impartially in determining the numbers and voting power of outstanding shares and shares represented at the meeting, the validity of proxies, and the results of the voting.

Other changes are made to correct a citation and to provide for terminology consistent with other provisions of the WBCA and the Model Corporations Act.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 97 | 0 | |
| Senate | 42 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 45 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1042

C 45 L 07

Modifying the share acquisition time period for engaging in a significant business transaction.

By Representatives Rodne, Pedersen, Moeller and Lantz.

House Committee on Judiciary
Senate Committee on Judiciary

Background: Washington's Business Corporation Act contains provisions which place restrictions on the hostile takeover of Washington corporations and foreign corporations with substantial economic ties to Washington.

Generally, when a person acquires 10 percent or more of the outstanding voting shares of a target corporation, the target corporation is prohibited, for a period of five years following the acquiring person's share acquisition, from engaging in a "significant business transac-

tion" with the acquiring person unless certain exemptions apply.

The only exemption to the five-year "freeze-out" period is if the board of directors of the target corporation either approved the significant business transaction before the acquiring person's share acquisition or approved of the acquiring person's purchase of the shares before the share acquisition.

"Significant business transaction" includes, for example, a merger of the target company with the acquiring person, the substantial sale of the target corporation's assets to the acquiring person, a significant change in the target corporation's employment personnel, and the liquidation or dissolution of a target corporation proposed by the acquiring person. "Person" includes an individual, corporation, or other business entity.

The Corporate Act Revision Committee of the Washington State Bar Association conducted a year-long study of Washington's anti-takeover law compared to other states' laws. Other states, including Delaware, allow a target corporation to engage in a significant business transaction with the acquiring person before the expiration of the "freeze-out" period if the majority of the board of directors and a supermajority of the shareholders approve.

Summary: An exemption is added to Washington's anti-takeover statute. A corporation may engage in a significant business transaction with an acquiring person after the person's share acquisition and notwithstanding the five year "freeze-out" period, if the significant business transaction is: (1) approved by a majority of the board of directors; and (2) authorized, at an annual or special shareholder meeting, by at least two-thirds of the outstanding voting shares, not including the acquiring person's voting shares. The shareholders' authorization may not be by written consent.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

ESHB 1047

C 226 L 07

Concerning alcohol content in food products and confections.

By House Committee on Commerce & Labor (originally sponsored by Representatives Williams and Blake).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: Confections and food products containing not more than 1 percent alcohol by weight are unregulated by the Liquor Control Board (Board) and may be

sold and manufactured without a liquor license. The product must have a label stating "This product contains liquor and the alcohol content is 1 percent or less of the weight of the product." Retailers are not allowed to sell food products and confections with more than 1 percent alcohol, such as liqueur-filled chocolates. The Board, however, sells a small number of confections with an alcohol content up to 12 percent in some state liquor stores.

Confections that contain more than 1 percent alcohol by weight are considered to be adulterated food.

The Board issues a number of types of liquor licenses. A grocery store license allows the sale of beer and/or wine for consumption off the premises. A snack bar license allows the sale of beer for on-premises consumption. By rule, the Board requires snack bar licensees to have food available.

Summary: A grocery store licensed by the Board with a snack bar license may receive an endorsement from the Board to sell confections containing more than 1 percent but not more than 10 percent alcohol by weight to persons 21 or older. "Confection" is defined as a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, dairy products, or flavorings, in the form of bars, drops, or pieces.

The adulterated food provisions are modified to exclude confections sold under the endorsement.

Votes on Final Passage:

House 97 0
Senate 47 0

Effective: July 22, 2007

ESHB 1050
C 318 L 07

Allowing certain students with disabilities to participate in graduation ceremonies.

By House Committee on Education (originally sponsored by Representatives Upthegrove, Quall, Kagi, Pedersen, Morrell, Kenney, P. Sullivan, Jarrett, Simpson, Wallace, Cody, McDermott, Linville, Moeller, Morris, Springer, Wood, Santos, Schual-Berke, Williams, Ormsby and Hasegawa).

House Committee on Education
Senate Committee on Early Learning & K-12 Education

Background: The State Board of Education (SBE) determines the minimum state high school graduation requirements. School districts may adopt additional graduation requirements.

Students are generally assigned an expected graduation year based on the year they begin ninth grade. However, students receiving special education services are assigned an expected year of graduation in the year they

turn 16 based on the students' Individualized Education Program (IEP).

School districts must adopt written policies and procedures for meeting the unique needs of students receiving special education services. These procedures must allow special education students to remain in school until the student graduates or reaches age 21. As a result, a student's IEP may provide for the student to continue in high school beyond the student's fourth year.

Summary: By July 1, 2007, school districts are required to establish a policy permitting students who have attended high school for four years, are receiving services under an Individualized Education Program, and will continue to receive such services between the ages of 18 and 21, to participate in graduation ceremonies with their peers and receive a certificate of attendance.

The act is known as Kevin's Law.

Votes on Final Passage:

House 96 0
Senate 44 0 (Senate amended)
House 94 0 (House concurred)

Effective: May 4, 2007

HB 1051
PARTIAL VETO
C 355 L 07

Expanding high school completion programs.

By Representatives Upthegrove, Kagi, P. Sullivan, Haigh, Simpson, Moeller, Green, Santos, Kenney, Williams, Hunter and Miloscia.

House Committee on Education
Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means

Background: High School Graduation Requirements. The State Board of Education (SBE) establishes minimum high school graduation requirements for public schools. Students must complete at least 19 credits in specified content areas, do a culminating project, and prepare a high school and beyond plan. Beginning with the class of 2008, students will also need to earn a Certificate of Academic Achievement (CAA) by meeting the state academic standards in reading, writing, and mathematics on the high school Washington Assessment of Student Learning (WASL). Students in special education can earn a Certificate of Individual Achievement (CIA). Local school districts may establish additional requirements. Students may enroll in public schools until they complete a diploma or turn 21.

High School Programs in Community and Technical Colleges. Washington's community and technical colleges offer three types of high school programs:

(1) High School Completion. High School Completion enables adults to earn a regular high school diploma issued by the college. The SBE graduation requirements apply, except that students over the age of 21 are exempt from the CAA under SBE rules.

The programs serve approximately 3,700 students per year, most of whom are over 21. Students under age 18 need a release from their high school to enroll. Students age 19 or over are eligible for a tuition waiver; those under 19 pay tuition. The programs are funded with state funds through the community and technical college budget.

(2) Drop-Out Retrieval. Eight colleges offer high school programs under contract with a local school district for students aged 16 to 21 to make up the credits they need to graduate. Students who complete the school district's graduation requirements earn their diploma from the district. About 1,700 students participate in these programs. The school district pays the college for the program under the terms of the contract using funds from the Basic Education Act (BEA) and other resources.

(3) Technical High Schools. Bates, Lake Washington, and Clover Park Technical Colleges each operate a program for juniors and seniors that offers career-technical training and courses necessary to receive a diploma from the college. Approximately 1,075 students are enrolled. The colleges bill the Office of the Superintendent of Public Instruction (OSPI) for BEA funding and are prohibited from charging tuition.

Running Start. The Running Start program provides a way to use BEA funds to support students who are dually enrolled in high school and college and are earning both high school and college credits for their courses. The BEA allocation for Running Start is \$4,397 per full time equivalent (FTE) student.

Although the BEA represents the largest allocation of state funds for K-12 education, there are other funding programs. For example, school districts receive \$770 for each student in the Transitional Bilingual Program. Funding for the Learning Assistance Program (LAP) is \$188 per student. Funding for the Student Achievement Program is \$375 per FTE student for 2006-07, scheduled to increase to \$450 in 2007-08.

Summary: A pilot program is created for two community and technical colleges where students under age 21 who have completed all state and local graduation requirements except the CAA or the CIA can enroll in a high school completion program and earn a high school diploma. To be eligible, a student must also have received at least a Basic score on the high school reading and writing WASL, have attempted a retake of the test or an alternative assessment, have participated in remediation, and receive a recommendation from his or her high school principal.

The pilot colleges must make the program available to any eligible student within the college district, but may implement it in the following ways:

- contract with a local school district, in which case the school district issues the diploma;
- deliver the program and courses directly and the college issues the diploma; or
- offer some combination of contracted program and direct delivery, including through regional partnerships.

If a college delivers the program directly, it is reimbursed by the OSPI for each FTE student enrolled in high school completion courses. Funding is calculated based on the following programs:

- the BEA funding allocation, where reimbursement is calculated using a statewide average per FTE student, similar to the Running Start program;
- an amount per FTE student based on the state allocation for the LAP program;
- an amount per FTE student based on the state allocation for the Student Achievement Program; and
- for bilingual students, an amount per FTE student based on the state allocation for the Transitional Bilingual Program.

The colleges cannot charge students in the program tuition or fees for courses that lead to a diploma.

Other colleges, school districts, and Educational Service Districts (ESDs) are not precluded from offering high school completion programs for students who do not meet the criteria under the act.

School districts in the geographic area of the pilot programs must provide information to 10th, 11th, and 12th grade students and their parents about this option.

The OSPI and the State Board for Community and Technical Colleges must select the two pilot colleges by June 30, 2007. They must also identify possible additional service delivery models for the program, submit a report to the Legislature with an implementation plan for the pilot projects by December 15, 2007, and submit a progress report and a plan for implementing the program statewide by December 15, 2009. The Washington State Institute for Public Policy must develop an estimate of the number of students statewide likely to participate in the program and submit it to the Legislature by December 15, 2007.

School district boards of directors are authorized to adopt a policy awarding a Certificate of Academic Completion to students who meet all state and local graduation requirements except the CAA or CIA, have retaken the WASL at least once or taken an alternative assessment, and develop a fifth year plan.

Votes on Final Passage:

| | | | |
|--------|----|----|----------------------------|
| House | 73 | 21 | |
| Senate | 32 | 16 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | | | (Senate refused to recede) |
| House | | | (House refused to concur) |
| Senate | 30 | 18 | (Senate amended) |
| House | 86 | 11 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the section relating to the Certificate of Academic Completion for high school students who do not meet the requirements for a high school diploma.

VETO MESSAGE ON HB 1051

May 8, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 9, House Bill 1051 entitled:

“AN ACT Relating to high school completion programs.”

Sections 1 through 8 of this bill provide for the development of two pilot programs at community or technical colleges. The programs are intended to support certain students as they work to meet the State’s academic standards in reading, writing, mathematics or science. For these students, demonstrating proficiency in one or more of these subjects is the final step in meeting their high school graduation requirements and obtaining a high school diploma. The legislation outlines the student eligibility and program criteria, authorizes the financial support, waives student tuition and fees, and provides for a study of the program’s results in two years’ time.

Section 9 of the bill creates and recognizes a new state certificate for high school students who do not meet the requirements for a high school diploma, the Certificate of Academic Completion (Certificate). The Certificate may be conferred by school districts to students who meet all state and local requirements for graduation with the exception of passage of one or more of the high school assessments in reading, writing and mathematics. Our students are working very hard to achieve the skills necessary for success in their endeavors beyond high school. By creating the Certificate of Academic Completion we will be sending a message to these students that they do not need the basic skills required for the high school diploma. This is wrong.

For these reasons, I am vetoing Section 9 of House Bill 1051.

With the exception of Section 9, House Bill 1051 is approved.

Respectfully submitted,

Christine O. Gregoire
Governor

ESHB 1052

C 291 L 07

Modifying the legislative youth advisory council.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Upthegrove, Hudgins, Pedersen, P. Sullivan, Wallace and Morris).

House Committee on State Government & Tribal Affairs
Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means

Background: Legislative Youth Advisory Council. In 2005 the Legislative Youth Advisory Council (Council) was established to examine issues of importance to youth, including education, employment, civic engagement, and health. The Council has 22 members. Ten council members are selected by the Senate and appointed by the Secretary of the Senate, and ten members are selected by the House of Representatives and appointed by the Chief Clerk. Two members are appointed by the governor. Members must be between 14 and 18 years of age.

Duties of the Council consist of advising the Legislature on legislation, policy and budget matters relating to youth; advising standing committees, commissions and task forces on issues related to youth; conducting periodic seminars for its members on leadership, government, and the Legislature; and submitting annual reports to the Legislature with any recommendations for legislation. The Council meets between three and six times a year.

The program is administered by the Office of Superintendent of Public Instruction and expires June 30, 2007.

Civic Education Competitions. Organizations focused on civic engagement often organize competitions for students to promote civic education and responsibility. The competitions can be statewide, regional, national, or even international. Some Washington students who win local competitions have withdrawn from the competitions due to travel costs to attend statewide, regional, national, or international finals.

Summary: Legislative Youth Advisory Council. The Legislature finds that the council provides a unique opportunity for middle and high school students to be actively involved in government. The Legislature continues to stress the importance of civics education and supports the type of civic involvement by students exemplified by the legislative youth advisory council.

By July 2, 2007, appointments to the Council are made through an application process, rather than by selection. Interested students may apply by completing an online application and submitting it to the Council. The Council recommends applicants to the Office of the Lieutenant Governor for final selection, and the

HB 1054

Lieutenant Governor shall notify all applicants of the final selections.

The Council may accept grants and donations from public and private sources to support its activities.

Consideration shall be given to conducting some of the Council's meeting via the K-20 telecommunications network. The Council is encouraged to invite state legislators to participate in the meetings. The Council also is encouraged to poll other students on issues and to use technology to conduct the polling.

The termination date of the Council is extended to June 30, 2009.

Civic Education Competitions. The Civic Education Travel Grant Program is created to provide travel grants to students participating in statewide, regional, national, or international civic education competitions or events. The Superintendent of Public Instruction shall allocate the grants through a competitive program to students who meet the following criteria:

- must be residents of the state;
- must use the grants to fund travel to civic education-based competitions or events; and
- must be under the age of 21 and not yet in receipt of a high school diploma.

Students are encouraged to seek matching funds, in-kind contributions, or other sources of support to supplement their travel expenses.

The Office of the Superintendent of Public Instruction is authorized to accept gifts, grants, or endowments from public or private sources to support the Civic Education Travel Grant Program.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 89 | 6 | |
| Senate | 44 | 4 | (Senate amended) |
| House | 90 | 5 | (House concurred) |

Effective: May 2, 2007

HB 1054

C 158 L 07

Modifying membership of the information services board.

By Representatives Hudgins, Crouse, Morris and Wallace.

House Committee on Technology, Energy & Communications
Senate Committee on Government Operations & Elections

Background: The Information Services Board (Board) provides authorization and oversight for managing large information technology projects administered by executive branch agency staff. Board members develop state information technology standards, govern acquisitions, review and approve the statewide information technol-

ogy strategic plans, develop statewide or inter-agency technical policies, and provide oversight on large information technology projects.

The Board is composed of 15 members who represent the legislative, judicial, and executive branches of government, higher education institutions, and the private sector. Eight of the 15 members are appointed by the Governor. Of those eight members, one is a representative of higher education, one is a representative of an agency under a statewide official other than the Governor, and two are representatives of the private sector. The representation of the other four Governor-appointed members is not specified in statute.

Summary: One of the Governor-appointed members of the Board must have direct experience using the software projects overseen by the Board or reasonably expect to use new software developed under the oversight of the Board.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 85 | 7 |
| Senate | 41 | 7 |

Effective: July 22, 2007

HB 1064

C 448 L 07

Addressing veterans' benefits.

By Representatives Seaquist, Morrell, Haigh, Kelley, Miloscia, Hunt, Appleton, Conway, P. Sullivan, McDonald, Haler, Wallace, Moeller, B. Sullivan, Kenney, Hunter, Chase, Ormsby, Upthegrove and Hurst.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: County legislative authorities are prohibited from sending veterans or their families to almshouses or orphan asylums unless the relief committee of a national veterans organization consents. Instead, an indigent veteran should receive assistance and continue to live independently or, in certain situations, the veteran may be sent to a soldiers' home.

Summary: The statutory restrictions on sending veterans or their families to almshouses is repealed.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007

HB 1065

C 449 L 07

Revising veterans' scoring criteria in examinations.

By Representatives Kelley, Morrell, Haigh, Miloscia, Hunt, Seaquist, Conway, P. Sullivan, McDonald, Haler, Moeller, B. Sullivan, Campbell and Hurst.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: State law provides that honorably discharged veterans receive preference in public employment. Some public employment positions require applicants to take a competitive examination. In those cases, preference is given to veterans by adding a certain percentage to the passing mark, grade, or rating of an examination. When scoring competitive exams, the state, including all of its political subdivisions and municipal corporations, must give the scoring criteria status (preference), as provided for in statute, to qualified veterans. Among various preferences is a 5 percent addition for certain veterans returning to public employment, which is added to the first promotional exam.

Summary: Agencies or private companies who are contracted to administer competitive examinations for public employment are included in the list of entities that must give veterans who take a competitive examination the statutory scoring preference.

For veterans returning to public employment after more than one year of active service, 5 percentage points will be added to the score of any promotional examination until the veterans first promotion.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 45 | 0 | (Senate amended) |
| House | 95 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1069

C 224 L 07

Designating the Pacific chorus frog as the state amphibian.

By Representatives Williams, Hunt and B. Sullivan.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: The Legislature has designated various plants and animals to represent and celebrate the spirit and diverse qualities of Washington. Familiar designations include the willow goldfinch as the state bird and the orca as the state marine mammal. The Legislature has also designated a state grass, fruit, tree, fossil, fish,

insect, song, flower, folk song, gem, tartan, and arboretum.

Summary: The Pacific chorus frog, *Pseudacris regilla*, is designated as the official amphibian of the State of Washington.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 90 | 3 |
| Senate | 44 | 0 |

Effective: July 22, 2007

HB 1073

C 292 L 07

Concerning limited emergency worker volunteer immunity.

By Representatives Schual-Berke, O'Brien, Anderson, Hudgins, Appleton, Green, Rodne, Ormsby, Cody, Dickerson, Morrell, Kenney and Pearson; by request of Military Department.

House Committee on Judiciary
Senate Committee on Government Operations & Elections

Background: A variety of statutes provide various forms of immunity or indemnity from liability for the actions of certain volunteers, government employees, so-called "good Samaritans," and others. The state's Emergency Management Act (EMA) also provides immunity and indemnity for emergency management workers.

The EMA is administered by the Military Department under the direction of the state's Adjutant General. The EMA requires the state to accept liability for harm caused by acts arising from good faith attempts to comply with the EMA. The state must also indemnify a worker who has been "appointed and regularly enrolled" as an emergency worker or who is an employee of the state or a local government. This indemnification covers both liability the worker may have incurred and injury or damage the worker may have suffered as a result of the worker's good faith compliance with the EMA. The indemnity does not cover acts of a worker that amount to willful misconduct, gross negligence, or bad faith.

In 2006 legislation was enacted that grants immunity from liability for the acts of registered volunteer emergency workers who are retired medical professionals. The immunity covers providing assistance or transportation during an emergency or during approved training. This immunity extends to:

- the volunteer medical worker;
- the volunteer's supervisor or employer;
- any health care facility;
- the owner of property where the volunteer acted;
- all governments; and
- any local entity that registered the volunteer.

The immunity covers acts of a medical volunteer that are:

- without compensation or the expectation of compensation;
- within the scope of the volunteer's duties; and
- under the direction of the volunteer's local registering agency.

Immunity does not extend to a volunteer's acts of gross negligence or willful or wanton misconduct.

Summary: The indemnity provisions of the EMA are expanded to cover explicitly liability incurred while traveling to or from an emergency or while engaged in or traveling to or from a search and rescue operation or training exercise. The state provides no indemnity for liability that might arise out of actions by a volunteer for which the volunteer himself or herself has immunity.

The volunteer immunity from liability provisions are expanded to cover all volunteer emergency workers, not just medical volunteers. To be covered, a volunteer must be registered with the Military Department or a local emergency management organization. References in the immunity provision that are to medical personnel or facilities in particular are replaced with more general terms. For instance, "any" facility, not just a health care facility, is immune from liability for the negligence of a volunteer. The immunity provision is also expressly extended to cover search and rescue operations and authorized training exercises.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 95 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | | | (Senate receded) |
| Senate | 47 | 0 | |

Effective: July 22, 2007

HB 1077
C 293 L 07

Modifying requirements concerning the public disclosure of sensitive fish and wildlife information.

By Representatives Blake and Kretz.

House Committee on State Government & Tribal Affairs
Senate Committee on Natural Resources, Ocean & Recreation

Background: The Department of Fish and Wildlife (DFW) manages more than 640 animal species and approximately 150 species of fish and shellfish. Among other activities, the DFW issues hunting and fishing licenses, enforces habitat protection laws, removes wild animals, and arrests poachers.

The Public Records Act (PRA) mandates disclosure of public records unless the record falls under a specific exemption. Certain sensitive information relating to fish

and wildlife is exempt from public disclosure. The DFW may, however, release this sensitive information to government agencies concerned with fish and wildlife resource management.

The definition of sensitive fish and wildlife data includes location data that could compromise the viability of a specific fish or wildlife population and where at least one of the following criteria is met:

- a species with a known commercial or black market value;
- a history of malicious take of that species; or
- a known demand to visit, take, or disturb, and the species behavior or ecology renders it especially vulnerable or the species has an extremely limited distribution and concentration.

Summary: The PRA's disclosure exemption for sensitive fish and wildlife data is amended to allow the data's release to the following entities and their agents for fish, wildlife, land management purposes, or scientific research needs:

- government agencies;
- public utilities; and
- accredited colleges and universities.

The data may also be released to:

- tribal governments; and
- owner, lessee, or right-of-way or easement holder of the private land to which the data pertains.

The release of sensitive data may be subject to a confidentiality agreement. This requirement does not apply when the release of sensitive data is to an owner, lessee, or right-of-way or easement holder of private land who initially provided the data.

The definition of sensitive fish and wildlife data includes location data that could compromise the viability of a specific fish or wildlife population and where at least one of the following criteria is met:

- the species has a known commercial or black market value;
- a history of malicious take of that species and the species behavior or ecology renders it especially vulnerable;
- a known demand to take, visit, or disturb the species; or
- the species has an extremely limited distribution and concentration.

Sensitive fish and wildlife data does not include data related to reports of predatory wildlife interactions. "Predatory wildlife" is defined as grizzly bears, wolves, and cougars. The DFW is further required to post on its web site reported predatory wildlife interactions, including reported human safety confrontations or sightings as well as the known details of reported depredations by predatory wildlife on humans, pets, or livestock.

Votes on Final Passage:

House 95 0
 Senate 37 9 (Senate amended)
 House 94 1 (House concurred)

Effective: July 22, 2007

SHB 1079
 C 254 L 07

Regarding hunting and fishing license fees for a person with a disability.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Kretz, Blake, Upthegrove, Ormsby, O'Brien, Morrell, Conway, Haigh, Moeller, McCune and Simpson; by request of Department of Fish and Wildlife).

House Committee on Agriculture & Natural Resources
 Senate Committee on Natural Resources, Ocean & Recreation

Background: Persons With Disabilities and the Department of Fish and Wildlife. The Department of Fish and Wildlife (Department) offers reduced license fees and additional hunting opportunities to persons with a disability. For instance, the Department offers special permits to hunters with a disability and permits hunters with a disability to hunt in manners unlawful for a person without a disability.

A reduced rate of \$5 for a fishing license is available to persons with developmental disabilities, people who are blind, and honorably discharged armed services veterans with a disability arising from military service. Reduced rate hunting licenses are available only to honorably discharged armed forces veterans with a service-related disability.

For the Department's purposes, a person is considered disabled if he or she has a permanent condition that requires the use of a wheelchair, crutches, or similar device. However, some of the reduced licence fees and increased opportunities also apply to individuals that satisfy various other standards for ascertaining a disability.

"People First" Requirements. The Office of the Code Revisor (CRO) is directed to avoid and change language in the Revised Code of Washington that is not respectful to people with disabilities. This includes identifying the individual as a person prior to identifying the disability. For instance, the CRO is directed to use the terminology "individuals with mental retardation" instead of "mentally retarded" and "individual with a handicap" instead of "handicapped" or "cripple."

Summary: Definition of "Person With a Disability." The definition of "person with a disability" is removed from the Fish and Wildlife code. Instead of a codified definition, the Fish and Wildlife Commission is instructed to adopt a definition by rule.

"People First" Changes. Terminology changes are made in the Fish and Wildlife Code that conform with the respectful language requirements placed on the CRO. The terms "disabled person" and "person of disability" is replaced with "person with a disability."

Licensure Changes. The authorization to provide reduced hunting and fishing licenses for individuals with disabilities is consolidated from two separate sections into one section. Individuals with a developmental disability must provide documentation of the disability from a physician.

Votes on Final Passage:

House 95 0
 Senate 45 0 (Senate amended)
 House 98 0 (House concurred)

Effective: July 22, 2007

SHB 1082
 C 336 L 07

Requiring that certain shellfish and seaweed harvest license be available for inspection.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Blake, Takko, Curtis, VanDeWege, Hunt, Eickmeyer, Pettigrew, Morrell, Springer, Flannigan and Simpson).

House Committee on Agriculture & Natural Resources
 Senate Committee on Natural Resources, Ocean & Recreation

Background: A person over the age of 15 must purchase a personal use shellfish and seaweed license from the Department of Fish and Wildlife (Department) prior to harvesting either shellfish or seaweed from state waters or from national park beaches. The license costs \$7 for residents of Washington and \$20 for residents of other states or countries. Seniors may purchase a license for \$5.

Likewise, a person interested in harvesting razor clams for personal use must purchase a razor clam license. The cost of a one-day razor clam license is \$5.50 for state residents, and \$11 for individuals that are not residents of Washington. A three-day razor clam license is also available for an additional cost.

The license holder is required to display the appropriate license in a visible manner on his or her person while actually engaged in the act of harvesting shellfish, razor clams, or seaweed.

Summary: License Display. The requirement that a harvester of shellfish, razor clams, or seaweed must display the actual license on his or her person is removed. The harvester must still be in immediate possession of an appropriate license and make the license available for inspection.

License Sales Monitoring. The Department is required to monitor the sales of razor clam, shellfish, and seaweed licenses for four years. If the license sales drop more than 10 percent from current levels during the monitoring period, the Department must report the sales data to the Legislature. The report to the Legislature must also contain any relevant information regarding the reasons for the decrease in license sales.

Votes on Final Passage:

House 95 0
Senate 47 0 (Senate amended)
House 94 0 (House concurred)

Effective: July 22, 2007

HB 1084

C 351 L 07

Designating the Lady Washington as the official ship of the state of Washington.

By Representatives Blake, VanDeWege, Kessler, Takko, Morrell, Curtis, Eickmeyer, Moeller, McCoy, Pettigrew, Haigh, Simpson, Lantz, Upthegrove, B. Sullivan, Linville, Hunt, Conway, Kenney, Wallace and Santos.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: The Lady Washington is well-recognized as the "HMS Interceptor" from the movie *Pirates of the Caribbean: The Curse of the Black Pearl*. She is a reproduction sailing ship of the original Washington/Lady Washington that sailed from approximately 1750-1798. Her vessel type is a "brig," indicating the configuration of the sails. In addition to the Lady Washington's star turn in the blockbuster, *Pirates of the Caribbean: The Curse of the Black Pearl*, she was also used in *Star Trek: Generations* (1994) and in *Treasure Planet* (2002) as a reference for the "RLS Legacy."

The Lady Washington was built over a two-year period and launched on March 7, 1989. The ship was designed by Ray Wallace (since deceased) and built in Aberdeen by the Grays Harbor Historical Seaport Authority. Master shipwrights from all over the Pacific Northwest constructed her in a building (now demolished) at the confluence of the Wishkah and Chehalis rivers.

The Lady Washington is owned and operated by the Grays Harbor Historical Seaport Authority, a 501 (c)(3) nonprofit Public Development Authority based in Aberdeen. The Office of the Secretary of State for the State of Washington holds a mortgage on the vessel to secure the investment of the people of Washington.

In 1983, the Legislature christened by resolution the President Washington, a large container ship, as the state ship. This action was not codified, and there are no other

records of the action. This ship, however, has since been sold to a Japanese-Hawaiian company, renamed the MV Maroon, and is no longer docked in Washington.

Summary: The Lady Washington is designated as the official ship of the State of Washington.

Votes on Final Passage:

House 94 0
Senate 44 1

Effective: July 22, 2007

2SHB 1088

C 359 L 07

Improving delivery of children's mental health services.

By House Committee on Appropriations (originally sponsored by Representatives Dickerson, Kagi, Haler, Cody, Appleton, Darneille, Simpson, Takko, Kenney, Williams, Green, McDermott, Roberts, Lantz, McCoy, Ormsby, Schual-Berke, B. Sullivan, Hurst, Pettigrew, O'Brien, Lovick, P. Sullivan, Hasegawa, Hunt, Hudgins, Clibborn, Upthegrove, Morrell, Conway, Sells, Haigh, Quall, Moeller, Goodman, Wallace, Wood and Santos).

House Committee on Early Learning & Children's Services

House Committee on Appropriations
Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means

Background: Delivery Structure. State-provided children's mental health services in Washington are delivered through Regional Support Networks (RSNs) established to develop local systems of care. This is the same structure used to deliver adult mental health services. The RSNs consist of counties or groups of counties authorized to contract with licensed service providers and deliver services directly. Thirteen RSNs across the state coordinate and deliver children's mental health services. Children's mental health services also are provided through programs operated by the Department of Social and Health Service's Juvenile Rehabilitation Administration (JRA), Children's Administration (CA), and Health Recovery Services Administration (HRSA). Services include therapeutic foster care, coordinated assistance with youth transitioning from a JRA facility to the community, drug and alcohol substance abuse treatment, and short- and long-term in-patient mental health care.

Access. Access-to-care standards are intended to create standard criteria for accessing services across the RSNs. The standards utilize two levels of access, both of which depend on: a diagnosis of a mental illness; a specific score on a functioning assessment; and one or more functioning impairments, high-risk behaviors, escalating symptoms, or prior hospitalization or treatment within a specified time.

Access to mental health treatment can be achieved through minor-initiated, parent-initiated, or state-initiated options. Each option has a slightly different statutory framework and involves certain determinations made by professionals. Parent-initiated and state-initiated treatment options also involve petitions to the superior court.

Evidence-Based Practice. In 2003 the Legislature directed the Washington State Institute for Public Policy (WSIPP) to review research assessing the effectiveness of prevention and early intervention programs concerning children and youth. The Legislature requested the WSIPP to identify specific research-proven programs that produce a positive return on the dollar compared to the costs of the program. As a result of the study, the WSIPP found that some prevention and early intervention programs for youth can give taxpayers a good return on their dollar. The study identified several programs, including some mental health programs, likely to reduce taxpayer and other costs in the future if properly implemented.

Summary: The legislative intent statement for children's mental health services is revised to place an emphasis on early identification, intervention, and prevention with a greater reliance on evidence-based and promising practices. The expressed goal of the Legislature is to create, by 2012, a children's mental health system with the following elements:

- (1) a continuum of services from early identification and intervention through crisis intervention, including peer support and parent mentoring services;
- (2) equity in access to services;
- (3) developmentally appropriate, high-quality, and culturally competent services;
- (4) treatment of children within the context of their families and other supports;
- (5) a sufficient supply of qualified and culturally competent providers to respond to children from families whose primary language is not English;
- (6) use of developmentally appropriate evidence-based and research-based practices; and
- (7) integrated and flexible services to meet the needs of children at-risk.

Definitions are created for the following terms: family; evidence-based practice; promising practice; consensus-based; research-based and wraparound process.

The effectiveness of the system will be determined by outcome-based performance measures to be developed jointly by: the Department of Social and Health Services (DSHS); mental health practitioners, experts, and researchers; parents and other caregivers; youth; tribes; and other stakeholders.

Access. The DSHS is directed to revise the access-to-care standards to assess a child's need for services based on behaviors exhibited by the child and interference with a child's functioning in family, school, or the

community, as well as a child's diagnosis. Receipt of services should not be conditioned solely on a determination the child is highly at-risk or in imminent need of hospitalization of an out-of-home placement. Assessments and diagnoses for children under the age of five years must be determined using a nationally accepted age-appropriate assessment tool. The DSHS also is directed to revise the benefits packages for children's mental health services to reflect the revised legislative intent. Revised access-to-care standards and benefits packages are due to the Legislature by January 1, 2009.

The DSHS also must revise its Medicaid managed care and fee-for-service programs to improve access to children's mental health services. By January 1, 2008, outpatient visits are increased from 12 to 20 per year, and by July 1, 2008, outpatient therapy services may be provided by any mental health professional licensed by the Department of Health.

Pilot Programs. The DSHS will contract for a wrap-around pilot program for children with serious emotional or behavioral disturbance. The wraparound pilot will create up to four new sites and will expand up to two existing sites for providing wraparound services to children who are at immediate risk of residential or correctional placement, or psychiatric hospitalization. The DSHS must contract with RSNs or other entities licensed to provide mental health services. Contractors must provide care coordination services and a network of services and supports using strength-based and highly individualized services and must demonstrate a commitment from community partners.

Evidence-Based Practice Institute. A children's mental health evidence-based practice institute (EBP Institute) is established at the University of Washington Division of Public Behavioral Health and Justice Policy for the purpose of:

- (1) serving as a statewide resource to the DSHS and other entities on child and adolescent evidence-based and promising practices;
- (2) participating in the identification of outcome-based performance measures for monitoring quality improvement processes in children's mental health services;
- (3) partnering with youth, families, and culturally competent providers to develop information and resources for families regarding evidence-based and promising practices;
- (4) consulting with communities for the selection, implementation, and evaluation of evidence-based children's mental health practices relevant to the communities' needs; and
- (5) providing sustained and effective training and consultation to licensed children's mental health providers implementing evidence-based or promising practices.

The institute must collaborate with other public and private entities engaged in evaluating and promoting the use of evidence-based and promising practices in children's mental health treatment. Indirect costs for administration of the institute are limited to 10 percent of appropriated funds.

Medicaid Services and Juvenile Detention and Confinement. The DSHS must adopt rules and policies to ensure that Medicaid coverage of eligible youth who were enrolled in Medicaid at the time of entering confinement will be reinstated on the day of release from confinement, subject to any expedited review of continuing eligibility that may be required. The DSHS also must collaborate with other entities to promote speedy eligibility determinations for youth likely to be eligible for medial assistance service upon release from confinement.

The DSHS must explore the feasibility of obtaining a Medicaid state plan amendment to allow providing Medicaid-funded services to youth who are confined temporarily in juvenile detention facilities.

Care Coordination and Medication Management. The DSHS will identify children with emotional or behavioral disturbances who may be at high-risk due to off-label use of prescription medication, use of multiple medications, high medication dosage, or lack of coordination among multiple prescribing providers, and to establish one or more mechanisms to evaluate the appropriateness of medications being prescribed. These mechanisms should include second opinions from experts in child psychiatry.

In consultation with the EBI Institute, the DSHS must develop and implement policies: to improve prescribing practices and the quality of children mental health therapy through increased use of evidence-based and research-based practices; to improve communication and care coordination between primary care and mental health providers; and to prioritize care in the family home or care which integrates the child's family if out-of-home placement is required.

The DSHS must convene representatives from RSNs, community mental health, and managed care systems to: (1) establish mechanisms and contact language to ensure increased coordination of and access to Medicaid mental health benefits for eligible children and families; (2) define contractual performance standards that trace access and utilization data; and (3) set standards for reducing numbers of children who are prescribed anti-psychotic drugs without also receiving outpatient mental health services.

The DSHS also must:

- (1) review the use of psychotropic medications for children under five years and establish mechanisms to evaluate the appropriateness of the medications;

- (2) track prescriptive practices and the use of psychotropic medications with the goal of reducing use of medication; and
- (3) encourage use of cognitive behavioral therapies and other evidence-based treatments in addition to or in place of medication where appropriate.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 92 | 4 | |
| Senate | 47 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 39 | 0 | (Senate amended) |
| House | 94 | 4 | (House concurred) |

Effective: July 22, 2007

SHB 1091

C 227 L 07

Concerning innovation partnership zones.

By House Committee on Community & Economic Development & Trade (originally sponsored by Representatives VanDeWege, Chase, Upthegrove, Miloscia, B. Sullivan, O'Brien, P. Sullivan, Morrell, Sells, Kenney, Rolfes, Kelley, Moeller, Wallace and Eddy; by request of Governor Gregoire).

House Committee on Community & Economic Development & Trade

House Committee on Appropriations

Senate Committee on Economic Development, Trade & Management

Senate Committee on Ways & Means

Background: In 2006 the Governor's Global Competitiveness Council (Council) issued their report "Rising to the Challenge of Global Competition." The Council's Research and Innovation Committee (Committee) Report found that research and innovation creates a cycle of development that yields increased living standards and globally competitive businesses. The Committee and Council proposed a broad 10-year plan that connects the importance of strong research and innovation with the creation of jobs, healthy economic growth, and a high standard of living and broad opportunity throughout the state's economy, reaching people of all backgrounds and in all the state's geographic locations.

Summary: Annually on October 1, the Director of the Department of Community, Trade and Economic Development (DCTED) must designate areas within Washington as Innovation Partnership Zones (IPZ) based on a review and evaluation of applications applying the legislative criteria, the estimated economic impact of the IPZ, the evidence of forward-planning for the IPZ and other criteria recommended by the Washington State Economic Development Commission (Commission). The estimated economic impact must include evidence of anticipated private investment, job creation, innovation,

and commercialization. The Director must also require evidence that IPZ applicants will promote commercialization, innovation, and collaboration among IPZ residents.

In order to be designated an IPZ, an area must have three types of institutions within its boundaries: a university or college fostering commercially valuable research, a nonprofit institution creating commercially applicable research, or a national laboratory. An area must also have dense proximity of globally competitive firms in a research-based industry or industries, or of individual firms with innovation strategies linked to a university, community college, nonprofit institution or national laboratory; and training capacity either within the IPZ or readily accessible to the IPZ. In addition, an IPZ must have the support of a local jurisdiction, a research institution, an educational institution, an industry or cluster association, a workforce development council, and an associate development organization, port, or chamber of commerce. The IPZ must have identifiable boundaries within which an applicant will concentrate efforts to connect innovative researchers, entrepreneurs, investors, industry associations or clusters, and training providers. The geographic area defined should lend itself to a distinct identity and have the capacity to accommodate firm growth.

The designation will be for a four-year period, after which the IPZ must reapply for the designation. The IPZ must be administered by an Economic Development Council, port, Workforce Development Council, city, or county.

If the IPZ meets the other requirements of the fund source, then the IPZ may be eligible for the Local Infrastructure Financing Tool Program, the sales and use tax for public facilities in rural counties, and the Job Skills Program.

The DCTED must convene an annual information sharing event for IPZ Administrators and other interested parties.

The IPZs are required to provide performance measures as prescribed by the DCTED. These measures must include, but are not limited to, private investment measures, job creation measures, and measures of innovation. The Commission must annually review the individual IPZ's performance measures.

The Commission, with the advice of an Innovation Partnership Advisory Group selected by the Commission, has oversight responsibility for the implementation of the state's efforts to further IPZs throughout the state. The Commission must: provide information and advice to the DCTED to assist in the IPZ program implementation; document clusters of companies throughout the state that have a comparative advantage or the potential for a comparative advantage; conduct an innovation opportunity analysis to identify the strongest current intellectual assets and research teams in Washington

focused on emerging technologies and their commercialization, and the faculty and researchers that could increase their focus on technology commercialization if provided assistance and resources; and based on findings and analysis, and in conjunction with the Higher Education Coordinating Board (HECB) and research institutions, develop a plan to build on existing and develop new intellectual assets and innovation research teams as well as provide direction for the development of a comprehensive entrepreneurial assistance program at research institutions. The Commission must present its plan to the Governor and the Legislature by December 31, 2007. The HECB and the publicly funded research institutions are charged with implementing the plan.

The Commission must develop performance measures to be used in the evaluation of the performance of innovation research teams, the plans and programs and the performance of the IPZ grant recipients. A biennial report to the Legislature is due beginning December 12, 2012. In addition, the Commission must convene a working group with the Workforce Training and Education Coordinating Board to create a process and criteria for identifying substate geographic concentrations of firms or employment in an industry and the industry's customers, suppliers, supporting businesses, and institutions. The Workgroup will also establish criteria for identifying strategic clusters which are important to the economic prosperity of the state.

Votes on Final Passage:

| | | | |
|--------|----|---|----------------------------|
| House | 96 | 0 | |
| Senate | 45 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | | | (Senate refused to recede) |
| House | | | (House refused to concur) |
| Senate | 48 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

ESHB 1092

PARTIAL VETO

C 520 L 07

Making appropriations and authorizing expenditures for capital improvements.

By House Committee on Capital Budget (originally sponsored by Representatives Fromhold, McDonald, Ormsby, Blake, Moeller and Wallace; by request of Governor Gregoire).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: The programs and agencies of state government are funded on a two-year basis, with each biennium beginning on July 1 of each odd-numbered year. The Capital Budget includes appropriations for the

acquisition, construction, and repair of capital assets such as state office buildings, prisons, juvenile rehabilitation centers, residential habilitation centers, mental health facilities, public health facilities, military readiness centers, and higher education facilities. The Capital Budget funds a variety of environmental and natural resource projects, parks and recreational facilities, and grants for public K-12 school construction, and has a number of grant and loan programs that support housing, public infrastructure, community service facilities, and art and historical projects.

The sources of funding for the Capital Budget primarily are state general obligation bonds, trust revenues, and dedicated fees and taxes.

Summary: The 2007-09 Capital Budget authorizes \$4.3 billion in new capital projects, of which \$2.2 billion are financed with new state general obligation bonds. Reappropriations of \$2.4 billion are authorized for incomplete projects approved in prior biennia. State agencies are also authorized to enter into a variety of alternative financing contracts.

The 2007 Supplemental Capital Budget authorizes \$5.6 million from new state general obligation bonds.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 93 | 4 | |
| Senate | 47 | 0 | (Senate amended) |
| House | | | (House refused to concur) |

Conference Committee

| | | |
|--------|----|---|
| Senate | 46 | 0 |
| House | 96 | 1 |

Effective: May 15, 2007

July 1, 2007 (Section 6035)

June 30, 2011 (Section 6037)

Partial Veto Summary: The Governor vetoed eight sections or subsections of the capital appropriations bill.

VETO MESSAGE ON ESHB 1092

May 15, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Sections 1032(2); 1068, page 42, lines 8 through 12; 3181, page 143, lines 22 through 33 and page 144, lines 1 through 22; and (1), (2), and (3); 3204(2); 6023; 6024; 6030; and 6031 of Engrossed Substitute House Bill 1092 entitled:

“AN ACT Relating to the capital budget.”

Section 1032(2), page 19, Department of Community, Trade and Economic Development, Job Development Fund Grants

This proviso prohibits the Department of Community, Trade and Economic Development from proceeding with a competitive process for the 2009-2011 Biennium. I believe a competitive grant selection process is appropriate for these projects. Therefore, I am vetoing Section 1032(2).

Because I am concerned that the current process does not put enough emphasis on the creation of family wage jobs, I am directing my staff to work with the Department and the Community Economic Revitalization Board to establish weighted criteria for the next group of projects and to develop legislation to

make creation of jobs the top priority for the grant selection process.

Section 1068, page 42, lines 8 through 12, Department of General Administration, Signage Near Capitol Lake

This proviso directs the Department of General Administration to post signs on 5th Avenue at Capitol Lake dam in the City of Olympia concerning bicycle lanes. I am vetoing this proviso because it directs a state agency to install traffic control signs on a city street, even though the city’s existing signage already complies with standards in the Manual on Uniform Traffic Control Devices. I am directing the Department of General Administration to work with the City of Olympia to look at how to provide additional appropriate warnings that would enhance the safety of bicyclists crossing Capitol Lake dam.

Section 3181, page 143, lines 22 through 33 and page 144, lines 1 through 22, Department of Fish and Wildlife, Wiley Slough Restoration

This proviso prohibits the Department of Fish and Wildlife from spending funds until July 1, 2008, so that a report can be developed regarding the loss of recreation opportunities in upland habitat areas. The Wiley Slough Restoration project already has broad support from many in the community and should move ahead so that critical juvenile Chinook salmon habitat in the Skagit River basin can be restored. Rather than delay the project further, I expect the Department of Fish and Wildlife to work in good faith with legislators, waterfowl hunters and other community members to develop off-site hunting and recreation opportunities. For this reason, I have vetoed the specific restrictions in Section 3181, page 143, lines 22 through 33 and page 144, lines 1 through 22.

Section 3204 (2), page 151, Department of Natural Resources, Trust Land Transfer

This section requires that the funds from transferred properties be used exclusively for the acquisition of forest lands. Existing statute for the Natural Resource Real Property Replacement Account allows purchases of commercial property, agriculture property and forest lands. I am vetoing Section 3204(2), because placing limits on the type of land that can be purchased should be more fully considered as a policy issue with separate legislation.

Section 6023, page 264, Department of General Administration, Consolidation Review

This section restates the Department of General Administration’s statutory authority to review any capital improvement or capital project for possible consolidation, co-location, and compliance with state standards before allotment of funds. In addition, the passage of SHB 2366 creates new, broad authority for the Office of Financial Management to oversee facility issues of this type. Because existing statutes for General Administration and the new authority for the Office of Financial Management already require these actions, I am vetoing Section 6023.

Section 6024, page 264, Department of General Administration, Tacoma Rhodes

This section prevents the Department of General Administration from selling the Tacoma Rhodes building until after June 30, 2009, except to another state agency, state institution, or political subdivision of the state. I am vetoing this proviso because decisions regarding Tacoma Rhodes are within the authority and responsibilities of the Department of General Administration as an executive agency responsible for housing state government, and acquiring and disposing of property. This existing authority includes managing and making appropriate decisions on the future of facilities, based on sound business principles. Current law allows public agencies and local governments the first right of refusal on purchasing surplus property such as the Tacoma Rhodes building. I expect General Administration to follow this process.

Section 6030, page 267, For the State Treasurer--Transfers

This section requires a transfer of \$20 million from the Natural Resources Real Property Replacement Account to the Common School Permanent Fund. The amount transferred is to be

added to the irreducible principal of the common school permanent fund and invested by the State Investment Board rather than to purchase replacement timber land. I believe this is a policy issue that is better addressed in substantive legislation. Therefore, I am vetoing Section 6030.

Section 6031, page 267, Natural Resources Real Property Replacement Account

This section amends RCW 79.17.210 so that during the 2007-2009 Biennium balances in the Natural Resources Real Property Replacement Account may be transferred to the appropriate permanent funds as directed in the capital budget appropriations act. I believe this is a policy issue that is better addressed in substantive legislation. Therefore, I am vetoing Section 6031.

For these reasons, I have vetoed Sections 1032(2); 1068, page 42, lines 8 through 12; 3181, page 143, lines 22 through 33 and page 144, lines 1 through 22; 3204(2); 6023; 6024; 6030; and 6031 of Engrossed Substitute House Bill 1092.

With the exception of Sections 1032(2); 1068, page 42, lines 8 through 12; 3181, page 143, lines 22 through 33 and page 144, lines 1 through 22; 3204(2); 6023; 6024; 6030; and 6031, Engrossed Substitute House Bill 1092 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

ESHB 1094
PARTIAL VETO
C 518 L 07

Making transportation appropriations for the 2005-07 and 2007-09 fiscal biennia.

By House Committee on Transportation (originally sponsored by Representatives Clibborn, Jarrett and O'Brien; by request of Governor Gregoire).

House Committee on Transportation
Senate Committee on Transportation

Background: The operating and capital expenses of state transportation agencies and programs are funded on a biennial basis by an omnibus transportation budget adopted by the Legislature in odd-numbered years. Additionally, supplemental budgets may be adopted during the biennium making various modifications to agency appropriations.

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

Summary: Appropriations are made for state transportation agencies and programs for the 2007-09 fiscal biennium. Total appropriations are \$7.5 billion, with \$2.6 billion in operating expenses and \$4.9 billion in capital

investments. Additionally, appropriations for various transportation agencies and programs are modified for the 2005-07 biennium.

Votes on Final Passage:

| | | | |
|--------|----|----|---------------------------|
| House | 81 | 16 | |
| Senate | 44 | 3 | (Senate amended) |
| House | | | (House refused to concur) |

Conference Committee

| | | |
|--------|----|----|
| Senate | 46 | 3 |
| House | 76 | 21 |

Effective: May 15, 2007

Partial Veto Summary: In the 2007-09 transportation budget, the Governor's vetoes had no effect on appropriations levels. Policy relating to funding were vetoed addressing mitigation funding, limits on the use of agricultural land in mitigation banking, Government Accounting Standards Board requirements for asset replacement value, and membership on the Freight Mobility Strategic Investment Board. The Governor also vetoed a number of sections to make technical corrections and reflect the passage of bills.

In the 2005-07 supplemental transportation budget, the Governor vetoed appropriations for the following Department of Transportation program budgets: Improvement, Preservation, Ferry Construction, and Local Programs. This has the effect of restoring the higher funding levels provided by the 2006 Legislature. The Governor's veto message directs the Department of Transportation to place into reserve status any excess appropriation authority not required for the remainder of the 2005-07 biennium.

VETO MESSAGE ON ESHB 1094

May 15, 2007

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 305(7); 305(10); 308(3); 407(9) and 407(b); 504; 709; 710; 712; 905, page 104, lines 11 through 30, and 905(1); 906, page 109, lines 24 through 37 and page 110, lines 1 through 2 and 906(1); 907; and 909, page 116, lines 8 through 28 of Engrossed Substitute House Bill 1094 entitled:

“AN ACT Relating to transportation funding and appropriations.”

Section 305(7), page 37, Use of Mitigation Funding

This proviso prevents funds provided for mitigation from being used to pay for environmental assessments. The amount of funding for mitigation was not identified in the project list making it unclear how the Department of Transportation would implement this proviso or show compliance. Therefore, I am vetoing Section 305(7).

Section 305(10), page 37, Limit Use of Agricultural Land

Many agricultural lands consist of historically drained wetlands that often provide the best, and at times only, opportunity to successfully restore wetlands. Mitigation banks that conform to state statutes and to rules the Department of Ecology is now finalizing will help protect productive agricultural lands. This language could restrict the land considered for mitigation banks and could prohibit the Department from incorporating real

estate acquired from a willing seller. Of the Department's three existing wetland mitigation bank sites, one was established on this type of land and was acquired from a willing seller.

Although I am vetoing this section, I am directing the Department of Transportation to not use eminent domain on its own to acquire agriculture land, and to submit any proposal to acquire agricultural property for review by my office before the land is acquired.

Section 308(3), page 43, Replacing Dolphins at Orcas and Vashon Islands

Section 308(3) identifies funding from the Puget Sound Ferries Operating Account - State appropriation; however no funding is appropriated from this account. Although I am vetoing this section, I have asked the Department of Transportation to complete a predesign study before designing and constructing dolphins at the Orcas and Vashon Island Ferry Terminals.

Sections 407(9) and 407(b), page 54, Reducing Business and Occupation Tax Rates

Sections 407(9) and 407(b) make funding contingent on Engrossed Substitute Senate Bill 5799, which did not pass during the 2007 Legislative Session. Therefore, I am vetoing these two sections.

Section 504, page 57, Compensation -- Pension Contributions

This section asserts that appropriations are provided to fund employer contributions to state pension funds at rates adopted by the pension funding council. Because employer contribution rates are not set in this manner, this section is vetoed to avoid any confusion regarding the contribution rates for public pension funds. Therefore, I am vetoing section 504.

Section 709, page 74, Government Accounting Standards Board Asset Valuation

The Department of Transportation is meeting the requirements of the Governmental Accounting Standards Board's (GASB), Statement #34 to reflect additions and improvements that increase capacity or efficiency of the system. The requirement to establish the asset replacement value exceeds the reporting requirements of GASB, Statement #34. Establishing the asset replacement value is very complex and fluctuates with the economy and inflation, and is difficult to accomplish. Therefore, I am vetoing section 709.

Section 710, pages 74-75, Freight Mobility Strategic Investment Board

Under RCW 47.06A.030 (2), the Freight Mobility Strategic Investment Board has twelve members that represent a variety of stakeholders. Each member is appointed by the Governor for a four-year term. Section 710 adds a new member to the board for the 2007-09 Biennium. I support the addition but making a change in the size and composition of the board is a policy decision best done in substantive legislation. Therefore, I am vetoing section 710.

Section 712, pages 76-77, Transportation Goals and Policies

This section establishes policy goals for the state's transportation system. The language is identical to Section 3(a) of Substitute Senate Bill 5412, which was enacted by the Legislature. Therefore, I have vetoed section 712 to eliminate the duplicate language.

Section 905, lines 11 through 30, page 104, and Section 905(1), 2007 Supplemental Adjustments in the Improvement Program

The 2005-07 appropriations were reduced to reflect planned spending levels for the remainder of the biennium. The revised estimates were developed in January and February. Since then, four projects have progressed more quickly than was previously expected including the I-5/SR 16 Tacoma HOV Design that requires \$600,000 more in 2005-07, SR 11/Chuckanut Park and Ride that needs another \$5 million for right-of-way acquisition, the SR 3/SR 303 Interchange that is under construction and needs another .9 million, and SR 240/I-182 to the Richland Y which is also under construction and requires an additional million.

Vetoing Section 905(1) restores current law procedures for moving funds among projects when the Legislature is not in session and ensures continuity with similar procedures included in the 2007-09 budget.

For these reasons, I have vetoed all appropriations (lines 11 through 30, page 104) and Section 905(1) to restore funding to prior levels and to simplify the allotment process. The Office of Financial Management will direct the Department of Transportation to place into reserve status any excess appropriation authority not required for the remainder of the 2005-07 Biennium.

Section 906, page 109, lines 24 through 37, and page 110, lines 1 through 2 and Section 906(1), 2007 Supplemental Adjustments in the Preservation Program

The 2005-07 appropriations were reduced to reflect planned spending levels for the remainder of the biennium. The revised estimates were developed in January and February. Since then, cost estimates changed, and better than expected weather has allowed a number of projects to move more quickly than previously expected.

Vetoing Section 906(1) restores current law procedures for moving funds among projects when the legislature is not in session and ensures continuity with similar procedures included in the 2007-09 budget.

For these reasons, I have vetoed all appropriations (lines 24 through 37, page 109, and lines 1 through 2, page 110) and Section 906(1) to restore funding to prior levels and simplify the allotment process. The Office of Financial Management will direct the Department of Transportation to place into reserve status any excess appropriation authority not required for the remainder of the 2005-07 Biennium.

Section 907, pages 111-113, 2007 Supplemental Adjustments in the Ferry Construction Program

The 2005-07 appropriations were reduced to reflect planned spending levels for the remainder of the biennium. The revised estimates were developed in January and February. Since then, cost estimates have changed and the underlying provisos will place unintended restrictions upon available resources for the remainder of the biennium.

For these reasons, I have vetoed the entire section to restore funding to prior levels and simplify the allotment process. The Office of Financial Management will direct the Department of Transportation to place into reserve status any excess appropriation authority that is not required for the remainder of the 2005-07 Biennium.

Section 909, lines 8 through 28, page 116, 2007 Supplemental Adjustments in Highways and Local Programs

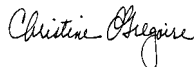
The 2005-07 appropriations were reduced to reflect planned spending levels for the remainder of the biennium. The revised estimates were developed in January and February. Since then, two projects have progressed more quickly than was previously expected: the LeMay Museum and the Issaquah Traffic Signal project.

I have vetoed the appropriations on lines 8 through 28, page 116, to restore funding to prior levels and simplify the allotment process. The Office of Financial Management will direct the Department of Transportation to place into reserve status any excess appropriation authority that is not required for the remainder of the 2005-07 Biennium.

For these reasons, I have vetoed Sections 305(7); 305(10); 308(3); 407(9) and 407(b); 504; 709; 710; 712; 905, page 104, lines 11 through 30, and 905(1); 906, page 109, lines 24 through 37 and page 110, lines 1 through 2 and 906(1); 907; and 909, page 116, lines 8 through 28 of Engrossed Substitute House Bill 1094.

With the exception of Sections 305(7); 305(10); 308(3); 407(9) and 407(b); 504; 709; 710; 712; 905, page 104, lines 11 through 30, and 905(1); 906, page 109, lines 24 through 37 and page 110, lines 1 through 2 and 906(1); 907; and 909, page 116, lines 8 through 28, Engrossed Substitute House Bill 1094 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

2SHB 1095

C 3 L 07

Implementing the part D drug copayment program.

By House Committee on Appropriations (originally sponsored by Representatives Barlow, Hinkle, Appleton, Green, Ormsby, Schual-Berke, Cody, Blake, B. Sullivan, Hurst, O'Brien, Clibborn, Morrell, Conway, Kenney, Linville, Rolfes, Moeller and Dunn; by request of Governor Gregoire).

House Committee on Health Care & Wellness
House Committee on Appropriations

Background: Congress passed, and the President signed, the Medicare Prescription Drug, Improvement, and Modernization Act in December 2003. It required that as of January 1, 2006, individuals who are dually eligible for Medicare and Medicaid must receive their prescription drug coverage through Medicare Part D and be assessed a co-pay on each prescription they fill in an amount between \$1 and \$5. Prior to this change, these individuals received their prescription drug coverage through the Medicaid program and did not make any co-pay. There are approximately 100,000 individuals who are dually eligible for Medicare and Medicaid. The Governor's 2007-09 biennial budget submittal assumes approximately \$26 million General Fund-State will be expended to provide co-payment coverage for the dual eligible population.

Summary: The Department of Social and Health Services is authorized to offer Medicare Part D co-payment coverage to individuals who are eligible for medical assistance or the medically needy program and Medicare, subject to available funds.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 92 | 0 |
| Senate | 43 | 0 |

Effective: July 22, 2007

2SHB 1096

C 277 L 07

Creating postsecondary opportunity programs.

By House Committee on Appropriations (originally sponsored by Representatives Kenney, Priest, Quall, Wallace, Conway, Haler, Morris, Ormsby, Linville, Jarrett, Dickerson, Hunt, Walsh, P. Sullivan, Darneille, Appleton, Morrell, Williams, Dunn, Schual-Berke, Fromhold, Hasegawa, Chase, Upthegrove, McCoy, Green, O'Brien, Hudgins, Sells, Springer, Moeller, Goodman, Barlow, Eddy, Santos, Simpson, Haigh, Lantz, Kagi and Rolfes).

House Committee on Community & Economic Development & Trade

House Committee on Higher Education

House Committee on Appropriations

Senate Committee on Higher Education

Senate Committee on Ways & Means

Background: Employer Worker Needs. Regular surveys of employers conducted by the Workforce Training and Education Coordinating Board (WTECB) show that employers in the state consistently report difficulty finding workers for jobs with mid-level skills that require some postsecondary education, but less than a bachelor's degree. The WTECB projects job openings for new workers with mid-level skills in Washington at 31,000 annually between 2009 and 2012. The WTECB estimates that to meet this demand, an additional 1,170 full-time equivalent (FTE) workforce education students are needed annually, in addition to increases tied to student-age population growth.

Unmet Financial Needs of Students. In 2006-2007, the average cost of community and technical college attendance is \$12,900 per year when tuition and fees, books, living expenses and transportation are included. Seven different state agencies administer 18 state and federally-funded workforce programs in Washington. Low-income students may apply for existing state and federal need-based aid. However, not all low-income students are eligible for need-based aid, and there is no guarantee that a student will receive aid to cover all of his/her costs.

A 2006 budget proviso required the WTECB to conduct a study on financial aid and access issues for workforce education students. The study found that during 2004-05, after accessing traditional student aid and aid from workforce development programs, the remaining unmet need for students was \$97 million per year. The study found financial need to be the biggest barrier to increased student access and retention in workforce programs.

Opportunity Grants Pilot Program. The 2006 operating budget provided \$4 million for the community and technical college system to develop and implement the Opportunity Grants Pilot Program, which was designed

to test strategies for increasing access to postsecondary education for low-income students in job-specific programs. As of December 2006, 436 students were participating in the 10 colleges selected from across the state to participate in the pilot. A preliminary report by the SBCTC stated that:

- 68 percent of Opportunity Grant participants are parents;
- the average household income for Opportunity Grant participants is less than \$11,000 per year, with an average household size of three;
- 97 percent of students who began in one of the pilot programs remain engaged and on their chosen career pathway;
- Opportunity Grant students are enrolled at all educational levels, from adult basic skills to college-level coursework;
- 51 percent of Opportunity Grant participants are enrolled in healthcare related pathways; and
- more than half of Opportunity Grant participants received a combination of Opportunity Grant awards and other forms of financial aid.

Summary: Creation of the Opportunity Grant Program.

Subject to appropriations, the State Board for Community and Technical Colleges (SBCTC) will develop and implement the Opportunity Grant Program. Students enrolled in the program will be eligible to receive funding for tuition and fees at the public community and technical college rate, plus \$1,000 per academic year for books, tools, and supplies (both are prorated if the credit load is less than full time).

The program will be available to Washington residents enrolled in "opportunity grant-eligible programs of study" at community and technical colleges, private career schools and Washington State Apprenticeship and Training Council-approved apprenticeship programs.

To qualify, a student's income must not exceed 200 percent of the federal poverty level, and the student must have financial need.

A student must make satisfactory progress and maintain a cumulative 2.0 grade point average for continued eligibility. Funding is limited to 45 credits or the equivalent or three years, whichever comes first.

Public colleges will receive an enhancement of \$1,500 per full-time equivalent student enrolled in the Opportunity Grant Program. These funds will be used for individualized support services necessary for student success. The SBCTC is accountable for student retention and program completion. It will set and monitor performance and must reduce funding at institutions that do not meet targets.

The SBCTC and the Higher Education Coordinating Board (HECB) must work together to ensure that students participating in the Opportunity Grant Program are informed of other state and federal financial aid to which they might be entitled.

Creation of Opportunity Partnerships. The SBCTC, in partnership with business, labor, and the Workforce Training and Education Coordinating Board (WTECB), will:

- identify high demand training programs offered by qualified postsecondary institutions that lead to a credential, certificate, or degree;
- gain recognition of the credentials, certificates, and degrees by Washington's employers and labor organizations, and designate them as "opportunity grant-eligible programs of study;" and
- market the credentials, certificates, and degrees to potential students, businesses, and apprenticeship programs.

Subject to appropriations, the WTECB will receive funding on behalf of the opportunity partnerships. In partnership with business, labor, and the SBCTC, the WTECB will determine criteria and distribute funds for the program. Community and technical colleges and local workforce development councils will partner to develop the Opportunity Partnership Program, which will provide mentoring to opportunity grant students. Participating students will be matched with a business or labor mentor employed in their field of study. The mentor will help the student explore careers and employment options through any combination of tours, informational interviews, job shadowing, and internships.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 45 | 0 | (Senate amended) |
| House | 94 | 1 | (House concurred) |

Effective: July 22, 2007

SHB 1097
C 20 L 07

Protecting frail elders and vulnerable adults and persons with developmental disabilities from perpetrators who commit their crimes while providing transportation, within the course of their employment, to frail elders and vulnerable adults and persons with developmental disabilities.

By House Committee on Public Safety & Emergency Preparedness (originally sponsored by Representatives Miloscia, Priest, Chase, Green, Ormsby, B. Sullivan, O'Brien, Morrell, Kenney, Moeller, Wallace, McCune and Simpson).

House Committee on Public Safety & Emergency Preparedness
Senate Committee on Judiciary

Background: Rape in the Second Degree. A person commits Rape in the second degree if he or she engages in sexual intercourse with another person:

- by forcible compulsion;

- when the victim is incapable of consent by reason of being physically helpless or mentally incapacitated;
- when the victim is developmentally disabled and the perpetrator has supervisory authority over the victim;
- when the perpetrator is a health care provider and the intercourse occurs during a treatment session, consultation, interview, or examination;
- when the victim is a resident of a facility for mentally disordered or chemically dependent persons and the perpetrator has supervisory authority over the victim; or
- when the victim is a frail elder or vulnerable adult and the perpetrator has a significant relationship to the victim.

Rape in the second degree is a class A felony with a seriousness level of XI. It is also a "two strikes" offense and a "determinate plus" offense. This means that a first-time offender would generally be sentenced to a minimum term within a standard range of 78-102 months and a maximum term of life. The minimum term would be 25 years if: (1) a special allegation was made and proven that the victim of the crime was under the age of 15; or (2) the crime was committed with forcible compulsion and a special allegation was made and proven that the victim was a frail elder or vulnerable adult.

Indecent Liberties. A person commits Indecent Liberties if he or she engages in sexual contact with another person:

- by forcible compulsion;
- when the victim is incapable of consent by reason of being physically helpless or mentally incapacitated;
- when the victim is developmentally disabled and the perpetrator has supervisory authority over the victim;
- when the perpetrator is a health care provider and the contact occurs during a treatment session, consultation, interview, or examination;
- when the victim is a resident of a facility for mentally disordered or chemically dependent persons and the perpetrator has supervisory authority over the victim; or
- when the victim is a frail elder or vulnerable adult and the perpetrator has a significant relationship to the victim.

Indecent Liberties with forcible compulsion is a class A felony with a seriousness level of X. It is also a "two strikes" sex offense and a "determinate plus" offense. This means that a first-time offender would generally be sentenced to a minimum term within a standard range of 51-68 months and a maximum term of life. The minimum term would be 25 years if a special allegation was made and proven that: (1) the victim of the crime was under the age of 15; or (2) the victim was a frail elder or vulnerable adult.

Indecent Liberties without forcible compulsion is a class B felony with a seriousness level of VII. It is also a "three strikes" offense. This means that a first-time offender would generally be sentenced within a standard range of 15-20 months.

Summary: Rape in the Second Degree. A person commits Rape in the second degree if he or she: (1) has sexual intercourse with a frail elder, a vulnerable adult, or a person with a developmental disability; and (2) was providing transportation, within the course of his or her employment, to the victim at the time of the offense.

Indecent Liberties. A person commits Indecent Liberties if he or she: (1) has sexual contact with a frail elder, a vulnerable adult, or a person with a developmental disability; and (2) was providing transportation, within the course of his or her employment, to the victim at the time of the offense.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 45 | 0 |

Effective: April 10, 2007

SHB 1098

C 268 L 07

Authorizing suspension of restriction on the availability of vaccines during outbreaks.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Cody, Hinkle, Schual-Berke, Campbell, Morrell, Green, Darneille, Ormsby, B. Sullivan, Dickerson, Kenney, Moeller and Wallace).

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

Background: Beginning July 1, 2007, 2006 law prohibits the vaccination of a person who is known to be pregnant or under three years of age with a vaccine or other product that contains more than a specified amount of mercury. The law excepts certain influenza vaccines and also authorizes the Secretary of the Department of Health (Secretary) to suspend the prohibition during the duration of a declared public health emergency.

Under the state's Emergency Management Act (Act), an "emergency" is an event that demands immediate action to preserve public health, protect life or public property, provide relief to stricken communities, or an event of such size or destruction that it warrants the governor's declaration of a state of emergency. The governor has general control and responsibility for carrying out the Act's purposes of providing for emergency management by the state and its political subdivisions and may assume direct operational control.

Among the Secretary's duties is the duty to investigate outbreaks and epidemics of disease that may occur and to advise local health officers about measures to be taken to prevent and control such outbreaks. The Department of Health defines "outbreak" as the occurrence of cases of a disease or condition in any area over a given period of time in excess of the expected number of cases. The Secretary's statutory authority to declare a public health emergency is explicit in specific circumstances, such as emergencies related to public water systems and water pollution. In these cases, a "public health emergency" is defined as a declaration by the Secretary or a local health officer of a situation in which either illness, or exposure known to cause illness, is occurring or is imminent.

Summary: The Secretary's authority to suspend the prohibition against the use of certain mercury-containing vaccines and products is revised. Instead of the suspension applying during the duration of a declared public health emergency, the suspension applies during the duration of a declared outbreak of vaccine-preventable disease or during a shortage of vaccine that complies with the statutory mercury requirements. The authority to declare the outbreak of vaccine-preventable disease or a vaccine shortage is expressly given to the Secretary and to local health officers.

A notice requirement is added to the Secretary's suspension authority. Under that provision, a person known to be pregnant or lactating and the parents of a child under age 18 must be informed if the person or child is to be vaccinated with a product containing more mercury than the limits established in state law.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 94 | 1 | |
| Senate | 49 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 47 | 0 | (Senate amended) |
| House | 97 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 1099
C 269 L 07

Regulating certain dental professions.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Cody, Hinkle, Green, Bailey, Schual-Berke, Campbell, McCoy, Morrell, Ormsby, Kenney and Moeller).

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

Background: Dentists may allow unlicensed individuals to perform certain dental care functions when supervised by a dentist. The Dental Quality Assurance

Commission has adopted rules to define the scope of services that these unlicensed personnel may provide and the level of supervision necessary. The services they may provide under the close supervision of a dentist generally include performing oral inspections, providing patient education, conducting certain duties related to impressions, performing coronal polishing, placing temporary fillings, placing topical anesthetics, placing and exposing dental x-ray film, applying sealants, and assisting in the administration of nitrous oxide analgesia or sedation.

These unlicensed dental personnel may be trained through on the job experience or they may be trained through a dental assistant education program. Nationally, there are approximately 265 dental assisting training programs approved by the American Dental Association's Commission on Dental Accreditation. As of 2004, Washington had the second highest number of dental assistants per dentist in the nation.

Summary: Dental assistants are defined as individuals who provide supportive services to dentists under the close supervision of a dentist. "Close supervision" requires that a supervising dentist be present at the treatment facility while procedures are being performed and able to respond to an emergency. However, it does not require the supervising dentist to be physically present in the operatory. Dental assistants may perform patient care and laboratory duties as defined by the Dental Quality Assurance Commission (Commission). A dental assistant must demonstrate to a dentist that he or she is capable of competently performing any assigned services.

Dental assistants are required to be registered by the Commission as of July 1, 2008. The Commission must issue a registration to any individual who submits an application and pays the appropriate fee.

Expanded function dental auxiliaries are defined as individuals who provide supportive services to dentists under either the close or general supervision of a dentist. "General supervision" requires that a supervising dentist examine and diagnose the patient. However, it does not require the dentist to be physically present in the treatment facility. In addition to the duties that a dental assistant may perform under close supervision, an expanded function dental auxiliary may perform certain procedures under general supervision, including performing coronal polishing, giving fluoride treatments, applying sealants, placing and exposing x-ray film, and giving patient oral health instruction. In addition, an expanded function dental auxiliary may place and carve direct restorations and take final impressions under close supervision. An expanded function dental auxiliary must demonstrate to a dentist that he or she is capable of competently performing any assigned services.

Expanded function dental auxiliaries are required to be licensed by the Commission as of December 1, 2008.

The Commission must issue a license to any individual who: (1) submits an application; (2) pays the appropriate fee; (3) completes a dental assisting education program; (4) completes an expanded function dental auxiliary education program; and (5) passes both a written and clinical examination.

A dental hygienist with a limited license who applies for a license to practice as an expanded function dental auxiliary shall be considered to have met the requirement to complete a dental assisting education program. A dental hygienist with a full license who applies for a license to practice as an expanded function dental auxiliary shall be considered to have met the requirements for a license upon completing training in taking final impressions. Upon obtaining a license to practice as an expanded function dental auxiliary, a dental hygienist may perform the additional duties provided by an expanded function dental auxiliary.

Supervising dentists are responsible for maintaining the appropriate level of supervision over dental assistants and expanded function dental auxiliaries and ensuring that those personnel are able to competently perform their tasks.

Two members who are expanded function dental auxiliaries are added to the Commission.

By November 15, 2012, the Department of Health, in consultation with the Commission and the Dental Hygiene Examining Committee, must review the effectiveness of the dental assistant and expanded function dental auxiliary professions as related to increasing professional standards, increasing efficiency in dental practices and community clinics, and promoting career ladders in the dental professions. In addition, the review must include any recommendations for adjusting the practices of dental assistants and expanded function dental auxiliaries.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 44 | 0 | (Senate amended) |
| House | 95 | 0 | (House concurred) |

Effective: July 22, 2007

July 1, 2009 (Section 16)

2SHB 1106

C 261 L 07

Requiring reporting of hospital-acquired infections in health care facilities.

By House Committee on Appropriations (originally sponsored by Representatives Campbell, Chase, Hankins, Morrell, Appleton, Hudgins, McDermott and Wallace).

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means

Background: National Surveillance of Health Care-Associated Infection. The United States Centers for Disease Control and Prevention (CDC) has collected data on hospital-acquired infections since 1970 through the National Nosocomial Infections Surveillance System. This program has been collecting information from approximately 300 large hospitals on a voluntary, confidential basis. Redesignated as the National Healthcare Safety Network in 2006, the new web-based program became available for use by all health care facilities in 2006. The database is intended to serve three functions:

- describe the epidemiology of health care-associated infections;
- describe the antimicrobial resistance associated with these infections; and
- produce aggregated infection rates suitable for inter-hospital comparisons.

From its collected data, the CDC estimates that approximately two million patients are infected each year as a result of the health care services that they received, and about 90,000 of these patients die from those infections.

Washington State Requirements for Hospital Infection Control and Quality Improvement. The Department of Health (DOH) hospital licensing standards require hospitals to maintain infection control programs to reduce the occurrence of hospital-acquired infections. As a part of this program, hospitals must adopt policies and procedures consistent with CDC guidelines regarding infection control in hospitals.

Hospitals are also required by statute to maintain a coordinated quality improvement program to improve the quality of health care services rendered to patients. Among other things, the program must:

- collect and maintain information on the hospital's experience with negative health care outcomes and incidents injurious to patients;
- provide education programs dealing with quality improvement; and
- make reports to the hospital's board.

Other States' Requirements for Health Care-Associated Infection Reporting. In 2003 Pennsylvania became the first state to require its hospitals to report health-care

associated infections. Of the other 14 state laws enacted to require this reporting since 2003, eight were enacted in 2006. The states requiring reporting are California, Colorado, Connecticut, Florida, Illinois, Maryland, Missouri, Nevada, New Hampshire, New York, Pennsylvania, South Carolina, Tennessee, Vermont, and Virginia.

Summary: A program for collecting and reporting health care-associated infection data at hospitals is established, with reporting beginning July 1, 2008. The DOH will oversee and evaluate the program and publish annual reports, beginning December 1, 2009, comparing health care-associated infection rates at individual hospitals.

Hospital Reporting of Health Care-Associated Infections. Acute care hospitals must collect and report data on health care-associated infections, phased in as follows:

- on July 1, 2008, reporting begins on central line-associated bloodstream infections in the intensive care unit;
- on January 1, 2009, reporting begins on ventilator-associated pneumonia; and
- on January 1, 2010, reporting begins on surgical site infections related to cardiac surgery, total hip and knee replacement, and hysterectomy.

By January 1, 2011, the DOH will make recommendations to the Legislature for additional health care-associated infections to be reported. The DOH may delete categories found to be no longer necessary to protect public health and safety.

The data on these infections must be collected according to the definitions and methods of the Centers for Disease Control and Prevention's National Healthcare Safety Network (NHSN). The data must be routinely submitted to the NHSN in accordance with its requirements, with oversight by a qualified individual with appropriate skill and knowledge.

The DOH must require, by rule, reporting any of the measures to the Centers for Medicare and Medicaid Services (CMS) Hospital Compare program, instead of the NHSN, if the DOH determines that the measure is available for reporting under substantially the same definition and that reporting to Hospital Compare will provide substantially the same information to the public. Rules adopted by the DOH must require reporting to Hospital Compare as soon as practicable, but within 120 days, after the CMS allows the respective measure to be reported to Hospital Compare program. If the CMS allows infection rates to be reported through the NHSN, the DOH rules must require reporting that reduces the burden and minimizes changes to accommodate reporting.

Hospitals must release their hospital-specific information to the DOH. These reports obtained by the DOH, and the information contained in the reports, are not

subject to public disclosure or discovery and are not admissible as evidence in a court proceeding.

Hospitals are also required to maintain and collect information on health care-associated infections in their quality improvement programs and to include infection control information in their quality improvement education programs.

The DOH must convene a stakeholder group to review infection protocols at ambulatory surgical facilities (ASFs) and report to the DOH, by December 15, 2008, on whether ASFs should be required to report health care-associated infections. The DOH must make recommendations on ASF reporting to the Legislature by January 1, 2009.

The DOH Annual Reports on Health Care-Associated Infection. By December 1, 2009, and at least annually thereafter, the DOH must prepare and publish a report on the agency's website that compares the health care-associated infection rates at each individual hospital using the data reported in the previous year. Reports may be updated quarterly. This report must not disclose information about individual patients and must not include data sets determined by the DOH to be too small or unrepresentative of a hospital's ability to achieve an outcome.

The DOH may respond to data requests, at the requestor's expense, for analysis consistent with confidentiality of patient records and quality improvement.

Advisory Committee. The DOH must establish an advisory committee consisting of infection control professionals and epidemiologists, licensed health care providers, nursing staff, organizations that represent health care providers and facilities, health maintenance organizations, health care payers and consumers, and the DOH. In developing recommendations, the advisory committee must consider methodologies related to health care-associated infections of the Centers for Disease Control and Prevention, the Centers for Medicare and Medicaid Services, the Joint Commission, the National Quality Forum, and the Institute for Healthcare Improvement. The advisory committee is expressly authorized to make recommendations on allowing a hospital to review and verify data to be released in the hospital infection report and on excluding selected data from certified critical access hospitals. Hospital Infection Control Grants.

An account is created from which the DOH may award hospital infection control grants to hospitals and public agencies for infection control and surveillance programs.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 86 | 10 | |
| Senate | 49 | 0 | (Senate amended) |
| House | 93 | 2 | (House concurred) |

Effective: July 22, 2007

ESHB 1114

C 67 L 07

Prohibiting the marketing of estate distribution documents by persons not authorized to practice law in this state or who are not a financial institution.

By House Committee on Judiciary (originally sponsored by Representatives Rodne, Lantz, Moeller and B. Sullivan; by request of Attorney General).

House Committee on Judiciary
Senate Committee on Judiciary

Background: The practice of law as construed by Washington courts includes not only legal representation of a client in court, but also legal advice and counsel as well as the preparation of legal instruments and contracts by which legal rights are secured. Controversy and concern have arisen over the preparation and marketing of various documents, such as so-called "living trusts," that relate to the disposition of a person's property. In some instances, such documents may be prepared and marketed by persons who are not members of the State Bar Association.

Various statutes, common law doctrines, and court rules deal with the unlawful, unauthorized, or negligent practice of law. The Washington Supreme Court has declared that under Article IV of the State Constitution, regulation of the practice of law is an area restricted exclusively to the judicial branch. For example, the court has invalidated a statutory attempt to allow the limited practice of law by escrow agents and others. (See the discussion on court rules below.) Although several of its provisions may be of doubtful validity based on such court decisions, the State Bar Act remains a part of the state's statutory law, and one of its sections makes it a crime to practice law in this state without being a member of the bar.

The Crime of Unlawful Practice of Law. The State Bar Act makes the "unlawful practice of law" a crime. One way in which the crime is committed is for a non-lawyer to practice law or hold himself or herself out as entitled to practice law or to share legal fees with a lawyer. "Nonlawyers," for purposes of this statute, include anyone not an active member in good standing of the State Bar Association. Committing the crime of unlawful practice for the first time is a gross misdemeanor, punishable by up to one year in jail and a fine of up to \$5,000. Any subsequent violation is a class C felony, punishable by up to five years in prison and a fine of up to \$10,000.

Court Rules - Admission - Discipline - Limited Practice. Court rules on the practice of law regulate admission to the bar and allow for discipline and disbarment of members, but do not directly regulate or discipline non-lawyers. Court rules do, however, provide for the "limited practice" of law by nonlawyers in one area. The court rules authorize certain certified nonlawyers to

select, prepare, and complete legal documents incident to the closing of real estate and personal property transactions.

Civil Actions for Negligence and Equitable Relief.

The common law, as well as the same statute that creates the crime of unlawful practice, recognizes a civil cause of action based in negligence for harm done by the unauthorized practice of law. Injunctive and other equitable relief is also available, as are contempt proceedings. The unlawful practice statute also declares that the unlawful practice of law by a person who is licensed in another business or profession may be grounds for discipline as unprofessional conduct in that business or profession. An action may be brought by a prosecuting attorney for an injunction and a civil penalty of up to \$5,000 for each violation of the unlawful practice statute.

The Consumer Protection Act. Under the state's Consumer Protection Act (CPA), certain activities have been designated by the Legislature as unfair methods of competition and unfair or deceptive acts or practices in the conduct of trade or commerce. Various remedies for violations of the CPA are provided, including authorization for the Attorney General to seek restraining orders. A person who is injured by a violation of the CPA may recover treble damages, costs, and reasonable attorneys' fees.

Summary: It is unlawful for anyone who is not authorized to practice law in this state to market estate distribution documents in or from the state. The unauthorized marketing of such documents is also a violation of the CPA.

"Estate distribution documents" are documents such as wills or trusts that have either been prepared for a specific person or have been prepared as marketing materials. Such documents do not include payable on death accounts in a financial institution. Marketing includes an offer or agreement to prepare or provide individualized advice about an estate distribution document.

A person who is *not* authorized to practice law in this state may nonetheless gather information or assist in preparing estate distribution documents if:

- he or she is employed by someone who *is* authorized to practice law in this state; and
- he or she does not provide legal advice.

The act does not apply to financial institutions.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 45 | 0 |

Effective: July 22, 2007

SHB 1124

C 294 L 07

Adding the department of natural resources to the definition of "employer" under RCW 41.37.010.

By House Committee on Appropriations (originally sponsored by Representatives VanDeWege, B. Sullivan, O'Brien, Eickmeyer, Lovick, McCoy, Lantz, Simpson, Williams and Dickerson).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The Public Safety Employees' Retirement System (PSERS) was created in 2004 and opened to members on July 1, 2006. The PSERS provides retirement benefits for state and local government employees who work in positions with law enforcement duties but are not eligible for membership in the Law Enforcement Officers' and Fire Fighters' Retirement System. Members of the PSERS with at least 20 years of service will be eligible for full retirement benefits from age 60, five years earlier than the regular retirement age in Public Employees' Retirement System (PERS) Plans 2 and 3. Members of PSERS with 20 years of service may also early retire beginning at age 53 with a 3 percent reduction in benefits per year of early retirement.

Membership in the PSERS is restricted by an individual's employer and by specific job criteria. The PSERS employers are defined as the Department of Corrections, the Parks and Recreation Commission, the Gambling Commission, the State Patrol, the Liquor Control Board, county corrections departments, and the corrections departments of municipalities not classified as First Class cities, and employers employing statewide elective officials.

To meet the individual job criteria, PSERS employees must work full-time and hold a position: that requires completion of a certified criminal justice training course and which has the authority to arrest, investigate crimes, enforce the law, and carry a firearm; in which the primary duty is to ensure the custody and security of incarcerated individuals as a probation officer, corrections officer or jailer; that is a limited authority Washington Peace Officer; or in which the primary responsibility is to supervise employees who are eligible for membership under one of the previously listed membership criteria.

Summary: The list of employers that are PSERS-eligible is amended to remove "other employers employing statewide elective officials," and add the Washington State Department of Natural Resources (DNR). Existing employees of the DNR who are made eligible for PSERS by the addition of the DNR to the list of PSERS eligible employers have the option of staying in PERS Plans 2 or 3 or moving to PSERS.

Votes on Final Passage:

House 95 0
Senate 42 0

Effective: July 22, 2007

SHB 1128

PARTIAL VETO

C 522 L 07

Making operating appropriations for the 2005-07 and 2007-09 fiscal biennia.

By House Committee on Appropriations (originally sponsored by Representative Sommers; by request of Governor Gregoire).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The state government operates on a fiscal biennium that begins on July 1 of each odd-numbered year. Supplemental budgets frequently are enacted in each of the following two years. Appropriations are made in the biennial and supplemental budgets for the operation of state government and its various agencies and institutions.

Summary: Total General Fund-State (GF-S) appropriations for the 2007-09 biennium are \$29.6 billion. Total Near General Fund-State (NGF-S) appropriations are \$33.4 billion. The total funds budget is \$56.7 billion; this includes dedicated and federal funds.

The 2007 supplemental operating budget increases appropriations for the 2005-07 budget by \$466.6 million for GF-S (for a \$27.8 billion revised total GF-S), \$449.8 million for NGF-S (for a \$30.2 billion revised total NGF-S), and \$431.2 million total budget (for a \$51.7 billion revised total 2005-07 budget).

Votes on Final Passage:

House 62 35
Senate 30 17 (Senate amended)
House (House refused to concur)

Conference Committee

Senate 31 17
House 60 36

Effective: May 15, 2007

Partial Veto Summary: The Governor vetoed 15 sections or portions of sections of SHB 1128. For additional information, see the Governor's veto message or the Legislative Budget Notes published by the Senate Ways & Means Committee and the House Appropriations Committee.

VETO MESSAGE ON SHB 1128

May 15, 2007

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 113(9); 127(14); 127(29); 129(11); 141(1); 214(13); 222, page 105, line 12; 307(23); 307(24); 307(30); 402, page 147, line 33; 949; 1608(4) and (5); and 1621(4) of Substitute House Bill 1128 entitled:

“AN ACT Relating to fiscal matters.”

Section 127(14), page 25, Department of Community, Trade and Economic Development, Distribution of Visitor Guides

Visitor guides are an important tool for promoting tourism to Washington State. The Department of Community, Trade and Economic Development currently has a formal agreement with the tourism industry to store and mail visitor guides as requested by the industry. The Department, in close partnership with the new tourism committee created by Substitute House Bill 1276, should have discretion on how many guides should be distributed. Therefore, I have vetoed Section 127(14).

Section 127(29), page 28, Department of Community, Trade and Economic Development, Grant to the Synergy Group

This nonprofit organization has the potential to ensure that the delivery of social services in the Lake Stevens area is accomplished more efficiently, and I encourage this type of coordination. However, this effort is more appropriately a local function, not the state's. Furthermore, the Synergy Group has not yet been legally established and does not yet have a clearly defined mission and purpose. For this reason, I have vetoed Section 127(29).

Section 129(11), pages 37-38, Office of Financial Management, Technical Assistance to Pharmacies

This proviso requires that the Office of Financial Management enter into an interagency agreement with the Department of Social and Health Services to establish a technical audit assistance program for pharmacies that provide Medicaid services, to oversee the technical assistance program, and to review and update pharmacy audit practices. No new funds were provided to accomplish these activities. In addition, the delegation of this authority to the Office of Financial Management over audit practices appears to violate the federal Medicaid Single State Agency requirement that the Department of Social and Health Services handle matters of this sort. For these reasons, I have vetoed Section 129(11).

Section 141(1), page 44, Department of General Administration, Moving Costs for Office of Minority and Women-Owned Businesses

This proviso prevents the Department of General Administration from charging the Office of Minority and Women's Business Enterprise for the cost of moving to a new office. Since the Department of General Administration is supported by rates and fees, any service that is not charged to the agency receiving the services could result in higher rates for other state agencies. Therefore, I have vetoed Section 141(1).

Section 214(13), page 97, Health Care Authority, Family Practice Residency in Southeastern Washington

This proviso establishes a family practice residency program in southwest Washington. On-going programs of this nature are best established with substantive legislation, not as a proviso in the appropriations bill. For this reason, I have vetoed Section 214(13).

Section 222, page 105, line 12, Department of Health, Oyster Reserve Land Account Appropriation

This is a technical veto to correct an over-appropriation in this account. While the Department of Health will no longer have a direct appropriation, the Department of Fish and Wildlife will enter into an agreement with the Department of Health to distribute pass-through funding to local health jurisdictions for

grants to individuals to improve on-site sewage systems, as required by Substitute Senate Bill 5372, the Puget Sound Partnership. For this reason, I have vetoed Section 222, line 12.

Section 307(23), page 135, Department of Fish and Wildlife, Sinking Vessels in Puget Sound for Dive Attractions

This proviso requires that, within existing funds, the Department of Fish and Wildlife in coordination with the Department of Ecology shall evaluate the environmental impacts of sinking vessels in Puget Sound for dive attractions. A needs assessment and scoping study (including environmental impacts) for sinking ships as diving sites in Puget Sound has already been completed, and was submitted to the Office of Financial Management and the Legislature in November of 2006. No additional funding was provided for this new evaluation. For these reasons, I have vetoed Section 307(23).

Section 307(30), page 136, Department of Fish and Wildlife, Use of Appropriated Funds for Mole Trapping, Mountain Beaver Removal Enforcement

This proviso prohibits the Department of Fish and Wildlife from using appropriated funds to enforce RCW 77.15.194, providing penalties for the use of leg-hold traps for trapping by mole exterminators or for the removal of mountain beaver from forest lands. The budget bill is not the appropriate vehicle for making substantive policy changes in the way the state implements Initiative 713. No bill passed the Legislature this session modifying RCW 77.15.194. Therefore, I have vetoed section 307(30).

Section 402, line 33, page 147, Washington State Patrol, DNA Data Base Account Appropriation

A drafting error resulted in an inadvertent appropriation from the DNA Data Base Account, which is a nonappropriated fund. Funds from the nonappropriated source are still available to the State Patrol for forensic laboratory improvements. Therefore, I have vetoed the appropriation from this account.

Section 949, page 283-287, Health Care Authority, Amending the Public Employee Benefits Board Statute

In this act, the Legislature defines the maximum contribution rates to be paid by state agencies on behalf of employees for health benefits. The Public Employee Benefits Board (PEBB) uses this funding level to secure a competitive benefit package for PEBB participants. Section 949 amends existing statute to prevent the Board from revising health plan offerings if that change would increase the actuarial value of the plans for the 2007-09 Biennium. This restriction is contrary to the PEBB's responsibility to successfully manage a competitive employee benefit package within the fiscal parameters established by the Legislature. It also limits the involvement of key stakeholders (including labor, retirees, and benefit experts) in important benefit decisions. For these reasons, I have vetoed Section 949 in its entirety.

Section 1608(4) and (5), page 501, Department of Retirement Systems, Funding for 2006 Legislation

These subsections add funding for legislation that was passed in 2006, and is already in the budget. Therefore, I have vetoed Section 1608(4) and (5).

Section 1621(4), page 506, for the Office of Financial Management, Technology Funding

This proviso would prohibit the release of funds to pay for at least 35 projects with a risk-severity assessment of level 2 or greater until a feasibility study is completed and the project is approved by the Information Services Board. While I agree that these projects need careful review and scrutiny before they proceed, I am vetoing Section 1621(4) because of the added workload and complexity introduced by these requirements. However, I direct the Department of Information Services and the Information Services Board to use their existing authority to provide the review and analysis desired in this proviso so that future costs and risks are better understood before the projects are allowed to move forward.

In addition, I share the intention expressed by the Legislature in Section 903 of this bill to better manage technology invest-

ments to achieve more common and coordinated technology and data solutions. Therefore, I also direct the Department of Information Services and Information Services Board to use their existing authority to review and strengthen investment planning for information technology projects to include, at a minimum, a review of the ability of projects to better use common services and solutions. Doing so can help reduce costs and risks for individual projects and can help the state realize greater economies of scale across multiple projects.

The following sections are vetoed because the bills referenced did not pass:

Section 113(9), page 12, Office of Administrator for the Courts, SHB 1141, Diversion Records

Section 307(24), page 135, Department of Fish and Wildlife, ESHB 1147, Damage to Livestock

For these reasons, I have vetoed Sections 113(9); 127(14); 127(29); 129(11); 141(1); 214(13); 222, page 105, line 12; 307(23); 307(24); 307(30); 402, page 147, line 33; 949; 1608(4) and (5); and 1621(4) of Substitute House Bill 1128.

I am signing Section 307(8) which directs the Department of Fish and Wildlife to implement a joint management and collaborative enforcement agreement with the Confederated Tribes of the Colville and the Spokane Tribe without providing additional appropriations for the agreement. While I would have preferred that the Legislature provide new funding for this important endeavor, I am committed to the agreement and will work with the agency, the tribes and the Legislature to ensure its success.

With the exception of Sections 113(9); 127(14); 127(29); 129(11); 141(1); 214(13); 222, page 105, line 12; 307(23); 307(24); 307(30); 402, page 147, line 33; 949; 1608(4) and (5); and 1621(4), Substitute House Bill 1128 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

ESHB 1131

C 314 L 07

Creating the passport to college promise pilot program.

By House Committee on Appropriations (originally sponsored by Representatives Dunshee, Haler, Kenney, Fromhold, Priest, Roberts, Jarrett, Kagi, Hunt, McDermott, Haigh, Ormsby, Chase, Wallace, Hudgins, Schual-Berke, Simpson, Conway, Morrell, Moeller and Santos).

House Committee on Higher Education
House Committee on Appropriations
Senate Committee on Higher Education
Senate Committee on Ways & Means

Background: The results of numerous studies indicate that former foster youth face greater hurdles in adulthood compared to those who were never in foster care. For example, former foster youth graduate from high school at a lower rate than their non-foster care peers. Former foster youth also attend post-secondary education at a

lower rate and, if they do attend, have much lower graduation rates. Former foster youth are also more likely to experience homelessness, unemployment, and incarceration than youth who were never in foster care.

Washington has taken a number of steps to help former foster youth successfully make the transition from foster care to post-secondary education and adulthood. In 2005, the Legislature created an endowed scholarship program for financially needy foster youth and former foster youth ages 16 to 23 years who had been in the state's foster care system six months or longer since turning 14 years old. The Higher Education Coordinating Board (HECB) publicizes and promotes the program to eligible students with the assistance of an advisory board. The amount of an award may not exceed the student's financial need. The HECB anticipates making the first awards in the 2008-2009 academic year.

In 2005, the duties of the Children's Administration Oversight Committee on Education of Foster Youth were expanded to include promotion of opportunities for foster youth to participate in post-secondary education or training. The HECB, when making awards of State Need Grants, was directed to give consideration to former foster youth.

In 2006, the Department of Social and Health Services (DSHS) was authorized to allow up to 50 youth in foster care reaching 18 years of age to stay in foster or group care so they could participate in or complete a post-high school academic or vocational program. In 2007 and 2008, 50 additional youth per year may be permitted to continue to remain in foster or group care after reaching the age of 18 to complete post-high school academic or vocational programs.

In addition to Washington's efforts, private sector organizations also recognize the need to expand post-secondary opportunities for former foster youth. In 2001, former Governor Gary Locke established the Governor's Scholarship for Foster Youth. The scholarship is managed by the College Success Foundation (formerly called the Washington Education Foundation). Between 20 and 30 scholarships are awarded annually, with awards ranging from \$1,000 to \$5,000 per year, depending on the recipient's needs. Scholarships can be renewed for up to four additional years.

Summary: The HECB is directed to implement a six-year pilot program to provide supplemental college scholarships to former foster care youth. To be eligible for a scholarship, a student must have been emancipated from foster care after having spent at least one year in foster care since his or her sixteenth birthday. A student must also be a Washington resident enrolled at least half-time in a college in Washington, make satisfactory academic progress, not already have a bachelor's or professional degree, and not be pursuing a degree in theology. An eligible student may receive a scholarship for up to

five years or until the student's twenty-sixth birthday, whichever occurs first.

The amount of the scholarships will equal the difference between a student's financial need and the amount the student receives through public and private grants, scholarships, and waiver assistance, including a self-help amount. However, scholarships will not exceed the amount of resident undergraduate tuition and fees at the highest-priced public institution.

The HECB, with input from the State Board for Community and Technical Colleges (SBCTC), must develop a website and outreach program to provide information to foster youth about higher education.

The Department of Social and Health Services (DSHS) must develop procedures to identify eligible students. The DSHS must also contract with at least one non-governmental entity to develop and implement a plan to help foster youth plan for and transition into higher education.

The HECB must provide a status report to the Legislature by January 2008, and, along with the SBCTC, must submit reports to the Legislature by December of 2009 and 2011. The Washington State Institute for Public Policy must evaluate the pilot program and report to the Legislature by December 2012.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 81 | 16 | |
| Senate | 47 | 2 | (Senate amended) |
| House | 78 | 16 | (House concurred) |

Effective: July 22, 2007

SHB 1135
C 159 L 07

Allowing certain cities to designate aquifer conservation zones.

By House Committee on Local Government (originally sponsored by Representatives Appleton, Rolfes, Lantz, Seaquist and Clibborn).

House Committee on Local Government
Senate Committee on Government Operations & Elections

Background: Growth Management Act. The Growth Management Act (GMA or Act) is the comprehensive land use planning framework for county and city governments in Washington. Enacted in 1990 and 1991, the GMA establishes numerous requirements for local governments obligated by mandate or choice to fully plan under the Act (planning jurisdictions) and a reduced number of directives for all other counties and cities.

The GMA requires all jurisdictions to satisfy specific designation and protection mandates. All local governments, for example, must designate and protect critical areas. Critical areas are defined by statute to include

wetlands, aquifer recharge areas, fish and wildlife habitat conservation areas, frequently flooded areas, and geologically hazardous areas.

The GMA includes planning requirements relating to the use or development of land in urban and rural areas. Among other obligations, counties that comply with the major requirements of the GMA (planning counties) must designate urban growth areas (UGAs) or areas within which urban growth must be encouraged and outside of which growth can occur only if it is not urban in nature.

The GMA prescribes many requirements pertaining to UGAs that planning jurisdictions must satisfy. Using population projections made by the Office of Financial Management, planning counties and each city within these counties must include within UGAs areas and densities sufficient to permit the urban growth that is projected to occur in the county or city for the succeeding 20-year period. The UGAs must permit urban densities and include greenbelts and open space areas. The UGA determinations may include a reasonable land market supply factor and must permit a range of urban densities and uses. Additionally, a UGA provision grants planning jurisdictions comprehensive plan discretion to make many choices about accommodating growth.

Residential Density. Although the GMA includes provisions pertaining to density and the reduction of sprawling low-density development, neither "density" nor "residential density" is defined in the Act. The Department of Community, Trade and Economic Development, defined "residential density" in its September 2004 guidance paper, *Urban Densities - Central Puget Sound Edition*, as, in part, the number of dwelling units over a specified land area.

The GMA does not prescribe a uniform minimum residential density, nor does the Act require jurisdictions to establish uniform minimum residential densities.

Summary: Any city coterminous with, and comprised only of, an island that relies solely on groundwater aquifers for its potable water source and that does not have reasonable access to a potable water source outside its jurisdiction may designate one or more aquifer conservation zones (conservation zones). Conservation zones may only be designated for conserving and protecting potable water sources.

Conservation zones may not be considered critical areas under the GMA except to the extent that specific areas located within conservation zones qualify for critical area designation and have been designated as such under the GMA.

Any city may consider whether an area is within a conservation zone when determining the residential density of that particular area. The residential densities within conservation zones, in combination with other densities of the city, must be sufficient to accommodate projected population growth under the GMA.

HB 1137

Nothing in the provisions authorizing conservation zones may be construed to modify the population accommodation obligations required of jurisdictions under the GMA.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007

HB 1137

C 233 L 07

Creating the water quality capital account.

By Representatives Fromhold, McDonald, Ormsby, Moeller and Haler; by request of Office of Financial Management.

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: Initiative 601, enacted by the voters in 1993, established an annual limit on expenditures from the State General Fund. Beginning with the 2007-09 fiscal biennium, the annual state expenditure limit is extended to accounts other than the State General Fund including the Water Quality Account (WQA). This means the WQA will be appropriated on an annual basis.

The WQA is a dedicated account administered by the Department of Ecology. This WQA is appropriated in both the operating and capital budgets for grants and loans to public bodies for planning, implementation, design, acquisition, and construction of water pollution control facilities and activities. Expenditures from the WQA are primarily used for grants to address non-point water quality programs, and to assist small communities with building wastewater treatment systems that would otherwise cause a financial hardship.

The capital budget makes biennial appropriations from the WQA, rather than annual appropriations. Unexpended funds are often "reappropriated" or reauthorized in subsequent capital budgets.

Summary: Effective July 1, 2007, the Water Quality Capital Account (WQCA) is created in the state Treasury. Expenditures from the WQCA may only be spent after appropriation and may only be used: (1) to make grants or loans to public bodies for the capital component of water pollution control facilities and activities; (2) to assist a public body in obtaining ownership interest in pollution control facilities; or (3) for capital components of payments made by public bodies for certain pollution control service agreements.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 95 | 0 |
| Senate | 49 | 0 |

Effective: July 1, 2007

SHB 1138

C 521 L 07

Concerning general obligation bonds.

By House Committee on Capital Budget (originally sponsored by Representatives Fromhold, McDonald, Ormsby and Moeller; by request of Office of Financial Management).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: 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.

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 state general obligation bonds to finance \$1.97 billion in projects in the 2007 Supplemental and 2007-09 Capital Budgets.

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.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 4 |
| Senate | 46 | 0 |

Effective: May 15, 2007

SHB 1140

C 323 L 07

Allowing for the net meter aggregation of electricity.

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives McCoy, Crouse, Grant and Blake).

House Committee on Technology, Energy & Communications

Senate Committee on Water, Energy & Telecommunications

Background: Net Metering of Electricity. Net metering means measuring the difference between the electricity supplied by an electric utility and the electricity generated by a net metering system customer-generator over an applicable billing period.

A net metering system is defined as either a fuel cell, a facility that produces electricity and useful thermal energy from a common fuel source, or a facility for the production of electrical energy that generates renewable energy. Renewable energy is defined as energy generated by a facility that uses water, wind, solar energy, or biogas from animal waste as a fuel.

Net Metering System. A net metering system must: (1) have an electrical generating capacity of not more than 100 kilowatts; (2) be located on the customer-generator's premises; (3) operate in parallel with the electric utility's transmission and distribution facilities; and (4) be intended primarily to offset part or all of the customer-generator's requirements for electricity.

Calculating Net Energy. An electric utility measures the net electricity produced or consumed during the billing period, in accordance with normal metering practices. If the electricity supplied by the electric utility exceeds the electricity generated by the customer-generator during the billing period, the customer-generator is billed for the net electricity supplied by the electric utility. If electricity generated by the customer-generator exceeds the electricity supplied by the electric utility, the customer-generator is billed for the appropriate customer charges for that billing period and is credited for the excess kilowatt-hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing period.

Summary: Meter Aggregation. Electric utilities are required to provide meter aggregation for net metering customer-generators within their service territory upon request by the customer-generator.

Calculating Net Energy from Aggregated Meters. Kilowatt-hours credits earned by a net metering system during the billing period must be used first to offset electricity supplied by the electric utility. Excess kilowatt-hours credits earned by the net metering system, during the same billing period, are credited equally by the electric utility to remaining meters located on all premises of

a customer-generator at the designated rate of each meter. Not more than a total of 100 kilowatts shall be aggregated among all customer-generators participating in a generating facility.

Definitions. "Meter aggregation" means the administrative combination of readings from and billing for all meters, regardless of the rate class, on premises owned or leased by a customer-generator located within the service territory of a single electric utility.

"Premises" means any residential property, commercial real estate, or lands, owned or leased by a customer-generator within the service area of a single electric utility.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 91 | 5 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 94 | 4 | (House concurred) |

Effective: July 22, 2007

SHB 1144

C 46 L 07

Providing a uniform method of transferring a municipal court judgment into district court.

By House Committee on Judiciary (originally sponsored by Representatives Williams, Warnick, Rodne, Campbell, O'Brien, Lantz, Goodman and Moeller).

House Committee on Judiciary

Senate Committee on Judiciary

Background: Municipal courts and municipal departments of district courts have jurisdiction to process civil and criminal violations of city ordinances, many of which can result in monetary penalties. Municipal courts and municipal departments do not have jurisdiction to issue orders of attachment and garnishment, which may be used to enforce monetary judgments. Municipal courts and municipal departments often assign unpaid money judgments to collection agencies.

District courts have jurisdiction over civil actions where the amount at issue is not more than \$50,000. District courts may use garnishment and attachment to enforce judgments. They do not have authority to issue liens on real property.

The filing fee for civil actions in district court is \$43.

Summary: District courts are granted jurisdiction over proceedings to civilly enforce any money judgment from a municipal court or municipal department of a district court. The proceeding may be brought in the district where the municipal court or municipal department is located. Once transferred, the municipal judgment is recognized as a judgment of the district court. The district court may not vacate or amend the judgment. The district court filing fee to transfer the judgment is \$43.

Votes on Final Passage:

House 97 0
Senate 44 4

Effective: July 22, 2007

HB 1145
C 124 L 07

Modifying the definition of an "account receivable" for purposes of commencing an action.

By Representatives Lantz, Warnick, Williams, Rodne, O'Brien, Campbell, Goodman and Moeller.

House Committee on Judiciary
Senate Committee on Judiciary

Background: A plaintiff must commence an action within the statute of limitations for that particular type of action or else the action is barred. The statute of limitations is three years for an action based on a contract which is not in writing, except if the contract is an account receivable. The statute of limitations for actions based on an account receivable incurred in the ordinary course of business is six years.

In 2005 the Washington Court of Appeals defined "account receivable" as an "open account," meaning an "account that is left open for ongoing debit and credit entries by two parties and that has a fluctuating balance until either party finds it convenient to close. In February 2007, the Washington Supreme Court reversed the Court of Appeals and defined "account receivable" as an amount due on a business account, whether or not it is an open account. The dissent encouraged the Legislature to define the term.

Summary: The term "account receivable" for the purposes of the six-year statute of limitations is defined as any obligation for payment incurred in the ordinary course of the claimant's business or profession, whether arising from one or more transactions and whether or not earned by performance.

The amended definition applies to all causes of action on accounts receivable, whether commenced before or after the effective date of the act.

Votes on Final Passage:

House 97 0
Senate 46 0

Effective: July 22, 2007

HB 1166
C 295 L 07

Modifying county treasurer administrative provisions.

By Representatives Takko, Alexander, Curtis, Williams and Moeller.

House Committee on Local Government
Senate Committee on Government Operations & Elections

Background: General Authority and Duties of County Treasurers. County treasurers operate under the authority of various statutes relating to the receipt, processing, and disbursement of funds. County treasurers are the custodian of the county's money and the administrator of the county's financial transactions. In addition to their duties relating to county functions, county treasurers provide financial services to special purpose districts and other units of local government, including receipt, disbursement, investment, and accounting of the funds of each of these entities. County treasurers are responsible for the collection of various taxes, including legal proceedings to collect past due amounts, and other miscellaneous duties, such as conducting bond sales and sales of surplus county property.

County Treasurer's Duties Regarding Payments Out of a Metropolitan Park District Fund. A metropolitan park district board of commissioners (board) is authorized to levy taxes on all property located in a park district. In levying such taxes, a board is also authorized to include a sufficient sum to pay interest on all outstanding bonds and may include an amount for the creation of a fund for the redemption of outstanding bonds. The county treasurer is required to maintain a separate fund for the proceeds of the general park district tax levy to be known as the "Metropolitan Park District Fund" and which must be paid out with warrants.

County treasurers are subject to specific statutory requirements with respect to using warrants in making payments out of public funds. Also, county treasurers have the option of making payments from public funds by means of wire or other electronic methods in accordance with specified accounting standards.

Tax Title Lands. Tax title lands are those lands acquired by a county at a tax foreclosure sale. The legislative authority of each county is granted specified powers with respect to such lands, including the authority to:

- devote such lands to public use;
- exchange such lands for other lands worth at least 90 percent of the value of the land exchanged; and
- manage such lands in order to produce revenue.

Tax title lands deeded to a county must be stricken from the tax rolls and are exempt from taxation for so long as the lands are county property.

Liens Related to Delinquent Payment of Storm Water Service Charges. Counties are authorized to obtain liens on real property for delinquent service charges, including interest, related to storm water control facilities.

Property Subject to Accelerated Tax Payment or Seizure. County treasurers are required to collect taxes on personal property and must provide notice by mail to all persons subject to such taxes. A county treasurer may demand tax payment without the requisite written notice provided he or she has reasonable grounds to believe that the taxable property is about to be removed from the county, sold, destroyed, or otherwise disposed of.

Summary: County Treasurer's Duties Regarding Payments Out of a Metropolitan Park District Fund. A county treasurer's payments from a "Metropolitan Park District Fund" must be made either: (1) by warrants issued in accordance with specified statutory guidelines for such payments; or (2) by means of wire or other electronic means in accordance with specified accounting standards.

Tax Title Lands. Title to property obtained by a county at a tax foreclosure sale must be held in trust for the taxing districts. Property owner association dues or fees may not be imposed on tax title lands held in trust by a county, nor may most types of special assessments. However, the following types of special assessments are exempt from this general prohibition:

- local improvement district assessments;
- utility local improvement district assessments; and
- assessments levied by specified categories of special improvement districts.

County Authority to Obtain Specified Liens. In addition to liens currently authorized with respect to charges related to storm water control facilities, a county is authorized to obtain real property liens for the delinquent payment of charges related to the acquisition, development, or improvement of open spaces, parks, recreation areas, specified public facilities, and highways.

Types of Property Subject to Accelerated Tax Payment or Seizure. Mobile homes, manufactured homes, and park model trailers are explicitly included among the types of personal property that may be subject to an accelerated demand for tax payment, or possible seizure, if taxes on such property are delinquent and the treasurer has reasonable grounds to believe that such property is about to be removed from the county, destroyed, sold, or disposed of.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 49 | 0 | (Senate amended) |
| House | 93 | 1 | (House concurred) |

Effective: July 22, 2007

HB 1168

C 2 L 07

Regarding disorderly conduct.

By Representatives Roach, Hurst, Newhouse, Santos, Orcutt, Pettigrew, Moeller, Morrell, Priest, Armstrong, Curtis, Haler, Condotta, Buri, Kristiansen, Alexander, Warnick, Strow, Ericksen, Dunshee, Kirby, Chase, Bailey, Springer, McDonald, Ross, Blake, Kenney, Lovick, Appleton, Darneille, McCoy, O'Brien, Sells, Takko, Williams, VanDeWege, Hunter, Ormsby, Schual-Berke, Pearson, Fromhold, Hinkle, Simpson, Clibborn, Lantz, Linville, Campbell, Kelley, Green, Eddy and McCune.

House Committee on Judiciary

Background: In recent years, there have been media reports of funerals being disrupted by groups who have sought to utilize funeral services as a forum for protest. In 1992, Kansas passed the Kansas Funeral Picketing Act, which makes it a misdemeanor for persons to engage in picketing activities before or about any cemetery, church, or mortuary within one hour prior to, during, and two hours following a funeral. Since that time, 27 other states have passed laws banning or limiting protests around funerals. These laws put limits on a variety of behavior in the vicinity of funeral or memorial services. The laws vary widely, with some barring noisy, disruptive behavior, abusive epithets and threatening gestures, or signs with "fighting words." Some laws bar the proscribed behavior within one or two hours before or after a funeral, others specify distances ranging from 100 feet to 1,000 feet, and some include both temporal and physical limitations.

In Kentucky, a federal district court issued a preliminary injunction against enforcement of two provisions of the Kentucky funeral protest law. One provision prohibits all demonstrations within 300 feet of a funeral event. The other prohibits, during a funeral, all sounds or images perceptible to funeral attendees, or the distribution of literature or other items, without the authorization of the family. The court determined that the Kentucky statute was content neutral and that funeral attendees have an important interest in avoiding unwanted, obtrusive communications. However, the court found the challenged provisions were not narrowly-tailored and burdened substantially more speech than necessary to achieve the state's objectives.

In Washington, a person is guilty of disorderly conduct, a misdemeanor offense, if he or she engages in any of the following:

- uses abusive language and thereby intentionally creates a risk of assault;
- intentionally disrupts any lawful assembly or meeting of persons without lawful authority; or
- intentionally obstructs vehicular or pedestrian traffic without lawful authority.

In unpublished opinions addressing the disorderly conduct statute, Washington courts have cited the United States Supreme Court for the proposition that the First Amendment limits the application of disorderly conduct statutes to "fighting words," which are not entitled to First Amendment protection. Washington courts have applied the following three-part test in determining whether a statement constitutes fighting words:

- the words must be directed at a particular person or groups of persons;
- the words must be personally abusive to the ordinary citizen and commonly known to be inherently likely to provoke violent reaction; and
- consideration must be given to the context or situation in which the words were expressed.

If expression does not constitute fighting words, and thus is entitled to First Amendment protection, a state may still regulate the expression in certain situations. The constitutional permissibility of a state regulation of protected expression will depend on a number of factors, including whether the regulation targets the content of the expression rather than the expression itself, the location where the expression is taking place, the amount of expression inhibited, and the nature of the state's interest in regulating that expression.

Disorderly conduct statutes have also been challenged on "void for vagueness" grounds. A statute is void for vagueness if it is framed in terms so vague that persons of common intelligence must necessarily guess at its meaning and differ as to its application. The Washington Supreme Court has held that the following terms in a disorderly conduct statute were not impermissibly vague: "loud and raucous," "unreasonably disturbs others," and "disturb."

Summary: The disorderly conduct statute is amended to include certain disruptive behavior at or near a funeral, funeral procession, or memorial service. Specifically, a person is guilty of disorderly conduct if the person:

- intentionally engages in fighting or tumultuous conduct, or makes unreasonable noise, within 500 feet of: (a) a funeral or burial; (b) a funeral home during the viewing of a deceased person; (c) the location of a memorial service; or (d) a funeral procession if the person knows that the procession is taking place; and
- knows that the activity adversely affects the funeral, burial, viewing, funeral procession, or memorial service.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 89 | 5 |
| Senate | 42 | 1 |

Effective: February 2, 2007

ESHB 1179

C 404 L 07

Allowing part-time students at postsecondary institutions to qualify for a state need grant.

By House Committee on Appropriations (originally sponsored by Representatives Hasegawa, Jarrett, Sells, Roberts, Anderson, Green, Sommers, Kenney, Wallace, Buri, Appleton, Hudgins, Kagi, Ormsby, McDonald, Conway, Wood, Santos, Schual-Berke, Simpson, Lantz, Haigh and Morrell).

House Committee on Higher Education
 House Committee on Appropriations
 Senate Committee on Higher Education
 Senate Committee on Ways & Means

Background: State Need Grant. The State Need Grant program began in 1971 and, until 1990, was available only to students enrolled full-time (those taking at least 12 quarter credits, or the semester equivalent). In 1990 the Legislature extended State Need Grant eligibility to students enrolled at least half-time (six quarter credits or more). The amount of a particular student's grant depends on the student's family income, the type of institution the student attends (e.g., community college, public research university), and whether the student attends full-time or half-time.

Less-Than-Half-Time Pilot Project. In 2005 the Legislature passed Substitute House Bill 1345 which directed the Higher Education Coordinating Board (HECB) to develop a two-year pilot project to assess the need for and feasibility of allowing students enrolled for at least four quarter credits to be eligible for a State Need Grant. Under the pilot, students attending a participating school who enroll for four or five credits are eligible to receive a grant as long as they meet the other eligibility criteria for a State Need Grant, including family income limitations and residency requirements. The Legislature appropriated \$500,000 for the 2005-2007 biennium for the pilot project.

The pilot began in the fall of 2005 and will continue through the 2005-07 biennium. Nine institutions are participating -- seven community colleges, The Evergreen State College, and Pacific Lutheran University. In the 2005-06 academic year, a total of 680 less-than-half-time students received a State Need Grant under the pilot project. Award amounts were \$194 at the participating community colleges, \$310 at The Evergreen State College, and \$626 at Pacific Lutheran University (an independent institution).

In December 2006, the HECB issued a report on the pilot project. The HECB reported that the primary reasons students enroll on a less-than-half-time basis include work and family obligations, costs of attending school, and childcare needs. The HECB further reported that 72 percent of the students participating in the pilot

are financially independent from their parents, almost half have children of their own, a quarter are single parents, and 34 percent are the first in their family to attend an institute of higher education. Most participating students enrolled for just one term at a less-than-half-time rate and then enrolled half-time or greater for the remainder of the year.

The HECB estimates that about 4,000 students would be eligible for a State Need Grant if the grant were available statewide to students on a less-than-half-time basis. The HECB estimates it would cost between \$900,000 and \$1.4 million per year to serve eligible less-than-half-time students statewide.

The HECB's report makes a number of recommendations regarding the State Need Grant, including:

- allowing students taking at least three credits to qualify for a grant;
- having a one-year exception to the matriculation requirement for students enrolled less-than-half-time; and
- authorizing institutions to make provisional State Need Grant awards to give students additional time to complete the Free Application for Federal Student Aid (FAFSA).

Institutional Financial Aid Fund. Each public institution of higher education in Washington must deposit at least 3.5 percent of its revenues collected from tuition and fees into an institutional financial aid fund. The money deposited in the fund may be used to make long- and short-term loans to eligible students or to provide financial aid to students.

By law, a student must be enrolled in at least six credits to be eligible for a loan or aid from a school's institutional financial aid fund. In its December 2006 report, the HECB recommended changing this eligibility requirement from six to three credits.

Summary: Through June 2011, students enrolled for between three quarter credits (or the equivalent semester credits) and half-time at an institution of higher education in Washington may be eligible for a prorated portion of the State Need Grant if they meet the other eligibility requirements of the State Need Grant program, and if funds are appropriated specifically for this purpose. Any child support payments received by students who are parents attending less than half-time will not be used in calculating financial need.

An eligible student enrolled for three to six quarter credits (or the equivalent semester credits) may receive a grant for up to one academic year before matriculating into a program that leads to a degree or certificate.

Institutions of higher education may award a State Need Grant to an eligible student enrolled less than half-time on a provisional basis if:

- the student has never received a State Need Grant;
- the student completes the FAFSA;

- the institution has reviewed the student's financial condition and concludes the student is likely eligible for a State Need Grant; and
- the student attests in writing that the financial information he/she provided the school is accurate and complete, and the student agrees to repay the grant amount if the student is subsequently found to have submitted false information.

The minimum number of credits required to receive a loan or aid from an institution's institutional financial aid fund is changed from six credits per term to three.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 98 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 97 | 1 | (House concurred) |

Effective: July 22, 2007

HB 1181

C 200 L 07

Modifying the powers and funding of the forensic investigations council.

By Representatives Ericks, O'Brien, Lovick, Ormsby, McDonald, Haler and Wallace.

House Committee on Public Safety & Emergency Preparedness

House Committee on Finance

Senate Committee on Judiciary

Background: Washington State Forensic Investigations Council. The Washington State Forensic Investigations Council (Council) is a 12-member committee appointed by the Governor to oversee death investigations as part of the state's criminal justice system. The Council authorizes expenditures from the Council's Death Investigations Account for the purpose of assisting local jurisdictions in the investigation of multiple deaths involving unanticipated, extraordinary, and catastrophic events, or involving multiple jurisdictions. The Council also oversees the Washington State Patrol Bureau of Forensic Laboratory Services (Bureau) and prepares and approves the Bureau's budget prior to submission to the Office of Financial Management.

The Bureau provides a wide range of forensic science expertise to city, county, and state law enforcement officers, assisting agencies at crime scenes, preparing evidence for trial, and providing expert testimony. The Bureau coordinates the efforts of the State's Breath Alcohol Test Program, Drug Evaluation and Classification Program, six crime laboratories, the Latent Print Laboratory, and the State Toxicology Laboratory.

Vital Records. The Department of Health's (DOH) Center for Health Statistics (CHS) has maintained the state's system of vital records and statistics since 1907.

The term "vital record" includes all records of: birth certificates, death certificates, fetal certificates, marriage certificates, dissolutions (divorce certificates), annulments, and legal separations. The DOH is required to charge a \$17 fee for certified copies of vital records and \$8 for a search of files when no copy is made. Certified copies of vital records may be obtained from the CHS or local health jurisdictions.

A portion of each fee collected is paid to the DOH for the purpose of maintaining the state vital records system. In addition, \$5 of each current fee imposed is dedicated to the Death Investigations Account for the purpose of funding the state toxicology laboratory, county autopsy costs, and the state forensic investigations council, among other things.

Summary: Washington State Forensic Investigations Council. The Council is authorized to spend a maximum of \$25,000 per biennium from the Death Investigations Account for the purpose of assisting local jurisdictions in need of securing forensic anthropology services or other testing to determine the identity of human remains. The Council must adopt rules for the purpose of authorizing this expenditure.

Vital Records. The state and local fee for all certified copies of vital records is increased to \$20. The portion of the fee dedicated to the Death Investigations Account is increased to \$8 of each fee imposed for the issuance of a certified copy of a vital record.

Votes on Final Passage:

House 83 13
Senate 46 1

Effective: July 22, 2007

HB 1185
C 47 L 07

Extending the expiration date for reporting requirements on timber purchases.

By Representatives VanDeWege, Kristiansen, Kretz, Blake, Orcutt, Kessler and Haigh.

House Committee on Agriculture & Natural Resources
Senate Committee on Ways & Means

Background: Every harvester of timber is required to pay an excise tax of 5 percent of the stumpage value of any trees that he or she harvested. The excise tax applies to timber harvested from both private and public lands.

Every person who purchases more than 200,000 board feet of private timber in a voluntary sale is required to report certain information to the Department of Revenue (Department). Information that is required to be reported includes the sale date, total sale price, total acreage involved in the sale, net volume of timber purchased, road construction that was required, data from

the timber cruise, and any timber thinning information. The Department may assess a penalty of \$250 for failure to report the required information.

Information gathered in the report is used by the Department to establish tables of stumpage values. A stumpage table is required to be prepared for each species of tree that is commercially harvested in Washington. The values on the tables indicate the amount that each species would sell for at a voluntary sale made in the ordinary course of business. The stumpage value tables are used to calculate the excise tax due from each timber harvester.

The requirement to report sales information to the Department expires on July 1, 2007.

Summary: The expiration date of the requirement that data about timber purchases be reported to the Department is extended from 2007 to 2010.

Votes on Final Passage:

House 95 0
Senate 49 0

Effective: July 1, 2007

2SHB 1201
C 315 L 07

Extending medicaid coverage for foster care youth who reach age eighteen.

By House Committee on Appropriations (originally sponsored by Representatives Roberts, Kagi, Haler, P. Sullivan, Walsh, Pettigrew, Darneille, Santos, McCoy, Ormsby, Wood, Dickerson, Clibborn, Schual-Berke, Simpson, Lantz, Hasegawa, Kenney, Pedersen and Seaquist).

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means

Background: The Department of Social and Health Services (Department) provides services to youth in foster care generally through age 18, unless the youth is in school or in treatment. In addition to foster care placement services, the Department may provide medical coverage through Medicaid or the Medical Assistance Program.

Medical coverage is generally available through age 18 for all children covered by Medicaid. A few young adults between ages 18 and 21 who remain in foster care maintain eligibility for medical assistance.

Summary: Eligibility for Medicaid or Medical Assistance is extended for youth who were in foster care on their 18th birthday, up to age 21, irrespective of continuing placement in foster care.

Votes on Final Passage:

House 95 1
 Senate 47 0 (Senate amended)
 House 93 1 (House concurred)

Effective: July 22, 2007

EHB 1214

C 416 L 07

Regarding the use of electronic wireless communications devices for text messaging while operating a moving motor vehicle.

By Representatives McDonald and Morrell.

House Committee on Transportation
 Senate Committee on Transportation

Background: State law does not explicitly address text messaging or e-mailing while driving. When Washington State Patrol officers observe dangerous driving behavior by a motor vehicle operator using an electronic device, they may cite the driver for second-degree negligent driving.

Summary: Any person operating a moving motor vehicle while reading, manually writing, or sending a text message on an electronic wireless communications device is guilty of a traffic infraction unless the person is:

- operating an authorized emergency vehicle; or
- using a hand-held wireless communications device to report illegal activity, summon medical or emergency assistance, or prevent injury to a person or property.

Enforcement of the act is limited so that it may be enforced only as a secondary action, and violations of the act do not become part of the driver's driving record.

Votes on Final Passage:

House 73 23
 Senate 32 15 (Senate amended)
 House 90 8 (House concurred)

Effective: January 1, 2008

EHB 1217

C 414 L 07

Establishing standards for clubhouse rehabilitation services.

By Representatives Hinkle, Darneille, Bailey, Cody, Pettigrew, Green, Kenney, Dickerson, Moeller, Schual-Berke, Campbell, Linville, Seaquist and Morrell.

House Committee on Health Care & Wellness
 Senate Committee on Human Services & Corrections

Background: Community-based clubhouses for people with a mental illness provide assistance in dealing with activities of daily life, employment, and vocational services. There is no statutory definition of what services a mental health clubhouse provides and what standards it should comply with.

Summary: A mental health clubhouse is defined as a community-based program that provides rehabilitation services and is certified by the Department of Social and Health Services.

Votes on Final Passage:

House 95 0
 Senate 48 0 (Senate amended)
 House 94 0 (House concurred)

Effective: July 22, 2007

HB 1218

C 206 L 07

Modifying gambling commission powers and duties to temporarily issue, suspend, and renew licenses.

By Representatives Conway, Wood, Condotta, Kenney and Moeller; by request of Gambling Commission.

House Committee on Commerce & Labor
 Senate Committee on Labor, Commerce, Research & Development

Background: The Gambling Commission (Commission) issues licenses for charitable/nonprofit organizations and commercial entities to conduct gambling activities. The Commission also licenses manufacturers and suppliers of gambling devices and their representatives, amusement game operators, and employees of gambling entities, such as card room employees.

The Commission employs a full-time director (Director) who is the administrator for the Commission. For charitable/nonprofit and commercial licenses, the Commission may authorize the Director to temporarily issue and suspend licenses subject to final action by the Commission. The Director does not have this authority for the other types of licenses.

Gambling licenses are good for one year. Licensees who do not timely renew their licenses must submit a new application.

Summary: The authority of the Commission to give the Director authority to issue temporary licenses and suspend licenses, subject to final action by the Commission, is extended to licenses for amusement game operators, manufacturers and suppliers of gambling devices and their representatives, and employees of gambling entities. The effect is that the Commission may give the Director temporary license and license suspension authority for all licenses the Commission issues.

HB 1220

A grace period for license renewal is created for military personnel. A licensee has six months after being honorably discharged, removed, or released from active military service to renew his or her license.

Rules Authority: The bill does not address the rule-making powers of an agency.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 90 | 4 |
| Senate | 48 | 0 |

Effective: July 22, 2007

HB 1220 C 362 L 07

Modifying provisions affecting the appointment of indeterminate sentence review board members.

By Representatives Hurst, Kelley, Sells, Dunshee, Kenney, Lovick, McCoy, O'Brien and Simpson; by request of Indeterminate Sentence Review Board.

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

Background: When the Sentencing Reform Act (SRA) was enacted in 1981, Washington changed from an indeterminate to a determinate sentencing scheme. Under the indeterminate scheme, the Board of Prison Terms and Paroles (Board) had jurisdiction over the committed offenders and would decide when the offender would be paroled and under what circumstances the offender's parole could be revoked. The judge would recommend a minimum term, but other responsibilities rested with the Board.

In 1986 the Board was redesignated the Indeterminate Sentence Review Board (ISRB). The ISRB assumed the responsibility of supervision, parole, and revocation of those persons sentenced to felony offenses prior to July 1, 1984, which was the effective date of the SRA. The Legislature contemplated phasing out the ISRB as more and more prisoners were sentenced under the SRA. In 1986 the Legislature provided that the ISRB would cease to exist on June 30, 1992, and that all of its powers, functions, and duties involving persons sentenced under the indeterminate sentencing scheme would be transferred to the superior courts of Washington. In 1989 the Legislature delayed the termination of the ISRB until 1998, and, in 1997, termination of the ISRB was again delayed until June 30, 2008.

In 2001 legislation was enacted that created a type of sentencing known as "determinate plus" sentencing. Under determinate plus sentencing, the court will sentence the offender to a minimum term and a maximum term. The ISRB is required to evaluate the offender prior to the expiration of the minimum term. If the evaluation does not result in the release of the offender, the ISRB

must re-evaluate the offender at least once every two years up to the offender's maximum term.

The ISRB is composed of the chair and two other members, all appointed by the Governor.

Summary: The chair of the ISRB is designated as the director of the agency and a fully participating board member. Two members are added to the ISRB. Language is changed to state the Board is to employ, and determine compensation for, the position of senior executive officer rather than the position of secretary.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1224 C 457 L 07

Regarding cost savings on course materials for community and technical college students.

By Representatives Kelley, Sells, Pedersen, Fromhold, Ormsby, Hasegawa, Upthegrove, Skinner, Appleton, Wallace, Roberts, Kagi, Kenney, P. Sullivan, Darneille, Simpson, McDonald, Moeller, Schual-Berke, Morrell, Green, Barlow and Lantz.

House Committee on Higher Education
Senate Committee on Higher Education

Background: Textbook Pricing. A 2005 study by the U.S. Government Accountability Office (GAO) found that since 1986, textbook prices have nearly tripled, increasing by 186 percent. The GAO reports that the price of textbooks has increased in recent years largely due to increases in costs associated with new features, such as websites and other instructional supplements. Publishers told the GAO they have increased their investments in the development of supplements to meet the demands of a changing post-secondary market. For example, publishers surveyed cited increases in part-time faculty who need additional teaching support as a key factor that has increased demand for instructional supplements. Publishers also said instructors are requesting more supplements, such as web-based tutorials and self-assessment tools, to enhance student learning. However, wholesalers, retailers, and others suggest that while supplements may be of value to students, the increasing practice of packaging them with textbooks effectively limits the students' ability to purchase less expensive used books.

Other factors that affect pricing include production costs, availability of used books, and the demand for textbooks. Publishers may also be revising textbooks more frequently. More frequent revisions limit students' opportunity to reduce their costs by purchasing used

textbooks and selling their textbooks back to bookstores at the end of the term. According to the GAO study, while publishers generally agreed that the revision cycle for many books is three to four years, compared with four to five years as was standard 10 to 20 years ago, the publishers said that revisions were necessary to keep the materials current for faculty and to recoup their investments.

Textbook Cost Savings at Four-Year Public Institutions. In 2006 the Legislature passed Substitute House Bill 3087 to give students more choices when purchasing educational materials and to encourage faculty and staff to work with bookstores and publishers to implement the least costly option to students without sacrificing educational content.

The 2006 legislation applies only to four-year public institutions and requires the Boards of Regents of state universities and the Boards of Trustees of regional universities and The Evergreen State College to adopt rules requiring affiliated bookstores to: (1) provide students the option of purchasing unbundled materials when possible; (2) disclose the costs of the materials; (3) disclose how new editions vary from previous editions; and (4) actively promote and publicize book buy-back programs. Rules must also be adopted that require faculty and staff members to consider least costly practices in assigning course materials when educational content is comparable, and to work closely with publishers and local bookstores to create bundles and packages if they deliver cost savings to students.

Summary: The Boards of Trustees of each community and technical college district must adopt rules requiring their affiliated bookstores to:

- provide students with the option of buying unbundled course materials when possible;
- promote and publicize book buy-back programs;
- provide for the disclosure of changes between a new edition of a book and the previous edition; and
- require disclosure of the retail costs of course materials on a per course basis to faculty, staff, and the public.

Community and technical college faculty and staff must consider the least costly practices in assigning course materials when educational content is comparable.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 91 | 3 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 93 | 1 | (House concurred) |

Effective: July 22, 2007

HB 1231

C 125 L 07

Modifying provisions concerning pawnbrokers.

By Representatives Kirby, Roach, Simpson, Strow and Santos.

House Committee on Insurance, Financial Services & Consumer Protection
Senate Committee on Financial Institutions & Insurance

Background: Washington regulates the business of pawnbrokers and second-hand dealers. Local governments may enact more restrictive provisions.

"Pawnbroker" is defined as every person engaged, in whole or in part, in the business of loaning money on the security of pledges, deposits or conditional sales of personal property, or the purchase and sale of personal property. "Second-hand dealer" is defined as every person engaged, in whole or in part, in the business of purchasing, selling, trading, consignment selling, or otherwise transferring for value, second-hand property.

Loan Interest and Fees. Pawnbrokers are authorized to receive interest and loan preparation fees up to statutory limits. The statute provides a schedule of the maximum amount of interest and fees that pawnbrokers may charge for money loaned on the security of personal property received in pledge. The schedule includes 12 ranges, from a loan of less than \$10 to loans more than \$100. The schedule allows for interest of \$1 every 30 days for a loan of up to \$10. The schedule allows for a charge of 3 percent per month for loans of \$100 or more.

There is also a statutory schedule of the maximum fees that pawnbrokers may charge for the preparation of documents, pledges, or reports required by law. The preparation fee schedule includes 56 ranges from loans less than \$5 to loans more than \$4,500. The fee for a loan of \$5 is 50 cents. The fee for a loan of more than \$4,500 is \$90. The loan preparation fees are one-time charges.

For instance, for a loan of \$100, the maximum interest charge is \$3 per 30-day period and the maximum loan preparation fee is \$12.

A person may not avoid the interest and fee restrictions of the statutes by purchasing property on condition of selling it back at a stipulated price greater than the purchase price.

Record Keeping. Records must be maintained for each transaction for three years after the date of the transaction. The records of each transaction kept by a pawnbroker or second-hand dealer must include the following additional information:

- date of the transaction;
- signature of the person with whom the transaction is made;
- the name, date of birth, height, weight, race, address and telephone number of the person with whom the transaction is made;

- a complete description of the property including brand name, serial number, or name;
- type and identifying number of identification used by the person with whom the transaction is made;
- the nature of the transaction and number identifying the transaction;
- the name or identification number of the employee conducting the transaction; and
- the store identification number or name and the address of the store.

Transcripts of the previous day's business, when requested by the police, within the time period required by the police, may be transmitted by facsimile or electronically.

Restrictions on Transfer of Property. Following notification from the police that an item of property has been reported as stolen, a pawnbroker or second-hand dealer must place an identifying tag on the property and keep it safe. A pawnbroker may not release that item for 120 days without the consent of the police or an order of the court.

If the police place a verbal hold on an item that has been reported as stolen, the police must give written notice confirming the hold to the pawnbroker or second-hand dealer holding the property within 10 business days. If the police do not give written notice, the hold order will cease. The pawnbroker or second-hand dealer must give the police written notice 20 days before the expiration of the 120-day period or the hold on the property will continue for an additional 120 days. The police may renew a hold for an additional 120-day period by giving written notice of an additional hold.

Property bought or received in pledge or by consignment by a second-hand dealer may not be removed from the place of business within 30 days after the receipt of that property, except when redeemed by or returned to the owner. The property must be available for inspection by the police.

Pawnbrokers may not sell property within at least a 60-day grace period after the term of the loan expires. After the grace period expires, the pawnbroker is not required to account to the person who received the loan for the proceeds from that item.

Prohibited Acts. It is a gross misdemeanor for a person to:

- alter a serial number or identifying mark on a piece of personal property that has been pledged;
- accept for pledge or second-hand purchase personal property on which the manufacturer's serial number or identifying mark has been altered;
- make or allow a false entry or misstatement of any material matter in records required to be maintained under pawnbroker and second-hand dealer laws;
- accept property from anyone under 18 years of age, anyone who is under the influence of drugs or alcohol, or anyone known by the pawnbroker or second-

hand dealer to be convicted of burglary, robbery, theft or receiving stolen goods; or

- engage in check cashing or selling without complying with the check casher and seller laws.

Attorneys' Fees and Costs. In a court action to determine title or ownership of an item, the prevailing party is entitled to reasonable attorneys' fees and costs.

Summary: The term of a loan is altered from a term of 30 days with a 60-day grace period to a term of 90 days.

Loan preparation fees are raised \$1 across the 56 ranges in the schedule of fees. As an example, the fee for a loan under \$5 is raised from 50 cents to \$1.50. The fee for a loan more than \$4,500 is raised from \$90 to \$91.

Pawnbrokers are allowed to charge a \$3 fee for the storage of property. Pawnbrokers may also charge an additional \$3 fee for the storage of a gun. Each fee may be charged only one time for each transaction.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SHB 1233

C 296 L 07

Addressing specified disease, hospital confinement, or other fixed payment insurance.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Ericks, Kirby, Roach, Williams, Jarrett and Simpson).

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

Background: Some insurance companies offer a limited benefit medical policy that allows employers to offer routine health and life insurance to their employees. Such a policy allows an employer to purchase coverage for employees that provides a calendar year maximum amount that will be covered for doctor's office visits, preventive care, prescription drug coverage, emergency room visits, surgery, and other procedures. A question has been raised whether such a policy is included in the statutory definition of "Health Plan" in the laws governing insurance.

Summary: The definition of "Health Plan" is modified to exclude illness-triggered fixed payment insurance, fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit. The Insurance Commissioner (Commissioner) will adopt rules specifying a standard disclosure for fixed payment insurance designed to enhance consumer understanding. The disclosure must state that the coverage will not cover the cost of most hospital and other medical services. The disclosure form will be filed for approval

with the Commissioner prior to use. These fixed payment policies must be offered as an independent and noncoordinated benefit from any other health plan. The Commissioner will provide an annual report to the Legislature on the experience with fixed payment insurance products.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 94 | 2 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 94 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1235
C 126 L 07

Providing confidentiality to certain insurance commissioner examinations.

By Representatives Kirby and Roach; by request of Insurance Commissioner.

House Committee on Insurance, Financial Services & Consumer Protection

Senate Committee on Financial Institutions & Insurance

Background: The Public Disclosure Act (Act) requires state agencies to make public records available to the public, unless the records are specifically exempted from the disclosure requirements or are made confidential by another statute.

In general, information the Insurance Commissioner (Commissioner) obtains from an insurer in the course of a financial or market conduct examination is exempt from the disclosure requirements of the Act.

Exception - Records Cited in an Official Agency Action. If the exempt records are cited by the Commissioner in connection with an official agency action, the records are subject to disclosure. In this case, the Commissioner must notify the entity that produced the records five business days before disclosure in connection with the agency action. The notified party may seek an injunction in any superior court in Washington to prevent disclosure.

Exception - Records Connected to Allegations of Official Negligence or Malfeasance. If exempt information obtained in the course of a financial or market conduct examination is connected to allegations of negligence or malfeasance by the Commissioner, then any person may petition any superior court in Washington for access to the information. In that case, the court must conduct an in-camera review after providing notice to the Commissioner and parties who provided information. The court may order the Commissioner to allow the petitioner access to the information. The petitioner must maintain confidentiality of the information. After conducting a hearing, the court may order disclosure of the information if the court finds that there is a public

interest in disclosure and that exemption from disclosure is not necessary to protect any individual's right of privacy or any vital government function.

Exception - Records Connected to Proposed Changes in Control or Ownership of Health Carriers.

Information related to a financial or market conduct examination undertaken as a result of a proposed change in control or ownership of a nonprofit or mutual health insurer must be disclosed, unless: the information is otherwise privileged or exempted from public disclosure; and the Commissioner finds that the public interest in nondisclosure outweighs the public interest in disclosure.

Summary: Information produced by, obtained by, or disclosed to the Commissioner in the course of financial analysis or a market conduct desk audit is generally exempt from public disclosure requirements.

The specific exceptions for information obtained by the Commissioner in a financial or market conduct examination are applicable to the information obtained by the Commissioner in the course of financial analysis or a market conduct desk audit. This includes:

- records cited in an official agency action;
- records connected to allegations of official negligence or malfeasance; and
- records connected to proposed changes in control or ownership of a nonprofit or mutual health insurer.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

HB 1236
C 127 L 07

Establishing certain capital and surplus requirements necessary to transact insurance.

By Representatives Roach, Kirby, Simpson and Moeller; by request of Insurance Commissioner.

House Committee on Insurance, Financial Services & Consumer Protection

Senate Committee on Financial Institutions & Insurance

Background: Insurance is regulated by the Office of the Insurance Commissioner (OIC). In order to be authorized to transact insurance in Washington, insurers must have a minimum amount of capital and surplus. There are 11 categories with capital and surplus requirements (this does not include health carriers which have net worth requirements). Each category has a required amount of paid-in capital stock or basic surplus and a requirement for additional surplus.

Property insurance categories and casualty insurance categories both generally range from a minimum of \$2 million in basic surplus and \$2 million in additional surplus for a single line of coverage to \$3 million in

basicplus and \$3 million in additional surplus for multiple lines of coverage.

The standards were established in 1994. In the 1994 act, foreign or alien insurers were required to meet the minimum standards by December 31, 1996. Domestic insurers that were holding certificates of authority prior to the passage of the 1994 act were grandfathered. They were allowed to continue to transact insurance if the domestic insurer continued to meet the standards for capital and surplus that were required prior to the 1994 act.

"Ocean marine and foreign trade insurance" is defined as including only:

- insurances upon vessels, crafts, hulls and of interests therein or with relation thereto;
- insurance of marine builders' risks, marine war risks, and contracts of marine protection and indemnity insurance;
- insurance of freights and disbursements pertaining to a subject of insurance coming within this definition; and
- insurance of personal property and interests therein, in course of exportation from or importation into any country, or in course of transportation coastwise, including transportation by land, water, or air from point of origin to final destination, in respect to, appertaining to, or in connection with, any and all risks or perils of navigation, transit, or transportation, and while being prepared for and while awaiting shipment, and during any delays, storage, transshipment, or reshipment incident thereto.

Summary: A minimum of \$2 million in basic surplus and \$2 million in additional surplus is required for insurers transacting ocean marine and foreign trade insurance.

Ocean marine and foreign trade insurance is added to the list of insurances in the category that sets forth the amount of basic surplus and additional surplus for an insurer transacting two lines of insurance.

Domestic insurers that are acquired or merged must meet the minimum capital and surplus requirement at the time of the completion of the acquisition or merger. Domestic insurers that have reached the minimum levels of capital and surplus may not return to 1994 levels.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 95 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SHB 1244

C 297 L 07

Defining wages for industrial insurance purposes.

By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Hankins, Clibborn, Wood, Hunt, Haler, Morrell, Kirby, Hasegawa, Moeller, Sells, Strow, McCoy, O'Brien, Ericks, Simpson, Green, Campbell, Williams, Kenney and Ormsby).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: Workers injured in the course of employment may receive various benefits under the Industrial Insurance Act. Compensatory benefits (time-loss, pension, and survivor benefits) for injured workers or their surviving beneficiaries are based on the monthly wages that the worker was receiving from all employment at the time of injury. For most purposes, wages include:

- the reasonable value of board, housing, fuel, or other consideration of like nature received from the employer;
- health care benefits (except during the periods the employer continues to provide it), valued at the employer's cost, under a decision by the Washington Supreme Court in *Cockle v. Department of Labor and Industries*;
- tips reported for federal income tax purposes; and
- the average monthly value of bonuses received from the employer in the preceding 12 months.

Rules adopted by the Department of Labor and Industries (Department) on "consideration of like nature" (including health care benefits) specify that the value of such consideration is only included in wages if:

- the employer provided the benefit to the worker at the time of injury;
- the worker received the benefit at the time of injury; and
- the worker or beneficiary no longer receives the benefit and the Department or self-insurer has knowledge of this change.

With respect to the requirement that the worker no longer receive the benefit, the rules further specify that, if the worker continued to receive the benefit from a union trust fund or other entity for which the employer made a financial contribution at the time of injury, the employer's monthly payment for the benefit is not included in wages.

Summary: As consideration of like nature to board, housing, and fuel, wages employer's payment or contributions, or appropriate portions thereof, for health care benefits are also included in wages unless the employer continues ongoing and current payment or contributions for these benefits at the same level as provided at the time of injury.

This change applies to all wage determinations issued on or after the effective date of the act.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 64 | 32 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 63 | 31 | (House concurred) |

Effective: July 22, 2007

HB 1247
C 161 L 07

Concerning eligibility for long-term care services.

By Representatives Morrell, Hinkle, Cody, Wallace and Moeller; by request of Department of Social and Health Services.

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

Background: The federal Deficit Reduction Act of 2005 limited the exemption status of an individual's home in determining eligibility for Medicaid-funded long-term care services. The state has the option to set the home equity standard between \$500,000 and \$750,000. The request legislation submitted by the Department of Social and Health Services sets the home equity exemption at no less than \$500,000.

Summary: Individuals with home equity in excess of \$500,000 will be ineligible for Medicaid-funded long-term care services based on an application filed on or after May 1, 2006. If there is a spouse, or blind, disabled, or dependent children under age 21 living in the home, the home equity rule will not apply. The dollar amount of the home equity standard will be increased each year, beginning in 2011, based on the percentage increase in the consumer price index.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 95 | 0 |
| Senate | 44 | 0 |

Effective: July 22, 2007

ESHB 1249

C 163 L 07

Authorizing a one-year deferral of hunter education training.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Blake, Kretz, Orcutt, Takko and Haigh).

House Committee on Agriculture & Natural Resources
Senate Committee on Natural Resources, Ocean & Recreation

Background: Hunter Education and Licensure. The Washington Department of Fish and Wildlife (WDFW) has authority to license all hunters. The WDFW also is authorized to establish hunting, trapping, and fishing seasons and prescribe the time, place, manner, and methods that may be used to harvest or enjoy game fish and wildlife. The money collected from the sale of licenses, permits, tags, and stamps is deposited into the State Wildlife Account.

A hunter education certificate is required in order to hunt, for a person born after January 1, 1972, and purchasing a hunting license for the first time. The instruction includes at least 10 hours in the safe handling of firearms, safety, conservation, and sportsmanship. The WDFW may also accept certificates from other states indicating that a person has successfully completed firearm safety, hunter education, or a similar course.

Hunting Violation Enforcement. If a person is convicted twice within 10 years for a violation involving unlawful hunting, killing, or possessing big game, the WDFW has authority to order revocation and suspension of all hunting privileges for two years. If the WDFW finds the person had a willful or wanton disregard for conservation of fish or wildlife, the WDFW is authorized to suspend all hunting privileges permanently. Other suspensions exist for such crimes as: bear baiting, illegal use of dogs, failing to appear at a hearing to contest a WDFW infraction, and assault on WDFW employees while performing their duties.

Summary: Hunter Education and Licensure. The WDFW is authorized to defer the hunter education certificate requirement for one year and allow an individual to hunt under the direct supervision and in the physical presence of an adult who has been licensed for at least the previous three years in Washington. The deferred hunter education license may be issued only once in a lifetime.

The application fee for a deferred hunter safety license may not exceed \$20 and must be used exclusively to administer the deferral program.

Hunter Violation Enforcement. If either the deferred education licensee or the required nondeferred accompanying person is convicted of a big game or hunter safety violation, the WDFW may revoke all hunting licenses

SHB 1255

and tags of either or both hunters and may order a suspension of either or both hunter's hunting privileges for one year.

Votes on Final Passage:

House 96 0
Senate 43 3

Effective: July 22, 2007

SHB 1255

C 298 L 07

Prohibiting municipal officers from being beneficially interested in legal services contracts made by, through, or under the supervision of the officer.

By House Committee on Local Government (originally sponsored by Representatives Simpson, Curtis, Sells, Walsh, Buri, B. Sullivan, Ericks, Ormsby and Moeller).

House Committee on Local Government
Senate Committee on Government Operations & Elections

Background: State statute prohibits a municipal officer from having a beneficial interest, whether direct or indirect, in any public contract that he or she is involved in creating. In addition, a municipal officer is prohibited from receiving any compensation in connection with such a contract from any other person with a beneficial interest. A "municipal officer" is broadly defined to include any elected or appointed officer of a local government, district, or municipal corporation, or any deputy or assistant to such officer, and all persons undertaking the exercise of the powers or functions of a municipal officer.

Exceptions are made to this general prohibition with respect to certain contractual arrangements meeting specified criteria, including but not limited to the following:

- leasing arrangements made by port districts;
- specified contracts involving payment of not more than \$1,500 per month;
- certain employment contracts involving wages of not more than \$200 per month;
- the designation of a school director to act as clerk or purchasing agent for a school district; and
- specified substitute teaching contracts.

Summary: Municipal officers are prohibited from having a beneficial interest in a contract for legal services related to his or her office, if he or she was involved in creating the contract or receives compensation from another person with a beneficial interest in such contract. However, a municipal officer may receive reimbursement for expenditures related to a legal services contract.

Votes on Final Passage:

House 95 0
Senate 48 0 (Senate amended)
House 98 0 (House concurred)

Effective: July 22, 2007

SHB 1256

C 299 L 07

Preventing serious injury and strangulation from window blind cords or other significant safety hazards in child care settings.

By House Committee on Early Learning & Children's Services (originally sponsored by Representatives Dickerson, Kagi, Hunter, O'Brien and Ericks).

House Committee on Early Learning & Children's Services

Senate Committee on Early Learning & K-12 Education
Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means

Background: The U.S. Consumer Product Safety Commission (CPSC) is charged with protecting the public from unreasonable risks of serious injury or death resulting from more than 15,000 types of consumer products under the agency's jurisdiction. The CPSC makes available updated publications regarding products that have been recalled or deemed unsafe for consumers to use.

Since 1991, the CPSC has received reports of 174 strangulations involving cords on window blinds: 152 strangulations involved the outer pull cords, which raise and lower the blind, and 22 involved the inner cords that run through the blind slats. The Window Covering Safety Council (WCSC), in cooperation with the CPSC, recalled millions of window blinds with pull cords and inner cords capable of forming a loop and causing strangulation. Window covering manufacturers also have produced redesigned products to reduce cord hazards.

The Department of Early Learning (DEL) is responsible for establishing the minimum child care licensing requirements related to the safety of child care premises. Licensed child care providers must maintain the building, equipment, and premises in a safe manner to protect children from injury.

In early December 2005, Jaclyn Frank, an 18-month-old baby girl from Washington, got caught in the cords of a window blind at a licensed family daycare home and died from strangulation.

Summary: A safety requirement for child care licensing is added to address the safety of corded window coverings. Window blinds or other window coverings with pull cords or inner cords capable of forming a loop and posing a risk of strangulation are prohibited in licensed-child care facilities. Window blinds and other coverings

manufactured or properly retrofitted for safety are not prohibited.

The DEL must consider publications of the CPSC when developing and reviewing the minimum licensing requirements related to the safety of child care settings. The DEL may provide child care providers with information regarding reduced or no-cost options for retrofitting or replacing unsafe window blinds or coverings.

The act will be known and cited as the Jaelyn Frank Act.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 1 | |
| Senate | 42 | 3 | (Senate amended) |
| House | 94 | 1 | (House concurred) |

Effective: July 22, 2007

SHB 1258
C 164 L 07

Changing the disbursement of funds by air pollution control agencies.

By House Committee on Local Government (originally sponsored by Representatives Alexander, Hunt, Curtis and Simpson).

House Committee on Local Government
Senate Committee on Government Operations & Elections

Background: Local air pollution control authorities (authorities) are established by the Washington Clean Air Act. Each authority is responsible for carrying out specified duties and exercising powers related to the preservation, protection, and enhancement of Washington's air quality. Each of Washington's 39 counties has an authority created within it; however, some county authorities are inactive. Counties with inactive authorities are served by the Washington Department of Ecology's Air Quality Program. Seven multi-county authorities have been formed by county boards of commissioners by combining county authorities with the authorities of adjacent counties.

Each authority is governed by a board of directors (board). The board of an activated authority has specific administrative and other powers prescribed in statute.

The treasurer of each component city, town, or county within an authority must create a separate fund for monies collected from taxes or other sources that are levied by or obtained for activated authorities. These monies must be forwarded quarterly by the treasurer of each applicable local government to a county treasurer designated by the board as its treasurer. This authority treasurer must establish and maintain the resulting funds as authorized by the board.

Monies expended from these funds must be disbursed through warrants drawn by a county auditor designated by the board as its auditor. The respective county must be reimbursed by the board for services rendered by the authority treasurer and auditor in connection with fund transactions.

Summary: Monies collected for an air pollution control authority in accordance with specified provisions may be disbursed upon warrants drawn either by an authority or a county auditor designated by the authority's board. Boards are not required to reimburse counties for services rendered by county treasurers in connection with the receipt of authority monies.

Technical changes are made.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SHB 1259
C 441 L 07

Allowing the parks and recreation commission to deny or revoke the issuance of a park pass in certain circumstances.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives B. Sullivan, Kretz, Blake and Moeller; by request of Parks and Recreation Commission).

House Committee on Agriculture & Natural Resources
Senate Committee on Natural Resources, Ocean & Recreation

Background: Park Passes. The State Parks and Recreation Commission (Commission) may charge fees for the use of campsites located at state parks. The rate of the fee is set by the Commission. However, regardless of the fee set, there are three categories of individuals who are eligible to receive a discounted rate for camping: seniors, people with disabilities, and veterans with service-related disabilities.

Seniors and people with disabilities are eligible for a pass that entitles them to a 50 percent discount in campsite rental fees. Veterans with a service-related disability are entitled to a pass that provides for the free use of any campsite.

Individuals who meet the requirements for the discounted passes must be given a pass. The passes are valid until surrendered. The Commission may only compel the surrender of a pass if the holder is found to no longer meet the eligibility requirements for the pass.

Prohibited Activities. It is illegal for any person, regardless of motive, to injure or destroy plant materials in a state park, or to kill or pursue with the intent to kill any bird or other animal in a state park. A person found

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guilty of killing or taking a plant or animal in a state park can be prosecuted for a misdemeanor.

Summary: The Commission is provided with the authority to deny or revoke a parks pass if there is cause. The Commission may find cause if the pass holder or applicant:

- is not a Washington resident;
- has violated laws or park rules that resulted in an eviction from a park;
- has intimidated, obstructed, or assaulted a park employee or volunteer;
- has used the pass in a fraudulent manner;
- provided false information on the application;
- refuses to display the pass when requested; or
- fails to provide current eligibility requirement information.

The Commission is also provided with the authority to enter into agreements for reciprocal discounted programs with other outdoor recreation agencies and to permit scientific research within a state park that provides for the killing of a bird or other animal.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 94 | 0 | (House concurred) |

Effective: July 22, 2007

ESHB 1260

C 300 L 07

Establishing contribution rates in the Washington state patrol retirement system.

By House Committee on Transportation (originally sponsored by Representatives Conway, Crouse, Fromhold, Kenney, Ericks, Ormsby, Simpson and Moeller; by request of Select Committee on Pension Policy).

House Committee on Transportation
Senate Committee on Transportation

Background: The Washington State Patrol Retirement System (WSPRS) covers all commissioned officers of the Washington State Patrol (WSP). Members of the WSPRS may retire at age 55 or after 25 years of service at any age. It is the only retirement system operated by Washington with a mandatory retirement age, which is 60 years of age.

In 2001 the Legislature adopted ESB 5143, which made the following changes to the WSPRS for members who joined the plan prior to January 1, 2003: (1) increased the annual cost-of-living adjustment benefits of retirees and survivors from a 2 percent per year simple increase to a 3 percent per year compounded Consumer Price Index-based increase; (2) changed the employee contribution rate from a fixed 7 percent of pay to the

greater of 2 percent or one-half of the total contribution rate required by the plan (with the state paying the other half); and (3) excluded voluntary overtime earned by members working for the Department of Transportation from the definition of salary.

The ESB 5143 also changed provisions of the WSPRS for members who became members after January 1, 2003. Some of the changes included: (1) changed the period used for calculating average final salary from two years to five years; (2) excluded annual and holiday pay cash outs from calculation of average final salary; (3) changed military service credit provisions to permit only the purchase of up to five years of interruptive military service credit; and (4) eliminated an automatic post-retirement death benefit and replaced it with an optional, actuarially-reduced survivor benefit like that offered in the Plans 2 and 3 of the state retirement systems.

The funding policy for the WSPRS calls for the total required contribution rate to be split evenly by employees and employers, except that: (1) there is a minimum contribution rate of 2 percent for employees; and (2) the survivor benefits for deceased members who were disabled prior to July 1, 2006, are funded exclusively through employer contributions. The employee and employer contribution rates for the 2005-07 fiscal biennium are both 4.51 percent. The contribution rates adopted by the Pension Funding Council (PFC) for the 2007-09 biennium are 6.70 percent for the employees and 7.75 percent for the employer.

There are 1,022 active members in the WSPRS and approximately 800 retirees.

Summary: The required member contribution rate will be one-half of the required total WSPRS contribution rate or 7 percent, whichever is less, plus 50 percent of the contribution rate increase caused by any benefit improvements effective on or after July 1, 2007. The employer contribution rate is the remainder of the required total contribution.

After July 1, 2009, the total contribution rate in the WSPRS may not drop below 70 percent of the system's normal cost as calculated under the entry age normal actuarial valuation method.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 1, 2007

SHB 1261

C 49 L 07

Purchasing service credit for periods of temporary duty disability in the law enforcement officers' and fire fighters' retirement system plan 2, the teachers' retirement system, the school employees' retirement system, and the public safety employees' retirement system.

By House Committee on Appropriations (originally sponsored by Representatives Crouse, Fromhold, Conway, Kenney, Ericks, Simpson, McDonald, Moeller, Campbell and Pearson; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The provisions for a state or local government employee to purchase service credit for time spent away from work due to an on-the-job injury vary depending on the retirement system to which the employee belongs.

Members of Plan 2 of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF 2) may receive up to six consecutive months of service credit for each temporary duty-related disability period. Members may purchase the service credit for each period by paying the member contributions for the period. The employer and state are also required to pay the employer contributions due for the period of disability. Members who are injured longer than six consecutive months may purchase the service credit for the period beyond six months by paying the member and employer contributions, plus interest.

Members of the School Employees' Retirement System (SERS) and the Public Safety Employees' Retirement Systems (PSERS) may purchase up to 12 consecutive months of service credit for each period of temporary duty-disability. Members must have received time-loss benefits from the Department of Labor and Industries, and they must pay the member contributions plus interest for the temporary duty-disability period. After the member pays their contributions plus interest, the member's employer is billed for the employer contributions plus interest.

In the Public Employees' Retirement System, a purchase of service credit for a period of duty-related disability is on the same terms as in SERS and PSERS; however, 2005 legislation increased the length of time for which service credit could be purchased in PERS for an occurrence of duty-related disability from 12 consecutive months to 24 consecutive months.

The Teachers' Retirement System (TRS) does not provide for the purchase of service credit for temporary duty-disability periods.

Summary: Members of PSERS, SERS, TRS, and LEOFF 2 are permitted to purchase up to 24 consecutive months of service credit for periods of temporary duty-related disability. A member purchasing service credit must pay the contributions, plus interest as determined by the Director of the Department of Retirement Systems, for the service that would have been made had the member been active and making contributions at the rates in effect during the period of disablement, and on the regular compensation that the member would have received. The employer and or state shall also pay contributions for the applicable service being purchased.

In LEOFF 2, only periods of service unearned due to a duty disablement that occurred on or after July 1, 2002, are eligible for purchase.

The Legislature reserves the right to revoke the service credit authorized under each plan, and no employee is entitled to receive the credit as a matter of contractual right.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 95 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SHB 1262

C 50 L 07

Addressing the public employment of retirees from the teachers' retirement system plan 1 and the public employees' retirement system plan 1.

By House Committee on Appropriations (originally sponsored by Representatives Bailey, Conway, Fromhold, Ericks, Simpson and Moeller; by request of Select Committee on Pension Policy).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: Separation From Service. A member must separate from service in order to qualify for a retirement allowance. Separation from service is defined in the Public Employees' Retirement System Plan 1 (PERS 1) to mean that the member has no oral or written agreement to resume work with their employer after entering retirement. In contrast, separation from service in the Teachers' Retirement System Plan 1 (TRS 1) requires that the member have no written agreement to resume work with their employer after entering retirement. After entering retirement status, a member may begin his or her retirement allowance on the first day of the month following the month that he or she applies for retirement benefits. The date that retirement benefits begins is referred to as a member's "accrual date."

Length of Separation From Service. Members of PERS 1 and TRS 1 who re-enter employment with an eligible employer within one month of retiring are subject to a benefit reduction. The reduction is equal to 5.5 percent of the monthly benefit for every eight hours worked that month and is applied until such time as the retiree remains absent from eligible employment for at least one full calendar month.

Retirees from PERS 1 who have been separated from service for one calendar month after their accrual date may work up to 867 hours per calendar year without a reduction in pension benefits. Retirees from PERS 1 who have been separated from service for three calendar months, and whose hiring meets specific approval and record-keeping requirements, may work up to 1,500 hours per calendar year without a reduction in pension benefits. Once the 1,500 hour limit is exceeded, pension benefits are suspended until the beginning of the next calendar year.

Retirees from TRS 1 who have been separated from service for one calendar month may work up to 1,500 hours per year without a reduction in pension benefits.

1,900-Hour Lifetime Limit. The number of years a PERS 1 retiree may work for 1,500 hours without a reduction in benefits is limited, however. Each PERS 1 retiree may only work for a lifetime cumulative limit of 1,900 hours beyond 867 hours per calendar year. The 2003 Legislature passed Substitute House Bill 1829, which added additional restrictions on reemployment by retirees that apply to PERS 1 but not TRS 1. (Substitute House Bill 1829 contained provisions adding similar restrictions to TRS 1, but those sections were vetoed by the Governor.)

False Claims. Both PERS and TRS have provided sanctions for filing false statements to the Department of Retirement Systems (DRS) since 1947. A person who files a false record or false statement to the DRS in any attempt to defraud the retirement systems is guilty of a gross misdemeanor in PERS and a felony in TRS. The felony provision in TRS was made a class "B" felony by the 2003 Legislature.

Summary: Separation From Service. The definition of "separation from service" in PERS is amended to specify that expressions or inquiries about postretirement employment by employers or employees do not constitute an agreement, and does not mean that separation from service did not occur. The definition of "separation from service" in TRS is amended to include the same language as PERS, as amended in the act. Separation from service does not occur in TRS when an employee and employer have a written or oral agreement to resume employment following termination. Claiming separation from service, and eligibility for a retirement benefit, when such an agreement exists may violate the TRS false claims provision.

False Claims. An additional false claims provision is added to TRS, specifically providing a gross misdemeanor penalty related to a member's separation from service and qualification for a retirement allowance.

Length of Separation From Service. The break in service required for members of TRS 1 required for eligibility for years of 1,500 hours of covered employment without suspension of retirement benefits is lengthened from one month to one and one-half months.

1,900-Hour Lifetime Limit. The number of hours a TRS 1 retiree may work for 1,500 hours without a reduction in benefits is limited to 1,900 hours in excess of 867 per year, cumulative for the lifetime of each retiree. This 1,900-hour restriction is applied prospectively after the effective date of the act.

Written Employer Hiring Policies. Several procedures for hiring retirees are added to TRS 1, and the PERS 1 procedure is also modified. A school board or the other highest decision-making authority must approve hiring a retiree. In both PERS 1 and TRS 1, an employer must hire a retiree pursuant to a written policy and must document a justifiable need to hire a retiree into the position being filled. The employer must also hire the retiree through the established process for the position, retain records of the procedures followed and decisions made in hiring, and provide those records in the event of an audit.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 2 |
| Senate | 48 | 0 |

Effective: July 22, 2007

SHB 1264

C 207 L 07

Addressing the portability of public retirement benefits.

By House Committee on Appropriations (originally sponsored by Representatives Fromhold, Conway, B. Sullivan, Kenney, Ericks, Haigh, Ormsby, Simpson and Moeller; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The Washington retirement system includes rules providing "portability" of a member's benefits between many of the retirement plans, allowing an individual who earns service in two or more plans or systems, such as the Teachers' Retirement System Plan 3 (TRS 3) or the Public Employees' Retirement System Plan 2 (PERS 2) to combine the service credit in various ways for calculating their benefits at retirement. The portability rules are not provided to members as contractual benefit rights.

The benefits of portability include the ability to restore withdrawn service credit from another portability covered plan upon reemployment in a covered plan, to combine service credit earned in all portability covered systems to become eligible for benefits, and to use the member's highest base salary to calculate the benefits from all the portability plans.

Plans covered by aspects of the portability provisions include PERS, TRS, the School Employees' Retirement System (SERS), the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2), the Washington State Patrol Retirement System (WSPRS), the Public Safety Employees' Retirement System, and the city retirement systems for Seattle, Tacoma, and Spokane. State retirement plans excluded from the portability provisions include the LEOFF 1 and the Judges' and Judicial Retirement Systems.

Base salary under the portability provisions is defined to exclude many items of compensation that are included within the definition of salary for calculation of benefits in many portability covered plans. Some of these items of compensation excluded from base salary are overtime, lump-sum payments for deferred annual or sick leave, severance pay, and many other lump-sum payments. In general, fewer of the lump-sum payments such as leave cash-outs at retirement are included in the Plans 2 and 3 of the various retirement systems than in the Plans 1. A common item of compensation that is included in individual plans, but excluded by the base salary definition of portability, is overtime.

Benefits calculated using the portability rules are also impacted by a limitation on benefits if one of the plans that the member has earned service in have a benefit "cap" or limitation on the total percentage of final earnings that may be used to calculate benefits. For example, PERS 1 and TRS 1 have a cap of 60 percent, and the WSPRS has a cap of 75 percent. The total benefits from the combined systems may not exceed the amount that the member would have received had the service all been rendered in one of the plans – and in the case that some of the service is in a capped plan, the cap can limit the portability benefit as well.

The Plans 3 of PERS, TRS, and SERS include a "20-year indexed benefit." This plan feature permits a member with 20 or more years of service to leave covered employment, not immediately collect a monthly defined benefit, and have the member's average final compensation increased by 3 percent per year from the time of separation until the time that benefits are commenced. Members of each of the Plans 3 may combine service for purposes of meeting the 20-year requirement of the indexed benefit. Since 1993 LEOFF 2 has also provided a 3 percent increase for members that similarly leave after 20 years of service – a provision that predates the Plans 3 by at least five years. However, LEOFF 2 ser-

vice may not be combined with Plan 3 service to qualify for the 3 percent indexed benefit.

Summary: If an item of compensation is included in all of a member's retirement plans covered by the portability rules, then it may be included in the base salary for calculating benefits under the portability provisions.

Members with fewer than 15 years of service in a plan with a percentage of pay cap that is covered by the portability provisions are not subject to the maximum benefit cap when calculating total benefits under the portability rules.

A member may combine service earned in LEOFF 2 with service earned in PERS, TRS, or SERS Plan 3 to qualify for the 20-year indexed benefit available in each of these four plans.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007

SHB 1266

C 487 L 07

Addressing death benefits for public employees.

By House Committee on Appropriations (originally sponsored by Representatives Conway, Fromhold, B. Sullivan, Kenney, Ericks, Simpson and Moeller; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The survivors of employees covered by many of the plans of the Washington retirement systems, as well as other state agency employees, are eligible for a \$150,000 lump-sum benefit in the event that the member dies as a result of injuries sustained in the course of employment. If the member belongs to the Public Employees' Retirement System (PERS), the Law Enforcement Officers and Firefighters Retirement System (LEOFF), the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), the Public Safety Employees Retirement System (PSERS), the Washington State Patrol Retirement System (WSPRS), or the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension System (VFFRORPS), then the benefit is paid from the plan. If the individual was a state, school district, or higher education employee that was not a member of one of the retirement systems listed above, then the benefit is paid as a sundry claim.

Additional death benefits are available to survivors of state retirement system members. The spouse or dependents of an individual covered by Social Security may be eligible for a death benefit if they meet age, income, or other restrictions. The age eligibility for the

Social Security death benefit is based on an age 65 eligibility for full benefits, and reduced benefits are available beginning at age 60. The size of the Social Security death benefit is dependent on the contributions the deceased made to Social Security during the member's career. Members of the WSPRS and the majority of the LEOFF members do not participate in Social Security.

A workers' compensation death benefit may also be payable from the Department of Labor and Industries for death resulting from injury sustained in the course of employment. A lump sum benefit may be payable from the Department of Labor and Industries for burial expenses, as well as a monthly benefit of 60 percent of gross wages up to 120 percent of the state's average wage.

Employees who meet the federal definition of "public safety officers," including some members of the LEOFF, WSPRS, PERS, and PSERS, are also eligible under the federal Public Safety Officers Benefit Act of 1976 for an inflation-indexed lump-sum death benefit of approximately \$295,000 in 2007.

Beginning in 1987, the Legislature enacted presumptions that when certain diseases were contracted by firefighters they were caused by job-related exposure. For these "occupational diseases," the work-related cause is established for workers' compensation benefits purposes. Initially, the occupational disease presumption applied only to respiratory disease, but in 2002 the Legislature expanded the list of occupational diseases for firefighters to include more conditions, including other exposures to smoke or toxic substances, certain types of cancer, and infectious diseases. Employees other than firefighters do not benefit from the presumption of cause and must establish that a workplace condition was the most likely cause of a disease.

Summary: The \$150,000 death benefit for members of the Washington retirement systems, as well as state agency, school district, and higher education employees, is payable upon death due to an occupational disease or infection that arises in the course of employment, as well as from injuries sustained in the course of employment.

Benefits for deceased members of PERS, LEOFF 1, TRS, SERS, PSERS, and VFFRORPS are paid from the member's plan. For deceased employees of state, school district, or higher education institutions who did not belong to these state retirement systems when they died, the benefit is payable as a sundry claim.

The survivor of a PERS Plan 2 member that left the employment of a PERS employer to enter the uniformed services of the United States and that died while honorably serving in Operation Enduring Freedom or Operation Iraqi Freedom after January 1, 2007, may receive an amount equal to 200 percent of the member's accumulated contributions, less any amount identified as owing to an obligee upon withdrawal of accumulated contribu-

tions pursuant to a divorce-related court decree filed with the Department of Retirement System.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 95 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 46 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 1267

C 418 L 07

Modifying commercial driver's license requirements.

By House Committee on Transportation (originally sponsored by Representatives Wallace, Upthegrove, Lovick, Hankins and Dickerson; by request of Department of Licensing).

House Committee on Transportation

Senate Committee on Transportation

Background: The operation of commercial motor vehicles is regulated under both state and federal law. In order to operate a commercial motor vehicle in Washington, a person generally must hold a commercial driver's license with the applicable endorsements for the vehicle he or she is driving.

However, this requirement does not apply to the following persons:

- the operator of a farm vehicle controlled and operated by a farmer. The vehicle itself must also be used to transport agricultural products, farm machinery, or farm supplies to or from a farm. Finally, the vehicle may not be used in the operations of a common or contract motor carrier, and it must be used within 150 miles of the person's farm.
- a firefighter or law enforcement officer operating emergency equipment who has completed an approved driver training course; or
- the operator of a recreational vehicle used for non-commercial purposes.

To receive a commercial driver's license from the State of Washington, an applicant must be a resident of the state and pass knowledge and skills tests that comply with minimum federal standards.

Summary: The fee charged by the Department of Licensing (DOL) for a skills examination for a commercial motor vehicle license is increased from \$50 to \$100, unless the applicant's primary use of the license is for a public benefit not for profit corporation that is either a head start program or supporting early childhood education and assistance programs), in which case the fee is \$75.

A person seeking a commercial driver's license must have successfully completed a course of instruction in the operation of a commercial motor vehicle that has been approved by the Director of the DOL or be certified by an employer as having the skills and training necessary to safely operate a commercial motor vehicle.

The DOL may waive the requirement for instruction in the operation of a commercial motor vehicle for an applicant that has been issued a valid commercial driver's license in another state and is transferring to Washington.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 81 | 14 | |
| Senate | 42 | 6 | (Senate amended) |
| House | 78 | 16 | (House concurred) |

Effective: January 15, 2008

HB 1270
C 208 L 07

Modifying provisions of the consumer loan act with respect to loan restrictions.

By Representatives Kirby, Roach and Moeller.

House Committee on Insurance, Financial Services & Consumer Protection

Senate Committee on Financial Institutions & Insurance

Background: Consumer loan companies are lenders authorized to make loans for more than the usury rate. 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 (DFI) under the Consumer Loan Act.

Licensees. A person may not make a loan under the Consumer Loan Act unless the person is licensed in accordance with the Consumer Loan Act. Licensees must maintain a surety bond. The amount of the bond may vary depending on the number of licensed locations and the type of security used to secure a loan. Licensees must pay an annual assessment. Assessments are determined by rule by the Director of the DFI.

Open-End Loans. An "open-end loan" is a loan that provides that:

- the borrower may take advances;
- the amount of an advance and permitted charges are debited to the borrower's account;
- charges are computed on the unpaid balance periodically;

- the borrower may pay in monthly installments that are fixed or determinable; and
- the borrower may pay the full amount at any time without a prepayment penalty.

Loan Restrictions. A licensee may not make a loan with a repayment period greater than six years and 15 days after the loan is originated unless the loan is an open-end loan or a loan secured by real estate or personal property used as a residence.

Disclosure. 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.

Unfair Practices. 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. The Director of the DFI has authority to adopt rules to implement the Consumer Loan Act.

Violations of the chapter that constitute unfair or deceptive acts or practices are violations of the Consumer Protection Act.

Enforcement. The Director of the DFI may:

- impose fines and take other steps necessary for enforcement;
- remove from office any officer, principal, or employee of a licensee, under certain specified conditions;
- issue cease and desist orders; and
- deny, suspend, or revoke licenses.

Summary: The repayment time cap on certain loans is removed. A licensee may make a loan with a repayment period greater than six years and 15 days after the loan for all types of loans under the Consumer Loan Act.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

SHB 1276

C 228 L 07

Creating a public-private tourism partnership.

By House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Linville, McDonald, Dunshee, Chase, Upthegrove, Strow, Dunn, Haler, VanDeWege, McCune, Kenney, Roberts and Morrell; by request of Governor Gregoire).

House Committee on Community & Economic Development & Trade

House Committee on Appropriations

Senate Committee on Economic Development, Trade & Management

Senate Committee on Ways & Means

Background: According to the "Washington State Statewide Travel Impacts & Visitor Volume 1991-2006" report prepared by Dean Runyan Associates, the performance of the Washington travel industry for calendar year 2006 exceeded the U.S. travel industry in terms of spending, employment, and air travel. Total direct spending in Washington is estimated to be \$13.8 billion for 2006, which is an 8.6 percent increase over 2005. International visitors account for 10 percent of all visitor spending for the year. Travel spending directly generated \$908 million in state and local tax revenues in 2006. Over one-half of visitor spending is spent by overnight visitors who stay in commercial lodging. In 2006, travel spending directly supported 146,100 jobs with earnings of \$4.0 billion. Dean Runyan Associates found that visitor spending has a greater impact in rural counties than urban. In fact, rural counties were the top 10 counties with the highest proportion of travel generated earnings, employment and tax receipts.

The State Tourism Program is administered by the Department of Community, Trade and Economic Development (DCTED). The DCTED is advised by the Tourism Development Advisory Committee (TDAC). The TDAC is composed of 15 members, including four legislators. The remaining 11 members are appointed by the Director of the DCTED. The TDAC must meet at least twice per year, and they are charged with reviewing and commenting on the tourism development plan presented by the DCTED. In addition, the TDAC may advise the Director of the DCTED concerning the tourism activities the DCTED should take.

At the end of each fiscal year, the DCTED must submit a report to the policy and fiscal committees of the Legislature describing the tourism development program and quantify the financial benefits to the state. In addition, the report must contain information regarding targeted markets, benefits to different areas of the state, the return on the state's investment, and other relevant information regarding tourism development.

Summary: The current Tourism Development Advisory Committee is eliminated. The Washington Tourism Commission (Commission) is created, to be co-chaired by the Director of the DCTED and by an industry member elected by the other Commission members.

Membership. There are 19 members of the Commission, including four legislators, one from each of the major caucuses of the House of Representatives and the Senate. The House of Representative members are appointed by the Speaker of the House and the Senate members are appointed by the President of the Senate. The remaining 15 members are appointed by the Governor. Prior to making appointments, the Governor must consider nominations from recognized organizations that represent the entities or interests from the industry sectors that must have representation under this act. The 15 members appointed by the Governor must include: three representatives of the lodging industry (two of whom shall be chosen from a list of three nominees from the state's largest lodging industry trade association), three representatives from nonprofit destination marketing organizations or visitors and convention bureaus; three representatives from the arts, entertainment, attractions or recreation industries; four private industry representatives, including two from the food, beverage and wine industries, and two from the travel and transportation industries; the Chair of the Washington Convention and Trade Center; and the Director of the DCTED. In making the appointments, the Governor must endeavor to balance the geographic and demographic composition of the Commission to include members with special expertise from tourism organizations, local jurisdictions, and small businesses directly engaged in tourism-related activities.

Legislative members of the Commission serve two-year terms. Non-legislative members serve three-year terms. The first members will be appointed to staggered terms in order to ensure that each year only one-third of the nonlegislative members' terms end.

Administration. The Commission must meet at least four times per year; however, if necessary, they may meet more often. Members of the Commission will be reimbursed for travel expenses. A quorum is necessary to conduct business and shall consist of a majority of the members. Staff support must be provided by the DCTED, and an executive director, appointed by the Director of the DCTED in consultation with the Commission, shall administer the Commission.

Powers and Duties. In cooperation with public and private tourism development organizations, the Commission must pursue a coordinated program to expand the tourism industry throughout Washington.

The Commission must develop and approve, as well as update when necessary, a six-year strategic plan. The strategic plan at a minimum must include: promoting Washington as a tourism destination to national and

international markets, including nature-based and wildlife viewing tourism; providing information to businesses and local communities on tourism opportunities that could expand local revenues; assisting local communities to strengthen their tourism partnerships; providing leadership training and assistance to local communities to facilitate the development and implementation of local tourism plans; and coordinating the development of a statewide marketing plan by March 31, 2008, and every two years thereafter. If the Commission does not adopt a marketing plan by March 31 of each even-numbered year, the DCTED Director has the authority to approve a tourism marketing plan. The marketing plan must specifically address the mechanisms for: funding national and international marketing and nature-based tourism efforts; interagency cooperation; and integrating the state plan with local tourism plans. The DCTED staff is responsible for implementing the strategic plan and the tourism marketing plan.

The Commission may solicit and receive gifts, grants, funds, fees and endowments for the Tourism Enterprise Account. The Commission may also host conferences and strategic planning workshops relating to nature-based and wildlife viewing tourism. In addition, the Commission may conduct or contract for tourism-related studies and contract with individuals, businesses or public entities to carry out its tourism related activities. The Commission may provide tourism-related organizations with marketing and other technical assistance.

Grant Program. A Tourism Competitive Grant Program is created as an ongoing program to enhance local efforts that support tourism-related activities. The Commission is tasked with developing and publicizing the formal selection criteria for the grant program. The grant criteria should include: the return on investment of state funding; the availability of other financial resources to the applicant; and the level of community support. Eligible applicants include local governments, nonprofit organizations and federally recognized Indian tribes.

Subject to available funding, the Commission must solicit applications and award grants to successful applicants at least once per year. Grant awards must reflect geographic and demographic diversity and the variety of tourism activities. In addition, grant recipients are required to match the grant with equal funds; however, the match cannot be in-kind donations. The maximum grant award will be determined by the Commission. The grant may not be used for the applicant's administrative costs.

Report. Annually, the Commission must submit a tourism report to the Legislature. The report must include information regarding the competitive grants disbursement and a copy of the most recent strategic plan.

Tourism Enterprise Account. The Tourism Enterprise Account is created in the custody of the State Treasurer. Gifts, grants, fees and endowments received from tribal, local and other governmental entities, as well as private sources, must be deposited into the Tourism Enterprise Account instead of the Tourism Development and Promotion Account. Only the Commission executive director or designee may authorize expenditures from the Tourism Enterprise Account, which is subject to allotment, but not appropriation.

Funds from the State Convention and Trade Account will be transferred into the Tourism Enterprise Account. These funds must be matched with private sector cash contributions or through in-kind contributions. For Fiscal Year 2009, 25 percent of the transferred funds are subject to the matching requirement. In Fiscal Year 2010, 50 percent of the transferred funds are subject to the matching requirement. Beginning in Fiscal Year 2011 and thereafter, the transferred funds must be matched 100 percent with private contributions.

Beginning in Fiscal Year 2008, up to \$4 million of funds from the State Convention and Trade Account may be transferred to the Tourism Enterprise Account. In addition, up to \$500,000 may be transferred from the State Convention and Trade Account to the Tourism Development and Promotion Account. Funds necessary for debt service and reserves for bonds issued and future issuances for the Museum of History and Industry as well as for the expansion of the State Convention and Trade Center must be maintained in the State Convention and Trade Account. No less than \$6.15 million per year, subject to an annual escalation, shall be retained in the State Convention and Trade Account for funding the State Convention and Trade Center capital maintenance. In addition, sufficient funds to fund operating appropriations for the annual operation of the Convention Center must be retained in the State Convention and Trade Center.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 94 | 2 | |
| Senate | 49 | 0 | (Senate amended) |
| House | 93 | 1 | (House concurred) |

Effective: July 22, 2007

2SHB 1277

C 229 L 07

Expanding competitive local infrastructure financing tools projects.

By House Committee on Finance (originally sponsored by Representatives Kelley, Simpson, Wood, P. Sullivan, Conway, Kenney, Ericks, Rolfes and Morrell; by request of Governor Gregoire).

House Committee on Community & Economic Development & Trade

House Committee on Finance

Senate Committee on Economic Development, Trade & Management

Senate Committee on Ways & Means

Background: The Local Infrastructure Financing Tool (LIFT) Program was created to assist local government to promote economic development. The LIFT is available for selected public improvement projects designed to increase private development in the area, using increased property tax revenues, excess excise tax revenues and revenues generated through a sales and use tax credited against the state sales and use tax in the revenue development area (RDA) to finance the improvements. An RDA must be comprised of contiguous tracts, lots, pieces or parcels of land and have less than \$1 billion in assessed value for the taxable real property within the RDA. The average assessed value per square foot of the taxable land within the RDA may not exceed \$70 per square foot. In addition, an RDA may not comprise more than 25 percent of the total assessed value of the taxable real property within the boundaries of the local government creating the RDA. Boundaries of an RDA may not be drawn in such a way as to purposely exclude parcels where economic development is unlikely to occur. A county may only have one RDA within its boundaries. Once created, the boundaries of the RDA may not be changed.

LIFT Projects. The LIFT Projects are approved by the Community Economic Revitalization Board (CERB), in consultation with the Department of Revenue (DOR) and the Department of Community, Trade, and Economic Development (DCTED). However, demonstration projects must be approved prior to any other application. The demonstration projects are the Bellingham redevelopment project (\$1 million per year), the Spokane River district project (\$1 million per year), and the Vancouver Riverwest project (\$500,000 per year). The CERB will apply the following criteria to the competitive projects: the project's potential to enhance the sponsoring local government's regional and/or international competitiveness; the project's ability to encourage mixed-use development and the redevelopment of a geographic area; achieving an overall distribution of projects statewide that reflect geographic diversity; the estimated wages and benefits for the project is greater than the

average labor market area; the estimated state and local net employment change over the life of the project; the estimated state and local net property tax change over the life of the project; and the estimated state and local sales and use taxes increase over the life of the project.

Public Improvements. The LIFT must be used to finance public improvements, including: street, bridge, and road construction and maintenance; water and sewer system construction and improvements; sidewalks, traffic controls, and streetlights; parking, terminal, and dock facilities; park and ride facilities; park facilities and recreational areas; storm water and drainage management systems; and affordable housing. The LIFT may not be used to finance public stadiums currently funded by a public facilities district.

The LIFT must be used for public improvements identified within the capital facilities, utilities, housing, or transportation elements of a comprehensive plan required by the Growth Management Act (GMA), except for public improvements that are considered historical preservation activities. It must be expected to encourage private investment within the RDA and to increase the fair market value of real property within the RDA. The public improvement costs may include the costs of: design, planning, acquisition, site preparation, construction, reconstruction, rehabilitation, improvement and installation of public improvements; demolishing, relocating, maintaining, and operating of property pending construction of the public improvements; the costs of financing the public improvements; assessment incurred in revaluing real property and apportioning the taxes in the RDA; and reasonably related administrative costs and feasibility studies.

The sponsoring local government must have entered or expects to enter into an agreement with a private developer or have received a letter of intent from a private developer relating to the developer's plans for private improvements within the RDA. Such private development must be consistent with the countywide planning policy adopted by the county and the local government's comprehensive plan. The sponsoring local government must find that the RDA is in need of economic development or redevelopment. The local government must also find that the public improvements financed in whole or in part with the LIFT are reasonably likely to:

- (1) increase private investment within the RDA;
- (2) increase employment within the RDA;
- (3) generate, over the period of time that the local sales and use tax will be imposed, state and local property and sales and use tax revenues that are equal to or greater than the respective state and local contributions made under this program; and
- (4) improve the viability of existing communities and increase private residential and commercial investment within the RDA.

Prior to adopting an ordinance creating an RDA, the sponsoring local government must obtain written agreement from any participating local governments and participating taxing districts to use dedicated amounts of revenues from their local public sources, local excise tax allocation revenues, and local property tax allocations for LIFT. The governing body of each participating local government and taxing district must authorize its participation. A public hearing must be held by the sponsoring local government at least 30 days before passage of the ordinance establishing the RDA. Notice of the public hearing on the proposed ordinance creating the RDA must be sent by U.S. mail to all property owners and business enterprises located within the proposed RDA at least 30 days prior to the hearing.

Local Property Tax Allocation Revenue Value. The property tax allocation revenue value is defined as 75 percent of any increase, over the tax allocation base value, in the assessed value of real property in an RDA that is placed on the assessment rolls after the RDA is created. In calculating the regular property tax allocation revenue value, regular property taxes levied by voters for a specific purpose are not to be included. Tax allocation base value is the assessed value of real property located within an RDA for taxes levied in the year in which the RDA is created for collection in the following year, plus 100 percent of any increase in the assessed value of real property located within an RDA that is placed on the assessment rolls after the RDA is created, less the property tax allocation revenue value.

In the second calendar year following the effective date of the ordinance creating the RDA, the county treasurer distributes the receipts from regular taxes on real property in the RDA as follows:

- (1) Each participating taxing district and the sponsoring local government that created the RDA must receive the portion of its regular property taxes by the rate of tax levied by or for the taxing district on its tax allocation base value or upon the total assessed value of real property in the taxing district, whichever is smaller.
- (2) The sponsoring local government must receive an additional portion of the regular property taxes levied by it and by or for each participating taxing district upon the property tax allocation revenue value in the RDA. If there is no property tax allocation revenue value, the local government does not receive any additional regular property taxes.

The county assessor must allocate any increase in the assessed real property value occurring in the RDA to the tax allocation base value and the accrued value, as appropriate. The apportionment must cease when the property tax allocation revenue value is no longer obligated or necessary to pay the last of the public improvements.

Local Excess Excise Taxes. The sponsoring local government that creates an RDA or any participating

local government, may use annually any excess excise taxes received by it from taxable activity within the RDA to finance the public improvement costs financed in whole or in part by local infrastructure financing. When tax allocation revenues are no longer necessary or obligated to pay the costs of the public improvements, the local government may no longer retain the excess excise taxes. Any participating taxing authority may allocate excess excise taxes to the local government so long as the CERB has approved the local government's imposition of the additional local sales and use tax.

The excess excise tax is the amount of excise taxes received by a local government during the measurement year within the RDA over and above the amount of excise taxes received there during the base year from taxable income within the RDA. The base year is the first calendar year following the creation of the RDA and the measurement year is a calendar year, beginning with the calendar year following the base year, that is used annually to measure the amount of excess excise taxes required to be used to finance the public improvement costs. However, if no excise taxes were received in the RDA in the 12 months prior to the creation of the area, then the excess excise taxes are the total amount of excise taxes received in each calendar year after the area is created.

Sales and Use Tax. A sponsoring local government may impose a sales and use tax. The tax is in addition to other taxes authorized and will be collected from those who are taxable by the state retail sales tax and use tax for any taxable event within the jurisdiction. The rate cannot exceed 6.5 percent less the aggregate rates of any other taxes imposed on the same event that are already credited against the state sales and use taxes. The DOR must collect the tax on behalf of the sponsoring local government at no cost and remit it to the sponsoring government. The sales and use tax may not be imposed until after July 1, 2008, and approved by the CERB. The local sponsoring jurisdiction must first have received tax allocation revenues derived from both real property taxes or excess excise taxes during the preceding calendar year. The proceeds may only be used for the payments of principal and interest on the bonds issued for the public improvements financed through the local infrastructure financing. This tax expires when bonds issued are retired, but not more than 25 years after being imposed.

The CERB, in consultation with the DOR, will approve the amount of the sales and use tax that an applicant may impose. The amount may not exceed the lesser of \$1 million or the average amount of tax revenue the applicant estimates it will receive in all fiscal years through the imposition of the sales and use tax. The state contribution limit is \$5 million per year. Each year, the amount of taxes approved by the CERB for distribution to a sponsoring local government in the next fiscal year shall be the lesser of the amount of the project award in

the approval notice or an amount equal to the state contribution. In determining the amount of the state contribution, the CERB will consider the information from the sponsoring local government's annual reports.

Local governments must notify the DOR by March 1 of the amount of local infrastructure financing dedicated in the previous calendar year to finance the authorized public improvement and the tax allocation revenues derived in the previous calendar year from the regular property taxes on the accrued value and distributed to finance the public improvements. Money must be used only for the purpose of principal and interest payments on bonds issued for a project and must be matched with an amount from local public sources dedicated through December 31 of the previous calendar year to finance the authorized public improvements. Local public sources may include private monetary contributions and tax allocation revenues. The money generated from the sales and use tax must actually be expended to pay public improvement costs, and the tax is available so long as the local jurisdiction has outstanding indebtedness.

The LIFT program expires June 30, 2039.

Summary: The limit of the annual state contribution to LIFT projects in the state is increased from \$5 million per year to \$7.5 million per year. (This will allow an additional round of applications for \$2.5 million in the competitive LIFT project awards in calendar years 2008.)

The definition of "revenues from local public sources" is updated to preclude using other state moneys as the required local match.

The definition of "property tax allocation revenue value" is updated to reflect what property is considered new to assessment rolls for the purposes of calculating property tax allocation revenues. This includes the rehabilitation of certain historic properties and certain new housing construction, conversion and rehabilitation improvements that occur after the RDA is approved by the CERB.

A definition for "initial year" is added to clarify how to calculate the property tax allocation revenue in different situations where the property has been improved. In addition, a definition of "real property," consistent with other property tax statutes, is added to the statutes.

Deadlines for applications and approvals are established. Demonstration project applications must be received by the CERB by July 1, 2008. Competitive project applications submitted to the CERB by July 1, 2007, must be acted on by the CERB by September 15, 2007. Competitive project applications submitted to the CERB by July 1, 2008, must be acted on by the CERB by September 15, 2008.

For applications submitted after November 1, 2007, new selection criteria is added. First, a competitive project proposal must establish the economic impact and need for the LIFT project. In addition, project applicants must demonstrate that over the life of the project neither the local excess sales taxes or local property taxes constitute more than 80 percent of the matching funds. Finally, a project located within an urban growth area must demonstrate that the project utilizes existing urban infrastructure or that the transportation needs of the project will be adequately met through the use of LIFT or other sources. In addition, the CERB, in consultation with the Washington State Economic Development Commission, must develop the relative weight to be assigned to the statutory criteria.

Two exceptions are added to the one RDA per county restriction. First, an RDA located in more than one county that is established by a sponsoring local jurisdiction that is located in more than one county does not count towards the one RDA per county restriction. In addition, the three named demonstration projects in current law, Bellingham, Vancouver, and Spokane, do not count towards the one per county restriction. In addition, the average square foot value of \$70 restriction is clarified. This valuation will be applied as of January 1 of the year in which the sponsoring local government submits its application to the CERB. Also, an RDA is prohibited from overlapping another part of an RDA or a Hospital Benefit Zone.

The requirement that the public hearing on the ordinance be held 30 days prior to the adoption of the ordinance is eliminated.

The sponsoring local government may issue bonds to finance the improvement costs or pay the public improvement costs on a pay-as-you-go basis for the first five years.

The statutory language is updated to reflect the role and timing of the CERB in approving the LIFT projects.

The DOR and the DCTED are given rule-making authority.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 96 | 2 | |
| Senate | 46 | 1 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 45 | 0 | (Senate amended) |
| House | 96 | 2 | (House concurred) |

Effective: July 22, 2007

SHB 1278

C 51 L 07

Modifying industry average unemployment contribution rates.

By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Simpson and Kenney; by request of Governor Gregoire).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: Washington's unemployment insurance system requires covered employers to pay contributions on a percentage of taxable payroll. The contributions of covered employers are held in trust to pay benefits to unemployed workers. The contribution rates are the sum of an array calculation factor rate, a graduated social cost factor rate, and in some circumstances, a solvency surcharge.

For qualified employers:

- The array calculation factor rate depends on the employer's layoff experience. Employers are placed in one of 40 rate classes, with the array calculation factor rate ranging from 0 percent to 5.4 percent.
- A flat social cost factor rate is calculated as the difference between benefits paid and taxes paid, divided by total taxable payroll. The amount is then adjusted for the months of benefits in the trust fund. Employers pay a graduated social cost factor rate, ranging from 78 percent to 120 percent of the flat rate, depending on the employer's rate class.

Nonqualified employers include those who have had employees for two years or less as of April 1 of the previous year. Unemployment insurance contribution rates for new employers are 115 percent of average industry rates. The rates are subject to the following limitations:

- The array calculation factor rate may not be less than 1 percent or more than 5.4 percent (the rate in rate class 40).
- The social cost factor rate is may not be more than the rate assigned to rate class 40.

Summary: Unemployment insurance contribution rates for new employers are:

- 90 percent of average industry rates if, in the three fiscal years prior to the computation date, benefits charged to new employers are less than 95 percent of contributions paid by new employers;
- 100 percent of average industry rates if benefits charged are at least 95 percent but less than 105 percent of contributions paid; and
- 115 percent of average industry rates if benefits charged are at least 105 percent of contributions paid.

The rates are subject to the following limitations:

- The array calculation factor rate may not be less than 1 percent or more than 5.4 percent (the rate in rate class 40).
- The social cost factor rate may not be more than the rate assigned to rate class 40.

Votes on Final Passage:

House 96 0

Senate 43 3

Effective: July 22, 2007**SHB 1279**

C 128 L 07

Establishing the poet laureate program.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Skinner, Kessler, Lantz, Hasegawa, Dickerson, Haler, McIntire, Conway, Newhouse and Kenney).

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: A poet laureate is a poet officially appointed by a government and expected to perform various duties such as composing poems for government events or promoting the appreciation of reading and writing poetry. Since the Middle Ages in England, the poet laureate has been the title given to the official poet of the monarch. Many former British colonies, such as Canada, South Africa, and the United States, appoint poets laureate. In the United States, many other states and cities do so.

Summary: The Legislature wishes to recognize:

- the value of poetry and the contribution Washington poets make to the culture of the state;
- that poetry is a literary form respected and growing throughout all segments of Washington's population;
- that awareness and appreciation of poetry encourages increased literacy and advanced communication skills; and
- that Washington has produced many excellent and nationally recognized poets.

The Washington State Arts Commission (Commission) must establish and administer the Poet Laureate Program. A committee, appointed and coordinated by the Commission, will recommend a poet laureate for a two-year term. The Commission, with the approval of the Governor, makes the final selection. The poet laureate must be a published poet, a resident of Washington, active in the poetry community, and willing and able to promote poetry throughout the two-year term.

The poet laureate must engage in activities to promote and encourage poetry within the state and will receive compensation at a level determined by the Commission.

A nonappropriated Poet Laureate Account is created in the custody of the State Treasurer. After an initial \$30,000 appropriation, the Commission must fund the Poet Laureate Program through gifts, grants, or endowments from public or private sources

Votes on Final Passage:

House 90 5
Senate 45 2

Effective: July 22, 2007

2SHB 1280
C 129 L 07

Providing for the use of the school district capital projects funds for technology.

By House Committee on Capital Budget (originally sponsored by Representatives Ericks, Jarrett, Quall, O'Brien, Strow, Morrell, Roach, Hunt, McDonald, Chase, Simpson, Haler, Moeller, McCune, Schual-Berke, Miloscia and Springer).

House Committee on Education
House Committee on Capital Budget
Senate Committee on Early Learning & K-12 Education

Background: School districts must establish a general fund for maintenance and operations of the district and a capital projects fund for major capital projects. Proceeds from bond sales, capital fund investments, and excess levies for construction, modernization, or remodeling of school facilities (capital levies) are deposited in the capital projects fund. Monies in the capital projects fund can be used for specified purposes, including: major renovation, energy capital improvements, and major items of equipment and furniture (except vehicles). Since 2002, capital project funds may also be used for the costs of: implementing technology systems, facilities, and projects; acquiring hardware, licensing software, and online applications; and training related to technology installation.

Some school districts propose technology levies to their voters. Technology levies are really capital levies that the school district proposes to use for technology as allowed by the law. Under the State Constitution and statute, capital levies may be authorized for up to six years. There is no levy lid for capital levies.

School districts pay for other technology costs from their general maintenance and operations fund with funds coming from state allocations for nonemployee-related costs and any local maintenance and operations levies. School districts that do not have capital levies

may be relying on maintenance and operating funds for all technology-related purchases.

Summary: The authorized uses of school district capital projects funds for technology are expanded to include costs associated with the application and modernization of technology systems for operations and instruction. These costs include: ongoing fees for on-line applications, subscriptions, or software license; upgrades and incidental services; and ongoing training related to the installation and integration of the technology.

A school district using capital projects funds for the expanded purposes must transfer the funds to the district's general fund. The Superintendent of Public Instruction must adopt accounting guidelines for these transfers in accordance with Internal Revenue Service regulations.

The limitations of current law that prevent a district from authorizing more than one maintenance and operations levy during the same time period do not apply to capital levies.

Votes on Final Passage:

House 64 33
Senate 32 15

Effective: July 22, 2007

SHB 1287
PARTIAL VETO
C 409 L 07

Modifying foster children placement provisions.

By House Committee on Early Learning & Children's Services (originally sponsored by Representatives Kagi, Hinkle, Walsh, Haler, Appleton, Simpson, Moeller and Kenney; by request of Department of Social and Health Services).

House Committee on Early Learning & Children's Services
House Committee on Appropriations
Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means

Background: Shelter Care Hearings. When children are taken into the custody of the Department of Social and Health Services (DSHS) as a result of allegations of abuse or neglect, a shelter care hearing must be held within 72 hours. If the child is not returned home at the shelter care hearing, the DSHS makes continuing arrangement for the child's care. This includes providing for the child's care, and health and educational needs. If the court later finds that the abuse or neglect of the child supports a finding of a dependency, a series of review hearings are held which require the court to make certain determinations related to the status of the case, including a determination of whether the child has been placed in

the least restrictive setting and whether placement with a relative has been given consideration and preference. State law grants foster parents, pre-adoptive parents, and relative care givers a right to an opportunity to be heard in these dependency review hearings. Foster parents, pre-adoptive parents, and relative care givers also are entitled to notice of these review hearings.

Educational and Medical Records of Children in Out-of-Home Care. When a child enters foster care, the DSHS is required to provide care givers with the child's health and education records to the extent they are available. The availability of the child's records depends in part on where the records are maintained. Whether or not the entity maintaining the records has a clear understanding of the laws governing access to and sharing of health and education records also can impact the time it takes for the DSHS to access the child's records. As part of the work completed by the DSHS Education Oversight Committee, a standard order for use at shelter care hearings was developed to expedite the DSHS's access to the child's health and education records.

The Safe and Timely Interstate Placement of Foster Children Act of 2006. In July 2006, the Safe and Timely Interstate Placement of Foster Children Act of 2006 (Act) became federal law. The Act requires state courts to ensure that foster parents, pre-adoptive parents, and other care givers have the right to be heard in all proceedings regarding children in their care.

Summary: When a child is placed in out-of-home care as a result of suffering abuse or neglect, the court is required to enter an order: (1) authorizing the DSHS to obtain the child's most recent medical health, mental health, and educational records; and (2) authorizing foster parents and other care givers to manage enrollment and other school-related processes and services on behalf of the child. Notice of these orders being entered must be included in the standard notice regarding the shelter care hearing sent to the child's parents. Foster parents and other out-of-home care providers must sign a statement agreeing to keep information about the child or child's family confidential and to not disclose the information except where authorized by law.

Foster parents, pre-adoptive parents, and other care givers of children in the custody of the DSHS must be notified prior to each proceeding of their right to be heard in all dependency proceedings relating to children in their care. The dependency review hearings for children in DSHS custody must establish in writing whether both in-state and out-of-state placement options have been considered for the child.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 94 | 0 | (House concurred) |

Effective: July 1, 2007

Partial Veto Summary: Section 3 requiring the court to establish in writing at dependency review hearings whether both in-state and out-of-state placements for the child have been considered, and section 4, directing the court to establish the same information in the permanency plan for a dependent child, were vetoed. These provisions are incorporated into law by HB 1624, C 413 L 2007, sections 8 and 9 respectively.

VETO MESSAGE ON SHB 1287

May 11, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Sections 3 and 4, Substitute House Bill 1287 entitled:

“AN ACT Relating to compliance with the federal safe and timely interstate placement of foster children.”

Section 3 of this bill amends RCW 13.34.138, which pertains to judicial review of hearings for children in dependant care. Likewise, Section 4 of this bill amends RCW 13.34.145, which pertains to court permanency plan hearings for children in dependant care. The amendments outlined in Section 3 and 4 of this bill are unnecessary as they are incorporated into the amendments of Engrossed Substitute House Bill 1624.

Section 8 of Engrossed Substitute House Bill 1624, which passed this Legislative session, also amends and substantially reorganizes RCW 13.34.138. Section 9 of Engrossed Substitute House Bill 1624 also amends and substantially reorganizes RCW 13.34.145. The reorganization of RCW 13.34.138 and RCW 13.34.145 in Engrossed Substitute House Bill 1624 would likely make it difficult to incorporate the changes outlined in Sections 3 and 4 of this bill.

For these reasons, I have vetoed Sections 3 and 4 of Substitute House Bill 1287.

With the exception of Sections 3 and 4, Substitute House Bill 1287 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

ESHB 1289

C 7 L 07

Authorizing the issuance of enhanced drivers' licenses and identicards to facilitate crossing the Canadian border.

By House Committee on Transportation (originally sponsored by Representatives Clibborn, Campbell, VanDeWege, Dickerson, Moeller and Morrell; by request of Department of Licensing).

House Committee on Transportation
Senate Committee on Transportation

Background: The federal Intelligence Reform and Terrorism Prevention Act of 2004 mandated that the Secretary of Homeland Security, in consultation with the Secretary of State, develop and implement a plan to

require United States citizens and foreign nationals to present a passport or other secure document when entering the United States. In April 2005, the Departments of State and Homeland Security announced the Western Hemisphere Travel Initiative (Initiative), which will require individuals entering or re-entering the United States to present a passport or other acceptable secure identification. The identification requirements of the Initiative for persons entering or re-entering the United States by land or sea will take effect as early as January 1, 2008.

When announcing the Initiative, the Departments of State and Homeland Security identified the passport as the document of choice for entry or re-entry into the United States, but acknowledged that certain other documents might be acceptable in lieu of a passport.

Summary: The Department of Licensing (DOL) may enter into a memorandum of understanding with a federal agency to facilitate border crossing between Washington and British Columbia. The DOL may enter into an agreement with British Columbia to implement a border crossing initiative.

The DOL may issue a voluntary, enhanced driver's license or identocard to an applicant who, in addition to meeting all other driver's license or identocard requirements, provides the DOL with proof of U.S. citizenship, identity, and state residency. The enhanced driver's license or identocard must include a one-to-many biometric matching system and reasonable security measures to protect privacy and provide safeguards against unauthorized data access.

The DOL must periodically review identity card security technologies and amend rules as appropriate to protect the privacy of Washington residents.

The DOL may release copies of photographs from enhanced driver's licenses and identocards to U.S. customs and border agents for the purposes of verifying identity.

The DOL must adopt rules and may set fees for the issuance of enhanced drivers' licenses and identocards.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 2 |
| Senate | 43 | 3 |

Effective: March 23, 2007

HB 1291

C 209 L 07

Allowing advance deposit wagering to continue beyond October 1, 2007.

By Representatives Quall, Priest, Wood, Condotta, Moeller, Conway and Simpson; by request of Horse Racing Commission.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: The Horse Racing Commission (HRC) regulates horse racing in Washington. The HRC licenses facilities, as well as owners, trainers, jockeys, and others who participate in horse racing. It also determines the time and duration of race meets and supervises the meets. A class 1 racing association is one that owns and operates its own race facility with at least 40 days of racing a year. Emerald Downs is the only class 1 racing association in the state.

Class 1 racing associations pay a parimutuel tax and license fees, which support the HRC. Additional taxes are used for Washington-bred owner bonuses, Washington-bred breeder awards, capital construction, and non-profit race meets.

In 2004, the Legislature authorized advance deposit wagering (ADW) by a class 1 racing association or by an operator that contracts with a class 1 racing association. ADW is a form of parimutuel wagering in which an individual deposits money in an account to be used to pay for wagers made in person, by telephone, or through communication by other electronic means.

Entities conducting ADW:

- may not accept a wager that exceeds the individual's funds on deposit;
- may not allow individuals under the age of 21 to participate; and
- must verify the identity, age, and residence of the account holder.

By rule, the entity conducting ADW pays a source market fee on all accounts held by Washington residents. The fee is distributed to the class 1 racing association and the HRC. The fee is further distributed to awards, bonuses, and the nonprofit race meets.

The provisions authorizing ADW expire on October 1, 2007.

Summary: The expiration date for horse racing advance deposit wagering is removed.

Rules Authority: The bill does not address the rule-making powers of an agency.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 91 | 4 |
| Senate | 42 | 3 |

Effective: July 22, 2007

HB 1292

C 43 L 07

Establishing the eastern Washington state veterans' cemetery.

By Representatives Barlow, Ahern, Morrell, Hailey, Seaquist, Schindler, Appleton, Skinner, Williams, McDonald, Hurst, Campbell, Haler, Wood, Moeller, VanDeWege, McCune, Conway and Kenney; by request of Department of Veterans Affairs.

House Committee on State Government & Tribal Affairs
House Committee on Appropriations
Senate Committee on Government Operations & Elections

Background: According to the U.S. Department of Veterans Affairs (VA) statistics, there are 140,000 veterans living in Eastern Washington; 37 percent of these veterans live in Spokane County. Washington has one national veterans cemetery, the Tahoma National Cemetery in Kent. This cemetery is 280 miles from Spokane. In order to serve this population, the Washington State Department of Veterans Affairs (WDVA) has developed plans for a state veterans cemetery in Spokane County.

The VA provides grants to build veterans cemeteries within 100 miles of major metropolitan areas. These grants pay 100 percent of design, construction, and equipment costs. The state must provide the land and is responsible for operation and maintenance. The state also fronts the design costs, which are reimbursed once the application is approved by the VA.

Summary: The WDVA is authorized to establish a State Veterans' Cemetery in Eastern Washington. All honorably discharged veterans and their spouses are eligible for internment in the Eastern Washington State Veterans' Cemetery. The WDVA is granted rule making authority related to operations of this cemetery.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 45 | 0 |

Effective: July 22, 2007

HB 1293

C 468 L 07

Modifying insurance commissioner regulatory assessment fee provisions.

By Representatives Cody and Sommers; by request of Insurance Commissioner.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: Insurers, health care service contractors, and self-funded multiple employer welfare arrangements are classified as either class one, class two, or class three

organizations. All of these organizations are charged a pro rata share of the cost of operating the Office of the Insurance Commissioner. Each class of organization has its fee calculated separately to reflect the portion of the Insurance Commissioner's operating budget each class represents. The fees are not to exceed one-eighth of 1 percent of receipts.

Health maintenance organizations (HMOs) licensed in Washington are assessed fees to cover the cost of financial condition and market conduct examinations, the costs of promulgating rules, and other costs of regulating HMOs. The fees are not to exceed five and one-half cents per month per person.

Penalties for failure to pay fees for all class one, class two, and class three organizations are equal to penalties for failure to pay taxes:

- 0-45 days - a penalty of 5 percent of the amount of the tax;
- 46-60 days - a penalty of 10 percent of the amount of the tax; and
- more than 60 days - 20 percent of the amount of the tax.

Summary: HMOs are classified as a class two organization (similar to health care service contractors). HMOs will pay fees equal to one-eighth of 1 percent of their net premiums. Clarifications are made to penalties related to failure to pay fees.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 1 |
| Senate | 45 | 0 |

Effective: July 22, 2007

SHB 1298

C 270 L 07

Regarding dental hygienist employment by health care facilities and sealant programs in schools.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Green, Campbell, Cody, Morrell, Moeller and Conway).

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

Background: Dental hygienists must be licensed by the Department of Health (DOH) to perform specified services under a licensed dentist's supervision. These basic services include removing deposits and stains from the surfaces of the teeth, applying topical preventive agents, polishing and smoothing restorations, and performing root planing and soft-tissue curettage. A licensed dentist may also delegate other services to dental hygienists, but certain services may not be delegated, such as surgical removal of oral cavity tissue and prescribing prescription drugs.

Under a statutory exception, experienced dental hygienists may perform the basic services without dental supervision. These dental hygienists may be employed to perform these services for patients, students, and residents of health care facilities, including hospitals, nursing homes, and certain public facilities and institutions. To participate, the dental hygienist must have had, within the last five years, two years of practical clinical experience with a licensed dentist.

Licensed dental hygienists are also permitted to assess for and apply sealants and fluoride varnishes for low-income, rural, and other at-risk populations in community-based sealant programs carried out at schools. Dental hygienists who participate in these programs must complete a school sealant endorsement program created by the DOH or be licensed before April 19, 2001.

Summary: Until July 1, 2009, the list of health care facilities that may employ experienced licensed dental hygienists to perform basic services without on-site dental supervision is expanded to include senior centers. When providing these services, however, the dental hygienist must:

- enter into a written practice arrangement plan, approved by the DOH, with a dentist who will provide off-site supervision;
- collect data on the patients treated and provide the data to the DOH each quarter; and
- obtain relevant information about the patient's health from the patient's primary care provider.

A "senior center" is a multipurpose community facility operated by a nonprofit or local government to provide health, social, nutritional, and educational services and recreational activities for persons age 60 or above.

The services that licensed dental hygienists may perform for low-income, rural, and at-risk populations are expanded to allow, until July 1, 2009, the removal of deposits and stains from the surfaces of teeth. The dental hygienist must collect data on the patients treated and provide data to DOH each quarter.

When providing services under these programs, the dental hygienist must provide the patient or patient's parent with a notice that the treatment is a preventive service only, and must assist the patient to obtain a dental referral, including providing a list of dentists in the community. Written information should be provided to the parent on potential needs of the patient.

The DOH must report to the Legislature by December 1, 2008, a summary of information about the patients served in these programs, including the dental health outcomes, and any recommendations about services that could appropriately be provided by dental hygienists in senior centers and school sealant programs.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 62 | 36 | |
| Senate | 49 | 0 | (Senate amended) |
| House | 69 | 25 | (House concurred) |

Effective: July 22, 2007

E2SHB 1303

PARTIAL VETO

C 348 L 07

Encouraging the use of cleaner energy.

By House Committee on Appropriations (originally sponsored by Representatives Dickerson, B. Sullivan, Jarrett, Linville, Priest, Appleton, Pedersen, Kenney, Sells, Morrell, Lantz, O'Brien, Chase, Eickmeyer, McCoy, Haigh, Rolfes, Hurst, Eddy, Springer, Schual-Berke, Fromhold, Moeller, Hunt, Goodman, Williams, Darneille, Kagi, Lovick, Campbell, Dunshee, Sommers, Simpson, Hunter, Roberts and Miloscia).

House Committee on Agriculture & Natural Resources
House Committee on Appropriations
Senate Committee on Water, Energy & Telecommunications
Senate Committee on Ways & Means

Background: Diesel Emissions Retrofits and Funding. The Air Pollution Control Account serves as a source of funding to the Department of Ecology (DOE) and local air pollution control authorities. Within the Air Pollution Control Account exists a segregated subaccount that, until July 1, 2008, receives 58.12 percent of the revenue generated by certain fees on vehicle certificates of ownership. After July 1, 2008, the revenue from these fees are scheduled to be redirected into the Department of Transportation's Road Construction Nickel Account.

Money in the segregated subaccount of the Air Pollution Control Account must be used in certain ways. Eighty-five percent of the revenue in the subaccount must be distributed to the local air pollution control authorities in proportion to the revenue generated for the subaccount from vehicles within the boundaries of the individual authorities. The 15 percent not transferred to local air authorities remains with the DOE.

The local air authority receiving the funding must use 85 percent of that money to retrofit school buses or other publically-owned pieces of diesel equipment with exhaust emission controls or to fund infrastructure that will allow school buses to use alternative fuels.

Air Pollution Control at Ports. Port districts are expressly permitted to acquire and operate facilities for the control or elimination of air pollution. Once acquired or constructed, a port district may offer others the use of the facility under terms and conditions set by the port commissioners. However, a port district may not use any tax revenues in providing pollution control facilities and

may not offer use of the pollution control facility if a similar facility is available for use in the area without the consent of the other facility.

Energy Freedom Program and Alternative Fuels.

The Energy Freedom Program is a program within the Washington Department of Agriculture (WSDA) to aid the development of a biofuels industry in Washington. As part of the Energy Freedom Program, the WSDA can award grants and loans to applicants interested in advancing the state's biofuel industry.

Biofuel Use at State Agencies. All state agencies are encouraged to use a fuel blend of 20 percent biodiesel and 80 percent petroleum diesel. Starting in 2006, agencies were required to use biodiesel as an additive to any ultra-low sulfur diesel that they may be using. State agencies using biodiesel fuel are required to file quarterly reports with the Department of General Administration (GA) that documents their use of the fuels and any problems that arose in their use.

By 2009, all state agencies are required to use a minimum of 20 percent biodiesel.

Summary: Diesel Emissions Retrofits and Funding.

The Office of the Superintendent of Public Instruction (OSPI) is directed to implement a school bus replacement incentive program that funds up to 10 percent of the cost of new school buses purchased by a school district. In order to qualify for the 10 percent of cost reimbursement, the bus purchased by a school district must be model year 2007 or newer and must be replacing a bus from model year 1994 or older. Any buses that are replaced under the OSPI incentive program must be surplus. The school district must provide written documentation that the surplus bus was sold for scrap and not used for future road use. In addition, the authority to use the funding provided for the existing bus emissions retrofit program is expanded from only publicly-owned diesel equipment to both publicly and privately-owned diesel equipment.

Air Pollution Control at Ports. The term "air pollution control facility" is specified to not include air quality improvement equipment that provides emission reductions for engines, vehicles, and vessels. This change allows port districts to use tax revenue to support this type of equipment and to offer the equipment to parties outside of the port district even if similar equipment exists in the area.

Energy Freedom Program and Alternative Fuels.

The administrative home of the Energy Freedom Account is moved to the Department of Community, Trade and Economic Development (DCTED) from the WSDA.

A coordinator position is created within the Energy Freedom Program, to be appointed by the director of the DCTED. The Coordinator (Coordinator) is responsible for coordinating state efforts to develop a biofuels market, developing a plan for a complete biofuels infrastruc-

ture supply chain and coordinating with Western Washington University on the conversion of fossil fuel fleets to alternative fuel fleets.

The Energy Freedom Program is expanded to include grants or loans for refueling projects. The Coordinator may award a grant or a loan if the proposed refueling project meets the following criteria:

- it will offer alternative fuel to the motoring public;
- it will not require continued state support;
- it is located within a green highway zone;
- it will contribute towards an efficient and adequately-spaced alternative fuel refueling network along I-5, I-82, and I-90; and
- it will increase access to alternative fueling infrastructure for the motoring public along I-5, I-82, and I-90.

Cellulosic ethanol production facilities are expressly made eligible for assistance under the Energy Freedom Program. The term "cellulosic ethanol" is defined. The definition includes ethanol derived from lignocellulosic or hemicellulosic matter, which are two types of plant materials. To be eligible for assistance, the facility producing the plant matter must do so in a renewable or reoccurring fashion.

The Green Energy Incentive Account (Account) is created within the Energy Freedom Account to be used for refueling station development, plug-in hybrid pilot projects, and hydrogen vehicle demonstration projects.

Any state agency receiving funding from the Account is prohibited from withholding more than 3 percent from the appropriation to pay for administrative overhead, unless the provision is waived by the director of the DCTED. Universities and other entities that are not state agencies are limited to withholding no more than 15 percent for administrative overhead.

Conservation districts, public development authorities, and electric utilities are given direct authority to be involved with the biofuel industry in the state. The entities may enter into crop purchase contracts for dedicated energy crops used for the production, selling, or distributing of biodiesel produced from Washington feedstock, cellulosic ethanol, and cellulosic ethanol blends.

Washington State University is directed to analyze and recommend models for possible implementation of biofuel incentive programs. Incentives to be studied include market incentives and research grant preferences.

Department of General Administration. The GA is given certain mandates relating to the fuel efficiency of the state's motor fleet. Part of this effort requires the GA to, when replacing tires on a fleet vehicle other than a State Patrol Vehicle, use replacement tires with an equal or superior rolling resistance of the tire being removed. The GA is provided with the discretionary authority to contract with public or private producers of biodiesel or ethanol, and to combine the needs of local governmental

entities into the contracts. The GA may condition any contracts for alternative fuels to include provisions relating to fuel standards, crop origin, price, and delivery date.

Vehicle Electrification. The state is authorized to purchase power at its own expense that is used to recharge both private and public plug-in electric vehicles at state-owned buildings. In addition, the DOE and the DCTED must conduct an analysis of the potential for vehicle electrification. By March 1, 2008, the departments must submit their findings on a number of subjects related to an expansion of plug-in vehicles in the state.

A vehicle electrification grant program is established within the DCTED to provide partial funding for certain public entities to purchase new electric vehicles or to convert existing vehicles.

Biofuel Use at State Agencies. By the year 2015, all state agencies and local government subdivisions of the state must satisfy 100 percent of their fuel needs for all vessels, vehicles, and construction equipment from biofuels certified by the DCTED as having been produced from recycled materials or Washington feedstocks. If after 2015, the DCTED determines that the 100 percent biofuel use mandate is not practicable, then the DCTED may suspend, delay, or modify the requirement until satisfied the requirement is deemed practicable.

Reports and Studies. In addition to the vehicle electrification analysis and the Washington State University biofuels incentive study, other studies include direction to the DCTED to develop a framework for a regional approach to climate change and to the University of Washington to complete a climate change assessment and an analysis of the potential human health impacts of climate change.

Votes on Final Passage:

| | | | |
|--------|----|----|----------------------------|
| House | 79 | 18 | |
| Senate | 44 | 4 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | | | (Senate refused to recede) |
| House | 79 | 19 | (House concurred) |

Effective: July 22, 2007

July 1, 2007 (Sections 205 and 301-307)

Partial Veto Summary: The Governor vetoed the section of the bill that required the Energy Freedom Program to assess the availability and sources of alternative fuels in the state.

VETO MESSAGE ON E2SHB 1303

May 7, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 306, Engrossed Second Substitute House Bill 1303 entitled:

“AN ACT Relating to providing for the means to encourage the use of cleaner energy thereby providing for healthier communities by reducing emissions.”

Section 306 of this bill adds to the existing reporting requirements of the energy Freedom Program. Given the expanded scope of that program, and the existence of the same reporting requirements for Washington State University (WSU) in Section 402 of the bill, I am vetoing Section 306. I am confident WSU will work closely with Department of Community Trade and Economic Development (CTED) to report the information the Legislature is seeking about biofuels within our state.

For these reasons, I have vetoed Section 306 of Engrossed Second Substitute House Bill 1303.

With the exception of Section 306, Engrossed Second Substitute House Bill 1303 is approved.

Respectfully submitted,

Christine O. Gregoire
Governor

SHB 1304

C 419 L 07

Modifying commercial motor vehicle carrier provisions.

By House Committee on Transportation (originally sponsored by Representatives Kagi, Clibborn, Jarrett, Flannigan, McCoy, Darneille, Lovick, Campbell, Schual-Berke, Kenney, Morrell and Roberts).

House Committee on Transportation
Senate Committee on Transportation

Background: Substitute House Bill 2987 was enacted in the 2006 Legislative session. In the act, the Washington State Patrol (WSP) was directed to develop recommendations for improving the safe operation of commercial motor vehicles on Washington's highways and roads. Certain motor carriers operate commercial motor vehicles solely within the State of Washington (intrastate), while other motor carriers operate in multiple states (interstate).

The Federal Motor Carrier Safety Administration (FMCSA) regulates interstate motor carriers. The FMCSA and the WSP perform compliance reviews of interstate motor carriers. The FMCSA requires each interstate motor carrier to have a number issued by the United States Department of Transportation (USDOT number) and maintains a safety rating on each motor carrier. The FMCSA will issue an out-of-service order on a carrier if the carrier has received an unsatisfactory safety rating.

The WSP enforces safety requirements for intrastate operators of commercial vehicles, and has the authority to place any commercial vehicle out of service if it is found to be unsafe to operate on the roadways. The WSP conducts compliance reviews for most intrastate motor carriers, and has the authority to assess penalties for non-compliance with safety requirements. Motor vehicles owned and operated by farmers and those motor carriers subject to economic regulation by the Utilities and Transportation Commission are inspected by the WSP.

There is no requirement for intrastate motor carriers to have a USDOT number, so there is no convenient mechanism for tracking the relative safety fitness of an intrastate motor carrier.

Each vehicle subject to highway inspections and terminal audits that is base plated in Washington pays a fee of \$10 in addition to all other fees and taxes. These fees are deposited in the State Patrol Highway Account.

An unregistered commercial vehicle may operate on Washington highways under authority of a trip permit, which can be purchased for \$15, or in the case of a special fuel user, \$20. Trip permits may be used for a period of three consecutive days.

Summary: The WSP will use data-driven analysis to identify and prioritize for inspection and compliance reviews those motor carriers who have been identified as higher risk carriers. Just as interstate motor carriers are required by the FMCSA to obtain a USDOT number, by January 1, 2008, intrastate motor carriers operating certain commercial vehicles with a gross vehicle weight over 26,001 pounds or carrying hazardous materials are required to apply for USDOT numbers. Motor carriers with commercial motor vehicles that weigh between 16,001 and 26,000 pounds, unless exempt, that have not applied for a Department of Transportation number, must apply for a Department of Transportation number by January 1, 2011. The WSP shall compile safety data about motor carriers and assess each motor carrier's relative safety fitness based upon inspections, collisions, compliance reviews, and carrier safety management practices.

The WSP, in consultation with the Department of Licensing (DOL), must establish rigorous rules and standards in the areas of commercial motor carrier driver training, controlled substance and alcohol use and testing, compliance with the federal driver's license requirements and penalties, vehicle equipment and safety standards, hazardous material practices, financial responsibility, driver qualifications, hours of service, vehicle inspection and corrective actions, and assessed penalties for noncompliance.

Prior to June 30, 2009, a motor carrier will need a USDOT number and a federal taxpayer identification number to register certain commercial motor vehicles. Commercial motor vehicles must be marked as prescribed by the WSP. The WSP will not issue a USDOT

number to a carrier who has an existing out-of-service order from the FMCSA or for not meeting the requirements and standards of state law. Motor carriers with a current and valid USDOT number, or who are subject to economic regulations through the Utilities and Transportation Commission (UTC), are exempt from this requirement. A USDOT number is not required for publicly-owned vehicles.

The WSP is authorized to issue an out-of-service order on a motor carrier's USDOT number if the motor carrier:

- (a) formerly held a USDOT number that is placed out-of-service for cause and the violations have not been corrected;
- (b) is a subterfuge for the real party seeking a USDOT number that is placed out-of-service for violations and the violations have not been corrected;
- (c) is an eminent hazard to public safety as determined by the chief of the WSP;
- (d) has unpaid penalties assessed by the WSP or the UTC (if a compliance review penalty is not paid within 20 days after receipt of notification of penalties, the WSP may commence with an adjudicative proceeding); or
- (e) violates cease and desist orders issued by the UTC.

If a USDOT number has been placed out-of-service by the WSP or the FMCSA, the DOL will be notified and must revoke, or refuse to issue, registrations for all commercial vehicles owned by the motor carrier. Carriers will be ineligible for a new USDOT number, vehicle registrations, and temporary permits until such time the deficiencies resulting from an out-of-service order have been corrected.

The WSP is responsible for safety audits and compliance reviews, which may result in enforcement actions, including monetary penalties. The WSP is authorized to conduct inspections during regular business hours, to review records, and to penalize carriers for failing to cooperate or appear for the audit. Motor carriers who refuse entry for compliance review auditors will be subject to: a penalty of \$5,000; revocation of vehicle registrations; and an out-of-service order being placed on the motor carrier's USDOT number. If a carrier has been identified as a high-risk carrier and receives an unsatisfactory rating during a compliance review, the WSP will perform a follow-up inspection of the carrier to determine whether the violations have been corrected. The fee for the reinspection is \$250 and will be deposited into the State Patrol Highway Account.

Once an out-of-service order has been placed on a vehicle, it is unlawful to operate the vehicle. A carrier who operates a vehicle after receiving an unsatisfactory safety rating and violates an out-of-service order on the USDOT number is subject to a monetary penalty of not more than \$11,000. Violation of an out-of-service order subjects a driver to a penalty of at least \$1,100, but not

HB 1305

more than \$2,750; an employer who allows a driver to operate the vehicle is subject to a penalty of at least \$2,750, but not more than \$11,000.

If a motor carrier operates a commercial vehicle using trip permits while the vehicle registration is revoked and the DOT number is placed out-of-service, the violation is a gross misdemeanor, subject to a penalty of no less than \$2,500 for the first violation and \$5,000 for subsequent violations.

The act increases the registration fee for commercial motor vehicles base plated in Washington that are subject to compliance reviews from \$10 to \$16; increases the trip permit fee from \$15 to \$20; and, increases the fuel permit administration fee from \$10 to \$15. The increase in permit fees must be deposited in the Washington State Patrol Highway Account and must be used for commercial motor vehicle inspections.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 88 | 9 | |
| Senate | 42 | 4 | (Senate amended) |
| House | 82 | 11 | (House concurred) |

Effective: July 22, 2007

May 11, 2007 (Section 10)

HB 1305

C 52 L 07

Repealing the statutes regulating food lockers.

By Representatives Kretz, Warnick, Hailey, McCoy, Newhouse and Haler; by request of Department of Agriculture.

House Committee on Agriculture & Natural Resources
Senate Committee on Agriculture & Rural Economic Development

Background: Refrigerated food storage lockers are facilities that offer to the public, for rent or other compensation, separate compartments for the cold storage and preservation of human food. Since 1943, operators of refrigerated food storage lockers have been licensed and regulated by the state. An operator seeking a license must have the facility inspected by the Department of Agriculture (Department) and, if approved, the Department of Licensing will then issue the facility a refrigerated locker license for a \$10 fee. Licenses are renewed annually for \$10 and the proceeds are deposited in the State General Fund. People who work in these facilities must have a health certificate from an accredited physician. The Department conducts a periodic inspection of each licensed establishment and the Department's Director has the authority to suspend or revoke a license if a facility is found to be unsanitary or operated improperly.

According to the Department, in prior years, one or more refrigerated locker facilities operated in every city, and licenses were issued to several hundred facilities.

However, as of July 2006, there were 14 refrigerated locker licensees in the state. Half of these were also licensed and therefore inspected, by the Department as food storage warehouses, custom meat facilities, or food processors.

Summary: The statutes that require separate licensing and regulation of refrigerated food storage lockers are repealed.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 1 |
| Senate | 48 | 0 |

Effective: July 22, 2007

HB 1311

C 122 L 07

Continuing the small farm direct marketing assistance program.

By Representatives Grant, Hailey, McCoy, McDonald, Newhouse, Chase, Dickerson, Haler, Kenney, Springer and Morrell; by request of Department of Agriculture.

House Committee on Agriculture & Natural Resources
House Committee on Appropriations
Senate Committee on Agriculture & Rural Economic Development

Background: About 89 percent of Washington farms fit the U.S. Department of Agriculture (USDA) definition of a small farm: less than \$250,000 in gross annual sales, with the day-to-day labor and management provided by the farmer and/or the farm family that owns or leases the productive assets of the farm.

In 2001 the Legislature passed HB 1984, creating a Small Farm Direct Marketing Program (Program) in the state Department of Agriculture. The Program is statutorily directed to assist small farms in marketing their products, help them comply with government regulations, assist with infrastructure development that will increase marketing opportunities, and promote localized food production.

The statute expires on July 1, 2007.

Summary: The July 1, 2007, expiration date is removed from the statute that creates Small Farm Direct Marketing Program and prescribes its duties.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 89 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

SHB 1312

C 234 L 07

Modifying provisions concerning transportation providers.

By House Committee on Transportation (originally sponsored by Representatives Hudgins and Hankins; by request of Utilities & Transportation Commission).

House Committee on Transportation
Senate Committee on Transportation

Background: Over the past several decades, the federal government has passed legislation preempting state authority in, or deregulating various aspects of, the nation's transportation system. However, the state statutory language reflecting the state's previous authority in these areas remains a part of the Revised Code of Washington.

Archaic terminology related to transportation and other service providers that are or were regulated by the Utilities and Transportation Commission (UTC) remains in statute, along with completed obligations of the UTC and grandfathering clauses that are no longer relevant.

Summary: Sections of the law that relate to rates, routes, and services are amended to indicate that those sections only apply to the companies that are regulated as to rates, routes, and services. Laws related to railroad rates, routes, and services are repealed or amended to reflect the current state of federal preemption.

The Utilities and Transportation Commission (UTC) is directed to cooperate with the federal government and the U.S. Department of Transportation (USDOT) to insure that state and federal laws are enforced and administered cooperatively in regard to the transportation of property and passengers in interstate and foreign commerce. The UTC is also granted the authority to regulate common carriers in interstate commerce in accordance with any federal laws granting it such authority.

The UTC is granted regulatory jurisdiction over the safety practices for railroad equipment, facilities, rolling stock, and operations in the state for the purpose of participating with the USDOT in enforcing federal railroad safety regulations. The UTC is also required to administer the railroad safety provisions of Title 81 to the fullest extent allowed under state and federal law.

The sections related to economic regulation of common carriers are also amended to reflect federal preemption in this area.

Provisions that are covered by the Administrative Procedures Act (APA) are eliminated so that the UTC follows the APA as it currently stands and would be required to follow any future modifications.

Obsolete provisions, archaic terminology, and inaccurate or out-of-date references to state or federal agencies are eliminated or modified as necessary.

Votes on Final Passage:

House 97 0

Senate 47 0

Effective: July 22, 2007**SHB 1319**

C 201 L 07

Protecting employees, contract staff, and volunteers of a correctional agency from stalking.

By House Committee on Public Safety & Emergency Preparedness (originally sponsored by Representatives O'Brien, Pearson, Dickerson, Blake, Kenney and Ormsby; by request of Department of Corrections).

House Committee on Public Safety & Emergency Preparedness

Senate Committee on Human Services & Corrections

Background: A person is guilty of stalking if:

- without lawful authority and under circumstances not amounting to a felony attempt of another crime, he or she intentionally or repeatedly harasses or repeatedly follows another person;
- the person being harassed or followed is placed in reasonable fear that the stalker intends to injure the person, another person, or the property of the person or of another; and
- the stalker either: (1) intends to frighten, intimidate, or harass the person; or (2) knows, or reasonably should know, that the person is afraid, intimidated, or harassed.

Stalking is generally a gross misdemeanor. However, the crime is a seriousness level V, class C felony if:

- the offender has a previous conviction for any of several listed crimes, including telephone harassment and harassment against the same victim, members of the victim's family, or persons named in a no-contact or no-harassment order;
- the stalking violates any protective order of the person being stalked;
- the offender has a previous conviction for stalking;
- the offender was armed with a deadly weapon while committing the crime;
- the victim is or was a law enforcement officer, judge, juror, attorney, victim advocate, legislator, or community corrections officer, and the stalking was in retaliation for something done in the victim's official capacity or to influence the victim's actions in his or her official capacity; or
- the victim is a current, former, or prospective witness in an adjudicative proceeding and the offender stalked the victim as a result of the victim's testimony or potential testimony.

Summary: The group of victims covered under the felony stalking statute is expanded. A person is guilty of felony stalking if the stalker's victim is or was an employee, contract staff person, or volunteer of a correctional agency. "Correctional agency" is defined to include Department of Natural Resources' employees working in a correctional setting, as well as all state and locally operated agencies having direct authority to release an offender serving an incarceration sentence, including, but not limited to: the Department of Corrections, the Indeterminate Sentence Review Board, and the Department of Social and Health Services.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 93 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 1328

C 210 L 07

Concerning small works roster contracting procedures.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Santos, Anderson, Green, Hunt, Miloscia, McDermott, Hasegawa, Hudgins, Chandler, Darneille, Haigh, Hankins, Wallace, Kristiansen, Kagi, Pettigrew, Kenney and Conway).

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: Small Works Roster. State agencies and local governments may use the small works roster process to award contracts for public works projects estimated to cost \$200,000 or less. When an agency or local government elects to use this process, it must solicit bids from at least five contractors who have requested to be listed on a small works roster. The agency or local government, if it decides to award the contract, awards the contract to the lowest responsible bidder. The agency or local government must make an effort to equitably distribute the opportunity among contractors on the roster if the bids are solicited from less than all the contractors on the roster.

The small works roster process also allows for a limited process for projects estimated to cost less than \$35,000. Under this process, a state agency or authorized local government may solicit electronic or written quotations from a minimum of three contractors from the small works roster and shall award the contract to the lowest responsible bidder.

Bonds and Retainage. In most instances, the general contractor on a public works project is required to post a performance bond to faithfully perform all work under

the contract and to pay laborers, materialmen, and subcontractors. Also, in most instances, a retainage of up to 5 percent of the contract amount is required on public works contracts to be paid to the contractors 45 days after the completion of the project. The amount serves as a trust fund for payment of laborers, subcontractors, materialmen, and excise taxes that are imposed on the contract.

For contracts of \$25,000 or less, the public entity may, in lieu of a bond, retain 50 percent of the contract price for a period of 30 days until receipt of all releases from the Department of Revenue and the Department of Labor and Industries and settlement of any liens filed against the contractor for the public works project.

Upon completion of contracts over \$20,000, the public entity must notify the Department of Revenue of contract completion. Payment of the retained funds may not be made until the Department of Revenue issues a certificate that all taxes, increases, and penalties due from the contractor have been paid in full or are readily collectible without recourse to the state's lien.

Statement of Intent to Pay Prevailing Wages. Contractors and subcontractors on public works projects are required to submit a "statement of intent to pay prevailing wages" that must be approved by the Department of Labor and Industries before it is submitted to the public entity. Following final acceptance of the project, the contractor and each subcontractor must submit an "affidavit of wages paid" that must also be approved by the Department of Labor and Industries before it is submitted to the public entity for final payment. For public works projects of \$2,500 or less, the statement of intent and the affidavit of wages paid may be submitted directly to the public entity without approval by the Department of Labor and Industries.

Summary: Small Works Roster. A state agency or authorized local government may use the limited public works process to solicit and award small works roster contracts to small businesses that are registered contractors with gross revenues under \$1 million annually as reported on their federal tax return. A state agency or authorized local government may adopt additional procedures to encourage small businesses that are registered contractors with gross revenues under \$250,000 annually as reported on their federal tax returns to submit quotations or bids on small works roster contracts.

Bonds and Retainage. The dollar threshold of a public works contract in which public entities may retain 50 percent of the contract amount in lieu of a bond is increased from \$25,000 to \$35,000. The dollar threshold in which a public entity is required to notify the Department of Revenue upon completion of a public works contract for tax lien purposes is changed from \$20,000 to \$35,000.

Statement of Intent to Pay Prevailing Wages. The alternative procedure for submission of an intent to pay prevailing wages may be used for projects using the limited public works process.

Votes on Final Passage:

House 95 0
 Senate 43 3 (Senate amended)
 House 95 0 (House concurred)

Effective: July 22, 2007

HB 1331
 C 235 L 07

Changing veterinary technician credentialing to licensure.

By Representatives Haigh, Kretz, Wallace, Walsh, Cody, Strow, Hinkle, Pettigrew, Priest and Dunn.

House Committee on Agriculture & Natural Resources
 Senate Committee on Agriculture & Rural Economic Development

Background: A veterinary technician is a person who has: successfully completed an examination administered by the state Veterinary Board of Governors (Board), and either (1) completed a post high school course approved by the Board in the care and treatment of animals, or (2) had five years of practical experience, acceptable to the Board, with a licensed veterinarian. Veterinary technicians are registered under the Veterinary Medicine statutes. The Board has six members. Five are licensed veterinarians and one is a lay member. All are appointed by the Governor.

House Bill 1511, introduced during the 2005 legislative session, proposed several changes in the training and credentialing of veterinary technicians, including removing the option of obtaining registration based on five years of experience. The Legislature requested that the Department of Health conduct a "Sunrise Review" on House Bill 1511 in accordance with statutes that limit the circumstances under which a health care profession may be regulated. Under the Sunrise Review process, if regulation is found necessary, the Legislature may consider five regulatory categories, and should select the one that is least restrictive and most consistent with the public interest: (1) stricter civil actions and criminal prosecutions, (2) inspection requirements, (3) registration, (4) certification, or (5) licensure. After undertaking the Sunrise Review on House Bill 1511, the Department of Health issued its recommendations in January 2006.

Summary: The state Veterinary Board of Governors (Board) must issue a veterinary technician license to a person who has passed a Board-administered examination and has either: (1) completed a post-high school, Board-approved course in animal care and treatment; or

(2) had five years of practical experience, acceptable to the Board, with a licensed veterinarian.

The Board is given rule-making authority to identify: (1) experiential requirements for prospective technicians who are following the five year option, and (2) the requirements for the supervising veterinarian's attestation of completion of training and practical experience. The Board is authorized to adopt rules including standards for performance and for continuing education.

The Board is increased from six to seven members, one of whom must be a licensed, employed veterinary technician trained in both small and large animal medicine who is a state resident and U.S. citizen. This member will also be appointed by the Governor but will not vote in Board decisions involving discipline of a veterinarian with respect to standard of care.

Several existing statutory references to "registration" are amended to refer to "licensing."

Votes on Final Passage:

House 97 0
 Senate 48 0 (Senate amended)
 House 95 0 (House concurred)

Effective: July 22, 2007

SHB 1333
 C 410 L 07

Concerning child welfare protections.

By House Committee on Early Learning & Children's Services (originally sponsored by Representatives Hinkle, Kagi and Walsh).

House Committee on Early Learning & Children's Services

House Committee on Appropriations
 Senate Committee on Human Services & Corrections
 Senate Committee on Ways & Means

Background: Dependency and Termination of Parental Rights. If there are allegations of abandonment, abuse or neglect, or no parent who is capable of caring for a child, the state may investigate the allegations and initiate a dependency proceeding in juvenile court. If the court finds the statutory requirements have been met, the court will find the child to be a dependent of the state.

Whenever the court orders a dependent child to be removed from the home, the court will enter a dispositional plan which will include the obligations of the parties including the parents, the supervising agency or Department of Social and Health Services (Department), and the child. The dispositional order will contain an order for the placement of the child either within the home or outside the home. If the child is placed outside the home, he or she may be placed with a relative or in non-relative foster care.

Within 60 days of assuming responsibility for the child, the Department is required to provide the court with a permanency plan for the child. The permanency plan will contain the desired goal for the child which may include a plan to return the child home, adoption, long-term placement, or guardianship. The court must hold the permanency planning hearing when a child has been in out-of-home care for nine months. The hearing must take place within 12 months of the current placement.

The status of all dependent children must be reviewed by the court every six months. During the review the court will examine the progress of the parents in meeting the requirements of the dispositional plan. At this hearing the court may return the child to the home if the parent has made sufficient progress.

If the parent fails to make progress in curing the parental deficiencies that led to the dependency, or if one of the statutory aggravating factors exist, a termination petition may be filed. Federal law requires that after a child has been in foster care for 15 of the past 22 months, the state must file a petition to terminate parental rights unless the child is being cared for by relatives, there is a compelling reason why termination would not be in the best interest of the child, or the state has failed to offer the necessary services to the parent.

If the court finds the statutory grounds for termination are met, the court will terminate the parental rights and the parent will no longer have rights, privileges, or obligations toward the child.

Task Force. In 2005 the Legislature formed a task force to review issues pertaining to the health, safety and welfare of children receiving services from Child Protective Services and Child Welfare Services (Child Safety Task Force). In 2006 the Child Safety Task Force reported several recommendations to the Legislature for improving Child Protective Services and Child Welfare Services.

Summary: The act is to be known as "Sirita's Law."

Services. The Department is required to coordinate within its divisions, and enter into contracts with service providers, to ensure that parents in dependency cases receive priority for court-ordered services. If the parent is unable to pay for the services, the Department must provide funds for the services to the extent funding is appropriated in the operating budget. If the services are unavailable to the parent, the Department must notify the court that the parent is unable to meet the requirements of the court order due to the inability to access the services.

The Department is required to assure that parents who are "defendants" in dependency cases are within the priorities established by the Regional Support Networks for mental health services.

Transition Issues. Prior to placing a child in the home of a parent, the Department is required to identify all care givers for the child and assess whether they are in need of services. The Department may provide services to the care givers. If the Department recommends that the care giver engage in services, and the care giver fails to engage in the services, or follow through with the services, the Department must notify the court. The court may order the placement of the child in the parent's home be delayed or contingent upon the care giver receiving services.

The Department is also required to conduct background checks on all adults residing in the home and notify the parents that they have an on-going duty to notify the Department of any person who is residing in the home or acting as a care giver for the child.

Foster parents are authorized to be available to assist in transitioning a child back to the natural family if it is appropriate and the foster parent desires to be involved in the transition process.

Permanency Issues. If a child is removed from a parent, returned to the home of the parent, and subsequently removed, the court must hold a review hearing. The court must decide what appropriate action to take including whether to change the permanency plan or require that a termination petition be filed. The court must use the best interest of the child as the primary consideration in deciding the appropriate action to take. The hearing must be held within 30 days from the date the child was removed from the home, and the best interest of the child must be the court's primary consideration.

Training. The Criminal Justice Training Commission is required to develop a curriculum related to child abuse and neglect that must be included in the basic law enforcement training.

Counties are required to revise their child sexual abuse protocols to address child abuse, criminal neglect, and fatality investigations.

Reporting. The Administrative Office of the Courts must compile a list of all cases which fail to meet the statutory guidelines for permanency for children and submit its

report to the Legislature annually beginning on December 1, 2007.

The Joint Legislative Audit and Review Committee is required to analyze gaps in availability and access to services in dependency cases and report to the Legislature by December 1, 2007.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 96 | 0 | |
| Senate | 45 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 40 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

2SHB 1334

C 411 L 07

Requiring the petitioner in a child welfare case to provide the court with relevant documentation.

By House Committee on Appropriations (originally sponsored by Representatives Hinkle and Walsh).

House Committee on Early Learning & Children's Services

House Committee on Appropriations

Senate Committee on Human Services & Corrections

Senate Committee on Ways & Means

Background: Dependency and Termination of Parental Rights. If there are allegations of abandonment, abuse or neglect, or no parent who is capable of caring for a child, the state may investigate the allegations and initiate a dependency proceeding in juvenile court. If the court finds the statutory requirements have been met, the court will find the child to be a dependent of the state.

Whenever the court orders a dependent child to be removed from the home, the court will enter a dispositional plan which will include the obligations of the parties including the parents, the supervising agency or Department of Social and Health Services (Department), and the child. The dispositional order will contain an order for the placement of the child either within the home or outside the home. If the child is placed outside the home, he or she may be placed with a relative or in non-relative foster care.

The status of all dependent children must be reviewed by the court every six months. During the review the court will examine the progress of the parents in meeting the requirements of the dispositional plan. At this hearing the court may return the child to the home if the parent has made sufficient progress.

If the parent fails to make progress in curing the parental deficiencies that led to the dependency, or if one of the statutory aggravating factors exist, a termination petition may be filed. If the court finds the statutory grounds for termination are met, the court will terminate the parental rights and the parent will no longer have rights, privileges, or obligations toward the child.

Task Force. In 2005 the Legislature formed a task force to review issues pertaining to the health, safety and welfare of children receiving services from Child Protective Services and Child Welfare Services. In 2006 the task force reported several recommendations to the Legislature for improving Child Protective Services and Child Welfare Services.

Summary: The act is to be known as the Raphael Gomez Act.

In a dependency or termination of parental rights proceeding, if the Department submits a report to the court in which the Department is recommending a new placement or a change in placement, the Department

must include certain documents with the report. The Department may only include the relevant documents and may not attach the entire history of the parent or child.

The following are the documents the Department may include:

- (1) the progress report or evaluation submitted by the provider, if the Department's report contains a recommendation, opinion, or assertion relating to the parent's substance abuse treatment, mental health treatment, anger management classes, or domestic violence classes;
- (2) the most recent visitation report, a visitation report referencing a specific incident alleged in the report, or a summary of visitation prepared by the person who supervised the visitation, if the Department's report contains a recommendation, opinion or assertion relating to the parent's visitation with the child;
- (3) the progress report, evaluation, or summary submitted by the provider, if the Department's report contains a recommendation, opinion or assertion relating to the psychological status of the parent;
- (4) a summary of the physician's report, prepared by the physician or the physician's designee, if the Department's report contains a recommendation, opinion or assertion relating to injuries to the child that occurred while in the care of the parent; and
- (5) documents upon which any recommendation, opinion, or assertion by the Department is based relating to a home study, licensing action, or background check information.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 96 | 0 | |
| Senate | 46 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 40 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 1337

C 23 L 07

Regarding coverage for colorectal cancer examinations and laboratory tests.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Kenney, Skinner, Hunter, Priest, Darneille, Ericks, Pettigrew, Hankins, Lantz, Fromhold, Walsh, Williams, Kessler, Haler, Morrell, Barlow, McCoy, Appleton, Ormsby, Springer, Campbell, Moeller, Lovick, Rolfes, Hasegawa, Flannigan, Hudgins, Hunt, Green, Chase, Dunshee, Simpson, Roberts, O'Brien, Rodne, Dickerson, Quall, Goodman, Linville, Hurst, Santos and Wallace).

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

Background: According to the American Cancer Society (ACS), colorectal cancer is the third most common cancer in the United States. The ACS estimates that 153,760 new cases of colon and rectal cancer will occur in 2007, with 52,180 deaths. The ACS also reports that the death rate from these cancers has decreased over the last 15 years, in part because screening tests allow polyps to be found and removed before they become cancerous.

For 2003, the Washington State Cancer Registry reported 2,861 incidences of colorectal cancer, with 1,017 deaths. Colorectal cancer was the second leading cause of cancer deaths in the state that year.

In January 2003, the Department of Health (DOH) reported on a sunrise review of mandated colorectal cancer screening. The DOH recommended adoption of a mandated screening benefit with various technical recommendations. The DOH noted in its report that although most health plans provided coverage for colorectal cancer screening, the plans were not uniformly following the recommendations of the ACS.

The Washington State Comprehensive Cancer Control Plan, published by the DOH in 2004, made several recommendations with regard to colorectal cancer: (1) increase screening rates; (2) increase awareness of the importance of regular screening; (3) identify and screen high risk populations; and (4) monitor emerging science evaluating the benefit of various screening technologies. It set a goal to reduce mortality from colorectal cancer by increasing the proportion of people aged 50 or older that have had screening according to the ACS recommendations to 60 percent by 2008, and increasing the capacity of the health care system to perform high-quality screening.

Summary: Beginning July 1, 2008, disability insurance contracts and health benefit plans must cover colorectal cancer examinations and laboratory tests consistent with guidelines or recommendations of the U.S. Preventive Services Task Force or the Centers for Disease Control and Prevention. Coverage must be provided for the

screening and tests at the frequency identified in the guidelines or recommendations, as deemed appropriate by the patient's physician after patient consultation. These benefits must be provided to individuals at least 50 years old and to those who are under age 50 if they are at high risk or very high risk for colorectal cancer according to the screening guidelines or recommendations.

To encourage screening, patients and providers must not be required to meet burdensome criteria or significant obstacles to secure coverage. Any additional deductible or co-pay may not be greater than that established for similar benefits or, if there is not a similar benefit, may not be set at a level that materially diminishes the value of the benefit required.

Carriers and health maintenance organizations are not required to refer patients to nonparticipating providers unless appropriate participating providers are not available to administer the screening. If referrals to nonparticipating providers are made, the screening services must be provided at no additional cost to the patient.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 83 | 13 |
| Senate | 47 | 0 |

Effective: July 22, 2007

SHB 1338

C 211 L 07

Authorizing the Washington beer commission to receive gifts, grants, and endowments.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives P. Sullivan, Newhouse, B. Sullivan and Santos).

House Committee on State Government & Tribal Affairs
Senate Committee on Agriculture & Rural Economic Development

Background: In 2006 legislation was enacted to establish the Washington Beer Commission (Commission). Creation of the Commission was contingent upon approval of the affected producers who are Washington-licensed brewers producing less than 100,000 barrels annually. A vote of the affected licensed craft breweries was held in the fall of 2006 in favor of creating the Commission.

The Commission promotes and conducts research on Washington-produced beer with oversight by the Washington State Department of Agriculture. To fund its activities, the Commission is authorized to assess producers a fee of 10 cents per barrel produced and to sell beer at beer festivals.

Summary: The Commission may accept gifts, grants, and endowments from public or private sources for the use and benefit of the purposes of the Commission.

Expenditures must be made according to the terms of the gifts, grants, or endowments. This provision ends July 1, 2009.

Votes on Final Passage:

House 89 0
 Senate 49 0

Effective: July 22, 2007

HB 1341
 C 165 L 07

Limiting the regulation of the practice of massage by political subdivisions.

By Representatives Simpson, Curtis, Ericks and Alexander.

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

Background: The practice of massage and massage therapy is regulated under state law. The regulation of massage practitioners includes the following:

- state licensing and examination requirements;
- restrictions on certain advertising practices; and
- disciplinary standards and procedures.

The regulation of massage practitioners is overseen by the Washington State Board of Massage (Board). The Board is authorized to adopt administrative rules pertaining to the regulation of the massage profession and is granted specified powers with respect to the:

- evaluation and approval of massage schools and training programs;
- administration of licensing examinations; and
- establishment of the rules, standards, and procedures regarding the training of practitioners.

The regulation of the massage profession is not exclusive to the state. State statute explicitly allows local governments to impose regulations, require local licenses, charge fees, and levy taxes.

Summary: Statutory provisions authorizing local governments to license and regulate massage practitioners are repealed.

Votes on Final Passage:

House 90 0
 Senate 48 0

Effective: July 22, 2007

HB 1343
 C 420 L 07

Regarding physical examination requirements for certificate of ownership applications.

By Representatives Takko and Armstrong; by request of Washington State Patrol.

House Committee on Transportation
 Senate Committee on Transportation

Background: The Washington State Patrol (WSP) performs Vehicle Identification Number (VIN) inspections in Washington. The WSP is required to perform inspections on the following types of vehicles prior to the Department of Licensing (DOL) issuing a title: rebuilt vehicles after being destroyed or declared a total loss by an insurance company. The WSP also performs physical inspections on vehicles reported stolen, homemade vehicles, or other vehicles without a proper VIN, when there is a VIN discrepancy, when there is a recorded dispute, when ownership is in doubt, or in other special cases. The fee for a rebuilt vehicle or an assembled vehicle is \$50.

Upon the destruction of any vehicle that was issued a title or a license registration, the registered owner and the legal owner will surrender the certificate to the DOL, together with a statement for the reason for the surrender and the date and place of the loss. The registered/legal owner of the vehicle at the time of the loss may keep the vehicle and have the vehicle rebuilt. The WSP will perform an inspection of the salvage rebuilt vehicle prior to the re-issuance of a Washington title in order to verify that the VIN is genuine and that the parts used to repair the vehicle are not stolen.

In 2006 the WSP performed 11,731 owner-retained inspections, which account for approximately 25 percent of the VIN inspections.

Summary: The owner of a vehicle that has been rebuilt after being declared a total loss is not required to present the vehicle for physical inspection prior to title re-issuance if the person retained ownership after the vehicle was declared a total loss. The Washington State Patrol's physical vehicle inspection fee is raised from \$50 to \$65. The additional \$15 will be deposited into the State Patrol Highway Account. It is clarified that as long as the Washington State Patrol has a backlog of vehicles to inspect, nothing in the act will be construed to reduce the agency's VIN inspection workload.

Votes on Final Passage:

House 97 0
 Senate 45 2 (Senate amended)
 House 62 36 (House concurred)

Effective: July 22, 2007

HB 1344
C 168 L 07

Providing a window tint exemption for law enforcement vehicles.

By Representatives Lovick, Rodne, Hudgins, Upthegrove and Campbell; by request of Washington State Patrol.

House Committee on Transportation
Senate Committee on Transportation

Background: There are restrictions on film sunscreening or coloring material, also referred to as "window tinting," that may be applied to the windows of a motor vehicle. Clear film sunscreening material that reduces or eliminates ultraviolet light may be applied to windshields. Tinting applied to the windows of motor vehicles, except the windshield, must allow minimum light transmission of 35 percent, as compared to clear glass. Tinting with a greater degree of light reduction is permitted on the top six-inch area of a vehicle's windshield, and on all windows and the top six inches of the windshield for vehicles operated by, or carrying, a person with a documented physical or medical need for protection from sunlight exposure. A vehicle with tinted rear or side windows must have left and right outside mirrors that reflect to the driver a view of at least 200 feet to the rear of the vehicle. All windows behind the driver on limousines and passenger buses may be darker under certain conditions.

Three types of tinting materials are prohibited: (1) mirror finish products; (2) red, gold, yellow or black material; and (3) liquid pre-application material. Professional tinting installers must apply a sticker to the driver's door post indicating that the tinting meets state requirements.

Operating a motor vehicle equipped with prohibited window tinting is a traffic infraction.

Summary: The side and rear windows of law enforcement vehicles are exempt from the minimum light restriction of 35 percent.

When law enforcement vehicles are sold to private individuals, the film sunscreening or coloring material must comply with the minimum light restriction of 35 percent or documentation must be provided to the buyer communicating that the windows must comply with the minimum of 35 percent before operation of the vehicle.

Votes on Final Passage:

House 96 0
Senate 46 0

Effective: July 22, 2007

HB 1349
C 53 L 07

Authorizing the sale by spirit, beer, and wine licensees of malt liquor in containers that are capable of holding four gallons or more and are registered in accordance with RCW 66.28.200.

By Representatives Condotta and Wood.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: The Liquor Control Board (Board) issues a number of types of liquor licenses. These include licenses for spirits, beer, and wine restaurants, beer and/or wine restaurants, taverns, grocery stores, and beer and/or wine specialty shops. Kegs (or other containers holding four gallons or more) of malt liquor may be sold by beer and/or wine restaurants, taverns, grocery stores, and beer and/or wine specialty shops. Spirits, beer, and wine restaurants are not permitted to sell kegs.

Under keg registration requirements, sellers and purchasers of kegs or other large containers must follow certain procedures. The seller and purchaser must complete a registration form with information about the purchaser's identity and the address where the keg will be located or consumed. Copies of the registration must be provided to the purchaser, kept by the seller, and posted near the container. The purchaser must affirm that he or she: (1) is at least 21 years old; (2) will not tamper with the registration form; and (3) will not provide alcohol to a minor. Identification must be placed on the containers for purposes of tracing the purchasers.

Summary: With an endorsement from the Board, spirits, beer, and wine restaurant licensees may sell malt liquor in kegs or other containers capable of holding four or more gallons. The restaurants must follow the same keg registration requirements as other establishments.

Votes on Final Passage:

House 97 0
Senate 47 0

Effective: July 22, 2007

E2SHB 1359

C 427 L 07

Addressing funding for affordable housing and homeless housing programs.

By House Committee on Appropriations (originally sponsored by Representatives Miloscia, Chase, Hasegawa, Pettigrew, Springer, Ormsby, Roberts, Darneille, Goodman and Santos).

House Committee on Housing
House Committee on Appropriations
Senate Committee on Consumer Protection & Housing
Senate Committee on Ways & Means

Background: Existing Low Income Housing Surcharge. County auditors are required to record deeds and other instruments that are filed and recorded. A \$10 surcharge is charged for recording certain documents to support low-income housing projects.

The county may keep up to 5 percent of the \$10 surcharge for the collection, administration, and local distribution of the funds. Of the remaining funds, 40 percent is transmitted into the Housing Trust Account, an appropriated account, administered by the Department of Community, Trade and Economic Development (DCTED) to be used for the support, operation and maintenance of extremely low-income housing projects. The remainder of the revenue generated is retained by the counties for low-income housing programs and projects which serve households making at or below 50 percent of the area median income. However, new housing may not be built with these funds if the county vacancy rate for low-income housing is above 10 percent.

Homeless Housing and Assistance Act. The Legislature enacted the Homeless Housing and Assistance Act in 2005, the goal of which is to reduce homelessness by 50 percent statewide and in each county by July 1, 2015. This goal is to be achieved through the creation of plans to address the causes of homelessness and the implementation of solutions to homelessness through state and county homeless housing programs.

Homeless Housing and Assistance Program Funding. The Homeless Housing and Assistance Program is funded by a \$10 surcharge for certain documents recorded by the county auditor. Of that \$10 surcharge:

- the auditor retains 2 percent;
- sixty percent of the remaining funds remain within the participating county of origin; any city which assumes responsibility for reducing homelessness within its boundaries receives a percentage of the surcharge equal to the percentage of the city's local portion of the real estate excise tax; and

- the remaining monies are remitted to the Department of Community, Trade and Economic Development (DCTED) and deposited into the Homeless Housing Account, a non appropriated account, for program administration and to fund the Homeless Grant Program.

Approximately \$16 million in new funding for homelessness is produced each year through the homeless document recording fee.

Summary: Affordable Housing for All Surcharge. The surcharge to support low-income housing projects is named the Affordable Housing for All (AHFA) Surcharge. The portion of revenue due to the state will be remitted to the Affordable Housing for All Account, subject to appropriation. The DCTED must use these funds to provide housing and shelter for extremely low-income households. In the use of local funds, counties must prioritize housing activities which serve extremely low-income households. There is no low-income housing vacancy requirement to be met before funding new construction projects.

Homeless Housing and Assistance Act Program Funding Revisions. \$10 Surcharge. The DCTED's share of revenue from the \$10 homeless housing surcharge will be deposited into the Home Security Fund and may be used for:

- program administration;
- to provide housing and shelter to homeless people and to financially support homeless shelters and other homeless housing programs; and
- to fund the Homeless Housing Grant Program.

\$8 Surcharge. An additional \$8 document recording fee surcharge is established of which 90 percent may be used for county homeless programs and 10 percent will be deposited into the Home Security Fund Account to be used for the DCTED program administration, housing and shelter assistance for homeless persons, and the Homeless Housing Grant Program.

Votes on Final Passage:

| | | | |
|--------|----|----|---------------------------|
| House | 57 | 39 | |
| Senate | 32 | 16 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 28 | 21 | (Senate amended) |
| House | 60 | 37 | (House concurred) |

Effective: July 22, 2007

HB 1366

C 196 L 07

Protecting the news media from being compelled to testify in legal proceedings.

By Representatives Kessler, DeBolt, Grant, Ericksen, Lantz, Rodne, Williams, Priest, Morrell, Hunt, Appleton, Blake, Chase, Anderson, Darneille, Dickerson, Linville, Springer, Hurst and Wood.

House Committee on Judiciary

Senate Committee on Judiciary

Background: The judiciary has inherent power to compel witnesses to appear and testify in judicial proceedings so that the court will receive all relevant evidence. However, the common law and statutory law recognize exceptions to compelled testimony in some circumstances, including testimonial or evidentiary privileges. Privileges are generally disfavored in the common law because they impede the court's truth-finding function.

Privileges are recognized when certain classes of relationships or communications within those relationships are deemed of such importance that they should be protected. Four criteria must be satisfied to find a privilege under the common law: (1) the communication must be made in confidence; (2) the element of confidentiality must be essential to the relationship; (3) the relationship is one that should be sedulously fostered; and (4) the injury of disclosing the communication must be greater than the benefit of disclosure.

Washington has not enacted a statutory reporter privilege, but the Washington Supreme Court has recognized a common law qualified privilege for reporters against compelled disclosure of confidential source information in both civil and criminal cases. To overcome the privilege, a party must show that: (1) the claim is meritorious; (2) the information sought is necessary or critical to the cause of action or defense pleaded; and (3) the party made a reasonable effort to obtain the information by other means.

More than 30 states and the District of Columbia have enacted statutory reporter shield laws. There is wide variation among these laws: some states provide protection only with respect to confidential sources, either by providing a qualified or absolute privilege; some provide qualified protection for both confidential sources and the reporter's work product; and some provide an absolute privilege for both sources and work product. In addition, state laws vary with respect to whether and how they apply the privilege in different types of proceedings and the showing that must be made to overcome the privilege where it is qualified.

At the federal level, the U.S. Congress has not adopted a reporter privilege law, although a number of bills have been introduced on the subject. Most federal circuit courts, including the Ninth Circuit Court of Appeals, have recognized some form of qualified reporter privilege, either deriving from the common law or the First Amendment.

Summary: A privilege from compelled testimony or disclosure of information is established for members of the news media. In addition, a privilege from compelled disclosure of certain information is established for a non-news media party under certain circumstances.

The news media has an absolute privilege from being compelled to testify, produce, or disclose the identity of a source of news or information, or any information that would tend to identify the source, if the source has a reasonable expectation of confidentiality.

The news media has a qualified privilege from being compelled to testify, produce, or disclose any news or information obtained or prepared in the course of gathering, receiving, or processing news or information for potential communication to the public. This qualified privilege does not apply to physical evidence of a crime. The qualified privilege may be overcome if the court finds the following factors are present:

- in the case of a criminal proceeding, there are reasonable grounds to believe a crime occurred, and in the case of a civil proceeding, there is a prima facie case;
- the information is highly material and relevant;
- the information is critical or necessary to maintenance of a claim or defense, or proof of a material issue;
- the party seeking the information has exhausted all reasonable and available means of obtaining the information from another source; and
- there is a compelling public interest in the disclosure. In evaluating public interest, the court may consider whether the information came from a confidential source.

A non-news media party is protected from compelled disclosure of records or information relating to business transactions with the news media where the purpose of seeking the records is to discover the identity of a source or other information protected from disclosure. The news media must be given prior notice and an opportunity to be heard when records relating to a non-news media party's business transactions with the news media are sought. Prior notice is not required where the news media is the target of a criminal investigation and prior notice would pose a clear and substantial threat to the investigation.

The news media privilege is not waived by the publication or dissemination by the news media of the news or information or any portion of the news or information.

The fact and content of a publication may be established by judicial notice.

"News media" is defined to mean any of the following persons or entities:

- newspaper; magazine or periodical; book publisher; news agency; wire service; radio, television, cable, or satellite station or network; or audio or audiovisual production company;
- any entity in the regular business of news gathering and disseminating news or information to the public by any means;
- any person who is or has been an employee, agent, or independent contractor of any of the above entities, who is or has been engaged in bonafide news gathering for the entity, and who obtained or prepared the information sought while serving in that capacity; and
- a parent, subsidiary, or affiliate of the entities listed above.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 41 | 6 | (Senate amended) |
| House | 94 | 1 | (House concurred) |

Effective: July 22, 2007

ESHB 1368
C 469 L 07

Concerning special purpose district commissioner per diem compensation.

By House Committee on Local Government (originally sponsored by Representatives Simpson, Hinkle, Armstrong and Linville).

House Committee on Local Government
Senate Committee on Government Operations & Elections

Background: Special Purpose Districts. In Washington, a special purpose district (SPD) is a limited purpose local government separate from a city, town, or county government. Special purpose districts provide an array of services and facilities that are otherwise not available from city or county governments. Most powers of SPDs are vested in a board of district commissioners, board of district trustees, or board of district directors. Per diem compensation is available for select SPD positions for performance of services on behalf of the district, such as attendance at meetings or time spent devoted to the business of the district.

Consumer Price Index. The consumer price index (CPI) is an index prepared and published by the Bureau of Labor Statistics of the U.S. Department of Labor which measures average changes in prices of goods and services. It is used to illustrate the extent that prices have risen or the amount of inflation that has taken place.

Summary: The maximum daily and/or annual compensation for 15 SPDs is increased. The Office of Financial Management is directed to adjust the "dollar thresholds" for per diem compensations according to the SPD every five years beginning July 1, 2008. If more than one CPI is developed by the Bureau of Labor Statistics for areas within Washington, the index covering the greatest number of people, exclusively within the boundaries of the state, must be used for the adjustment for inflation.

Special purpose district commissioners may receive compensation only for "actual" attendance at official meetings and for other "official" duties or services performed on behalf of the district.

A commissioner for two or more special purpose districts may only receive per diem compensation for one of his or her commissioner positions as compensation for attending a meeting or conducting business while representing more than one of his or her districts. Compensation may be collected from more than one district if approval has been granted by resolution of all boards of the affected commissions.

Various SPD Commissioners. The following SPD commissioner/director maximum per diem compensations are increased from \$70 per day to \$90 per day and from \$6,720 per year to \$8,640 per year:

- Metropolitan Park Commissioners;
- Board of Fire Commissioners;
- Water-Sewer District Commissioners;
- Cemetery District Commissioners;
- Public Hospital Districts Commissioners;
- Board of Diking Commissioners;
- Board of Drainage Commissioners;
- Diking, Drainage, and Sewerage Improvement District Commissioners;
- Drainage and Diking District Board Members;
- Flood Control Board of Directors;
- Irrigation District Directors; and
- Special District Government Body Commissioners.

Port District Commissioners. The maximum per diem compensation for commissioners of a port district with an annual income of less than \$25 million is increased from \$70 per day to \$90 per day and from \$6,720 per year to \$8,640 per year.

Commissioners of a port district with an annual income of more than \$25 million may receive a maximum per diem compensation that is increased from \$70 per day to \$90 per day and from \$8,400 per year to \$10,800 per year.

Public Utility District Commissioners. The maximum per diem compensation for public utility district commissioners is increased from \$70 per day to \$90 per day and from \$9,800 per year to \$12,600 per year.

Public Transportation Benefit Authorities Board Members. The maximum per diem compensation for public transportation benefit authority board members is increased from \$70 per day to \$90 per day.

HB 1370

Votes on Final Passage:

| | | | |
|--------|----|---|----------------------------|
| House | 95 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | | | (Senate refused to recede) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1370

C 169 L 07

Regarding public workers excluded from prevailing wages on public works provisions.

By Representatives Green, Conway, Hasegawa, Chase, Simpson, Morrell and Wood.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: State law requires employers to pay workers on all public works contracts and public building service maintenance contracts at least the prevailing wage. The prevailing wage is the rate of hourly wage, usual benefits, and overtime paid to the majority of workers in the same trade or occupation in the largest city in the county where the work is performed. The Department of Labor and Industries determines the prevailing wage by periodically surveying the trades.

Public employees paid a "monthly or per diem salary" are excluded from the prevailing wage laws, meaning they are also not included in the surveys. Some private sector workers brought suit, claiming that since public employees paid hourly are not excluded, their wages should be included in a survey.

Summary: Public employees, regardless of how they are paid, are excluded from prevailing wage laws and are therefore not included in prevailing wage surveys.

Rules Authority: The bill does not address the rule-making powers of an agency.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

HB 1371

C 372 L 07

Addressing traffic infractions involving rental vehicles.

By Representative Appleton.

House Committee on Transportation
Senate Committee on Transportation

Background: When liability for a traffic infraction based on the identity of the vehicle is determined to reside in a vehicle registered to a car rental company, state law creates a 30-day window from the time the car rental company is informed of the traffic infraction. Within this time frame, the car rental company may either provide, under oath, the name and address of the person driving the vehicle or state, under oath, that it is unable to determine who was driving or renting the vehicle at the time the infraction occurred.

Mailing this statement to the issuing law enforcement agency within the 30-day window relieves the car rental company of liability for the infraction. In lieu of identifying the vehicle operator, the company may also choose to pay the applicable penalty.

A traffic infraction based on the identity of the vehicle is defined to include, but is not limited to, parking infractions, high-occupancy toll lane violations, and violations recorded by automated traffic safety cameras.

Summary: When a rental car business is unable to determine who was driving or renting a vehicle when an infraction occurred, it may avoid liability for the infraction only if the vehicle was stolen and the rental car business can provide a filed police report regarding the theft.

When the owner of a vehicle is a rental car business, parking infractions issued by private parking facilities based on a vehicle's identification are subject to the same statutory scheme applicable to infractions based on a vehicle's identification issued by law enforcement agencies.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 48 | 1 | (Senate amended) |
| House | 95 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1377

C 412 L 07

Changing provisions affecting the placement of children.

By Representatives Pettigrew, Hinkle, Walsh, Haler, Kagi, Appleton, Warnick and Roberts; by request of Department of Social and Health Services.

House Committee on Early Learning & Children's Services

Senate Committee on Human Services & Corrections

Senate Committee on Ways & Means

Background: The Department of Social and Health Services (DSHS) is authorized by law to remove a child from his or her home if the child has been abandoned, abused, or neglected by a parent or guardian. When a child is removed from home and taken into the custody of the DSHS, alternative care arrangements for the child must be made. These arrangements are made pursuant to court orders governing the child's placement while in the custody of the DSHS.

The Children's Administration within the DSHS places approximately 7,600 children in out-of-home care each year. When determining the best placement for a child, state and federal laws include a preference for placing the child with a relative who is willing and available to care for and meet any special needs of the child. State law allows some relatives to be an eligible placement option for a child without requiring the relative to be a licensed foster parent. These relatives include blood and half-blood relatives; first cousins; nephews and nieces; grandparents; stepparents; and stepbrothers and stepsisters. Placement of a child with a relative who is not a licensed foster parent is commonly known as a kinship care placement.

Summary: Kinship care placement options are expanded to include a child's second cousins and the relatives of any half-siblings of the child. Placement of a child with such a relative also is conditioned on the relative being willing and available to care for and meet any special needs of the child.

Subject to court review and a finding that such a placement is in the child's best interests, a child who has been removed from his or her own home may also be placed in the home of another suitable person:

- (1) with whom the child or child's family has a preexisting relationship;
- (2) who has completed the required criminal background check; and
- (3) who otherwise appears to be suitable and competent to care for the child.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 94 | 0 | |
| Senate | 44 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 40 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

EHB 1379

C 271 L 07

Revising the qualifications of an applicant for licensure as a hearing instrument fitter/dispenser.

By Representatives Hinkle, Green, Campbell, Cody and Morrell.

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

Background: A license from the Department of Health (Department) is required to practice as a hearing instrument fitter/dispenser. The practice includes duties related to selecting hearing instrument systems, taking impressions for ear molds, and using nondiagnostic procedures and equipment to determine the appropriate fit of an instrument. Applicants for a license to become a hearing instrument fitter/dispenser must: (1) complete a minimum two-year education program; (2) not have committed unprofessional conduct; and (3) either complete an examination or hold a license in another jurisdiction with substantially equivalent standards to those of Washington.

Summary: An alternative to meeting the education requirement for obtaining a hearing instrument fitter/dispenser license is established. An applicant may use the alternative if he or she demonstrates to the Department that he or she holds a current license from another jurisdiction, has been actively practicing in that jurisdiction for at least 48 of the previous 60 months, and submits proof of completion of advanced certification from the International Hearing Society or the National Board for Certification in Hearing Instrument Sciences. In addition, applicants using this method of obtaining a license must pass the hearing instrument fitter/dispenser examination.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 1 |
| Senate | 48 | 0 |

Effective: July 22, 2007

SHB 1381

C 54 L 07

Making changes of a technical nature to tax laws.

By House Committee on Finance (originally sponsored by Representatives Hasegawa, Orcutt, McIntire and Condotta; by request of Department of Revenue).

House Committee on Finance
Senate Committee on Ways & Means

Background: Inaccuracies in the Revised Code of Washington (RCW) may occur in a variety of ways.

Typographical, drafting, structural, or grammatical errors may be made in bill drafts and floor amendments. Sections may be repealed, recodified, or amended in a way that changes their internal numbering, creating incorrect cross-references. A bill may change a particular term or an entity may be renamed or abolished, and references to these terms or entities in other provisions of the code become inaccurate.

A bill may have contingent effective or expiration dates. Contingent dates lead to a multiplicity of sections, which causes confusion for readers and additional bill drafting complexity.

In a given legislative session, two or more bills may amend the same section of the code without reference to each other. This is called a "double" or "multiple" amendment. Merging double or multiple amendments may require the restructuring of a section for grammatical or other reasons.

Some provisions of the code become obsolete with the passage of time. The Washington Legislature may provide a tax reduction, for example, that operates only for a specified number of years or expires on a specified date.

In 2002 a law was enacted that would become null and void if the federal Mobile Telecommunications Sourcing Act is invalidated by the courts. This contingency has generated a multiplicity of sections in the code. The likelihood of court action appears extremely remote.

Summary:

Technical corrections are made to various provisions related to property and excise taxes. These changes include:

- (1) correcting drafting errors, structural problems such as RCW strings that are not in numeric order, inaccurate references to terms that have been changed, and inaccurate cross-references;
- (2) adding or modifying language to clarify statutory provisions;
- (3) reenacting sections of code to merge multiple amendments; and
- (4) repealing several obsolete provisions of code.

In addition, a contingency clause in chapter 67, Laws of 2002, making the act null and void if the federal Mobile Telecommunications Sourcing Act is invalidated by a court, is repealed.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007
July 1, 2011 (Section 5)

SHB 1396

C 509 L 07

Providing a single ballot proposition for regional transportation investment districts and regional transit authorities at the 2007 general election.

By House Committee on Transportation (originally sponsored by Representatives Flannigan, Jarrett, B. Sullivan, Upthegrove, Rodne, Eddy, Kagi, Chase and Schual-Berke).

House Committee on Transportation
Senate Committee on Transportation

Background: Regional Transportation Investment Districts. In 2002 the Legislature authorized the creation of regional transportation investment districts (RTID) for the purpose of planning and financing regional transportation improvements within a multi-county region. A RTID is required to include at least two contiguous counties, one of which must have a population of more than 1.5 million and any adjoining counties must have a population of more than 500,000. The boundaries should also include at least the contiguous areas within the regional transit authority serving the counties. The only currently proposed RTID consists of King, Pierce, and Snohomish counties.

A RTID is granted several local voter-approved funding options to fund the improvements, including a sales and use tax, vehicle license fee, parking tax, motor vehicle excise tax, employer tax, local option fuel tax, and vehicle tolls. Eligible projects include capital improvements to highways of statewide significance, including associated multimodal capital improvements, and, under limited circumstances, certain local street, road, and highway improvements. Additionally, operational expenses (e.g., transit services) are allowed for project construction mitigation related to the RTID-funded projects.

Regional Transit Authorities. In 1992 the Legislature authorized creation of regional transit authorities (RTA) for the purpose of developing and operating high capacity transportation systems. An RTA must consist of two or more contiguous counties, each having a population of 400,000 persons or more. A high capacity transportation system is an urban public transportation system

that operates principally on exclusive rights-of-way and provides a substantially higher level of passenger capacity, speed, and service frequency than traditional public transportation systems operating mainly on general purpose roadways.

In 1993 the King, Pierce, and Snohomish county councils voted to establish the Central Puget Sound Regional Transit Authority (now known as Sound Transit). Sound Transit is vested with high capacity transportation system development authority in the three-county area, including the imposition of voter-approved taxes for development and operation of such transportation systems.

In 1996 voters in the urban areas of King, Pierce, and Snohomish counties approved a plan and authorized funding to provide high capacity transportation services for the central Puget Sound region.

2007 Sound Transit-RTID Joint Ballot. During the 2006 legislative session, the Legislature enacted ESHB 2871, which required, among other things, that Sound Transit and the RTID submit to regional voters at the 2007 general election the agencies' respective transit and highway improvement plans. More specifically, the RTID measure must ask the district's voters to approve formation of the district, the investment plan, and the revenue sources necessary to finance the plan. The Sound Transit measure must ask voters within its boundaries to support additional implementation phases of its system and financing plan. The legislation also required that the RTID and Sound Transit measures be separate ballot measures. Passage of each measure was made contingent on passage of the other measure, thereby requiring both ballot measures to pass in order for either to pass.

Summary: At the 2007 general election, Sound Transit and the RTID must submit to regional voters their respective transit and highway improvement plans in the form of a single ballot proposition, rather than as two separate ballot measures. The contingency requirement established in the 2006 legislation is maintained by requiring support of the single ballot measure by both a majority of voters in the Sound Transit taxing district and a majority of the voters in the RTID taxing district. The text of the ballot proposition is codified in statute, and the ballot measure submitted to the voters must take substantially the same form as the codified language. In addition, the ballot measure must include language stating that each taxing district may only impose taxes within its respective boundaries. An expedited appeal process is provided for any constitutional challenges to the act.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 96 | 1 | |
| Senate | 43 | 5 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | | | (Senate receded) |
| Senate | 44 | 4 | |

Effective: May 15, 2007

SHB 1397
C 272 L 07

Establishing an intraoral massage endorsement for massage therapists.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Campbell, Kenney, Curtis, Cody and Uptegrove).

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

Background: Massage therapy is a health care service involving the external manipulation or pressure of soft tissue for therapeutic purposes. Massage techniques include tapping, compression, friction, Swedish gymnastics, gliding, kneading, shaking, and facial or connective tissue stretching.

Any person practicing or representing himself or herself as a massage practitioner must be licensed by the Department of Health.

Summary: A licensed massage therapist may apply for an endorsement to perform intraoral massage after completing training specified by the Washington State Board of Massage. The training must include, among other things, intraoral massage techniques, cranial anatomy, physiology, and kinesiology, and hygienic practices.

"Intraoral massage" means the manipulation or pressure of soft tissue inside the mouth for therapeutic purposes.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 91 | 1 |
| Senate | 49 | 0 |

Effective: July 22, 2007

SHB 1398
C 24 L 07

Expanding the University of Washington's and Washington State University's local borrowing authority.

By House Committee on Capital Budget (originally sponsored by Representatives Fromhold, Wallace, Anderson, McDonald, Pedersen and Chase; by request of University of Washington).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: The Boards of Regents of the state research universities are authorized to issue bonds and other debt for research and enterprise facilities. Research facilities are largely supported by federal grants and contracts, as well as other nonstate sources. Enterprise facilities generate revenue from their operations, and these facilities are not subject to legislative appropriation. Such facilities include student housing and dining halls, parking structures, intercollegiate athletics, hospitals, and other student services.

The research universities are not authorized to issue bonds for academic and administrative facilities, but may execute other long-term financial commitments for such facilities. These other long-term financial commitments include long-term leases and lease-to-own contracts that take advantage of tax-exempt financing under the federal tax code (commonly referred to as 63-20 projects). These allowable long-term financial commitments are typically more costly than bond financing.

Summary: The authority of the University of Washington and Washington State University to issue bonds is expanded to any university purpose. Any nonappropriated funds may be obligated for the repayment of such bonds. This debt will not count against the state's constitutional debt limit and will not be backed by the full faith and credit of the state. The universities must report annually to the appropriate committees of the Legislature and the State Treasurer on the use of this bonding authority.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 1 |
| Senate | 45 | 0 |

Effective: July 22, 2007

May 1, 2007 (Section 4)

2SHB 1401

C 428 L 07

Regarding the acquisition of land for affordable housing.

By House Committee on Capital Budget (originally sponsored by Representatives Pettigrew, Springer, Dunn, McCune, Miloscia, Chase and Santos).

House Committee on Housing
House Committee on Capital Budget
Senate Committee on Consumer Protection & Housing
Senate Committee on Ways & Means

Background: The Department of Community, Trade and Economic Development (DCTED) provides financial assistance to affordable housing projects for low-income persons through its Housing Trust Fund loan and grant program. Eligible activities for Housing Trust Fund assistance include new construction and rehabilitation, rent subsidies, housing related social services, shelters, acquisition of low-income housing units, and down

payment assistance. Affordable Housing is housing for rental or home ownership housing for low-income families (80 percent of the median family income). For rental housing, payment of monthly housing costs cannot exceed over 30 percent of the household's income.

There exists a formal process by which eligible organizations may apply for funding. Application periods of at least 90 days duration are announced as often as the DCTED deems appropriate and applications are accepted and evaluated only during those periods of time. The review process evaluates the merits of a proposal based on need, readiness, capacity of the organization, and the proposed project impact. The review process takes approximately 12 weeks. Eligible Organizations include local governments, housing authorities, non-profit community or neighborhood-based organizations, federally recognized Indian tribes and regional or statewide nonprofit housing assistance organizations.

Some low-income housing developers purchase and hold land for future affordable housing development in a real estate market characterized by fast pace and short time periods during which they must gather financing and close the deal. Many traditional sources of funding and financing for low-income housing developments, including the Housing Trust Fund, have strict application and review periods which may be longer than the periods purchasing land in the private market. Furthermore, although short-term "bridge loans" are available, these may not give recipient organizations the time needed to secure permanent financing.

Summary: The Affordable Housing Land Acquisition Program is created within the DCTED which will contract with the Washington State Housing Finance Commission (HFC) to implement and manage the program.

The HFC will create and maintain a revolving loan fund for land acquisition for affordable housing and associated facility development and all receipts from loan payments and penalties will be remitted to this fund. Loan interest rates may not exceed 1 percent.

Forty percent of loans must be made to eligible applicants operating homeownership programs for low-income households in which the households participate in the construction of their homes. Sixty percent of loans may be awarded to other eligible organizations.

In addition to a proposed affordable housing development plan required as part of the loan application process, loan recipients must present a more detailed development plan within five years of loan receipt and must place housing into service within eight years of loan receipt.

Penalty for Non-Compliance. If a housing development does not comply with the requirements of the program, a penalty is imposed on the loan recipient which consists of the principal of the loan plus compounded interest calculated at the current market rate at the time

the loan was made. The market rate will be determined by the HFC and must be noted in the loan documents.

Program Reporting. The HFC will report annually on the results of the program to the DCTED and the Legislature using performance measurement data.

Funding. The act is null and void unless funded in the budget.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 1 |
| Senate | 47 | 0 |

Effective: July 22, 2007

SHB 1407

C 327 L 07

Funding the administration of Title 50 RCW, unemployment compensation.

By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Wood and Green; by request of Employment Security Department).

House Committee on Commerce & Labor
 House Committee on Appropriations
 Senate Committee on Labor, Commerce, Research & Development
 Senate Committee on Ways & Means

Background: The Employment Security Department (Department) administers the unemployment compensation system and related funds, such as the Unemployment Compensation Fund and the Administrative Contingency Fund. Moneys in the Unemployment Compensation Fund may be used only for unemployment benefits. Most moneys in the Administrative Contingency Fund may be expended when necessary for the proper administration of the Employment Security Act and no federal funds are available for the particular expenditure. Some moneys in the Administrative Contingency Fund, however, are subject to additional limitations.

The Unemployment Compensation Fund includes 60 percent of contributions paid for administration of the training benefits program. Qualified dislocated workers may receive additional unemployment insurance benefits while they are in retraining. Employers are required to pay additional contributions for administration of the training benefits program. The contribution rate is one one-hundredth of 1 percent (.01 percent). Forty percent of these contributions is retained in the Administrative Contingency Fund. The remaining 60 percent is deposited in the Unemployment Compensation Fund.

The Administrative Contingency Fund includes certain claimant penalties. Overpayment assessments are subject to an interest penalty of 1 percent for each month that payments are delinquent. Interest penalties must be used, first, to fully fund Social Security number cross-

match audits, and second, to fund other overpayment activities.

The Administrative Contingency Fund also includes certain employer penalties. When a business is transferred to another employer or entity, the successorship provisions may require a mandatory transfer of experience or prohibit the transfer. Penalties and interest collected for evasion of the successorship provisions may be expended solely for prevention, detection, and collection activities related to evasion of these provisions.

Summary: Existing moneys are made generally available for administering the unemployment compensation system and other programs under the Employment Security Act (Act). The following moneys are included in the Administrative Contingency Fund:

- 60 percent of additional contributions paid for administration of the training benefits program;
- interest penalties collected for overpayment assessments; and
- penalties and interest collected for evasion of the successorship provisions.

Moneys in the Administrative Contingency Fund may be expended when necessary for the proper administration of the Act and insufficient federal funds are available for the particular expenditure.

The Department must conduct Social Security number cross-match audits or engage in other more effective activities to prevent, detect, and recover overpayments. It also must engage in prevention, detection, and collection activities related to evasion of the successorship provisions.

Obsolete provisions, such as those applicable only to past biennia, are deleted.

Rules Authority: The bill does not address the rule-making powers of an agency.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 1 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 95 | 0 | (House concurred) |

Effective: July 1, 2007

SHB 1409

C 236 L 07

Transferring jurisdiction over conversion-related forest practices to local governments.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives B. Sullivan, Orcutt, Kretz and Takko).

House Committee on Agriculture & Natural Resources
 Senate Committee on Natural Resources, Ocean & Recreation
 Senate Committee on Ways & Means

Background: Classes of Forest Practices. Prior to conducting a harvest or most other silvicultural treatments on forest land, a forest landowner must apply to the Department of Natural Resources (DNR) for approval of the proposed forest practice. The application process and application fee required varies depending on what class of forest practice is proposed. A forest practice can fall into one of four classes:

- (1) **Class I forest practices** have a minimal direct potential for damaging a public resource. Most Class I practices do not require pre-approval by the DNR.
- (2) **Class II forest practices** have a less than ordinary potential for damaging a public resource. Class II practices require notification to be given to the DNR, but do not require formal approval.
- (3) **Class III forest practices** are silvicultural treatments that do not fit into the definition of the other classes of forest practices. They have a higher potential to damage a public resource than Class II practices, but a lower potential than Class IV practices. Class III forest practices do require pre-approval from the DNR.
- (4) **Class IV forest practices** have a potential for substantial impact on the environment. This includes harvesting within an urban growth area and harvesting in an area that is likely to be developed for a non-forestry use. Class IV practices require pre-approval by the DNR in some cases and by local governments in other cases.

The Role of Local Governments in Forest Practices Approvals. Counties and cities have the authority to approve or disapprove certain Class IV forest practices applications. In order to assume approval authority, the county or city must adopt ordinances that establish minimum standards for Class IV forest practices, establish the necessary administrative provisions, and set procedures for the collection of fees. All cities and counties were required to adopt the necessary ordinances for Class IV forest practices approval by December 31, 2005.

The authority to approve or disapprove Class IV forest practices applications does not pass from the DNR to the city or county until the DNR has granted final approval of the city's or county's ordinances. In conducting a review of the local government's proposed ordinances, the DNR is required to consult with the Department of Ecology (DOE), and may disapprove the ordinance wholly or in part.

Counties and cities that adopted the necessary ordinances to obtain control over Class IV forest practices approvals were eligible for technical assistance from the DNR until January 1, 2006.

Summary: The process for transferring authority to approve or disapprove forest practices applications is repealed. A new mechanism with new dates is

established. Some counties and cities are required to adopt forest practices approval ordinances by the end of 2008, while the other counties and cities retain the discretion to not assume the responsibility for approving forest practices. The requirements on local governments vary depending on whether a county plans under the Growth Management Act (GMA), although the path for transferring jurisdiction remains constant across all counties.

Mandatory vs. Discretionary. Some counties and cities are required to adopt and enforce ordinances or regulations for the approval of forest practices applications, while the assumption of this responsibility is optional for other local governments. The trigger for determining if a county or city is required to adopt these ordinances is the number of forest practices applications that have been submitted within the county for the time period between January 1, 2003, and December 31, 2005, and whether the county plans under the GMA.

For counties planning under the GMA, if more than 25 Class IV applications had been filed to the DNR between those dates for properties within a specific county, then that county, and the cities within it, are required to adopt forest practices approval ordinances. If the number is less than 25, or if the county does not plan under the GMA, then the transfer of jurisdiction for approvals is optional for the county and its cities.

GMA Counties vs. non-GMA Counties. The requirements for counties differ depending on a particular county's participation under the GMA.

Counties not planning under the GMA, and the cities within them, are given the discretionary authority to assume the jurisdiction for approving Class IV forest practices on lands platted later than 1959, lands that are not to be reforested because of the likelihood of future urban development, and lands that are already in the process of being converted to a non-forestry use.

Counties that do plan under the GMA, and their cities, are required to adopt ordinances covering Class IV forest practices applications on the same lands that non-GMA counties may address. They must also adopt ordinances for the approval of all four class types of forest practices when those applications are submitted for land located within an urban growth area.

The only land over which the GMA-planning counties and cities are not required to assume jurisdiction are ownerships of 20 contiguous acres or more. However, the 20-acre exception only applies if the owner of the property submits a written statement to the county and the DNR that he or she does not intend to convert the property to a non-forestry use for the coming decade. The owner's written statement must be accompanied by both a written forest management plan that is acceptable to the DNR and documentation that the land is enrolled, for the purposes of property taxes, as forest land of long-term significance.

Prerequisites for a Transfer of Jurisdiction. The ordinances adopted by the counties and cities must require appropriate approvals for all phases of forest land conversion and procedures for the collection of all administrative and permit fees. Development regulations must also be adopted that protect public resources from material damage and require appropriate approvals for all phases of forest land conversion. The local jurisdiction must also ensure consistency between its comprehensive plan and critical area ordinances and the new development regulations.

A county or city may not assume the jurisdiction for forest practices approvals without bringing their critical areas and development regulations in compliance with the current requirements and notifying both the DNR and the DOE at least 60 days before adoption of the necessary ordinances. However, neither department must approve the ordinances before the jurisdictional transfer occurs.

Role of the DNR. Exclusive jurisdiction over forest practices approvals remains with the DNR until a county or city satisfies all requirements for the jurisdictional transfer, even after the date by which all counties must have the appropriate ordinances adopted. The DNR is also required to provide technical assistance to the cities and counties during and after the process of ordinance adoption.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 94 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 95 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1412
C 170 L 07

Providing for a one-year extension for shoreline master program updates in RCW 90.58.080.

By Representatives Eddy, Curtis, Simpson and Upthegrove; by request of Department of Ecology.

House Committee on Local Government
Senate Committee on Water, Energy & Telecommunications

Background: The Shoreline Management Act (SMA) governs uses of state shorelines. The SMA enunciates state policy to provide for shoreline management by planning for and fostering "all reasonable and appropriate uses." The SMA prioritizes public shoreline access and enjoyment and creates preference criteria listed in prioritized order that must be used by state and local governments in regulating shoreline uses.

The SMA involves a cooperative regulatory approach between local governments and the state. At the local level, SMA regulations are developed in local shoreline master programs (master programs). All counties and cities with shorelines of the state are required to adopt and enforce master programs that regulate land use activities in shoreline areas of the state. Master programs must be consistent with guidelines adopted by the Department of Ecology (DOE), and the programs, and segments of or amendments to, become effective when approved by the DOE.

Master programs have certain mandatory elements as appropriate. Among other requirements, master program elements provide for economic development, public access, recreation, circulation, use, and conservation. Local governments may also include other elements necessary to implement the SMA requirements.

A 2003 amendment to the SMA requires local governments to develop or amend master programs according to a staggered statutory schedule. The first deadline for developing or amending master programs under the schedule was December 1, 2005; the last is December 1, 2014. Local governments, however, may develop or amend their master programs before the applicable deadline. Additional schedule provisions are specified in statute for qualifying local governments required or choosing to develop or amend master programs on or before December 1, 2009. Generally, the DOE views the master program development or amendment process of each local government to be a two year effort.

Grant provisions pertaining to developing and amending master programs were also included in the 2003 amendment. Subject to statutory limitations, the deadline for a local government to complete a new or amended master program is two years after the date the DOE approves a grant to fund these development or amendatory actions.

Summary: Local governments may be provided one additional year beyond the applicable development or amendment deadlines of the SMA to complete their master program or amendment. The DOE must grant the request if it determines that the local government is likely to adopt or amend its master program within the additional year.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007

EHB 1413

C 328 L 07

Changing the definition of floodway in the shoreline management act.

By Representatives Eddy, Simpson and Curtis; by request of Department of Ecology.

House Committee on Local Government
Senate Committee on Water, Energy & Telecommunications

Background: The Shoreline Management Act (SMA) governs uses of state shorelines. The SMA enunciates state policy to provide for shoreline management by planning for and fostering "all reasonable and appropriate uses." The SMA prioritizes public shoreline access and enjoyment and creates preference criteria listed in prioritized order that must be used by state and local governments in regulating shoreline uses.

The SMA involves a cooperative regulatory approach between local governments and the state. At the local level, the SMA regulations are developed in local shoreline master programs (master programs). All counties and cities with shorelines of the state are required to adopt and enforce master programs that regulate land use activities in shoreline areas of the state. Master programs must be consistent with guidelines adopted by the Department of Ecology (DOE), and the programs, and segments of or amendments to, become effective when approved by the DOE.

The SMA includes numerous definitions and concepts that guide state and local governments in implementing the SMA. As defined in the SMA, "floodway" means those portions of the area of a river valley lying streamward from the outer limits of a watercourse upon which flood waters are carried during periods of flooding that occur with reasonable regularity, although not necessarily annually. Floodways are identified, under normal conditions, by changes in surface soil conditions or changes in types or quality of vegetative ground cover condition. Floodways must not include lands that can reasonably be expected to be protected from flood waters by flood control devices maintained by or under license from the federal government, the state, or political subdivisions of the state.

The SMA does not contain specific requirements that local governments must satisfy for floodways, but floodways are used in determining where the SMA applies. Additionally, administrative rules adopted by the DOE for reducing flood hazards include provisions that apply to uses and activities that may be appropriate or necessary within floodways.

Summary: The SMA definition of "floodway" is amended to specify that a floodway is the area, as identified in a master program, that either:

- has been established in Federal Emergency Management Agency flood insurance rate maps or floodway maps; or
- consists of those portions of a river valley meeting certain requirements.

The definition also specifies that floodways may be identified, under normal conditions, by changes in surface soil conditions or changes in types or quality of vegetative ground cover condition, topography, or other indicators of past flooding that occurs with reasonable regularity, although not necessarily annually. Regardless of the method used to identify the floodway, floodways must not include lands that can reasonably be expected to be protected from flood waters by flood control devices maintained by or under license from the federal government, the state, or political subdivisions of the state.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 46 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

ESHB 1414

C 273 L 07

Licensing ambulatory surgical facilities.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Cody, Green, Morrell, Moeller, Schual-Berke and Campbell).

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means

Background: Ambulatory surgical centers are health care facilities that provide surgical services to patients that do not require hospitalization. Washington does not license ambulatory surgical centers, but certain ambulatory surgical centers are subject to certificate of need reviews.

Since 1982 ambulatory surgical centers have been able to bill Medicare for certain surgical procedures. As of 2004 there were approximately 4,100 ambulatory surgical centers participating in Medicare and about 2,500 surgical procedures for which they could bill under Medicare.

Ambulatory surgical centers that would like to participate in Medicare must meet certain criteria and be approved through a process known as "certification." The certification standards address governance, safety, quality, and facility requirements. In addition, an ambulatory surgical center must obtain a survey which may be performed by a state agency or an accreditation organization. There are three primary accreditation

organizations for ambulatory surgical centers that have deemed status from the Centers for Medicare and Medicaid Services (CMS). The CMS will deem an ambulatory surgical center to have met CMS standards if it is accredited by one of these organizations or licensed by a state licensing agency.

Summary: Ambulatory surgical facilities must obtain a license from the Secretary of Health (Secretary) to operate in Washington. Ambulatory surgical facilities are defined as entities that provide specialty or multispecialty outpatient surgical services in which patients are admitted to and discharged by the facility within 24 hours and do not require inpatient hospitalization.

An applicant for a license to operate an ambulatory surgical facility must:

- submit an application that lists all of the surgical specialties that it offers;
- submit any building plans for review and approval for new construction, alterations, and additions to facilities;
- complete an on-site survey;
- provide information about ownership and management;
- submit information about its coordinated quality improvement program;
- submit a facility safety and emergency training program; and
- pay any required fees.

An applicant may demonstrate that it has met any of the standards for obtaining a license if it is Medicare-certified or by providing documentation that it has met the standards of an accrediting organization with substantially equivalent standards. A license is valid for three years.

Ambulatory surgical facilities must be surveyed every 18 months by the Department of Health (Department). An ambulatory surgical facility certified by Medicare or accredited by an approved organization may substitute one of that organization's surveys for every other Department-required survey. Every 18 months an ambulatory surgical facility must submit quality data to the Department. The Department must review the data to determine the quality of care at the facility.

A license is not required for an ambulatory surgical facility that is maintained and operated by a hospital or a dental office, or for outpatient surgical services that do not require general anesthesia and are routinely and customarily performed in the office of a practitioner in an individual or group practice.

Ambulatory surgical facilities must report any adverse actions that they take against a health care provider due to a conviction, determination, or finding that the health care provider engaged in an act of unprofessional conduct. Prior to granting privileges to any practitioner, an ambulatory surgical facility must receive information from the practitioner regarding other hospi-

tals or ambulatory surgical facilities where the practitioner had an association and any information about pending misconduct proceedings or malpractice actions. The ambulatory surgical facility must request that other hospitals or ambulatory surgical facilities where the practitioner has had an association disclose any prior or pending misconduct proceedings or malpractice actions.

Ambulatory surgical facilities must maintain policies to assure that information regarding unanticipated outcomes is given to patients or their families or representatives. Such notification is not an admission of liability and no statements or gestures suggesting an apology may be admitted as evidence in a civil trial. Ambulatory surgical facilities must post a notice of the phone number where a complaint may be filed with the Department. Ambulatory surgical facilities must participate in the state's adverse event reporting system.

The Secretary must initiate investigations and bring enforcement actions for failures to comply with licensing requirements. The Secretary must determine which accreditation organizations have substantially equivalent standards for purposes of deeming ambulatory surgical facilities to have met certain licensing requirements. In addition, the Secretary must develop standards for the construction, maintenance, and operation of ambulatory surgical facilities.

The Medical Quality Assurance Commission, the Podiatric Medical Board, and the Board of Osteopathic Medicine and Surgery are authorized to adopt rules to govern office-based administration of sedation and anesthesia.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 1 | |
| Senate | 48 | 1 | (Senate amended) |
| House | 91 | 2 | (House concurred) |

Effective: July 1, 2009
July 22, 2007 (Section 7)

HB 1416
C 237 L 07

Extending an asparagus exception to the standards for fruits and vegetables.

By Representatives Grant, Chandler, Linville, Newhouse, Warnick and VanDe Wege.

House Committee on Agriculture & Natural Resources
Senate Committee on Agriculture & Rural Economic Development

Background: The Fruit and Vegetable Inspection Program of the Department of Agriculture (Department) inspects fresh and processed produce such as apples, pears, cherries, peaches, asparagus, and potatoes. The produce is inspected according to uniform grading standards including maturity, size, soundness, shape, color,

condition, and other factors important to marketing. The produce may also be certified as free from pests and diseases in order to meet domestic and international market requirements. The Fruit and Vegetable Inspection Program is self-supporting through fees-for-service.

The Director of the Department must adopt rules providing uniform grading standards for some fruits and vegetables, and may adopt rules providing uniform grading standards for others. Asparagus is one of the vegetables for which uniform grading standards are required.

In 2004 the Legislature approved a temporary exception to these mandatory standards for asparagus shipped out-of-state for fresh packing, and in 2005, approved a two year extension of the exception. This exception expires on December 31, 2007. With no grading standards, there are no inspections in Washington. Instead the inspections take place in the state in which the packing occurs.

Summary: The exception to mandatory grading standards for asparagus shipped out-of-state for fresh packing is extended for two years and will expire on December 31, 2009.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SHB 1417
PARTIAL VETO
C 488 L 07

Providing reimbursement for certain Washington state patrol survivor benefits.

By House Committee on Appropriations (originally sponsored by Representatives Lovick, Roach, Simpson, Hurst, O'Brien, Eddy, Ericks, Eickmeyer, Kelley, VanDeWege, Pedersen, Sells, Hankins, B. Sullivan, Dickerson, Rodne, Springer, Appleton, Rolfes, Hudgins, Pettigrew, Williams, Kessler, Green, Ormsby, P. Sullivan and Santos).

House Committee on Appropriations
Senate Committee on Transportation

Background: Retired or disabled employees of the state, school districts, and participating political subdivisions may purchase health care benefits from the Public Employees' Benefits Board (PEBB), administered by the Health Care Authority (HCA). This coverage is purchased at full cost based on the risk pool that the participants belong to, and includes administrative costs for each participant. Participants eligible for Medicare are placed in one risk pool, and all other retired or disabled participants are placed in a risk pool along with active employees. Groups are charged based on their per capita

costs incurred by the risk pool they belong to, minus an explicit subsidy in the case of Medicare-eligible participants.

Legislation enacted in 2001 enabled surviving spouses of emergency service personnel killed in the line of duty on or after January 1, 1998, to purchase health care benefits from the PEBB. "Emergency service personnel" for this purpose includes fire fighter and law enforcement members of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) and the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension System. The cost of the insurance is paid by the surviving spouses and dependent children.

In 2006 legislation was enacted to reimburse survivors of all LEOFF 2 members killed in the course of employment for the cost of participating in a PEBB health insurance plan as a benefit from the LEOFF 2 retirement fund. The LEOFF 2 members are not offered a contractual right to reimbursement for the survivor health care insurance costs, and the Legislature reserved the right to amend or repeal the 2006 act for future reimbursements.

Summary: The definition of emergency service personnel for purposes of eligibility to enroll in PEBB health benefit plans is expanded to include surviving spouses and dependent children of members of the Washington State Patrol Retirement System (WSPRS) killed in the line of duty.

Reimbursement for survivor and dependent health benefit premium payments is added to the death benefits provided to survivors of members of the WSPRS killed in the line of duty. Reimbursement of premium payments is not provided to survivors as a contractual right.

The act is known as "The Steve Frink's and Jim Saunder's Law."

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 0 | |
| Senate | 49 | 0 | (Senate amended) |
| House | 95 | 0 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The emergency clause for section 3 was taken out.

VETO MESSAGE ON SHB 1417

May 15, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 3, Substitute House Bill 1417 entitled:

"AN ACT Relating to Washington state patrol survivor benefits."

This bill reimburses the cost of health insurance premiums for survivors of members of the Washington State Patrol Retirement System who are killed in the line of duty. Section 3 amends an uncodified emergency clause from legislation passed in 2001, and could lead to confusion about the effective date of the bill. This section is not needed to provide the insurance benefits that the bill is designed to offer.

For these reasons, I have vetoed Section 3 of Substitute House Bill No. 1417.

With the exception of Section 3, Substitute House Bill No. 1417 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

HB 1418
C 238 L 07

Protecting consumers from the keeping of dangerous wild animals.

By Representatives Lovick, Campbell, Lantz, O'Brien, Upthegrove and Williams.

House Committee on Judiciary
Senate Committee on Consumer Protection & Housing

Background: Wild animals may be subject to regulation under federal, state, or local laws. For example, federal law generally prohibits the sale, purchase, or possession of endangered species. In addition, under the federal Animal Welfare Act, the United States Department of Agriculture licenses and regulates animal dealers and exhibitors, including those dealing with exotic animals.

In Washington, the Department of Fish and Wildlife (Department) has authority to regulate ownership of wildlife. The Department rules outlaw ownership of certain "deleterious exotic wildlife" that threaten native animals, such as fallow deer, mongoose, and wild boars. In addition, the Department regulates the ownership of certain wild animals naturally found in the state.

Animal control is generally regulated on the city and county level in Washington, with enforcement by either local animal control authorities or local law enforcement. A number of local jurisdictions have passed ordinances either banning or regulating certain exotic animals. These include every county except for San Juan, Jefferson, and Yakima, as well as the cities of Spokane, Bellingham, Tacoma, and most cities in the vicinity of King County. For example, King County bans ownership of venomous snakes, nonhuman primates, bears, non-domesticated felines (cats) and canines (wolves and coyotes), and crocodiles. Persons possessing these animals prior to the ordinance's effective date in 1994 were allowed to receive licenses from the county, provided they met certain requirements.

Summary: The possession and breeding of potentially dangerous wild animals is prohibited. "Potentially dangerous wild animal" is defined and includes, among others: large cats, wolves, bears, primates, certain snakes, and crocodiles.

A person who possesses a potentially dangerous wild animal prior to the effective date of the act may keep the animal for the duration of the animal's lifetime, provided the possessor maintains adequate records and can prove possession prior to the effective date of the act.

An animal control authority may confiscate a potentially dangerous wild animal if: (1) it is being kept in violation of the act; (2) it poses a public safety or health risk; or (3) it is in poor health and the animal's condition is attributable to the possessor. The possessor is responsible for the costs of caring for the animal during the confiscation. If the animal is not able to be returned to the possessor, the animal control authority may relocate the animal to a facility such as a zoo, wildlife sanctuary, or other exempted facility, such as a research facility or a circus. If relocation is not possible within a reasonable period of time, the animal control authority may euthanize the animal.

A violation of the act is a civil penalty subject to a fine of between \$200 to \$2,000 for each animal and each day of the violation. Local jurisdictions may adopt ordinances that are stricter than the act, but are not required to adopt ordinances to be in compliance with the act.

Certain entities and persons are exempt from the provisions of the act. These entities include: zoos and aquariums; facilities participating with an association of zoos and aquariums species survival plan; animal protection organizations; veterinary hospitals; wildlife sanctuaries; certain game farms; research facilities registered under the Animal Welfare Act; circuses; persons temporarily transporting animals through the state; and persons displaying animals at a fair approved by the Washington Department of Agriculture.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 63 | 34 | |
| Senate | 34 | 15 | (Senate amended) |
| House | 61 | 31 | (House concurred) |

Effective: July 22, 2007

E2SHB 1422

C 384 L 07

Addressing children and families of incarcerated parents.

By House Committee on Appropriations (originally sponsored by Representatives Roberts, Dickerson, Appleton, Walsh, Haler, Darneille, Lovick, Pettigrew, Quall, Hasegawa, Sells, Goodman, Eddy, Green, O'Brien, Chase, Kagi, Ormsby and Santos).

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

Background: According to the federal Justice Department's Bureau of Justice Statistics, an estimated 2 percent of the nation's 72 million children under 18 years of age had an imprisoned parent in 1999. Almost 1.5 million minor children had a parent in prison, which constitutes an increase of more than 500,000 children since 1991. Of those children with imprisoned parents, 58 percent were under 10 years of age, with the average being 8 years of age.

Nationwide, 40 percent of the imprisoned fathers and 60 percent of the imprisoned mothers reported weekly contact with their children by phone, mail, or visit. However, a majority of both fathers (57 percent) and mothers (54 percent) reported never having had a personal visit with their children since their admission to state prison. More than 60 percent of the parents in state prisons reported being held more than 100 miles from their last place of residence.

In 2005 legislation was enacted that required the Department of Corrections (DOC), in partnership with the Department of Social and Health Services (DSHS), to establish an oversight committee to develop a comprehensive interagency plan to provide the necessary services and supports for the children of this state whose parents are incarcerated in jail or prison.

The oversight committee was required to develop the interagency plan by June 30, 2006, with an interim report due to the appropriate committees of the Legislature by January 1, 2006. The oversight committee submitted its report to the Legislature in 2006. The report contained numerous recommendations including the following:

- create a policy level position, funded by the DOC, to work on systemic parenting issues faced due to incarceration;
- develop a protocol for gathering information about children as a part of the criminal hearings process;
- develop protocols for gathering data in the DOC diagnostic and reception centers;
- develop arrest protocols for adults with children;
- educate human service, judicial and education professionals;
- provide child care for families during court proceedings;
- collaborative inside/outside family resource centers;

- implement systemic programs that encourage contact, increase communication and strengthen the chances of reunification between children and their incarcerated parents; and
- promote economic stability in families where children of incarcerated parents reside.

Summary: The Department of Corrections (DOC), the Department of Social and Health Services (DSHS), the Department of Early Learning, and the Office of the Superintendent of Public Instruction (OSPI) are each required to review their agency policies relating to the adequacy and availability of programs or services targeted at inmates who have children or the children and families of a person who is incarcerated in a DOC facility.

The secretary or director of each agency is required to adopt policies and programs that encourage familial contact and engagement between inmates and their children with the goal of reducing recidivism and intergenerational incarceration.

Each agency is required to designate a policy level staff person who is responsible for the following:

- gathering information and data on the children and families of inmates;
- developing programs and policies that focus on sustaining the families during the period of the parent's incarceration and to assist reunification if appropriate; and
- participating in the Children of Incarcerated Parents Advisory Committee and reporting the information gathered regarding the staff person's agency to the advisory committee.

The DOC is also required to evaluate data to determine the impact of agency policies on recidivism and intergenerational incarceration.

The Department of Community, Trade and Economic Development (DCTED) is required to establish an advisory committee to monitor, guide, and report on recommendations relating to policies and programs for children and families of persons incarcerated in DOC facilities. The advisory committee includes representatives from the above agencies, as well as private and nonprofit business sectors, child advocates, representatives of Washington Indian Tribes, court administrators, the Administrative Office of the Courts, Washington Association of Sheriffs and Police Chiefs, jail administrators, the Office of the Governor, and others who have an interest in the issues.

The advisory committee is required to submit recommendations to the DCTED regarding which community programs the DCTED should fund. The programs funded by the DCTED should collaborate with an agency, or agencies, that serve sexual assault and domestic violence victims to ensure the programs provide appropriate services.

Votes on Final Passage:

House 86 11
 Senate 47 0 (Senate amended)
 House 89 6 (House concurred)

Effective: July 22, 2007

HB 1430
 C 230 L 07

Clarifying how cities, towns, counties, public corporations, and port districts may participate in the federal new markets tax credit program.

By Representatives Pettigrew, Haler, Kenney, Chase, P. Sullivan and Linville.

House Committee on Community & Economic Development & Trade
 Senate Committee on Economic Development, Trade & Management

Background: The federal Community Renewal Tax Relief Act of 2000 authorized tax credits for up to \$15 billion in investments under the U.S. Treasury Department's New Markets Tax Credits (NMTC) Program.

The purpose of the NMTC Program is to stimulate capital investment in low-income and economically distressed areas through Community Development Entities (CDEs).

A CDE is a domestic corporation or partnership, created or controlled by a public, private, or nonprofit entity, that has a primary mission of serving and providing investment capital in low income communities. A CDE must maintain accountability to residents of low-income communities through their representation on a governing or an advisory board, and must be certified as a CDE by the U.S. Treasury.

Certified CDEs are eligible to compete nationally for an allocation of NMTCs, and if successful, may offer taxpayers who make qualified equity investments in the CDE a federal income tax credit equal to 39 percent of the cost of the investment. In turn, the CDE must use the investment for community development projects in low-income or economically distressed areas. Because the investors benefit from the tax credits, they provide low-cost financing to local project developers, including grants and below-market-rate loans. Examples of investment projects include rehabilitation of vacant buildings into housing, hotels, commercial offices, or spaces for the arts, and construction of new buildings for use by nonprofit organizations.

For calendar year 2007, the federal government will allocate tax credits to CDEs nationwide for \$3.9 billion in investments.

Summary: Cities, towns, counties, public corporations and port districts are authorized to create partnerships and limited liability companies and enter into public or private agreements to implement the federal New Markets Tax Credit Program within their boundaries. This authority is in addition to their existing authorities, does not imply that these powers were not available under prior law, and validates any previous actions taken that are consistent with this act.

Votes on Final Passage:

House 96 0
 Senate 47 0

Effective: July 22, 2007

HB 1431
 C 171 L 07

Changing certificate of discharge requirements.

By Representatives Goodman, Lantz, O'Brien, Rodne, Moeller and Hasegawa; by request of Secretary of State.

House Committee on Judiciary
 Senate Committee on Human Services & Corrections

Background: When a felony offender has completed a term of confinement and has complied with all requirements of his or her sentence, he or she is issued a certificate of discharge. In the case of an offender sentenced under the Sentencing Reform Act, the court that sentenced the offender issues the certificate. In the case of an offender under the jurisdiction of the Indeterminate Sentence Review Board, the board issues the certificate.

Copies of certificates of discharge are to be sent to county auditors. The law directs the Department of Corrections to create and maintain a database of certificates of discharge. A law passed in 2005 relating to voter registration also requires the Secretary of State to maintain a record of all discharges. The Secretary of State is to use these records to assist in maintaining a statewide voter registration list.

Judicial issuance of a certificate of discharge is processed through the county clerk. The Administrative Office of the Courts maintains records of criminal sentences, including discharges, that are supplied by the county clerks. The same law that requires the Secretary of State to maintain a record of discharges also requires that the statewide voter registration list database be coordinated with lists from other agencies, including the Administrative Office of the Courts.

Summary: The requirements for a certificate of discharge database in the Department of Corrections and in the Secretary of State's office are eliminated. The requirement that copies of certificates of discharge be sent to county auditors is eliminated. Each certificate is to be filed with the county clerk in the county of the sentencing court.

E2SHB 1432

The county clerks are required to enter the names of discharged felons into a database maintained by the Administrative Office of the Courts.

Votes on Final Passage:

House 93 0
Senate 49 0

Effective: July 22, 2007

E2SHB 1432

C 403 L 07

Granting service credit to educational staff associates for nonschool employment.

By House Committee on Appropriations (originally sponsored by Representatives P. Sullivan, Upthegrove, Simpson, Hunter, Moeller, Linville, Schual-Berke and Santos).

House Committee on Education
House Committee on Appropriations
Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means

Background: Certificated instructional staff in public schools include both teachers and other professionals called educational staff associates (ESAs) who meet certification requirements adopted by the Professional Educator Standards Board. The ESAs include: occupational therapists, physical therapists, speech-language pathologists, audiologists, nurses, social workers, counselors, and psychologists.

Funding for all certificated instructional staff salaries is based on a state salary allocation schedule that is implemented in the state's biennial operating budget.

This schedule takes into account years of service and educational background. However, the years of service determination only applies to service in schools but not to service in other non-school positions, such as work in a hospital, physician's office, or counseling center.

Summary: Beginning in the 2007-08 school year, the state salary allocation schedule for certificated instructional staff will recognize up to two years of professional experience obtained by educational staff associates (ESAs) outside of a school setting.

Each year of service outside of the school system counts as one year of school service on the state salary allocation schedule. Non-school years of service do not count towards retirement benefits or other state benefits.

Votes on Final Passage:

House 89 9
Senate 49 0 (Senate amended)
House (House refused to concur)
Senate (Senate refused to recede)
House 98 0 (House concurred)

Effective: July 22, 2007

HB 1437

C 55 L 07

Concerning fees for petitioners of sexual assault protection orders.

By Representatives Eddy, Williams, Lantz, Seaquist, Appleton, Darneille, Rolfes, Lovick, Moeller and Ericks.

House Committee on Judiciary
Senate Committee on Judiciary

Background: In 2006 the Legislature established a new civil protection order called the sexual assault protection order. Any person who is a victim of nonconsensual sexual conduct or penetration that gives rise to a reasonable fear of future dangerous acts may file a petition for a sexual assault protection order.

Once the court receives the petition, it must order a hearing to be held within 14 days of issuing its order. The respondent must be personally served by the local sheriff or law enforcement agency or, if the petitioner prefers, by a private party.

No filing fees may be charged for sexual assault protection order proceedings. The necessary number of certified copies must be provided free of charge. The statutes do not address the sheriff or law enforcement agency charging the petitioner a fee for service of process.

Summary: A public agency may not charge filing fees or service of process fees to petitioners seeking relief under a sexual assault protection order. Petitioners must be provided the necessary number of certified copies at no cost.

Votes on Final Passage:

House 96 0
Senate 46 0

Effective: July 22, 2007

HB 1443

C 330 L 07

Creating a public utility tax deduction for the transportation of agricultural commodities.

By Representatives Grant, Buri, Blake, Walsh, B. Sullivan, Linville, Hailey, Newhouse and O'Brien.

House Committee on Finance
Senate Committee on Agriculture & Rural Economic Development
Senate Committee on Ways & Means

Background: Publicly and privately-owned utilities are subject to the state public utility tax (PUT). The PUT is applied to the gross receipts of the business. The tax rate depends on the utility classification. Two such classifications are motor transportation businesses, which include trucking and busing companies that haul persons

or property of others for hire, and railroad businesses. Motor transportation and railroad businesses are taxed at 1.926 percent. Revenues are deposited to the State General Fund.

A deduction from the PUT is allowed for amounts received for transporting commodities from points of origin within the state to a port facility, if from the point of delivery the commodities are forwarded to interstate or foreign destinations, without any sort of intervening transportation. Through guidance issued by excise tax advisory in 1984, the Department of Revenue (DOR) has allowed trucking companies to claim the deduction when transporting grain to interim facilities under certain conditions. The trucker is required to obtain from the grain dealer a certification that 96 percent or more of the grain delivered by the trucker will then be shipped directly out of state or to an export facility operated by the dealer, for shipment to foreign or interstate destinations without intervening transportation. The dealer must also certify that more than 96 percent of all grain received at the interim storage facility in the preceding year was shipped by vessel in its original form to foreign or interstate destinations.

The DOR has recently notified affected stakeholders that the application of the deduction as suggested in the guidance lacks proper statutory authority.

Summary: For the purposes of determining taxable income under the PUT, a deduction is allowed under certain conditions for amounts derived from the transportation of agricultural commodities from points of origin to interim storage facilities, if the commodities are ultimately bound for interstate or foreign destinations. No deduction may be claimed unless the commodity broker that operates the interim storage facility also operates the port facility from which the commodity is to be exported.

To obtain the deduction, the firm that transports the commodity from the point of origin must obtain a certificate from the commodity broker certifying that at least 96 percent of the type of agricultural commodity received by the broker at the interim facility in the previous calendar year was shipped by vessel in original form to interstate or foreign destinations. The broker must also certify that, for any of the commodity that is then transported to export facilities, the facilities are operated by the broker and the commodity will then in fact be shipped by vessel in original form to interstate or foreign destinations.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SHB 1445

C 197 L 07

Making adjustments to the recodification of the public records act.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Kessler, Rodne, Chandler, Hunt, Upthegrove and Miloscia; by request of Attorney General).

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: In 1972 voters approved Initiative 276. The initiative called for disclosure of campaign finances, lobbyist activities, financial affairs of elective officers and candidates, and access to public records.

The public records disclosure statutes were codified between the statutes on campaign finance reporting and campaign contribution limits, making responsibility for enforcement of the public records disclosure status unclear.

In 2005 the Legislature enacted HB 1133 to move the public records portions of the Public Disclosure Act into a new chapter, RCW 42.56, the Public Records Act (PRA). Definitions relating to the PRA were incorporated by reference to RCW 42.17.

Summary: Agency, public record, and writing are defined. Previous references to definitions in Chapter 42.17 RCW are referenced to Chapter 42.56 RCW.

The statement of statutory intent is amended to state that in the event of a conflict between the provisions of the PRA and any other act, the provisions of the PRA must govern.

An exemption for small business economic impact statements is removed from the category of exemptions for insurance or financial institutions and placed in the category of exemptions relating to financial, commercial, and proprietary information.

The exemption relating to the conditions in which law enforcement may request a person's utility records is restored to its meaning prior to recodification of the PRA.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

June 30, 2008 (Section 4)

HB 1447
C 162 L 07

Providing for temporary management in boarding homes.

By Representative Morrell.

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means

Background: When the Department of Social and Health Services (Department) summarily suspends the license of a nursing home or an adult family home, a temporary management program may be instituted to minimize the dislocation and transfer trauma of residents while the Department and licensee pursue dispute resolution or appeal of a summary suspension of license. This option is not available when the Department summarily suspends a Board Home license.

Summary: The Department of Social and Health Services (Department) is authorized to appoint a temporary manager of a boarding home when the Department suspends a boarding home license due to situations where the health, safety, or welfare of residents is at immediate risk. The Department is authorized to recruit, approve, and appoint qualified individuals, partnerships, corporations, and other entities interested in serving as a temporary manager of a boarding home. The Department's authority to approve and appoint temporary managers of a boarding home is discretionary and is not subject to the Administrative Procedures Act. The Department will terminate the temporary management of the boarding home after 60 days unless good cause is shown to continue the temporary management. The Department's decision to approve or revoke a temporary management arrangement is not subject to the Administrative Procedures Act.

A Boarding Home Temporary Management Account (Account) is created in the custody of the State Treasurer. All civil fines related to boarding homes will be deposited in the account. Expenditures from the Account will be used to protect the health, safety, and welfare of residents in boarding homes found to be deficient.

Votes on Final Passage:

House 94 0
Senate 46 0

Effective: July 22, 2007

HB 1449
C 470 L 07

Regarding nondisclosure of certain information of gambling commission licensees.

By Representatives Condotta, Armstrong, Curtis, Orcutt and Dunn.

House Committee on State Government & Tribal Affairs
Senate Committee on Labor, Commerce, Research & Development

Background: Gambling Commission. Under the Washington Gambling Act of 1973, the Gambling Commission (Commission) has exclusive authority to license and regulate gambling activities, including house-banked card games. The Commission issues licenses for a one-year period. Those licensed to operate house-banked card games must prepare financial statements covering all financial activities of the establishment for each business year. The license application form and all supplemental information submitted at the Commission's request are public records.

The financial statements must be:

- prepared by an independent, certified public accountant who is licensed by the state of Washington; and
- submitted on a comparative basis (except that the first year may be submitted for the current business year only).

Gross revenues from each licensed activity should be reported by activity and separated from all other revenues.

Public Records Act. The Public Records Act requires that all state and local government agencies make all public records available for disclosure unless they fall within certain statutory exemptions. The provisions requiring public records disclosure must be interpreted liberally and the exemptions narrowly in order to effectuate a general policy favoring disclosure.

Summary: Independent auditors' reports and financial statements filed as required with the Gambling Commission by house-banked social card game licensees are exempted from public disclosure.

Votes on Final Passage:

House 93 1
Senate 46 1 (Senate amended)
House 98 0 (House concurred)

Effective: July 22, 2007

June 30, 2008 (Section 2)

HB 1450

C 301 L 07

Modifying provisions that exempt housing for very low-income households from taxation.

By Representatives Sells, Strow, Miloscia, Curtis, O'Brien, B. Sullivan, Roberts, Lovick, Appleton, Kenney, Ormsby and Hasegawa.

House Committee on Housing
 House Committee on Finance
 Senate Committee on Consumer Protection & Housing
 Senate Committee on Ways & Means

Background: Low-Income Rental Housing Tax Exemption. Property owned or used by a nonprofit entity to provide rental housing for very low-income households or used to provide space for the placement of a mobile home for a very-low income household within a mobile home park is exempt from property taxes if at least 75 percent of the units on the property are occupied by very low-income households and if the housing is financed or otherwise assisted by:

- a federal or state housing program administered by the Department of Community, Trade and Economic Development (DCTED); or
- a county, city, or town affordable housing levy.

Property Tax Valuation. All real and personal property in Washington is subject to property tax each year based on its value, unless a specific exemption is provided by law. The State Constitution requires that property taxes be applied uniformly, and state law requires that the taxes be based on the "true and fair" value of the property for most classes of property. The "true and fair" value of property means the market value and is the amount of money a buyer of property willing but not obligated to buy would pay a seller of property willing but not obligated to sell, taking into consideration all uses to which the property is adapted and might in reason be applied. The requirement applies to both real and personal property.

Property assessments may not use methods that assume a land usage not permitted under land use planning. Appraisals must take into account various factors, including sale characteristics.

An exception to the requirement to value property uniformly was provided for farm and agricultural, timber, and open space lands through constitutional amendment in 1968. Property tax applies to these types of real property based on the value of the property according to its "current" use. Current use valuation is based on the present use of the land.

Summary: Low-Income Rental Housing Tax Exemption. Rental properties for very low-income households owned or used by nonprofit entities are also exempt from property taxes if they have received financial assistance from:

- a federal program administered by a city or county government; or
- document recording fee surcharges imposed for the purpose of affordable housing development or to reduce homelessness.

Property Tax Valuation. A property tax assessment may not consider a highest and best use for a property that is not permitted for that property under existing zoning or land use planning ordinances or statutes or other government restrictions.

For property assessments, consideration should be given to any agreement with a government agency that restricts rental income, appreciation, and liquidity, and to the impact of government restrictions on operating expenses and on ownership rights.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 89 | 7 | |
| Senate | 45 | 2 | (Senate amended) |
| House | 83 | 14 | (House concurred) |

Effective: July 22, 2007

SHB 1456

C 360 L 07

Providing backup for mental health professionals doing home visits.

By House Committee on Appropriations (originally sponsored by Representatives Green, Hinkle, Appleton, Cody, Moeller, Strow, Crouse, Curtis, Seaquist, Jarrett, Hasegawa, Walsh, P. Sullivan, Buri, Simpson, O'Brien, Lantz, Hunt, McDonald, Sells, Schual-Berke, Linville, Kessler, Hankins, Haler, Skinner, Campbell, Morrell, Darneille, Armstrong, Dunshee, Fromhold, Kagi, Williams, Conway, Barlow, Grant, Priest, Dunn, Hunter, Hurst, Ericks, Pearson, Anderson, Clibborn, Pettigrew, Flannigan, Lovick, Dickerson, Kenney, Ormsby, Haigh, Wood, Rolfes, Santos and McDermott).

House Committee on Health Care & Wellness
 House Committee on Appropriations
 Senate Committee on Human Services & Corrections
 Senate Committee on Ways & Means

Background: There are designated mental health professionals (DMHPs) who perform initial evaluations and detentions pursuant to the involuntary commitment statutes and provide crisis outreach services for individuals with mental disorders. These DMHPs occasionally evaluate people for involuntary detention or provide crisis outreach services in the homes of individuals with mental disorders.

Summary: No DMHP or other mental health crisis outreach worker will be required to conduct home visits alone. Employers will equip mental health workers who engage in home visits with a communication device. Mental health workers dispatched on crisis outreach visits will have prompt access to any history of dangerousness or potential dangerousness on the client they are visiting, if available. All community mental health workers who work directly with clients will be provided with annual training on safety and violence prevention. The bill is null and void unless funded in the budget.

Votes on Final Passage:

House 97 0
Senate 45 0

Effective: July 22, 2007

HB 1457
C 464 L 07

Concerning the employment of youth soccer referees.

By Representatives Lovick, Dunshee, Ericks, Williams, Conway, Wood, Moeller, Crouse, Green and Hunter.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: Any person employing a child under the age of 14 in any store, shop, factory, mine or any inside employment not connected with farm or housework is guilty of a misdemeanor. Parents or guardians who permit a child to be so employed are also guilty. The provision does not apply to children employed as actors or performers. Also, a child under age 14 may be employed with the permission of a superior court judge.

A person employing a minor must obtain a work permit.

Some youth soccer associations in the state use youth under the age of 14 as referees. At least two national organizations certify referees.

Summary: The provision making employment of children under age 14 a crime does not apply to youth soccer referees who have been certified by a national referee certification program.

Votes on Final Passage:

House 97 0
Senate 45 0 (Senate amended)
House 95 0 (House concurred)

Effective: July 22, 2007

SHB 1458
C 68 L 07

Requiring notice to property owners before condemnation decisions.

By House Committee on Judiciary (originally sponsored by Representatives VanDeWege, Kessler, Rodne, Appleton, Ahern, Curtis, Kenney, Clibborn, Morrell, P. Sullivan, Eickmeyer, Armstrong, Buri, Chandler, Ericksen, Hinkle, Condotta, Anderson, Eddy, Goodman, Kelley, Haler, McCune, Kretz, Kagi, Ericks, Warnick, Pedersen, Bailey, Newhouse, McDonald, Priest, Roach, Strow, Green, Campbell, Hunter, Takko, Sells, Springer, McCoy, Upthegrove, Williams, Moeller, Ormsby, Pearson, Haigh, Linville, Conway, Dickerson, Dunn, Hasegawa, Rolfes, Ross and Lantz; by request of Governor Gregoire and Attorney General).

House Committee on Judiciary
Senate Committee on Judiciary

Background: Eminent Domain. Eminent domain is the term used to describe the power of a government to take private property for public use. The power of eminent domain extends to all types of property, although it is most often associated with the taking of real property, such as acquiring property to build a highway. A "condemnation" is the judicial proceeding used for the exercise of eminent domain.

The state has the power of eminent domain inherently. Many other entities have been granted the power of eminent domain by the State Constitution or through state statutes. These entities range from individual state agencies to many different kinds of local governments and to some private corporations and individuals.

Individual Notice to Property Owners. A condemnation requires the initiation of a legal action. An entity seeking to acquire property through eminent domain must file a petition in superior court. As is the case with other civil lawsuits, part of the process of commencing a condemnation action includes notice to affected parties. State statutes and court rules prescribe generally the content, timing, and method of notices that must be given to initiate any lawsuit.

Various statutes also prescribe notices that must be given to individual property owners whose property is, or is about to become, the subject of a condemnation action. For instance, in the case of condemnations by the state, not less than 10 days before a condemnation petition is filed with the court, the condemning agency must serve notice informing the property owner that the petition is going to be filed. The notice must briefly:

- state the purpose for which the owner's property is being sought;
- provide a description of the property; and
- indicate when and where the petition for condemnation will be filed.

The notice is to be served on the property owner in the same manner as service is made in civil suits generally. For example, notice may be made by personal service at an owner's usual place of residence. If a property owner's residence is unknown, notice may be made by publication once a week for two weeks in any newspaper published in the county.

There are dozens of separate statutes dealing with the various entities that have the power of eminent domain. Some of the statutes that apply to other entities have provisions relating to procedural matters that either directly reference or roughly parallel the statute that applies to condemnations by the state.

General Notice to the Public, and the Miller Decision. General public notice may also be required, not with respect to eminent domain in particular, but as part of a public agency's general decision making process. With respect to some condemning authorities, statutes by implication and reference require notice to be given to the public regarding a scheduled public meeting at which the question of condemnation of property is to be considered. Such a meeting might include, for example, the adoption by the public agency of a resolution authorizing the agency to proceed with the filing of a condemnation action.

In *The Central Puget Sound Regional Transit Authority v. Miller*, 156 Wn.2d 403, (2006), the Washington Supreme Court addressed the question of whether a posting on a public website complied with a statutory requirement for public notice of a public meeting. The notice in question was regarding an upcoming public meeting at which the Transit Authority would consider potential sites for a project. The Transit Authority was also to consider the necessity of condemning property for the project.

One of the sites under consideration included property owned by Miller Building Enterprises, a construction company. Miller challenged the Transit Authority's use of eminent domain to acquire property and, among other things, asserted that the posting of a meeting notice on a public website was inadequate. In a five to four opinion, the court held that the public website posting met the statutory requirements for a public meeting notice.

The majority opinion in *Miller* is not about failure to provide required notice to a property owner. The property owner had apparently been in discussions with the Transit Authority for three years about the possible use of the property for a transit station. The property owner had also been served with a formal notice of intent to acquire property. The owner also received the required notice by personal service when the Transit Authority petitioned the court to begin condemnation proceedings. The majority opinion indicates that the property owner actually attended the public meeting in question.

The majority opinion is also not about due process or other constitutional claims regarding notice. With respect to notice of the Transit Authority's public meeting, the majority opinion addresses only the issue of whether the Transit Authority's use of a website posting was a statutorily permissible means of notifying the public of an upcoming public hearing. The court held that it was.

The dissent by Justices Alexander and Chambers in *Miller*, on the other hand, argues that the purpose of the statutory public notice requirement is to give notice to potentially affected members of the public. Even though Miller may have known about the Transit Authority's interest in the property, Miller was not given explicit notice that a resolution authorizing condemnation would be considered at the public meeting in question. The dissenters disagree with the majority that a website posting is an adequate means of giving notice and state that "due process demands that government err on the side of giving abundant notice when it seeks to take property." Justice J.M. Johnson, in a separate dissent, argues that the Transit Authority also failed to follow its own internal policy on giving notice.

Summary: Additional Individual Notice Required in the Condemnation Process. A condemnor is required to give a property owner 15 days notice before holding a public meeting or taking final action that will select the owner's property for condemnation or that will authorize the use of condemnation to acquire the property.

Condemning Entities. Condemning entities that are required to give notice before final action include:

- state agencies;
- counties;
- cities and towns;
- school districts;
- corporations; and
- any other entity operating under the condemnation statutes that apply to the listed entities.

Definition of Final Action. For local governments, final action is defined by referencing the Open Meetings Act and means a collective decision, or an actual vote by a majority of the members of a governing body regarding a motion, proposal, resolution, order, or ordinance.

For state agencies, final action is to be defined by the Attorney General, who is directed to ensure that owners have an opportunity for comment before an agency makes a final decision to authorize the condemnation of a specific piece of property.

For all other entities, final action means a public meeting at which the entity decides whether to authorize condemnation of a specific piece of property.

Content of the Notice. A notice must:

- contain a general description of the property, such as street address, lot number, or parcel number;
- specify that condemnation of the property will be considered; and

EHB 1460

- give the date, time, and location of the final action or public meeting.

Method of Notice. Notice must be mailed by certified letter to the property owner's address, if known or ascertainable. Notice must also be given by publication in the legal newspaper with the largest circulation in the jurisdiction in which the property is situated and, if different, in the newspaper regularly used by the condemning entity for notices.

Consequence of Failure to Give Notice. Failing to meet the notice requirements voids any subsequent proceedings as to persons not properly served with the required notice. However, an entity may cure the failure by giving notice in compliance with the act.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007

EHB 1460

C 8 L 07

Extending existing mental health parity requirements to individual and small group plans.

By Representatives Schual-Berke, Hankins, Cody, Campbell, Morrell, Green, Dickerson, Darneille, McDermott, Jarrett, Hudgins, Moeller, Kagi, Rodne, Williams, Ormsby, Haigh, Linville, Wood, Conway, O'Brien, Hasegawa, Santos and Lantz.

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

Background: Commercial insurance policies covering more than 50 employees, state employees, and the Basic Health Plan are required to cover mental health services in a manner equal to coverage for other medical and surgical services. This mental health parity requirement first became effective January 1, 2006, with additional phased-in requirements for maximum out-of-pocket limits and a single deductible in 2008 and 2010, respectively.

Forty-eight states require some form of mental health parity for insurance coverage of mental health services or have mental health mandates of some sort. Twenty states, including Washington, provide exemptions from mental health parity requirements for some small groups. In Washington, small group policies are exempt from the required coverage, however insurance carriers are required to offer each small group optional supplemental coverage for mental health treatment.

Summary: Effective January 1, 2008, insurance policies issued for all individuals, groups, and the Washington State Health Insurance Pool are required to include coverage for mental health services equal to coverage for other medical and surgical services. The requirement for

insurance carriers to offer supplemental coverage to small groups is repealed.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 75 | 22 |
| Senate | 41 | 3 |

Effective: January 1, 2008

E2SHB 1461

PARTIAL VETO

C 431 L 07

Addressing manufactured/mobile home community registrations and dispute resolution.

By House Committee on Appropriations (originally sponsored by Representatives Morrell, Miloschia, O'Brien, Ericks, Hunt, Sells, Green, Flannigan, Williams, Kenney, Appleton, Ormsby, Quall, Haigh, Hasegawa and Lantz).

House Committee on Housing
House Committee on Appropriations
Senate Committee on Consumer Protection & Housing

Background: Manufactured/Mobile Home Dispute Resolution. According to the Department of Community, Trade and Economic Development (DCTED) there are 1,829 known manufactured/mobile home communities containing about 62,000 homes.

The 2005 Legislature passed ESHB 1640 to temporarily expand the complaint investigation and dispute resolution resources of the DCTED Office of Mobile Home Affairs (OMH). The DCTED was also required to register manufactured/mobile home communities and submit data to the Legislature. The act went into effect May 13, 2005, and expired December 31, 2005.

The DCTED presented a report to the Legislature in December 2005 in which it provided information regarding complaints, the estimated number of parks and communities in the state, and an outline of recommendations for legislative action which included continuing the OMH program as expanded under ESHB 1640 with a few changes including:

- authorizing the DCTED to issue findings as to whether or not violations occurred;
- eliminating the requirement that complainants need notify respondents; and
- revising the formula for the calculation of registration late fees.

The 2006 Legislature included a proviso in the Capital Budget (ESSB 6384, Section 108) which appropriated \$200,000 to continue the program within the financial means provided and directed OMH to estimate the number and types of complaints since the onset of the 2005 program that presented violations of the Manufactured/Mobile Home Landlord-Tenant Act. The DCTED report

to the Legislature in January 2007 included the following information reflecting the opinions of the DCTED staff:

- Of the 827 issues reviewed, 55 percent presented a violation and 44 percent did not present a violation.
- Of the 55 percent determined to present violations, 100 percent were landlord violations.
- Most prevalent issues consisted of "Park Rules, Difficulties with Community Manager, Park Maintenance, and Park Amenities."

The Washington Office of the Attorney General.

The Attorney General's Office is a constitutionally created office which advises and officially represents Washington in all legal proceedings. The Attorney General's Office also enforces laws to protect the public as directed by the Legislature, including upholding the Consumer Protection Act, enforcing laws against anti-competitive business practices, recovering refunds for consumers and imposing penalties and injunctions on offending businesses. The Attorney General's Office is directed by the Legislature to administer specific programs intended to protect the public, including administering Washington's Lemon Law and educating the public on issues such as identity theft and scams that target seniors, minorities and vulnerable populations.

The Department of Licensing Master License Service. The Master License Service is administered by the Department of Licensing, Business and Professions Division. The program functions as a central licensing service for a variety of businesses in Washington. A master license is a single license that incorporates endorsements, certificates, approvals, and registrations, and certifies state agency approval for the various regulated activities in which a business may be engaged. The program also provides information to the business community concerning state licensing and regulatory requirements, including local and federal information regarding state-regulated activities.

Master license fees are set in statute and have not changed since 1992. The master application fee is \$15, and the renewal fee is \$9. Late fees are also established in statute under. All fees are deposited in the Master License Fund.

Summary: A new program for resolving Manufactured/Mobile home disputes is established. The Office of Mobile Home Affairs is removed as a statutorily established office within the DCTED along with its respective duty to provide ombudsman services to mobile home park owners and tenants.

The Manufactured/Mobile Home Dispute Resolution Program - Attorney General. The Attorney General is authorized to administer a Manufactured/Mobile Home Dispute Resolution Program to attempt to resolve disputes regarding alleged violations of the Manufactured/Mobile Home Landlord-Tenant Act.

The Attorney General will:

- take complaints from manufactured/mobile home tenants and landlords;
- investigate complaints; and
- attempt to negotiate an agreement.

If no agreement can be reached, the Attorney General may:

- make written determinations about whether a violation has occurred; and
- deliver a citation, if necessary, to any violator. The citation will specify the violation and the corrective action required.

If no corrective action has been taken (as directed by the citation order) and no administrative hearing has been requested within the allowed 15 business day time frame, the Attorney General may issue a fine up to a maximum of \$250 a day per violation until the violation is corrected.

Determinations, citations, fines, other penalties and orders to cease and desist may be contested through an administrative hearing before an administrative law judge.

Other Attorney General Responsibilities. Other Attorney General responsibilities include:

- creating and providing to tenants and landlords educational materials about the Manufactured/Mobile Home Dispute Resolution Program and the Manufactured/Mobile Home Landlord-Tenant Act; and
- maintaining a database of complaints and reporting annually to the Legislature.

Dispute Resolution Program Funding. The Manufactured/Mobile Home Dispute Resolution Program is funded with \$9 of every \$10 of the annual registration assessment for each manufactured/mobile home and any fines collected as a result of the Dispute Resolution Program.

Manufactured/Mobile Home Registration - The Department of Licensing (DOL). The DOL is authorized to:

- register all manufactured/mobile home communities annually and collect a registration assessment of \$10 for each home subject to the Manufactured/Mobile Home Landlord Tenant Act; and
- maintain a database of communities.

The DOL will charge the statutory master application fees for the initial registration of a community and for annual application renewal. The DOL may charge \$250 for late initial registrations and may charge statutory late fees for failure of a community to renew its registration on time.

Registration Program Funding. The master application fee, \$1 of every \$10 of the annual home assessment, and all late registration fines are deposited in the Master License Fund.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 97 | 0 | |
| Senate | 28 | 18 | (Senate amended) |
| House | 94 | 1 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the section that repealed the Office of Mobile Home Affairs within the DCTED and its duty to provide ombudsman service to mobile home park owners and tenants. (The veto resolves a conflict with amendments in SHB 2118.)

VETO MESSAGE ON E2SHB 1461

May 11, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 10, Engrossed Second Substitute House Bill 1461 entitled:

“AN ACT Relating to manufactured/mobile home community registrations and dispute resolution.”

Both Section 10 of this bill and Section 9 of Substitute House Bill 2118 amend RCW 59.22.250, concerning the Office of Mobile Home Affairs, located within the Department of Community Trade & Economic Development. The amendments in separate bills may lead to confusion with legislative intent.

For this reason, I have vetoed Section 10 of Engrossed Second Substitute House Bill 1461.

With the exception of Section 10, Engrossed Second Substitute House Bill 1461 is approved.

Respectfully submitted,

Christine O. Gregoire
Governor

SHB 1472
C 465 L 07

Analyzing and remedying racial disproportionality and racial disparity in child welfare.

By House Committee on Early Learning & Children's Services (originally sponsored by Representatives Pettigrew, Haler, Kagi, P. Sullivan, Walsh, Lovick, Barlow, Kenney, McCoy, Darneille, Hasegawa, Roberts, Hinkle, Santos, Appleton, Upthegrove, Williams, Moeller, Ormsby, VanDeWege, Schual-Berke and Dickerson).

House Committee on Early Learning & Children's Services

House Committee on Appropriations

Senate Committee on Human Services & Corrections

Senate Committee on Ways & Means

Background: The disproportionate representation of a racial or ethnic group within a system is often referred to as racial disproportionality. The concept of racial disproportionality looks across racial and ethnic groups at the

relative ratios of the groups in a system. In the child welfare system, racial disproportionality occurs when a particular racial or ethnic group of children is represented at a higher percentage than would be expected based on their percentage of the population as a whole.

A related concept used to discuss disproportionate representation in the child welfare system is over-representation. This concept looks at the difference between how a particular group of children is represented in a system compared with how that same group is represented in the general population.

Racial disparity is a term used to define disparate services provided (type, quantity, or quality) or treatment extended to one or more racial or ethnic groups. Within the child welfare system, racial disparity occurs when one or more racial or ethnic groups receive unequal treatment as compared with other groups. The term racial disparity also is used to describe disparate outcomes related to health, mental health, educational achievement and graduation rates, permanency, homelessness, or criminal involvement for different racial or ethnic groups.

Research at the national level indicates that children of color are represented in foster care at a rate higher than these children are represented in the general population. Within Washington, the most recent look at racial disproportionality in child welfare is the research conducted in King County beginning in 2004. The data from this research indicates that disproportionate numbers of children of color in King County are represented in the state's child welfare system. Native American and African American children are over-represented at nearly every decision point in the system. The King County Coalition on Racial Disproportionality is using this data to implement interventions to address disproportionality at targeted decision points in the system.

In 2006 the Washington Department of Social and Health Services (DSHS) participated in a conference coordinated by the National Conference of State Legislatures to address the causes and extent of racial disproportionality in child welfare. Also examined were states' efforts to identify promising practices to reduce racial disproportionality and disparate outcomes for children of color in child welfare. The DSHS is engaged in a variety of efforts with Washington's Tribal leaders to address the over-representation of Native American children in the state's child welfare system.

Summary: The Secretary of the DSHS is directed to convene an advisory committee to address racial disproportionality and disparity in Washington's child welfare system. The advisory group will be limited to 15 members and composed of:

- (1) experts in social work, law, child welfare, psychology, and related fields;
- (2) two or more tribal representatives;

- (3) one representative of a community-based organization involved with child welfare;
- (4) one representative from the DSHS;
- (5) one current or former foster youth;
- (6) one current or former foster parent;
- (7) one parent previously involved with Washington's child welfare or juvenile justice system; and
- (8) a representative from the Governor's Juvenile Justice Advisory Committee.

The Senate Majority Leader, the Speaker of the House of Representatives, and the Secretary of the DSHS each will appoint five members of the advisory committee. Appointments to the committee must be coordinated to achieve the specified representation. Once appointed, the committee will select two members to serve as co-chairs, one of whom must be from a non-governmental entity.

The Washington Institute for Public Policy will provide technical assistance to the committee. The DSHS must make reasonable efforts to seek public and private funding for the advisory committee.

The advisory committee must examine and analyze:

- (1) the level of involvement for children of color in the state's child welfare system;
- (2) the number of children of color in low-income or single-parent families involved in child welfare;
- (3) the structures of families involved in child welfare; and
- (4) the outcomes for children in the existing system.

By June 1, 2008, the advisory committee must report the results of its analysis to the DSHS. If the data indicates disproportionality or disparity for one or more racial or ethnic groups within one or more regions in the state, the DSHS must develop a plan to remedy the disproportionality or disparity. The advisory committee will provide ongoing evaluation of current and prospective efforts to reduce and eliminate racial disproportionality and disparity.

By December 1, 2008, the DSHS must report to the Legislature regarding the analysis undertaken by the advisory committee and the plan to remedy the disproportionality or disparity. Beginning January 2010, and through January 1, 2014, the DSHS must provide the Legislature with an annual progress report on efforts to reduce and eliminate racial disproportionality and disparity in the state's child welfare system. The act expires June 30, 2014.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 2 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 94 | 1 | (House concurred) |

Effective: July 22, 2007

HB 1475

C 56 L 07

Adding members to the state board for volunteer firefighters and reserve officers.

By Representatives Hurst, Haigh, Eickmeyer, Curtis, Alexander, Morrell, Crouse, Simpson, Roach and VanDeWege.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

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

Employers are required to participate in the death, disability, and medical benefit plans offered by the System, but participation in the pension component is optional. Around 18,000 members are covered by the death, disability, and medical benefits, and 12,000 members are covered by the pension benefits.

The State Board for Volunteer Fire Fighters and Reserve Officers (Board) administers the System. The Board consists of three members of fire departments covered by the System who are appointed by the Governor to serve overlapping six-year terms. The members must be from different congressional districts.

Summary: Two members are added to the Board for a total of five board members. No more than two Board members may be receiving relief or retirement pension payments under the System. The Governor may consider recommendations from appropriate state associations when making appointments to the Board.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

HB 1476

C 442 L 07

Regarding rockfish research and stock assessment.

By Representatives Blake and Kretz.

House Committee on Agriculture & Natural Resources
Senate Committee on Natural Resources, Ocean & Recreation

Background: Charter License. A charter license is required from the Washington Department of Fish and Wildlife (WDFW) to operate a vessel where paying customers fish for shellfish or food fish. A salmon charter license is required to fish for salmon and shellfish. No new salmon charter licenses have been authorized for issuance since May 28, 1977. A salmon charter license may be acquired if transferred from a current salmon charter license holder. In addition, the salmon charter license survives the death of the holder and may be transferred as personal property through inheritance. Salmon charter license holders may either renew their license each year, or notify the WDFW to hold their license for renewal the following year.

According to the WDFW, there were 141 salmon charter licenses in 2006. There is an annual fee of \$685 for nonresidents and \$380 for residents. Both residents and nonresidents are subject to a \$100 salmon enhancement surcharge as well. A charter boat licensed in Oregon may fish in designated Washington waters without a Washington license, but is subject to Oregon's own fishing quotas. Recreational fishers must have a recreational license to fish for albacore tuna.

Rockfish Research. The term rockfish generally includes a number of species of long-lived, bottom-dwelling fish. Like all fishery resources in Washington, the management of the rockfish resource and rockfish fisheries has been delegated to the WDFW. The WDFW has taken various actions, including enacting fishing limitations, to manage the rockfish fishery in response to concerns that many rockfish populations are lower than the level that is generally considered healthy.

A common tool provided to the WDFW for managing fisheries is the fishing license. The WDFW issues various licences, and combinations of licenses, for both commercial and recreational fishing. Generally, there is a fee associated with the purchase or renewal of a fishing license. In most cases, the license fee is used to help fund the operations and management activities of the WDFW. In addition to license fees, which raise revenue for general WDFW programs, some licenses also require the payment of a surcharge upon purchase or renewal. A surcharge is an additional cost above the fee for the license that is usually earmarked for a specific purpose. For instance, certain shellfish licenses carry a surcharge that raises revenue specifically to fund testing and monitoring for biotoxins.

Summary: Charter License. The operator of a charter boat wishing to fish for albacore tuna must acquire a salmon charter license.

Rockfish Research. *Research Mandate.* The WDFW is required to develop and implement a program that will research and conduct a stock assessment of the rockfish populations in the state. The required research includes surveys in both the Puget Sound and coastal waters using new and existing technologies. The surveys must estimate the current abundance and future recovery of species of rockfish and other groundfish. Beginning in December 2008, the WDFW must report every two years on the program's status.

Funding the Research. The required rockfish research is funded through a series of surcharges on licenses offered by the WDFW. The surcharges will be applied to the sales of the designated licenses until the end of 2010. Surcharges on commercial licences are set at \$35. This surcharge applies to the annual fee established for both salmon and non-salmon charter licenses and to the annual fee for non-limited entry delivery licenses. In addition, a series of licenses are assigned a surcharge of 50 cents. This surcharge applies to recreational saltwater and combination fishing licenses, as well as to temporary combination fishing licenses.

New Account. The revenue generated from the surcharges are to be deposited into the newly created Rockfish Research Account (Account). The Account is unappropriated and expenditures may only be authorized by the Director of the WDFW. The revenue in the Account may be used only for rockfish research, including assessment of stocks.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 91 | 7 | (House concurred) |

Effective: May 11, 2007

2SHB 1488

C 346 L 07

Enhancing the state's oil spill response program.

By House Committee on Finance (originally sponsored by Representatives B. Sullivan, Upthegrove, Appleton, Dunshee, Hunt, Dickerson, VanDeWege, Campbell, Kessler, Eickmeyer, McCoy, Chase, Green, Sells, Kenney, Ericks, Roberts, Lantz, Goodman, Wood, Kagi, Moeller and Rolfes).

House Committee on Agriculture & Natural Resources
House Committee on Finance
Senate Committee on Water, Energy & Telecommunications
Senate Committee on Ways & Means

Background: Current Oil Spill Funding Structure.

Many of the oil spill-related duties of the Department of Ecology (Department) are funded through two taxes on the receipt of crude oil at a marine terminal. The Oil Spill Response Tax (Response Tax) is levied at the rate of 1 cent per barrel, and the Oil Spill Administration Tax (Administration Tax) is levied at the rate of 4 cents per barrel. There is a credit available against these taxes for petroleum products that are subsequently exported from the state once they are received.

The Response Tax and the Administration Tax are deposited in separate accounts, which both fund various activities by the Department. The 4 cent Administration Tax is deposited into the Oil Spill Prevention Account (Prevention Account). Money in the Prevention Account may be used by the Department for activities related to the prevention of oil spills, including vessel plan reviews and public outreach.

The 1 cent Response Tax is deposited into the Oil Spill Response Account (Response Account). Money in the Response Account is used to pay for the costs associated with responding to spills of crude oil. If at any time the Response Account has a balance greater than \$9 million, the Department of Revenue suspends the collection of the Response Tax.

Rescue Tug. Until the end of Fiscal Year 2007, 16.60 percent of certain motor vehicle certification fees is dedicated to a Vessel Response Account. Money in the Vessel Response Account is used by the Department to fund the placement of a rescue tug near the mouth of the Strait of Juan de Fuca. After the end of Fiscal Year 2007, the portion of the vehicle certification fees reserved to fund a rescue tug lapses into an account managed by the Department of Transportation for road construction.

Summary: The Legislature finds that there is a need for a comprehensive assessment of the sources of oil spill risks and potential funding mechanisms that allows all sources of risk to contribute to the funding. The Legislature also finds that the federal government should ensure that a year-round response tug is stationed at the west entrance of the Strait of Juan de Fuca. The Department is directed to request the federal government to require or fund a rescue tug at the west entrance to the Strait of Juan de Fuca and to seek reimbursement from the federal government for state costs in the effort.

The Joint Legislative Audit and Review Committee is directed to examine the funding mechanisms for the state's oil spill prevention and response programs by September 1, 2008. The study must compare oil spill risks with the sources of funding for oil spill prevention and response. Elements of the study must include a review of existing oil spill risk evaluation models, a review of empirical data related to oil spills, and options to allocate the state's costs in oil spill prevention and response to the major risk sectors.

Votes on Final Passage:

House 66 29
 Senate 49 0 (Senate amended)
 House 81 14 (House concurred)

Effective: July 22, 2007

ESHB 1497

C 130 L 07

Increasing the operating fee waiver authority for Central Washington University.

By House Committee on Appropriations (originally sponsored by Representatives Wallace, Anderson, Sells, Hinkle, Roberts, Warnick, Buri, B. Sullivan, Priest, Hasegawa and Dunn).

House Committee on Higher Education
 House Committee on Appropriations
 Senate Committee on Higher Education
 Senate Committee on Ways & Means

Background: By statute, higher education institutions may waive all or a portion of tuition for certain types of students and purposes. The various waivers fall into three broad types: state supported, discretionary, and space available. For state supported waivers it is assumed that state moneys in the institutions' budgets will offset the tuition not collected from students to whom waivers are granted. For discretionary and space available waivers, this offset is not assumed.

State supported waivers are capped at a certain percentage of the total operating fee revenue the institution collects. Within its respective percentage caps, each institution decides how to apportion its waiver authority among the various categories of state-supported waivers. The cap for each institution is as follows:

| | |
|-------------------------------|------------|
| University of Washington | 21 percent |
| Washington State University | 20 percent |
| Eastern Washington University | 11 percent |
| Central Washington University | 8 percent |
| Western Washington University | 10 percent |
| The Evergreen State College | 6 percent |
| Community Colleges as a whole | 35 percent |

The waiver caps were established in 1992 as a result of changes to the way tuition revenue was treated. Prior to 1992, higher education institutions collected tuition and transferred that revenue to the State General Fund. In 1992, legislation was enacted to allow institutions to retain tuition revenues. At the same time, caps were established that set the maximum percentage of total tuition that each institution may waive for the purposes of state supported waivers. The amounts of the caps were based on the percentage of tuition revenue waived at each institution in 1992. When transferring State General Fund tuition dollars, the state provided funds to

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offset the tuition revenue forgone through waiver authority. This amount has been part of carry-forward dollars for each institution since 1992.

Summary: The tuition waiver authority for Central Washington University if increased from 8 percent to 10 percent.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

SHB 1500 C 172 L 07

Modifying provisions on permanent partial disability claims.

By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Williams, Chase, Kenney, Wood and Moeller).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: A worker who, in the course of employment, is injured or suffers disability from occupational disease may be entitled to benefits under the Industrial Insurance Act (Act).

Permanent Partial Disability. If permanent partial disability results from an injury, a worker may be entitled to compensation in accordance with a statutory schedule. Maximum permanent partial disability awards (PPD awards) are adjusted annually using the U.S. Consumer Price Index (CPI). A permanent partial disability is defined under the Act as the loss of either one foot, one leg, one hand, one arm, one eye, one or more fingers, one or more toes, any dislocation where ligaments were severed where repair is not complete, or any other injury known in surgery to be a permanent partial disability.

Permanent Total Disability. If permanent total disability results from an injury, a worker may be entitled to pension benefits based on the monthly wages that the worker was receiving from all employment at the time of injury. A permanent total disability is defined under the Act as loss of both legs, both arms, or one leg and one arm; total loss of eyesight; paralysis; or other condition permanently incapacitating the worker from performing any work at any gainful occupation.

Related Reductions. If a pension award for permanent total disability is preceded by a PPD award, there may be a related deduction in the pension award to account for the prior PPD award. That deduction is taken from the pension reserve for the claim and all monthly pension payments are then reduced accordingly. Under *Stuckey v. Department of Labor and Industries*, in all cases where a PPD award precedes a pension award,

the Department of Labor and Industries (Department) must use this method of deduction.

Summary: The worker has a choice when a PPD precedes a pension award and a related deduction is made. The worker may choose:

- to have the amount deducted from monthly pension benefits in an amount that does not exceed 25 percent of the monthly amount or one-sixth of the total overpayment, whichever is less; or
- to have the amount deducted from the pension reserve and have monthly compensation payments reduced accordingly.

These options apply to all pension orders issued on or after the effective date of the act.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

HB 1501 C 255 L 07

Concerning adjustments to industrial insurance total disability compensation reductions.

By Representatives Wood, Conway, Williams, Chase, Kenney and Moeller.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: In 1956, when Congress enacted the federal Social Security Disability Program, it included provisions to coordinate benefits received under more than one disability program. Social Security disability benefits for persons under age 62 were reduced by the full amount of state or federal workers' compensation benefits also being paid to the individual. This offset provision was repealed in 1958, but reenacted again in 1965.

The 1965 Social Security disability benefit provisions raised the age limit to age 65 and included a "reverse offset" that permits the benefit reduction to be taken by a state's workers' compensation program rather than by the federal disability program. However, in 1981, federal law was amended to allow a state to take the reverse offset only if the state had provided for a reverse offset as of February 18, 1981.

Washington permitted a reverse offset at the state level beginning in 1975. When Washington's law was enacted, it applied to persons under age 62 who were receiving Social Security disability payments. In 1983, this age limit was raised to age 65 to correspond to the age limit change in federal law for Social Security disability payments.

According to the Social Security Administration (SSA), the SSA is not permitted by federal law to recognize any extensions of a reverse offset provision that a state enacted after 1981. For example, the SSA does not recognize Washington's change in the law allowing a state offset after age 62 and will reimpose the SSA offset at the federal level beginning at age 62 for Social Security disability beneficiaries.

In 2005, the Legislature required the Department of Labor and Industries (Department) to adjust workers' compensation benefits when:

- state industrial insurance benefits were paid at a reduced rate due to the worker's receipt of Social Security disability benefits; and
- the SSA made a retroactive reduction in federal benefits because of the worker's entitlement to state industrial insurance benefits.

The Department's authority to make these adjustments only applies to requests for adjustments submitted before July 1, 2007. In December 2006, the Department provided a report to the Legislature on the benefit adjustments. For the 19 claims in which the Department determined that additional payments were appropriate, the total amount paid was \$251,287.41.

Summary: The Department is granted permanent authority to adjust workers' compensation benefits when:

- state industrial insurance benefits were paid at a reduced rate due to the worker's receipt of Social Security disability benefits; and
- the SSA made a retroactive reduction in federal benefits because of the worker's entitlement to state industrial insurance benefits.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 45 | 0 |

Effective: July 22, 2007

HB 1505
C 262 L 07

Regarding physician assistants determining disability for special parking privileges.

By Representatives Clibborn, Curtis, Seaquist, Hinkle, Morrell, Linville, Armstrong, Rodne, B. Sullivan, Ericksen, Ericks, Roberts, Darneille, Moeller and McCune.

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

Background: The Department of Licensing is required to grant special parking privileges to any person who has a disability that limits or impairs the ability to walk and meets one of the following criteria, as determined by a licensed physician or an advanced nurse practitioner:

- cannot walk further than 200 feet without stopping to rest;
- is severely limited in the ability to walk due to arthritic, neurological, or orthopedic condition;
- is so severely disabled that the person cannot walk without an assistive device;
- uses portable oxygen;
- is restricted by lung disease to a particular extent;
- is impaired by cardiovascular disease or cardiac condition to a particular extent; or
- has a disability resulting from acute sensitivity to automobile emissions that impairs the ability to walk.

An osteopathic physician's assistant is a person who has satisfactorily completed a board-approved training program designed to prepare persons to practice osteopathic medicine to a limited extent.

A physician assistant is defined as a person licensed by the Medical Quality Assurance Commission to practice medicine to a limited extent only under the supervision of a physician and who is academically and clinically prepared to provide health care services and perform diagnostic, therapeutic, preventative and health maintenance services.

Summary: Physician assistants and osteopathic physician's assistants are added to the list of persons eligible to determine if an individual meets the criteria for the issuance of special parking privileges by the Director of the Department of Licensing.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 1 |
| Senate | 48 | 0 |

Effective: July 22, 2007

2SHB 1506
C 494 L 07

Changing alternative works provisions.

By House Committee on Capital Budget (originally sponsored by Representatives Haigh, Armstrong, Hunt and Ormsby).

House Committee on State Government & Tribal Affairs
House Committee on Capital Budget
Senate Committee on Government Operations & Elections

Background: Alternative forms of public works were first used on a very limited basis and then adopted in statute in 1994 for certain pilot projects. These alternative procedures include a design-build process and a general contractor/construction manager (GC/CM) process and may be used on projects costing in excess of \$10 million.

The design-build procedure is a multi-step competitive process to award a contract to a single firm that

agrees to both design and build a public facility that meets specific criteria. It may be used on projects valued over \$10 million where:

- the construction activities or technologies to be used are highly specialized and a design-build approach is critical in developing the construction methodology or implementing the proposed technology;
- the project design is repetitive in nature and is an incidental part of the installation or construction; or
- regular interaction with and feedback from facilities users and operators during design is not critical to an effective facility design.

The contract is awarded following a public request of proposals for design-build services. Following extensive evaluation of the proposals, the contract is awarded to the firm that submits the best and final proposal with the lowest price.

The GC/CM method employs the services of a project management firm that bears significant responsibility and risk in the contracting process. The government agency contracts with an architectural and engineering firm to design the facility and, early in the project, also contracts with a GC/CM firm to assist in the design of the facility, manage the construction of the facility, act as the general contractor, and guarantee that the facility will be built within budget. When the plans and specifications for a project phase are complete, the GC/CM firm subcontracts with construction firms to construct the project. Initial selection of GC/CM finalists is based on the qualifications and experience of the firm.

In 2003 job order contracting was authorized as an alternative public works contracting procedure. Under a job order contract, a contractor agrees to perform an indefinite quantity of public works jobs, defined by individual work orders, over a fixed period of time. A public entity may not have more than two job order contracts in effect at any one time. The maximum total dollar amount that is awarded under a job order contract may not exceed \$3 million in the first year, \$5 million over the first two years, or \$8 million over a three-year period if the contract is renewed or extended.

With some restrictions, the use of alternative public works contracting procedures are authorized to a limited number of public entities:

- the Department of General Administration;
- the University of Washington;
- Washington State University;
- cities with a population greater than 70,000 and any public authority chartered by such city;
- counties with a population greater than 450,000;
- public hospital districts with total revenues greater than \$15 million;
- port districts with total revenues greater than \$15 million per year;

- public utility districts with revenues from energy sales greater than \$23 million per year;
- school districts for GC/CM projects; and
- the state ferry system.

In 2005 the Capital Projects Advisory Review Board (Board) was established to monitor and evaluate the use of traditional and alternative public works contracting procedures and to evaluate potential future use of other alternative contracting procedures. The Board also provides a forum in which best practices and concerns about alternative public works contracting are discussed.

The authorization to use alternative public works procedures expires June 30, 2007.

Summary: The use of alternative public works contracting procedures is extended to 2014.

Project Review Committee. A Project Review Committee (Committee) is created to approve the use of the design-build, GC/CM, or both procedures, through a certification process or through approval on a project-by-project basis. Members of the Committee are appointed by the Board and appointments must represent a balance among the industries and public owners represented on the Board. All meetings of the Committee are public and must allow for public comment.

Certification Process. A public body may apply to the Committee for a three-year certification to use design-build, GC/CM, or both procedures. The public body must submit an application to the Committee that includes a description of its qualifications, its capital plan for the certification period, its intended use of the alternative contracting procedures, and any other information requested by the Committee.

To certify a public body, the Committee must determine that the public body has:

- the necessary experience and qualifications to determine which projects are appropriate for the alternative contracting procedures;
- the necessary experience and qualification to carry out the contracting procedures; and
- resolved any audit findings on previous public works projects.

Once a public body has been certified to use design-build, GC/CM, or both procedures, it may use the procedure without seeking approval by the Committee on a project-by-project basis. However, a public body certified to use GC/CM must seek additional approval to use that procedure for projects estimated to cost less than \$10 million.

A public body may seek certification for one additional three-year period by submitting updated information on its capital plan to the Committee. The Committee may revoke any public body's certification upon a finding that its use of the alternative contracting procedure no longer serves the public interest.

Project by Project Approval. Public bodies that are not certified to use design-build or GC/CM may seek approval to use either procedure on a project-by-project basis by submitting an application that includes its qualifications, a description of the proposed project, and which alternative contracting procedure it plans to use.

To approve a proposed project, the Committee must determine that:

- the alternative contracting procedure will provide a substantial fiscal benefit or the use of the traditional method is not practical for meeting the desired quality standards or delivery schedules;
- the project meets the requirements for using the contracting procedure;
- the public body has the necessary experience or qualified team to use the alternative procedure;
- for design-build projects, construction personnel independent of the design-build team are knowledgeable in the design-build process; and
- the public body has resolved any audit findings related to previous public works projects.

Appeal of Committee Determinations. A determination by the Committee may be appealed to the Board within seven days of the Committee's decision. The Board must resolve an appeal within 45 days and the Board's decision is final.

Design-Build. Several policy changes are made relating to the use of the design-build procedure, including:

- the procedure may be used for parking garages, regardless of cost;
- the procedure may no longer be used for construction of student housing;
- projects involving the construction or erection of pre-engineered metal buildings or prefabricated modular buildings, regardless of cost, do not need the approval of the Committee; and
- operations and maintenance services may be included in contracts for a period of three years, except for utility projects in which operations and maintenance may be ongoing.

Criteria for evaluating proposals for design-build contracts are added and include the proposer's technical qualifications, its capability to perform, and its past performance. Additional factors are considered for analyzing finalists' proposals, including:

- the technical approach design concept;
- proposal price;
- ability of the professional personnel;
- past performance on similar projects;
- ability to meet time and budget requirements;
- ability to provide a performance and payment bond;
- recent, current, and projected work loads of the firm; and
- location.

If all proposals are rejected, the public body must provide its reasons to the proposers in writing.

General Contractor/Construction Manager. The major policy changes related to the use of GC/CM include:

- the ability to use the procedure for projects valued under \$10 million with the approval of the Committee; and
- the expansion of the criteria for a GC/CM project to include projects that encompass a complex or technical work environment and projects that require specialized work on a building that has historic significance.

Numerous other procedural changes are made to the contracting procedure.

Contract management responsibilities are expanded. A public body must provide contract documents that obligate it to accept or reject a request for equitable adjustment, change order, or claim within 60 days. If the public body does not respond in writing, the request is deemed denied.

Incentive clauses for early completion, cost savings, or other performance goals must be included in the request for proposals. Incentives may not be paid from any contingency fund established for coordination of the construction documents or coordination of the work. The public body must issue a change order within 30 days on change orders agreed to in writing by the GC/CM. If the public body fails to issue the change order, interest at a rate of 1 percent per month accrues on the dollar amount of the additional work satisfactorily completed.

The maximum allowable construction cost (MACC) may only be negotiated when the design is at least 90 percent complete. Major subcontractor bid packages may be bid prior to agreement of the MACC. The public body may authorize the GC/CM to bid and award bid packages before receipt of complete plans and specifications; however, any contracts awarded must be incorporated in the negotiated MACC. If the MACC varies more than 15 percent from the bid estimated MACC due to approved changes in the scope of work, the percent fee must be renegotiated.

Public bodies may not evaluate or disqualify proposals for a GC/CM contract based on the terms of a collective bargaining agreement. A GC/CM may not violate or waive the terms of a collective bargaining agreement in preparing subcontract bid packages.

Bidder eligibility criteria for subcontractors listed in statute are removed and responsibility is determined based on specific objective criteria that must be listed in the bid documents. If a determination is made that a bidder is not responsible, the bidder must be given an opportunity to establish responsibility.

A GC/CM may only bid on subcontract work or for the supply of equipment or materials if that work is customarily performed or supplied by the GC/CM, if the bid opening is managed by the public body, and if notification of the GC/CM's intent to bid is included in the solicitation of bids. The GC/CM is prohibited from purchasing equipment and materials for assignment to subcontract bid package bidders for installation or warranty. The GC/CM may not perform subcontract work in excess of 30 percent of the negotiated MACC.

Prebid determination of subcontractor eligibility must be preceded by a public hearing to receive comments and determine if establishing bidder eligibility in advance of seeking bids is in the best interests of the project.

If a subcontract bidder is determined to be "not responsible," the bidder must be given an opportunity to establish "responsibility."

Subcontract agreements must not delegate or assign the GC/CM's implied duty not to hinder or delay a subcontractor or delegate or assign the GC/CM's authority to resolve subcontractor conflicts, restrict a subcontractor's right to damages, require a subcontractor to bear the cost of trade damage repair, or require the subcontractor to execute progress payment applications that waive claims for additional time or compensation or bond or retainage rights as a condition of receipt of progress payment.

Job Order Contracting. The authority to use the job order contracting procedure is limited to the same public bodies except that the Department of General Administration (GA) may issue work orders for Washington State Parks. The maximum total dollar amount awarded under a job order contract is increased from \$3 million to \$4 million in the first year and from \$8 million to \$12 million over the three years of the contract. The GA is authorized to have four job order contracts in effect at any one time. The amount of work that must be subcontracted on a job order contract is changed from 80 percent to 90 percent. The maximum dollar amount of a work order is increased from \$300,000 to \$350,000.

Data Collection. All alternative contracting procedures require public owners, as well as contractors and subcontractors, to report data required by the Board. The Board must develop questionnaires designed to provide quantitative and qualitative data on alternative public works contracting procedures.

Other Provisions. Projects approved by the School District Project Review Board and the Hospital District Project Review Board prior to the effective date of the act may proceed without approval of the Committee. If a design-build or GC/CM project has been advertised, but a contract has not been signed by the effective date of the act, the project may go forward without approval by the Committee.

The Board may grant an exemption from any provision of the act for projects advertised before the effective date of the act. A public body seeking an exemption must submit a request in writing to the Board no later than December 31, 2007, and the Board must respond within 60 calendar days.

The act contains a sunset provision and requires an evaluation by the Joint Legislative Audit and Review Committee by June 30, 2013.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 98 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 1, 2007

May 15, 2007 (Section 104)

June 30, 2007 (Section 508)

SHB 1507

C 25 L 07

Creating the uniformed service shared leave pool.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Seaquist, Bailey, Schual-Berke, Green, Kenney, Williams, Conway, Ericks, Lantz, Darneille, Linville, Moeller, Kelley, Morrell and Rolfes; by request of Governor Gregoire).

House Committee on State Government & Tribal Affairs
House Committee on Appropriations
Senate Committee on Government Operations & Elections

Background: In 1989, the Legislature enacted the Washington State Leave Sharing Program (Program) for state employees. The stated purpose of the Program is to permit state employees to donate annual leave, sick leave, or personal holidays to fellow state employees who are suffering from, or have relatives or household members who are suffering from, an extraordinary or severe illness, injury, impairment, or physical or mental condition that has caused or is likely to cause the employee to take leave without pay or terminate his or her employment. If an employee qualifies to participate in the Program, the agency head determines the amount of leave, not to exceed 261 days, that the employee may receive. As long as a certain balance is maintained, an employee may transfer annual leave, sick leave, or all of his or her personal holiday.

In 2003, the Program was extended to those called to uniformed service. To qualify for the Program, an employee called to uniformed service must have depleted or will shortly deplete his or her annual leave and paid military leave.

Summary: The Uniformed Service Shared Leave Pool (Pool) is created to provide support solely for state employees called to military duty. Shared leave paid under the Pool, in combination with military salary, may not exceed the level of the employee's state monthly salary. Military salary includes base, specialty, and other pay, but does not include other allowances, such as a housing allowance. Monthly salary includes special pay and shift differential, but does not include overtime pay, call back pay, standby pay, or performance bonuses. Employees requesting leave from the Pool must provide earnings information to the Department of Personnel.

An employee receiving leave from the Pool is not required to repay the leave unless there has been a finding of wrongdoing.

The prohibition for receipt of more than 261 days of leave for employees called to uniformed service is removed.

School district and educational service district employees may not donate to or receive leave from the Pool.

The Department of Personnel, in consultation with the Military Department and the Office of Financial Management, must adopt rules and policies governing the Pool.

The Uniformed Service Shared Leave Pool Account (Account) is created in the custody of the State Treasurer. Expenditures from the Account may only be used for providing shared leave to employees under the Pool. Only the Adjutant General or his or her designee may authorize expenditures from the Account, and the Account is not subject to allotment and no appropriation is required for expenditures.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 46 | 0 |

Effective: October 1, 2007

SHB 1508
C 58 L 07

Providing an exemption from business and occupation tax for the resale of natural or manufactured gas by consumers.

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Orcutt, Hunter, Blake, Takko, Condotta and Dunn; by request of Department of Revenue).

House Committee on Technology, Energy & Communications

House Committee on Finance

Senate Committee on Ways & Means

Background: The business and occupation (B&O) tax is levied for the privilege of doing business in

Washington. The tax is levied on the gross receipts of all business activities conducted within the state. There are no deductions for the costs of doing business.

Public and privately owned utilities are subject to the state public utility tax (PUT). The PUT is applied to the gross receipts of the business. The PUT applies to businesses engaged in operating a plant or system for the production or distribution of natural or manufactured gas.

A business that does not operate a plant or system for the production or distribution of natural or manufactured gas, but engages in the selling of natural gas, is subject to the B&O tax.

Summary: A B&O tax exemption is provided for amounts received from the sale of natural or manufactured gas in a calendar year if the amount of gas sold within the U.S. by the business in that calendar year is no more than 20 percent of the amount of natural or manufactured gas that is consumed in the U.S. in the same calendar year.

The transfer of natural gas as a result of an acquisition or merger and the transfer of natural gas solely to comply with federal regulatory requirements imposed on the transportation of natural or manufactured gas over a pipeline are not considered sales.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 1 |
| Senate | 44 | 0 |

Effective: July 22, 2007

ESHB 1512
C 500 L 07

Increasing the amount the treasurer may use for the linked deposit program.

By House Committee on Finance (originally sponsored by Representatives Hasegawa, Haler, Pettigrew, Skinner, Santos, Hankins, Kenney, Walsh, McCoy, Kirby, Schual-Berke, Chase, Williams, Roberts, P. Sullivan, Hudgins, Ericks, Darneille, Kagi and Ormsby).

House Committee on Insurance, Financial Services & Consumer Protection

House Committee on Finance

Senate Committee on Financial Institutions & Insurance

Senate Committee on Ways & Means

Background: The Linked Deposit Program (Program) was created in 1993. The stated purpose of the Program is to increase access to business capital for the state's certified minority-owned and women-owned businesses. Under the Program, certified businesses can obtain reduced interest rate loans from participating financial institutions.

The State Treasurer is authorized to use up to \$100 million of short-term state treasury surplus funds for

Program. These funds are deposited with public depositories as certificate of deposits (CDs) on the condition that the public depository make "qualifying loans" under the Program. The state forgoes up to 2 percent in interest on the CDs and passes along the savings to the public depository with the condition that the depository reduces the interest rate for the loan recipients. The State Treasurer must reduce the amount of the preference to ensure that the effective interest rate on the certificate of deposit is not less than 2 percent. If the preference given to a qualified public depository is less than 200 basis points, the qualified public depository may reduce the interest rate on the loans by an amount that corresponds to the reduction in the preference below 200 basis points.

Qualifying loans are loans:

- made to certain minority or women's business enterprises;
- for a period not to exceed 10 years;
- for up to a maximum amount of \$1 million for each individual loan;
- at an interest rate that is at least 2 percentage points below the market rate that normally would be charged for a loan of that type; and
- with points or origination fees are limited to 1 percent of the loan principal.

To be eligible the applicant must:

- be a minority and/or a woman;
- have at least 51 percent of ownership of the business; and
- control the business.

Three state agencies are involved in the Program. The State Treasurer is authorized to fund the Program. The Office of Minority and Women's Business Enterprises (OMWBE) certifies the eligibility of the businesses, monitors the performance of loans, and compiles information on borrowers in the program. The Department of Community, Trade and Economic Development provides technical assistance and loan packaging services and, in consultation with the OMBWE, develops performance indicators for the Program.

Summary: The State Treasurer is authorized to use up to \$150 million of short-term state treasury surplus funds for the Linked Deposit Program.

The Office of the Minority and Women's Business Enterprises is granted the authority to adopt rules to:

- ensure priority to businesses that have never received a loan under the program;
- limit total principal loan amounts received during the lifetime of the business and the lifetime of the business owner; and
- limit the total amount of any single qualified loan under the program.

The act is null and void if not funded in the budget.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 98 | 0 | |
| Senate | 41 | 8 | (Senate amended) |
| House | 96 | 1 | (House concurred) |

Effective: July 22, 2007

SHB 1513

C 48 L 07

Modifying provisions relating to the excise taxation of forest products businesses.

By House Committee on Finance (originally sponsored by Representatives Kessler, Orcutt, Grant, Alexander, Blake, VanDeWege, Kretz, Takko, Linville and Ericks).

House Committee on Finance
Senate Committee on Ways & Means

Background: Washington's major business tax is the business and occupation (B&O) tax. 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. Revenues are deposited in the State General Fund. A business may have more than one B&O tax rate, depending on the type of activities conducted. There are a number of different rates. The main rates are: 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for professional and personal services, and activities not classified elsewhere.

Small timber harvesters (less than two million board feet of harvest in a calendar year) with taxable business activity of less than \$100,000 per tax year are exempt from the B&O tax.

Preferential manufacturing B&O tax rates have been provided by the Legislature in recent years for aerospace, semiconductor microchips and materials, biodiesel fuel, aluminum smelting, solar energy systems, and timber/wood products.

In 2006 B&O tax rate reductions were provided for the timber industry. The B&O tax rate was lowered for extracting or extracting for hire timber, or manufacturing or processing for hire logs, wood chips, sawdust, wood waste, pulp, recycled paper products, paper and paper products, dimensional lumber, and engineered wood products, plywood, wood doors, and wood windows. The lower B&O tax rate also applies to the wholesales of these products by the extractors and manufacturers. The lower B&O tax rate is phased in: 0.4235 percent applies from July 1, 2006, to July 1, 2007, and 0.2904 percent applies from July 1, 2007, to July 1, 2024. The preferential tax rate expires July 1, 2024. Taxpayers using the lower tax rate are required to file an annual accountability survey.

Starting July 1, 2007, a 0.052 percent surcharge is imposed on taxpayers using the reduced tax rate. The

proceeds of the surcharge are placed in a dedicated account and are used for implementation of the 1999 Forest and Fish Report to the Forest Practices Board and the Governor's Salmon Recovery Office. The report made recommendations to ensure compliance with the Endangered Species Act, restore and maintain minimum riparian habitat to support a harvestable supply of fish, meet Clean Water Act standards, and keep the timber industry economically viable. The surcharge is suspended when the surcharge collections reach \$8 million in the biennium, or the federal budget contains at least \$2 million in appropriations to support tribal participation in forest and fish related activities. If the federal appropriation is less than \$2 million then the surcharge rate is reduced.

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 sale of standing timber is subject to REET.

Summary: The manufacturing of products using recycled paper products is eliminated from the B&O tax preference. The manufacturing of products using short rotation hardwoods, pulp derived from recovered paper or paper products is added to the B&O tax preference. A definition of paper and paper products is also added. Books, newspapers, and other printed material are excluded from the definition and therefore from the special tax treatment. The calculation of the 0.052 percent surcharge is clarified so that it does not include the underlying tax rate.

The sale of standing timber is exempt from REET if the timber is sold separately from the land and the timber is cut within 30 months of sale. Sales of standing timber formerly taxed under REET are taxed under the B&O tax at 0.2904 percent. The small harvester B&O tax exemption threshold is changed to a \$100,000 deduction. Small harvesters are not required to file the annual accountability report.

Votes on Final Passage:

House 98 0
Senate 46 0

Effective: July 1, 2007

HB 1520
C 202 L 07

Concerning polygraph examinations of sexual assault victims.

By Representatives Williams, Rodne, Simpson, Moeller, O'Brien, Kirby and Kenney.

House Committee on Judiciary
Senate Committee on Judiciary

Background: Polygraph examinations are sometimes used by law enforcement agencies as an investigative tool. Washington courts have held that polygraph evidence is inherently unreliable as an indicator of deception. The results of a polygraph examination are not admissible as evidence in a trial without a stipulation from both parties.

The Violence Against Women Act (VAWA) established federal grant programs to assist states, local governments, and other entities in preventing and responding to crimes such as domestic violence and sexual assault.

One provision in the 2005 enactment of the VAWA requires grant applicants to certify that their laws, policies, or practices ensure that law enforcement, prosecutors, and other government officials do not ask or require a victim of a sex offense to take a polygraph examination as a condition of proceeding with an investigation of that offense.

Summary: Law enforcement officers, prosecuting attorneys, and other government officials may not ask or require a victim of an alleged sex offense to submit to a polygraph exam or other truth telling device as a condition of proceeding with the investigation of the offense. The victim's refusal to take a polygraph exam or other truth telling device shall not by itself prevent the investigation, charging, or prosecution of the offense.

Votes on Final Passage:

House 97 0
Senate 48 0 (Senate amended)
House 95 0 (House concurred)

Effective: July 22, 2007

EHB 1525
C 239 L 07

Reducing the impact of regulatory provisions on small businesses.

By Representatives Chase, Kessler, Morris, Sump, B. Sullivan, Hunt and Hudgins.

House Committee on State Government & Tribal Affairs
Senate Committee on Labor, Commerce, Research & Development

Background: The Legislature adopted the Regulatory Fairness Act (RFA) in 1994 to protect small businesses from being disproportionately impacted by state regulations. The statute requires agencies to prepare a Small Business Economic Impact Statement (SBEIS) when adopting a rule. The SBEIS must include:

- a brief description of the reporting, recordkeeping, and other compliance requirements of the proposed rule;

- a description of the professional services that a small business is likely to need in order to comply with the requirements of the proposed rule;
- an analysis of the costs of compliance;
- consideration of whether the rule will cause businesses to lose sales or revenue;
- a determination of whether the rule has a disproportionate impact on small businesses. The determination must compare the cost of compliance on small businesses with the cost of compliance for the 10 percent of businesses that are the largest businesses required to comply with the rule. The agency must use at least one of the following measures when making this comparison: cost per employee, cost per hour of labor, or cost per \$100 of sales;
- a description of how the agency will involve small businesses in the development of the rule; and
- a list of industries that will be required to comply with the rule.

Based on the extent of impact identified in the SBEIS, the agency must attempt to reduce the costs imposed by the rule on small business. These cost reduction methods can include:

- reducing, modifying, or eliminating substantive regulatory requirements;
- simplifying, reducing or eliminating recordkeeping and reporting requirements;
- reducing the frequency of inspections;
- delaying compliance timetables;
- reducing or modifying fine schedules for noncompliance; or
- other mitigation techniques.

The RFA defines "small business" as any business entity, including a sole proprietorship, corporation, partnership, or other legal entity that is owned and operated independently from all other business and has 50 or fewer employees.

Summary: The Small Business Economic Impact Statement (SBEIS) must include an estimate of the number of jobs that will be created or lost as the result of compliance with the proposed rule.

If an agency cannot find a method to reduce costs on small business, the agency has the added requirement of providing an explanation of why a reduction is not possible. This explanation must be included with the agency's filing of the proposed rule.

The cost of professional services necessary to comply with a proposed rule must be taken into consideration when the agency evaluates the impact of the proposed rule on small business.

A "minor cost" is defined as the cost per business that is less than three-tenths of 1 percent of annual revenue or income, or \$100, whichever is greater, or 1 percent of annual payroll. For the DSHS rules, a minor cost is defined as less than \$50 per client.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 1 | |
| Senate | 49 | 0 | (Senate amended) |
| House | 97 | 1 | (House concurred) |

Effective: July 22, 2007

HB 1526
C 385 L 07

Modifying the form of the presidential primary ballot.

By Representatives Hunt, Chandler, Armstrong, Ormsby, Kenney, Linville and Moeller; by request of Secretary of State.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: Presidential primary ballots must be substantially the same as ballots for a partisan primary. A major political party may request a separate ballot, containing only the candidates of that party who have qualified, to be provided for voters who request a ballot of that party. A primary ballot containing the names of all candidates who have qualified for a place on the ballot must be provided for nonaffiliated voters. The unaffiliated ballot is provided for those voters who choose not to identify with either political party.

In a national presidential primary, the national political parties do not count unaffiliated ballots. The effect of this is those unaffiliated ballots cast for the presidential primary in Washington do not count in the national primary election.

Summary: The presidential primary ballot must be consistent with the requirements for a consolidated ballot or a physically separate, one-party ballot, and the ballot must clearly indicate party affiliation of each candidate. There is no longer an unaffiliated ballot for the presidential primary.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 41 | 2 |

Effective: July 22, 2007

HB 1528
C 157 L 07

Providing for electronic voter registration.

By Representatives Hunt, Chandler, Green, Kretz, Ormsby, Armstrong, Miloscia, Appleton, Kenney, Goodman and Moeller; by request of Secretary of State.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: In Washington, individuals may register to vote either by mail or in person at the county auditor's office. If the person has never registered to vote in the state before, or has moved to a new county, he or she must fill out a voter registration form. If a person has moved within a county, he or she can transfer the voter registration by filling out the voter registration form or by mailing, emailing, or calling the county auditor. Individuals who do not have a Washington driver's license or a state identification card must provide one of the following alternate forms of identification:

- valid photo ID;
- valid tribal ID of a federally recognized Indian tribe in Washington;
- copy of a current utility bill;
- current bank statement;
- copy of a current government check;
- copy of a current paycheck; or
- a government document that shows both the individual's name and address.

Summary: The Secretary of State will provide electronic voter registration via the internet for individuals who have a valid Washington driver's license or state identification card. For each electronic registration, the Secretary of State must obtain a digital copy of the applicant's driver's license or state identification card signature. An electronic voter registration applicant must affirmatively assent to use of his or her signature from the Department of Licensing for verification of identity purposes.

Electronic voter registration is considered registration by mail.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 91 | 6 |
| Senate | 30 | 17 |

Effective: January 1, 2008

HB 1543
C 250 L 07

Authorizing the use of local retail taxes to finance economic development offices.

By Representatives Buri, Grant, Dunshee, Ahern, Hailey, Pettigrew, Kretz, Bailey, Linville and Moeller.

House Committee on Community & Economic Development & Trade
Senate Committee on Economic Development, Trade & Management

Background: Sales and Use Tax. Washington levies a sales tax on the selling price of tangible personal property and certain services purchased at retail. This includes goods, construction including labor, repair of tangible personal property, lodging for less than 30 days, and some personal and professional services, such as

landscape maintenance and physical fitness. The state retail sales tax is 6.5 percent. The state sales tax is collected from purchasers by retail vendors at the time of sale using the tax rate schedules provided by the Department of Revenue (DOR). Total transactions are reported in the seller's combined excise tax return (CETR) and receipts are forwarded to the DOR on a monthly or quarterly basis. In Fiscal Year 2004, the state retail sales tax generated \$5.791 billion in revenue.

For items used in Washington, but the acquisition of which was not subject to the Washington retail sales tax, the Washington use tax is applied. This includes purchases made from out-of-state sellers, including catalog and Internet purchases, purchases from sellers who are not required to collect sales tax, items produced for use by the producer, and gifts and prizes. The tax is measured by the value of the item at the time of the first use within Washington, excluding any delivery charges. The state use tax rate is the same as the state retail sales tax (6.5 percent). Just as the state taxes the sale of tangible personal property and some services purchased at retail, cities and counties may levy a local sales and use tax. State law authorizes 17 different types of local sales and use taxes. There is: a basic 0.5 percent tax for cities and counties; an optional tax of up to 0.5 percent for cities and counties; three local taxes for the support of transportation programs; a tax of up to 1 percent to fund high capacity transportation; two taxes for funding criminal justice or public safety programs; taxes of 0.1 percent each for public facilities, juvenile correctional facilities, zoos, and emergency communications facilities; two state-credited taxes to finance professional sports stadiums; and two state-credited taxes to support rural counties and regional centers.

Optional Rural Counties Sales and Use Tax. Rural counties are authorized to impose a local sales and use tax of up to 0.08 percent. Eligible counties are those with an average population density of less than 100 residents per square mile or one that is smaller than 225 square miles. Thirty-two counties qualify under this definition and all are levying the tax. The revenues from this tax must only be used for the financing of public facilities for economic development purposes. These include street improvements, bridges, and water and sewer systems. This is not an additional tax on consumers and does not alter the overall sales and use tax rate in a locality. Rather, the receipts collected are credited against the state's 6.5 percent tax. Once the tax is levied, it may continue for up to 25 years. Each participating county reports to the State Auditor by October 1, listing projects from the prior year.

Summary: Revenues generated by the local sales and use tax for economic development facilities may also be used for the personnel of an economic development office. An economic development office is defined as an office of a county, port district, or associate development

organization, which promotes economic development purposes within the county.

In addition, the county annual report to the State Auditor is required within 150 days of the close of a fiscal year. The report must include information on expenditures made on projects in prior years.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 91 | 4 | |
| Senate | 45 | 2 | (Senate amended) |
| House | 88 | 5 | (House concurred) |

Effective: July 22, 2007

HB 1549

C 131 L 07

Exempting wholesale sales of bulk unprocessed milk from the business and occupation tax.

By Representatives Linville, Kristiansen, Ericksen, McCune and Dunn.

House Committee on Finance
Senate Committee on Agriculture & Rural Economic Development
Senate Committee on Ways & Means

Background: Washington's major business tax is the business and occupation (B&O) tax. 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. Revenues are deposited in the State General Fund. A business may have more than one B&O tax rate, depending on the types of activities conducted. There are a number of different rates. The main rates are: 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for professional and personal services, and activities not classified elsewhere.

Summary: Wholesale sales of unprocessed milk are exempted from the state B&O tax.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 98 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

SHB 1555

C 212 L 07

Addressing sexual assault protection orders.

By House Committee on Judiciary (originally sponsored by Representatives Williams, Rodne, Lantz, Chase and Ericks).

House Committee on Judiciary
Senate Committee on Judiciary

Background: In 2006 the Legislature established a new civil protection order called the sexual assault protection order. Any person who is a victim of nonconsensual sexual conduct or penetration that gives rise to a reasonable fear of future dangerous acts may file a petition for a sexual assault protection order.

A domestic violence protection order is a civil remedy when there has been domestic violence between family or household members. Family or household members include current and former spouses, persons who have a child in common, adults who have in the past or are currently residing together, persons 16 years of age or older who have in the past or currently have a dating relationship with a person 16 years of age or older, persons who have a biological or legal parent/child relationship, including stepparents, stepchildren, grandparents, and grandchildren.

Summary: Language is added to explicitly state that a sexual assault protection order is a remedy for victims who do not qualify for a domestic violence protection order.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

HB 1556

C 137 L 07

Designating the Walla Walla sweet onion as the official Washington state vegetable.

By Representatives Walsh, Grant, Haler, Sells, Springer, O'Brien, Seaquist, Ahern, Takko, Williams, Ericks, Roberts, Strow, Linville, Ormsby and McDermott.

House Committee on State Government & Tribal Affairs
Senate Committee on Agriculture & Rural Economic Development

Background: The Walla Walla Sweet onion is grown in Walla Walla County, but finds its origins on the island of Corsica. Over a century ago, a retired French soldier named Peter Pieri found a sweet onion seed there and brought it to the Walla Walla Valley. The sweet onion had impressive winter hardiness well-suited for the climate of southeastern Washington. Soon Pieri and many Italian immigrants in the area began harvesting the seed. Over several generations of careful hand selection, the sweet onion developed greater sweetness, size, and shape. Today, there are approximately 40 growers producing Walla Walla Sweet onions on 1,200 acres of farmland in the Walla Walla Valley. Sweet onion season is mid-June through September and, since 1984, Walla Walla has celebrated the Sweet Onion Festival every July.

Onions have been a food source for at least 5,000 years. There are ancient Chinese, Sumerian, Mesopotamian, and Egyptian references to the cultivation of onions. The onion was also an essential part of the Ancient Roman and Greek diet. In more recent times, the onion has been an essential part of classical French cooking in the *bourgeoise*, *nivernaise*, and *soubise* sauces. Today the onion crop is a \$400 million crop in the United States. Other sweet onion varieties are the: Texas Yellow Bermuda, White Bermuda, and Crystal Wax; the Vidalia Sweet from Georgia; Hawaii's Maui Sweet; and the Nevada Sweetie Sweet.

Summary: The Walla Walla Sweet onion is designated as the official state vegetable.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 95 | 0 |
| Senate | 42 | 3 |

Effective: July 22, 2007

SHB 1565
C 213 L 07

Revising provisions relating to public access to child in need of services and at-risk youth hearings.

By House Committee on Early Learning & Children's Services (originally sponsored by Representatives Kagi, Dickerson and Kenney).

House Committee on Early Learning & Children's Services

Senate Committee on Human Services & Corrections

Background: There are several different types of hearings that pertain to the welfare of children including child in need of services (CHINS), at-risk youth (ARY), dependency, and termination hearings.

A CHINS proceeding may be initiated by a parent or child to request that the court approve or continue an out-of-home placement. An ARY proceeding may be initiated by a parent who seeks assistance from the court in maintaining parental control over his or her child. Dependency and termination proceedings are generally initiated by the state in cases where the state is alleging that the parent is not providing sufficiently appropriate care for his or her child, and the state is seeking to intervene in the relationship.

The CHINS, ARY, dependency, and termination hearings have traditionally been closed to the public largely due to the sensitive nature of matters that are often discussed about the children and families involved in the cases. However, states have been increasingly moving towards opening these hearings to the public. In 2003 the Washington Legislature required that the public not be excluded from any dependency or termination hearings unless the judge finds that excluding the public is in the best interests of the child.

The CHINS and ARY hearings remain closed to the public.

Summary: A CHINS hearing must be open to the public unless the court determines that it is in the best interest of the child to close the hearing to the public.

An ARY hearing is open to the public unless the court determines that it is in the best interest of the child to close the hearing or if either parent requests that the hearing be closed to the public.

At the beginning of the at-risk youth hearing, the judicial officer is required to notify the parents that either parent has the right to request that the public be excluded from the ARY hearing.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 45 | 0 |

Effective: July 22, 2007

SHB 1566
C 485 L 07

Modifying the rural county tax credit.

By House Committee on Finance (originally sponsored by Representatives VanDeWege, Ericks, McIntire, Erickson, Ross, Warnick, Condotta, Kessler and McCune; by request of Department of Revenue).

House Committee on Finance
Senate Committee on Ways & Means

Background: Washington's major business tax is the business and occupation (B&O) tax. 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. Revenues are deposited in the State General Fund. A business may have more than one B&O tax rate, depending on the types of activities conducted. There are a number of different rates. The main rates are: 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for professional and personal services, and activities not classified elsewhere.

A credit against the B&O tax is provided for manufacturing, research and development (R&D), or computer service firms that create new jobs in rural counties or community empowerment areas. Rural counties are defined as those with an average population density of less than 100 persons per square mile. Community empowerment areas exist in King, Kitsap, Pierce, and Spokane counties. The amount of the credit is \$2,000 for each new job created, unless the new position is paid wages (including benefits) of more than \$40,000 annually in which case the credit is \$4,000. To qualify, the firm must increase its total employment in an eligible area by at least 15 percent. The amount of credit is capped at \$7.5 million annually for all firms.

To be eligible for the credit a firm must create a new work force, or expand its existing work force by a 15 percent average increase (full-time employment positions) over the preceding calendar year. Firms intending to take the credit must apply with the Department of Revenue (DOR) before hiring workers for the new positions. By January 31, employers must file a report containing information sufficient to establish eligibility for the tax credits.

Summary: The jobs credit program is changed. The 15 percent job increase percentage is calculated by comparing the employment in the four full calendar quarters after the employees are hired to employment in the four full calendar quarters before the employees are hired.

Application for the credit must be made within 90 days of hiring workers for which credits will be taken rather than before any hiring is done. Job positions that become vacant for up to 120 days may continue to qualify for the credit if the firm is actively recruiting a replacement worker. Seasonal employers may qualify for the credit based on a method for calculating average employment levels prescribed by the DOR.

The annual report by qualifying employers is due one month after the period on which the employment increase is calculated rather than by January 31 of the year following the application for the credit.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 2 |
| Senate | 44 | 0 |

Effective: January 1, 2008

E2SHB 1569
PARTIAL VETO
C 260 L 07

Improving health insurance coverage in Washington state.

By House Committee on Appropriations (originally sponsored by Representatives Cody, Campbell, Morrell, Linville, Moeller, Green, Seaquist, Conway, Dickerson, Appleton, McIntire, McCoy, Kagi, Pedersen, Kenney, Lantz, Santos, Wood and Ormsby).

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means

Background: In 2004 Washington had approximately 600,000 uninsured persons under age 65. For adults ages 19-64, 13.2 percent were uninsured. For children ages 0-16, 6 percent were uninsured. Health coverage through an employer in Washington has declined from 71 percent in 1993 to approximately 66 percent in 2004. Rising health care costs are believed to be a significant barrier

to small employers offering health coverage for their workers. Between 1999 and 2004, the annual increase in health insurance premiums for small businesses in Washington was substantially greater than the annual increase in wages or gross business income, some years by a factor of more than five. It is estimated that poor quality health care costs the typical employer between \$1,900 and \$2,250 per covered employee per year. Recent studies have shown that only a little more than half of adult patients receive recommended care. The level of performance is similar whether it is for chronic, acute, or preventive care and across all spectrums of medical care, including screening, diagnosis, treatment, and follow-up.

Summary: The current Small Employer Health Insurance Program (SEHIP), established in statute in the Health Care Authority (Authority), is renamed the Health Insurance Partnership (Partnership) to serve small employers, beginning in September 2008. The Partnership will provide a premium subsidy for low-income employees with income below 200 percent federal poverty level. Low-income employees who immediately transitioned from employer-sponsored insurance must wait six months before becoming eligible for premium assistance.

A seven member Health Insurance Partnership Board (Board) is established. Members will include the Authority administrator and individuals with expertise in the health insurance market and benefit design. The Board will designate the health plans eligible for premium subsidy from plans available in the private small group market, approved by the Office of the Insurance Commissioner. They must include at least four plans, with multiple cost-sharing and deductible options, and plans will range from high deductible/catastrophic to comprehensive. Designated plans must include innovative components, such as preventive care, chronic care management, wellness incentives, and payment related to quality of care. The Board will determine a mid-range plan that will be used as the benchmark for the premium subsidy, and the premium subsidy will be developed similar to the sliding scale used for Basic Health. The Board will determine minimum employee participation requirements and whether there should be a minimum employer contribution; employers continue to determine employee eligibility and their contribution. The Board will evaluate rating methodologies and impacts on applying small group market rating within a partnership, and it will consider options to manage carrier uncertainty through risk adjustment, reinsurance, or other mechanisms.

The Board may authorize a dental plan to be offered, but no subsidy will be available.

Enrollment in the Partnership is not an entitlement, and enrollment may be limited to available funding.

By December 1, 2008, the Partnership must report to the Legislature and Governor on the risks and benefits of

incorporating the individual and small group markets into the Partnership. By September 1, 2009, the Partnership must report to the Legislature and Governor on the risk and benefits of incorporating the high risk pool, Basic Health, Public Employees Benefits Board, and public school employees, as well as the impact of requiring all residents over 18 to be covered.

The Office of Insurance Commissioner is required to contract for an independent study of health benefit mandates, rating requirements, and insurance statutes and rules to determine the impact on premiums and individuals' health. An interim report is due December 1, 2007, and the final report is due December 1, 2008.

The Joint Legislative Audit and Review Committee study of SEHIP due December 2009 is repealed.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 53 | 44 | |
| Senate | 28 | 20 | (Senate amended) |
| House | 61 | 34 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor's partial veto deleted the requirement that eligible employees who transition from employer-sponsored insurance to the Washington Health Insurance Program must wait six months before receiving a subsidy. The partial veto also deleted the emergency clause.

VETO MESSAGE ON E2SHB 1569

May 2, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Sections 3 and 17, Engrossed Second Substitute House Bill 1569 entitled:

“AN ACT Relating to improving health insurance coverage by establishing a health insurance partnership for the purchase of small employer health insurance coverage, evaluating the inclusion of additional health insurance markets in the health insurance partnership, and studying the impact of health insurance mandates.”

This bill creates the Washington Health Insurance Partnership (WHP), an innovative approach to providing affordable health care in this state. By combining public and private resources, and creating a mechanism to organize and improve access to the insurance market, WHP will offer choice and assistance to small business employees seeking coverage for themselves and their families, and I welcome it.

Section 3 of the bill, which sets forth many of the operational details of the WHP program, is virtually identical to Section 58 of Engrossed Second Substitute Senate Bill 5930. However, it adds the requirement that eligible employees who transition from employer-sponsored insurance to the WHP program wait six months before receiving a subsidy. This requirement could unintentionally delay assistance to someone at the very point they most need it -- when they have lost their job and are attempting to retain health benefits provided through the WHP.

Section 17 of the bill is an emergency clause, and would allow certain sections of the bill to become effective on July 1. The emergency clause is not essential to the proper and timely implementation of the bill.

For these reasons, I have vetoed Sections 3 and 17 of Engrossed Second Substitute House Bill 1569.

With the exception of Sections 3 and 17, Engrossed Second Substitute House Bill 1569 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

2SHB 1573

PARTIAL VETO

C 408 L 07

Authorizing a statewide program for comprehensive dropout prevention, intervention, and retrieval.

By House Committee on Appropriations (originally sponsored by Representatives Quall, Priest, P. Sullivan, Pettigrew, Kenney, Kagi, Wallace, McCoy, Dickerson, Lovick, Santos, Hunt, Hasegawa, Simpson, Pedersen, Morrell, Conway, Lantz, O'Brien and Ormsby; by request of Superintendent of Public Instruction).

House Committee on Education
House Committee on Appropriations
Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means

Background: School districts are required to report to the Office of the Superintendent of Public Instruction (OSPI) on an annual basis regarding student graduation rates, dropout rates, and related data. For the 2004-05 school year, just over 5 percent of students enrolled in grades 9 through 12, or just under 16,000 students, dropped out of school. Approximately 74 percent of students in grades 9 through 12 graduated on time.

In 2006 the Washington Learns committee, chaired by Governor Gregoire, issued a final report. As one of a number of comprehensive strategies to improve the education system, the report recommended the establishment of a grant program for school district and community partnerships to prevent students from dropping out of school.

Summary: The Office of the Superintendent of Public Instruction (OSPI) is directed to create the Building Bridges Program to award grants to local partnerships involving schools, families, and communities. The partnerships identify students at risk of dropping out of school, or who have dropped out, and provide those students with assistance and support to facilitate the continuation of their education.

Each partnership must include at least one school district, and shall be led by one of several specified entities. To be eligible for a grant, applicants must:

- build or demonstrate a commitment to build a partnership that includes a variety of specified members;

- demonstrate how the grant will enhance any existing dropout prevention and intervention programs in the district;
- provide a 25 percent match from within the partnership, including in-kind contributions;
- track and report data as required by the grant; and
- describe how the program will be sustained beyond initial funding and the roles of each of the partners.

In consultation with the Workforce Training and Education Coordinating Board (WTECB), the OSPI develops criteria for the grants and evaluates proposals for funding. In addition, the OSPI undertakes a variety of specified oversight and support functions with respect to the grant program and grant recipients.

To support the local partnerships, Educational Service Districts (ESDs) and workforce development councils provide training and assistance in specified areas and provide additional assistance at the request of a local partnership.

From funds appropriated for the grant program, one grant must be awarded to a two-year demonstration project focusing on three distinct communities and populations, two in western Washington and one in eastern Washington. This grant recipient must submit a report to the Legislature by December 1, 2009.

The OSPI establishes a state-level work group comprised of various specified state agencies that work with at-risk youth or youth who have dropped out of school. The purpose of the work group is to make recommendations to the Legislature, develop and track performance measures for the partnerships; identify research-based and emerging best practices for prevention, intervention, and retrieval programs; and examine issues related to the use of basic education dollars to fund contracts with alternative educational service providers. Beginning December 1, 2007, the work group reports annually to the Legislature and the Governor with recommendations.

Basic education allocations may continue to be used to fund contracts with alternative educational service providers that provide education programs for students at risk of dropping out, or who have dropped out, of school. School districts with such contracts must provide information about the programs to the OSPI, and the OSPI must report a summary of that information to the Legislature by December 2008.

Votes on Final Passage:

| | | | |
|--------|----|----|---------------------------|
| House | 84 | 13 | |
| Senate | 47 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 44 | 0 | (Senate amended) |
| House | 93 | 4 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed Section 8 which deals with existing dropout prevention and high

school completion programs run by community partnerships and services, support vulnerable students who are at risk of dropping out of middle or high school.

VETO MESSAGE ON 2SHB 1573

May 9, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 8, Second Substitute House Bill 1573 entitled:

“AN ACT Relating to dropout prevention, intervention, and retrieval.”

Sections 1 through 7 of this bill provide for the development and implementation of a grant program that, through collaborative school district, family and community partnerships and services, support vulnerable students who are at risk of dropping out of middle or high school. The grant program will be called the Building Bridges Program.

Section 8 deals with existing dropout prevention and high school completion programs run by community based organizations and community and technical colleges through contracts with school districts. Section 8 sets the criteria for determining state funding for students enrolled in these programs, and was intended to address concerns raised by community based organizations. I am vetoing Section 8 because it would have the unintended consequence of decreasing enrollment in existing high school completion programs available through community and technical colleges. The Superintendent of Public Instruction has indicated that the concerns of the community based organizations can be addressed through the rule making process for the new dropout prevention program.

For these reasons, I have vetoed Section 8 of Second Substitute House Bill 1573.

With the exception of Section 8, Second Substitute House Bill 1573 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SHB 1574

C 256 L 07

Modifying provisions concerning the uniform regulation of business and professions.

By House Committee on Commerce & Labor (originally sponsored by Representatives Wood, Conway, Hudgins, Condotta, Moeller and Kenney; by request of Department of Licensing).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: The Department of Licensing (DOL) regulates certain businesses and professions. Each regulated business and profession has a separate set of laws. Some businesses and professions, such as auctioneers and security guards, are under the authority of the Director of the DOL (Director) and others, such as architects

and geologists, are under a board or commission charged with regulating the particular business or profession.

In 2002, the Legislature passed the Uniform Regulation of Business and Professions Act (URBPA) to provide standardized disciplinary procedures for various businesses and professions regulated by the DOL.

Summary: A number of changes are made to the various professional licensing laws under the DOL and to the URBPA.

SPECIFIC PROFESSIONS:

Director and Board Authority. For a number of businesses and professions, clarification is added:

- *Bail bond agents.* The Director's designee, as well as the Director, may order restitution. The assurance of discontinuance process is deleted.
- *Collection agencies.* The Collection Agency Board (Board), rather than the Director, may adopt rules and take action to enforce the Board's duties.
- *Private investigators and security guards.* The Director's designee, as well as the Director, administers these laws.
- *Geology Board.* The Geology Board, rather than the Director, has rule-making authority and the authority to adopt standards of professional conduct and practice. The Director has the authority to adopt fees and administer examinations.

Unprofessional Conduct.

- *Real estate appraisers.* The list of actions constituting unprofessional conduct is expanded to include negligence or incompetence in performing an appraisal practice and failure or refusal without good cause to exercise reasonable diligence in performing an appraisal practice, including preparing a report to communicate information about an appraisal practice.
- *Bail bond recovery agents.* Unprofessional conduct includes the failure to meet the qualifications of the governing statute.

URBPA:

Definitions. "Unlicensed practice" is defined to include representations to a "person" rather than a "consumer."

Scope. Bail bond recovery agents are added to the list of professions covered by the URBPA.

Procedures. A number of changes are made to disciplinary procedures:

- Procedures to contest charges are expanded to include a disciplinary authority's statement of intent to deny a license for failure to meet licensure criteria.
- The disciplinary authority's order revoking a license, or denying an initial or renewal license application, must be for a specified interval of time.
- Violating any of the provisions of the URBPA or the provisions of the specific business or profession and

engaging in unlicensed practice are made unprofessional conduct.

- Cease and desist orders may be issued to any person who the disciplinary authority has reason to believe is engaged in or about to engage in a violation of the URBPA or the provisions of the specific business or profession.
- At a disciplinary hearing, a certified copy of a final holding of a court with jurisdiction is conclusive evidence of the conduct upon which a conviction or the final holding is based.

Applications. Although the URBPA does not apply generally to conduct or conditions occurring before January 1, 2003, it does apply to applications for licensure made on or after January 1, 2003.

Other clarifying changes are made.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

SHB 1583

C 390 L 07

Requiring disclosure to customers of the percentage of automatic service charges paid to servers.

By House Committee on Commerce & Labor (originally sponsored by Representatives Moeller, Conway, Darneille, Wood, Green, Ormsby and Morrell).

House Committee on Commerce & Labor

Senate Committee on Consumer Protection & Housing

Background: Neither federal nor state law requires businesses that impose automatic service charges to disclose the percentage of such charges that are paid to employees.

Summary: Employers that provide food, beverages, entertainment, or portage must disclose the percentage of automatic service charges that are paid directly to the employees serving the customers. The disclosures must be in itemized receipts and menus provided to the customers.

The service charges are separately designated amounts collected from customers that are for services provided by employees or are described in such a way that customers might reasonably believe that the amounts are for services provided by employees. The service charges are in addition to hourly wages paid to employees. Examples include charges designated as service charges, gratuities, delivery charges, and portage charges.

Votes on Final Passage:

House 91 7
Senate 41 3

Effective: July 22, 2007

HB 1592

C 363 L 07

Revising provisions relating to the indeterminate sentence review board.

By Representative Hurst; by request of Indeterminate Sentence Review Board.

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

Background: The Indeterminate Sentence Review Board (ISRB) makes decisions regarding the release and supervision of two types of offenders: offenders sentenced under indeterminate sentencing and those sentenced under determinate plus sentencing.

Criminal defendants in Washington who committed crimes before July 1, 1984, were subject to indeterminate sentencing. Under that system, a judge imposed a minimum and a maximum sentence. As a person neared the end of his or her minimum sentence, the Parole Board (which was the predecessor to the ISRB) would determine if release was appropriate. If the Parole Board decided not to release the person, it would assign a new minimum term, after which the person would be reevaluated to determine whether release was appropriate.

Most persons who have committed crimes in Washington after July 1, 1984, are subject to determinate sentencing, which is characterized by specific sentences that are prescribed for various crimes. However, certain persons who have committed serious sex offenses are subject to determinate plus sentencing, in which the judge imposes a minimum and a maximum sentence. As a person sentenced under the determinate plus system reaches the end of his or her minimum sentence, the ISRB determines if release and supervision are appropriate.

In determining whether to release a determinate plus offender, the ISRB must consider whether the offender is more likely than not to commit a new sex offense after release. If the ISRB determines that an offender is more likely than not to commit a new sex offense, the ISRB must establish a new minimum term for the offender, not to exceed an additional two years. The ISRB must hold another release hearing for the offender 120 days prior to the offender's new release date.

When a determinate plus offender violates the conditions of his or her community custody, the ISRB may impose sanctions such as work release, home detention with electronic monitoring, work crew, curfew, daily reporting, treatment, community restitution, or may

suspend or revoke the offender's release to community custody. The statutory language does not authorize the ISRB to impose a sanction of confinement less than complete revocation of the offender's community custody release.

An offender who is accused of violating a condition of his or her community custody is entitled to a violation hearing before the ISRB or the board's designee.

Summary: The new minimum term established by the ISRB for a determinate plus offender who is not released may not exceed five years. In setting the new minimum term, the ISRB may consider the length of time necessary for the offender to complete treatment, as well as other factors that relate to the offender's release. An offender must be permitted to petition for earlier release if circumstances change or if new information warrants earlier review.

A determinate plus offender who has been released and violates the terms of his or her community custody may be sanctioned with a term of confinement up to 60 days.

References to hearing examiner are changed to "pre-siding hearing officer."

The requirement that the ISRB provide notice of the violation is removed. A requirement is added that the ISRB must provide the offender with findings and conclusions as to its decision on a violation and will notify the offender of the right to appeal.

The ISRB may issue a certificate of discharge to an offender who has performed all the obligations of his or her release including the payment of any and all legal financial obligations.

Votes on Final Passage:

House 98 0
Senate 42 0 (Senate amended)
House 93 0 (House concurred)

Effective: July 22, 2007

HB 1598

C 257 L 07

Requiring recipients of money from the salmon recovery funding board to agree to disclose information regarding the funding in compliance with chapter 42.56 RCW.

By Representatives Kretz, Ericks, Blake, Pettigrew, Armstrong, Warnick, Sump, Upthegrove, Newhouse, Kristiansen and Condotta.

House Committee on Agriculture & Natural Resources
Senate Committee on Natural Resources, Ocean & Recreation

Background: The Salmon Recovery Funding Board (SRFB) makes grants and loans for salmon habitat projects and salmon recovery activities from a pool of available state and federal dollars. Entities receiving

block grants from the SRFB must provide annual reports to the SRFB summarizing how funds were expended, including the types of projects funded, project outcomes, monitoring results, and administrative costs.

Nonprofit organizations may be project sponsors, receiving funding from the SRFB. However, nonprofit organizations are not currently subject to the public disclosure requirements of state agencies under the Public Records Act (Act).

In some states, the law governing public records explicitly applies to non-governmental bodies such as charitable organizations or firms contracting with the government or acting on behalf of any public agency. In Washington, the Act applies to all state and local agencies, including work done on behalf of an agency by advisory boards and commissions and quasi-governmental entities. However, it does not necessarily apply to bodies receiving public funds or benefits or charitable organizations who receive grants of public funds.

Under the Act, government agencies, upon request, must disclose all "public records," unless exempted by statute or common law. "Public record" is defined as any record "relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics." The Act applies to records created in the course of government business, and agencies are not required to create records specifically to meet the purposes of the Act.

Summary: Before a project sponsor may receive funding from the SRFB, it must contractually agree to disclose information related to expenditures of the funding received. The information that the entity must agree to disclose is any information that the entity would have to disclose if it were subject to the Act.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 93 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 97 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1599
C 452 L 07

Allowing raffles by executive branch state employees.
By Representatives Hunt, Williams, Conway, Ormsby, McDermott and Wood.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: Gambling Act. Washington's Gambling Act authorizes charitable and nonprofit organizations to conduct raffles to raise funds for the organizations' stated purposes. To qualify, the entity must be organized for

one of the purposes specified in statute, including agricultural, charitable, educational, political, fraternal, or athletic purposes, and must meet other requirements.

A raffle may be conducted as a licensed or unlicensed raffle. Two types of raffles do not require a license:

- (1) "*Members only*" raffles must be held exclusively among the organization's members and the combined gross revenue from raffles may not exceed \$5,000 per year.
- (2) "*Public*" raffles may be held twice a year and the combined gross revenues from all gambling events (other events are permitted) must not exceed \$5,000.

Other requirements must also be met to qualify as an unlicensed raffle and additional requirements apply to all raffles, such as a maximum ticket price of \$25 and a prohibition on free tickets.

A credit union is considered a nonprofit organization for purposes of a "members only" unlicensed raffle.

Ethics Act. The State Ethics in Public Service Act (Ethics Act) prohibits employees and officers of state agencies from engaging in any activity that conflicts with the proper discharge of official duties or using public resources, including state-compensated time and state-owned facilities, for private gain. The Executive Ethics Board (EEB) administers the Ethics Act as applied to higher education and the executive branch.

The EEB rules allow state employees to engage in limited personal use of state resources. According to an EEB advisory opinion, however, the limited use exception does not apply to gambling. The EEB reasoned that gambling activity undermines public confidence in state government.

The Ethics Act also limits solicitation and acceptance of gifts and donations. State employees may not accept or solicit anything of economic value if someone might reasonably expect that the donation or gift would either influence or reward the employee. The law exempts solicitations for donations for various reasons, including providing for historic furnishings in the Capitol and the expansion of tourism.

Summary: Gambling Act. Raffles conducted by executive branch state employees under certain conditions are permitted as unlicensed, "member-only" raffles under the Gambling Act.

A group of executive branch state employees is considered a nonprofit organization for purposes of conducting a raffle when:

- (1) the employees have received revocable approval from the agency's chief executive official or designee to conduct one or more raffles;
- (2) the raffle is conducted solely to raise funds for:
 - the combined fund drive;
 - an entity approved to receive funds under the combined fund drive; or

- a charitable or benevolent entity, including but not limited to a person or family in need, as determined by a majority vote of the group of employees;
- (3) the employees promptly provide such information about the group's receipts, expenditures, and other activities as the agency requires; and
- (4) tickets are sold only to and winners determined only from the employees of the agency.

The raffle must comply with the requirements for "member only" unlicensed raffles.

Ethics Act. State officers and employees may solicit donations, gifts, and grants to support authorized raffles. The donations, gifts, and grants may only be solicited from state employees or businesses and organizations that have no business dealings with the employee's agency. "Business dealings" includes being subject to regulation by or having a contractual relationship with the agency and purchasing goods or services from the agency.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 94 | 0 | |
| Senate | 44 | 3 | (Senate amended) |
| House | 93 | 0 | (House concurred) |

Effective: July 22, 2007

ESHB 1624

C 413 L 07

Revising provisions affecting dependent children.

By House Committee on Early Learning & Children's Services (originally sponsored by Representatives Kagi, Walsh, Appleton, Roberts and Haigh).

House Committee on Early Learning & Children's Services

Senate Committee on Human Services & Corrections

Senate Committee on Ways & Means

Background: Dependency and Termination of Parental Rights. If there are allegations of abandonment, abuse or neglect, or no parent who is capable of caring for a child, the state may investigate the allegations and initiate a dependency proceeding in juvenile court if appropriate. If the child has been removed from the home of the parent and placed into state care, the initial hearing in the case is a shelter care hearing to determine the need for further out-of-home placement.

The next hearing in a dependency case is the fact-finding hearing in which the court will determine whether the statutory requirements for finding the child dependent have been met. If the court finds the statutory requirements have been met, the court will find the child to be a dependent of the state.

Whenever the court orders a dependent child to be removed from the home, the court will enter a disposi-

tional plan which will include the obligations of the parties including the parents, the supervising agency or the Department of Social and Health Services (Department), and the child. The dispositional order will contain an order for the placement of the child either within the home or outside the home. If the child is placed outside the home, he or she may be placed with a relative or in non-relative foster care.

Within 60 days of assuming responsibility for the child, the Department is required to provide the court with a permanency plan for the child. The permanency plan will contain the desired goal for the child which may include a plan to return the child home, adoption, long-term placement, or guardianship, including a dependency guardianship.

The status of all dependent children must be reviewed by the court every six months. During the review the court will examine the progress of the parents in meeting the requirements of the dispositional plan. At this hearing the court may return the child to the home if the parent has made sufficient progress.

If the parent fails to make progress in curing the parental deficiencies that led to the dependency, or if one of the statutory aggravating factors exist, a termination petition may be filed. Federal law requires that after a child has been in foster care for 15 of the past 22 months, the state must file a petition to terminate parental rights unless the child is being cared for by relatives, there is a compelling reason why termination would not be in the best interest of the child, or the state has failed to offer the necessary services to the parent.

If the court finds the statutory grounds for termination are met, the court will terminate the parental rights and the parent will no longer have rights, privileges, or obligations toward the child.

Court Improvement Project. The national Court Improvement Project (CIP) was established by the U.S. Congress in 1993. The purpose of the CIP was to require states to assess their foster care and adoption laws and judicial processes, and to develop and implement a plan for system improvement. The U.S. Department of Health and Human Services was charged with administering the national CIP through each state supreme court.

In Washington, the CIP assessment was completed in 1996 by the National Center for State Courts. The reauthorization of the CIP requires state courts to conduct a reassessment to update their earlier assessment findings. Washington's reassessment was completed in 2005.

The report contained numerous recommendations to better support court oversight, clearly articulate the role of the court with respect to child welfare cases, and clearly distinguish the purpose of different hearing types.

Foster Parents. The Department licenses about 6,000 foster homes statewide to provide for the care of children taken into the custody of the Department as a

result of child abuse or neglect. Foster parents must have a regular source of income to support their families, but financial assistance is provided to help with the costs of the foster child's needs. Monthly reimbursement amounts are provided based on the child's age and needs, with reimbursement rates ranging between about \$375 and \$800 per child.

Summary: Reinstatement of Parental Rights. A dependent child may petition the court to reinstate the previously terminated parental rights of his or her parent. The child will be provided counsel prior to the filing of the petition. In order to file the petition three years must have passed since the parental rights were terminated, the child must not have achieved permanency, and the child must be over the age of 12 unless there is good cause to permit a child under age 12 to file the petition.

Once the petition is filed, notice will be given to the parents, the Department, and the child's attorney, foster parent, and Tribe. The court will hold an initial hearing to determine whether the parent has an interest in reinstating parental rights and whether the parent appears fit to care for the child. If the court finds that it appears the best interests of the child may be served by reinstatement of parental rights, the juvenile court will order a hearing on the merits of the petition.

At the hearing on the merits of the petition, the court will conditionally grant the petition reinstating parental rights if the court finds the following by clear and convincing evidence:

- (1) the child has not achieved his or her permanency plan and is not likely to imminently achieve his or her permanency plan; and
- (2) reinstatement of parental rights is in the best interests of the child.

In determining whether reinstating parental rights is in the child's best interest, the court may consider the following:

- (1) whether the parent whose rights are to be reinstated is a fit parent and has remedied his or her deficits as provided in the record of the prior termination proceedings and prior termination order;
- (2) the age and maturity of the child, and the ability of the child to express his or her preference;
- (3) whether the reinstatement of parental rights will present a risk to the child's health, welfare, or safety; and
- (4) other material changes in circumstances, if any, that may have occurred which warrant the granting of the petition.

If the court conditionally reinstates the parental rights, the child will be placed in the custody of the parent. The case will be continued for six months and the Department will develop a permanency plan for the child reflecting the plan to be reunification. The Department must provide transition services to the family as appropriate.

If the child is successfully placed with the parent for six months, the court order reinstating parental rights will remain in effect. However, if the child must be removed from the parent due to abuse or neglect allegations, the court must dismiss the petition for reinstatement of parental rights.

The reinstatement of parental rights is a separate action from the termination of parental rights and does not vacate the termination of parental rights order that was previously entered. The order reinstates the parental rights to the child and is a recognition that the situation of the parent and child have changed since the time of the termination of parental rights.

Substantive Changes in Hearings. *Shelter Care Hearings.* The purpose of the shelter care hearing is to determine whether the child can be safely returned home while the adjudication of the dependency is pending.

The court must notify the parents at the beginning of the shelter care hearing of their rights, including the right to counsel. The court must also notify the parents of the nature of the shelter care hearing and the proceedings that will follow the shelter care hearing.

The court is required to make an inquiry into the case at the shelter care hearing, even if the parent decides to waive his or her right to a hearing. The court will look at the need for placing the child outside the home, where the child is placed, and what services the parties may need at this point in the case. However, the court may not order a parent to undergo treatment or evaluations at the shelter care hearing unless they are agreed upon. The court must consider the health, welfare, and safety of the child as paramount during its inquiry.

If the child is not released to the parent, the child may not be placed with a relative or non-relative if the placement may hinder reunification with the parent. The relative must also agree to care for the child, facilitate visitation with siblings, and cooperate with the background checks. Placement with the party is contingent upon their compliance with the court orders related to the care and supervision of the child.

Several areas are clarified including the time the shelter care hearing must be commenced when a request for a hearing is made, and the requirement that the Department submit a recommendation for the need for further shelter care when the Department is the petitioner.

Permanency Hearings. The purpose of the permanency planning hearing is to review the permanency plan for the child, inquire into the welfare of the child and progress of the case, and reach decisions regarding the permanent placement of the child.

Review Hearings. The purpose of the review hearing is to review the progress of the parties and determine whether court supervision should continue.

The foster parent who is currently caring for the child must be given notice of the review hearing. At the

review hearing, if the child is not returned home, the court is required to inquire into the case and determine what efforts have been made in terms of services for the parents, what changes may be needed, whether there is a continuing need for placement, and whether visitation is occurring, as well as making any changes needed to meet the needs of the current status of the case.

Reorganization. Existing statutes are reorganized to codify like issues together within the same statutes.

Foster Parents. The Department is required to work, in conjunction with the University of Washington, to study the need and feasibility of establishing tiered classifications for foster parents and report to the Legislature by January 1, 2008. The Department must also consult with foster parents quarterly to obtain information on the performance of the Department in relation to foster parents.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 98 | 0 | |
| Senate | 44 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 40 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 46 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

2SHB 1636
C 482 L 07

Creating a regional transfer of development rights program.

By House Committee on Appropriations (originally sponsored by Representatives Simpson, B. Sullivan, Dunshee, Upthegrove, McCoy, Dickerson, P. Sullivan, Morrell, Sells and Rolfes).

House Committee on Local Government
House Committee on Appropriations
Senate Committee on Natural Resources, Ocean & Recreation
Senate Committee on Ways & Means

Background: Transfer of Development Rights. A transfer of development rights (TDR) occurs when a qualifying land owner severs potential development rights from a particular property and transfers them to a recipient for use on a different property. Transferred development rights are generally sent from areas with lower population densities, "often referred to as sending areas," to areas with higher population densities. Monetary values associated with transferred rights effectively constitute compensation to land owners for development that may have otherwise occurred on the transferring property.

Programs for transferring development rights may be used to preserve natural and historic spaces, encourage infill, and for other purposes. Though different in purpose, application, and oversight, 11 jurisdictions in Washington have active TDR programs. Of these programs, seven jurisdictions have had development transactions using transferred rights.

Growth Management Act. The Growth Management Act (GMA or Act) is the comprehensive land use planning framework for county and city governments in Washington. Enacted in 1990 and 1991, the GMA establishes numerous requirements for local governments obligated by mandate or choice to fully plan under the Act (planning jurisdictions) and a reduced number of directives for all other counties and cities. Twenty-nine of Washington's 39 counties, and the cities within those counties, are planning jurisdictions.

The Department of Community, Trade, and Economic Development (DCTED) is charged with providing technical and financial assistance to jurisdictions implementing the GMA.

Puget Sound Regional Council. The Puget Sound Regional Council (PSRC) is an association of cities, towns, counties, ports, and state agencies that serves as a forum for developing policies and making decisions about regional growth and transportation issues in the four-county central Puget Sound region. Membership of the PSRC includes King, Kitsap, Pierce, and Snohomish counties, 71 cities and towns, four port districts, and transit agencies and tribes within the region. Two state agencies, the Department of Transportation and the Transportation Commission, are also members of the PSRC.

Summary: TDR Program Establishment - General Requirements. Subject to a specific appropriation, the DCTED must fund a process to develop a regional TDR program that comports with the GMA. The TDR program must encourage King, Kitsap, Pierce, and Snohomish counties, and the cities within, to participate in the development and implementation of regional frameworks and mechanisms that make TDR programs viable and successful. In filling its program development requirements, the DCTED must:

- encourage and embrace efforts in participating counties and cities to develop local TDR programs;
- work with the PSRC and its growth management policy board to develop a process that complies with specific TDR requirements; and
- establish and work with a nine-member advisory committee comprised of qualifying stakeholders to develop a regional TDR marketplace that includes, but is not limited to, supporting strategies for financing infrastructure and conservation.

The TDR program developed by the DCTED must allow the agency to utilize the recommendations of interested local governments, nongovernmental entities, and

the PSRC to develop recommendations and strategies for a regional TDR marketplace that represents the consensus of governmental and nongovernmental parties engaged in the process. However, if agreement between these parties cannot be reached, the DCTED must make recommendations to the Legislature that seek to balance the needs and interests of the governmental and nongovernmental parties.

The TDR program developed by the DCTED must also make recommendations in accordance with specific requirements. Recommendations made by the DCTED may be made through contracts with persons possessing relevant expertise and, must, in part:

- identify opportunities for cities, counties, and the state to achieve significant benefits through TDR programs, and the value in modifying criteria by which capital budget funds are allocated;
- address challenges to the creation of an efficient and transparent TDR market;
- compare the uses of a regional TDR program to other land conservation strategies intended to protect rural and resource lands and implement the GMA; and
- identify appropriate sending areas for the purpose of protecting the future growth and economic development needs of sending areas.

Requirements for the PSRC. The PSRC and its growth management policy board must develop policies to discourage, or prohibit if necessary, the transfer of development rights from a sending area if such a transfer would negatively impact the future economic viability of the sending area.

Reporting Requirements. Two separate reporting requirements and deadlines are specified. The DCTED must notify the Governor and the appropriate committees of the Legislature by December 1, 2007, of any recommended actions for advancing the purposes of the act. Similarly, the DCTED must also notify the Governor and the appropriate committees of the Legislature of findings and legislative recommendations to implement a regional TDR program.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 2 | |
| Senate | 46 | 1 | (Senate amended) |
| House | 91 | 2 | (House concurred) |

Effective: July 22, 2007

SHB 1642

C 173 L 07

Concerning criminal violations of no-contact orders, protection orders, and restraining orders.

By House Committee on Judiciary (originally sponsored by Representatives Pedersen, Lantz, Williams, Moeller, Wood, Kirby, O'Brien, Chase, Ormsby and Green).

House Committee on Judiciary
Senate Committee on Judiciary

Background: There are several different types of no-contact, protection, and restraining orders. The provisions in these orders can vary. For example, domestic violence protection orders may include provisions: (1) restraining the respondent from committing acts of domestic violence; (2) excluding the person from another's residence, workplace, school, or daycare; (3) prohibiting the respondent from coming within a specified distance of a location; (4) restraining the respondent from contact with a victim of domestic violence or the victim's children; and (5) ordering that the petitioner have access to essential personal effects and use of a vehicle.

A restraining order issued in a dissolution proceeding may include many of the same provisions as in a domestic violence protection order, and may also: (1) restrain one party from molesting or disturbing another person; (2) restrain the respondent from transferring, selling, removing, or concealing property; and (3) restrain the respondent from removing a minor child from the jurisdiction.

A no-contact order, which can be issued when a person has been arrested or charged with a domestic violence crime, prohibits the person from having any contact with the victim.

Regardless of the type of order, violations of no-contact, protection, and restraining orders are punishable under the Domestic Violence Protection Act. Depending on the circumstances, violations of these orders can constitute contempt of court, a gross misdemeanor, or a felony.

Some trial courts have held that a violation of a restraint provision in one of these orders is a gross misdemeanor only if the violation would require an arrest under the mandatory arrest statute. An arrest is required when, among other things, the person violates a provision restraining the person from committing acts of threats or violence. Thus, some trial courts have ruled that a violation of a no-contact order is a gross misdemeanor when the person violates the restraint provision of the order by committing acts of threats or violence. Short of acts of threats or violence, a violation of a restraint provision in an order is punishable as contempt of court.

Summary: The provision describing when it is a gross misdemeanor to violate a no-contact, protection, or restraining order is amended.

It is a gross misdemeanor when a person who is subject to a no-contact, protection, or restraining order knows of the order and violates a restraint provision prohibiting acts or threats of violence against, or stalking of, a protected party, or a restraint provision prohibiting contact with a protected party.

Votes on Final Passage:

House 97 0
Senate 49 0

Effective: July 22, 2007

HB 1644

C 302 L 07

Modifying health care eligibility provisions for part-time academic employees of community and technical colleges.

By Representatives Kenney, Sells, Anderson, Appleton, Morrell, Linville, Roberts, Ormsby, McDermott, Conway, Schual-Berke and Haigh; by request of Health Care Authority.

House Committee on Higher Education
Senate Committee on Higher Education

Background: Part-time academic employees at community and technical colleges, who are employed on a quarter/semester to quarter/semester basis, are eligible for health benefits beginning the second consecutive quarter of half-time or greater employment. Prior to 2006, they were also eligible for health benefits during the summer, regardless of summer quarter workload, if they worked half-time or more in three of the four quarters preceding the summer quarter. However, part-time academic employees who worked less than half-time in a quarter lost benefits for that quarter as well as the following summer quarter.

Legislation enacted in 2006 provides continued eligibility for health benefits through the summer for part-time academic employees who work at least half-time, on average, in each of the two preceding academic years. Once that requirement is met, benefits continue as long as the employee works half-time or more for at least three of the four quarters of the academic year. Benefits continue through the end of the academic year if eligibility ceases during the academic year.

Summary: Once eligible for health care benefits, a part-time academic employee will continue to receive such benefits if the employee works at least two quarters of the academic year with an average academic workload of half-time or more for three quarters of the academic year. Benefits cease if this criteria is not met.

Votes on Final Passage:

House 97 0
Senate 47 0 (Senate amended)
House 95 0 (House concurred)

Effective: July 22, 2007

HB 1645

C 274 L 07

Authorizing the administrator of the health care authority to administer grants on behalf of the authority.

By Representatives Pedersen, Curtis, Schual-Berke, Ormsby and Moeller; by request of Health Care Authority.

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

Background: The State Health Care Authority (HCA) is the state agency that administers state employee insurance benefits and the Basic Health Plan, which is a state subsidized health insurance program for low-income people. The HCA's authority includes the ability to apply for, receive, and accept grants to implement initiatives and strategies.

Summary: It is specified that the primary duties of the HCA include administering grants that further its mission and goals. The HCA may issue, distribute, and administer such grants.

Votes on Final Passage:

House 97 0
Senate 49 0

Effective: July 22, 2007

SHB 1646

C 337 L 07

Authorizing department of fish and wildlife employees to sample fish, wildlife, and shellfish.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representative Blake).

House Committee on Agriculture & Natural Resources
Senate Committee on Natural Resources, Ocean & Recreation

Background: The Washington Department of Fish and Wildlife (WDFW) is mandated to manage fish, shellfish, and wildlife in state waters and offshore waters. As part of this mandate, the WDFW is authorized to regulate many aspects of fishing, harvesting, and hunting. To carry out its duties, the WDFW has the authority to inspect fish, wildlife, shellfish, and seaweed at check stations for requirements such as licenses, permits, tags,

stamps, or catch record cards. A person who prevents WDFW employees from carrying out duties is guilty of unlawful interfering in the WDFW operations, a gross misdemeanor.

A retail fish seller is guilty of a misdemeanor if the seller fails to maintain sufficient records at the location where the fish or shellfish are sold.

Summary: Employees of the WDFW are given express authority to collect samples of fish, wildlife, and shellfish located on public lands or state waters. To collect samples, employees of the WDFW may board vessels in state waters with the permission of the owner or agent of the vessel. If permission is denied, the WDFW employee, working with an enforcement officer, may apply for a search warrant in order to board the vessel and take samples of fish, wildlife, or shellfish. The WDFW employees are not authorized to collect samples of private sector cultured aquatic products. If a person prevents or interferes with a WDFW employee collecting samples of fish, wildlife, or shellfish, the person is guilty of interfering in the WDFW operations.

A person who sells fish or shellfish at retail, stores or holds fish or shellfish for another in exchange for valuable consideration, ships fish or shellfish in exchange for valuable consideration, or brokers fish or shellfish in exchange for valuable consideration must keep and maintain records of each receipt of fish or shellfish. Records of the receipt of fish or shellfish must be in the English language and must be maintained for three years from the date the fish or shellfish are received, shipped, or brokered. Failure to keep and maintain these records is a misdemeanor.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 1 | |
| Senate | 46 | 3 | (Senate amended) |
| House | 92 | 1 | (House concurred) |

Effective: July 22, 2007

EHB 1648
C 331 L 07

Increasing protections for agricultural operations, activities, and practices.

By Representatives B. Sullivan, Kretz, Grant, Linville and Strow.

House Committee on Agriculture & Natural Resources
Senate Committee on Agriculture & Rural Economic Development

Background: A nuisance on real property is generally described as an unreasonable or unlawful use that results in annoyance, discomfort, inconvenience, or damage to another person or to the public. Under Washington law, nuisances on real property are classified as either private nuisances (which affect an individual's health, safety, or

comfort) or public nuisances (which affect the rights of an entire community or neighborhood). Nuisances may be addressed through government regulation or civil suits, and certain nuisances are classified as crimes.

A nuisance exception exists for agricultural activities conducted on farmland that are consistent with good agricultural practices and that were established prior to surrounding nonagricultural activities. When the statutory conditions are satisfied, the agricultural activities are presumed to be reasonable and are deemed not to constitute a nuisance unless the activity has a substantial adverse effect on public health and safety. "Agricultural activity" is defined for these purposes as conditions or activities occurring on a farm in connection with commercial production of farm products, including noise, odor, dust, fumes, machinery and irrigation pump operation, ground and aerial application of seed, fertilizer, conditioners, plant protection products, and other farming activities.

Summary: The Legislature intends to enhance the protection of agricultural activities from nuisance lawsuits. The existing definition of "agricultural activity" is broadened to include: (1) beekeeping for production of agricultural or apicultural products, and (2) the use of new practices and equipment consistent with technological development in the agricultural industry. The existing definition of "agricultural activity" is further clarified to state that "conversion from one agricultural activity to another" includes a change in the type of plant-related farm product being produced.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 46 | 0 | (Senate amended) |
| House | 93 | 0 | (House concurred) |

Effective: July 22, 2007

ESHB 1649
C 123 L 07

Authorizing the purchase of an increased benefit multiplier for past judicial service for judges in the public employees' retirement system and the teachers' retirement system.

By House Committee on Appropriations (originally sponsored by Representatives Fromhold, Conway, Bailey, Crouse, Sells, Moeller and Simpson).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: Since July 1, 1988, newly elected or appointed judges and justices have become members of the Public Employees' Retirement System (PERS) Plan 2. Since March 1, 2002, judges and justices without previously established PERS membership have had the choice to enter PERS Plan 2 or Plan 3.

The PERS Plan 2 provides most members with an unreduced benefit of 2 percent of average final compensation for each year of service credit earned at age 65. The PERS Plan 3 provides most members with an unreduced benefit of 1 percent per year of service credit earned at age 65, plus an individual member account of accumulated employee contributions plus investment earnings. A general member of PERS Plan 2 or 3 may include any number of years of service towards the 2 percent or 1 percent formula in calculating his or her retirement benefit.

State-employed justices and judges, including those on the Washington Supreme Court, Courts of Appeals, and Superior Courts, also participate in a supplemental defined contribution program called the Judicial Retirement Account (JRA). The JRA was established in 1988, and members and employers each contribute 2.5 percent of pay to an individual member account. Distribution of the JRA is available to the member upon retirement as a lump-sum or in other payment forms as made available by the administering agency, the Administrator of the Courts.

Between 1937 and 1971, judges participated in the Judges' Retirement Plan and, between 1971 and 1988, the Judicial Retirement System. Both plans offered a benefit capped at 75 percent of pay that could be accrued after approximately 21.5 years of service. Both systems are funded on a pay-as-you go basis, with member contributions between 6.5 percent and 7.5 percent of pay and state contributions averaging in excess of 40 percent of pay. Judges who established membership in PERS Plan 1 prior to October 1, 1977, and who became judges after the closure of the Judicial Retirement System in 1988 remain members of PERS Plan 1.

The 2006 Legislature increased the required contribution rates for new judges in PERS and the Teachers' Retirement System (TRS), ceased contributions to the JRA, and increased the annual multiplier to 3.5 percent of pay per year of judicial service for members of Plan 1 or Plan 2, and to 1.6 percent of pay per year of service for members of Plan 3. Members serving as justices or judges at the effective date of the 2006 act were given the option of increasing member contributions and moving to the higher annual multipliers, or continuing participation in the JRA. A maximum benefit of 75 percent of pay applies to justices and judges using the higher yearly multiplier formulas.

In addition to providing for a higher multiplier for future service in exchange for higher contribution rates, judges could also purchase the higher multiplier for past years of judicial service earned at the 2 percent or 1 percent per year of service formulas. A judge electing to purchase or improve past years of service is required to pay the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier.

Summary: The cost to an individual judge for the purchase of up to 70 percent of past judicial service in the PERS and TRS system between the effective date of the act and December 31, 2007, is reduced from the actuarial value of the increase in the member's benefit to 5 percent of the salary earned for each month of service being purchased, plus interest for a member of Plan 1 or Plan 2, or 2.5 percent of the salary earned, plus interest, for a member of Plan 3. For purchases made after December 31, 2007, the judge must pay the actuarial value of the increase in the member's benefit. Judges who purchased the increased multiplier at higher costs before July 1, 2007, may apply between the effective date of the act and December 31, 2007, to have the difference in cost under the new formula recalculated, and have the difference reimbursed.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 95 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SHB 1651
C 311 L 07

Creating the boating activities program.

By House Committee on Appropriations (originally sponsored by Representatives Fromhold, Alexander, B. Sullivan, Walsh and Simpson).

- House Committee on Agriculture & Natural Resources
- House Committee on Appropriations
- Senate Committee on Natural Resources, Ocean & Recreation
- Senate Committee on Ways & Means

Background: Most motor boat owners are required to pay an annual watercraft excise tax of .05 percent of the fair-market value of their vessel or \$5, whichever is greater. The tax receipts are deposited into the State General Fund.

The Department of Revenue determines the appraisal value of the vessel, and prepares a depreciation schedule for use in the determination of fair market value at least once a year. An owner may appeal the appraised value of the vessel and the Board of Tax Appeals may request an independent appraisal of the vessel.

Summary: The newly created Boating Activities Account collects receipts from the watercraft excise tax revenue. The Boating Activities Program in the Inter-agency Committee for Outdoor Recreation (IAC) may use the money, after appropriation, for boating activities and grants to improve boating activities. If the revenue is equal to or less than \$2.5 million per fiscal year, then 80 percent will be used for boating activities and 20 percent for grants. Any excess money above \$2.5 million will be divided by the Boating Activities Program among

the boating activities and grants. To determine the interests of the boating community and the priorities for grant moneys, the IAC will convene a Boating Activities Advisory Committee.

Organizations receiving grant money from the Boating Activities Account must first consider contracting with public agencies to employ the Youth Development and Conservation Corps or other youth crew to complete the grant project.

The IAC will conduct a study of boater needs by December 1, 2007, and report the findings to the Legislature. The study on boater needs will be updated every even-numbered year beginning in 2008. Part of the initial study must look at boating-related law enforcement needs and their estimated cost.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 94 | 1 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 96 | 2 | (House concurred) |

Effective: July 22, 2007

SHB 1654
C 373 L 07

Modifying canvassing provisions.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Appleton, Haigh and Hunt).

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: County auditors are required to process absentee ballots and canvass the votes on a daily basis in counties with a population of 75,000 or more, and at least every third day in counties with a population of less than 75,000, excluding Sundays and holidays, as long as the auditor has more than 25 ballots that have yet to be canvassed. During the final four days before the certification of the election, the auditor has discretion in determining when to process the remaining ballots.

Representatives from each major political party must be allowed to observe the counting of ballots and may request manual counts.

Summary: If a county auditor is in possession of more than 500 ballots, counties with a population of 75,000 or more count ballots on a daily basis and counties with a population of less than 75,000 count every third day. Saturdays, Sundays and legal holidays are excluded for purposes of counting days.

In counties voting entirely by mail, a random check of the ballot counting equipment may be conducted upon mutual agreement of the political party observers or at the discretion of the county auditor. The random check procedures must be established by the county canvassing

board prior to the processing of ballots. The random check process includes a comparison of a manual count to the machine count and may involve up to either three precincts or six batches. The random check is limited to one office or issue. The check must be completed not later than 48 hours after election day.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 1 | |
| Senate | 49 | 0 | (Senate amended) |
| House | 93 | 0 | (House concurred) |

Effective: July 22, 2007
July 1, 2013 (Section 2)

2SHB 1656
PARTIAL VETO
C 345 L 07

Establishing the Puget Sound scientific research account.

By House Committee on Appropriations (originally sponsored by Representatives Rolfes, Upthegrove, B. Sullivan, Appleton, Chase, Santos, Dickerson and Sells).

House Select Committee on Puget Sound
House Committee on Appropriations
Senate Committee on Water, Energy & Telecommunications
Senate Committee on Ways & Means

Background: Puget Sound is a 2,800-square-mile inland body of water connected to the Pacific Ocean via the Strait of Juan de Fuca in the Pacific Northwest of the United States. It extends from Admiralty Inlet in the north, to Olympia, Washington, in the south. It includes: open marine waters; inland marine waters; Hood Canal, a glacially scoured fjord; numerous river and stream channels; and 2,500 miles of shoreline.

The Aquatic Rehabilitation Zone One (ARZ-1) is an area within Jefferson, Kitsap, and Mason Counties. The ARZ-1 includes watersheds that drain into Hood Canal from south of the line projected from Tala Point in Jefferson County, to Foulweather Bluff in Kitsap County.

The Puget Sound Partnership (Partnership) is a new state agency that succeeds the Puget Sound Action Team upon the adoption of independent legislation by the 2007 Legislature. The Partnership's task is to restore the Puget Sound by the year 2020 and is led by a Governor-appointed Leadership Council. The Leadership Council sets the agency's policies, controls its budget, and has responsibility of its performance. The Partnership also has a Puget Sound Science Panel (Science Panel), which advises and assists the Leadership Council on science decisions and matters.

Summary: An account is created to fund scientific research programs and projects that address scientific research gaps regarding protection and restoration of

Puget Sound and the ARZ-1. The Leadership Council, with assistance from the Science Panel, identifies and prioritizes the gaps and funds programs and projects accordingly.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 45 | 1 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the section of the bill that requires the Puget Sound Leadership Council to identify gaps in scientific information, develop a competitive funding process for the new account, develop a peer review process, and solicit research projects for funding.

VETO MESSAGE ON 2SHB 1656

May 7, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 2, Second Substitute House Bill 1656 entitled:

“AN ACT Relating to establishing a Puget Sound scientific research account.”

This legislation creates a new Puget Sound research account, and assigns tasks to the Puget Sound Leadership Council created in Engrossed Second Substitute Senate Bill 5372 (Puget Sound Partnership bill).

Section 2 of Second Substitute House Bill No. 1656 would assign to the Puget Sound Leadership Council the responsibility for identifying research gaps, and for competitive selection, prioritization, peer review, and funding for science projects. However, several of these responsibilities are assigned to the Puget Sound science panel created in the Puget Sound Partnership bill.

The Puget Sound Partnership will be a new agency with many challenging tasks and issues related to Puget Sound restoration. Good science is fundamental to the Partnership's success. Inconsistent responsibility assignments for scientific research would complicate the agency's ability to establish and carry out a sound, efficient science program.

I can see the value to the Puget Sound restoration effort of having a separate account for expenditures related to scientific research. As a result, I direct the Puget Sound Partnership to work with the Legislature to develop a legislative proposal for consideration during the 2008 session that harmonizes the remaining provisions of Second Substitute House Bill 1656 with those contained in Engrossed Substitute Senate Bill 5372.

For these reasons, I am vetoing Section 2 of Second Substitute House Bill 1656.

With the exception of Section 2, Second Substitute House Bill 1656 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

HB 1666

C 275 L 07

Repealing the expiration provision in the act authorizing nurse practitioners to treat those covered by industrial insurance.

By Representatives Green, Conway, Morrell, Cody, Ormsby, Schual-Berke, Moeller and Simpson.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: Industrial Insurance Act. A worker who, in the course of employment, is injured or suffers disability from occupational disease may be entitled to benefits under the Industrial Insurance Act (Act). These benefits include proper and necessary medical and surgical services from a physician of the worker's choice. The Act contains many provisions specifying the roles and responsibilities of physicians.

The Department of Labor and Industries' rules define "physician" as a person licensed to practice medicine and surgery or osteopathic medicine and surgery. The rules also define "doctor" to include persons licensed to practice medicine and surgery, osteopathic medicine and surgery, chiropractic, naturopathic medicine, podiatry, dentistry, and optometry. Doctors may sign accident report forms for injured workers and time-loss authorizations.

Advanced Registered Nurse Practitioners. The Department of Health's rules provide that an "advanced registered nurse practitioner" (ARNP) is a registered nurse prepared to assume primary responsibility for management of a broad range of patient care. According to the rules, an ARNP's practice "incorporates the use of independent judgment as well as collaborative interaction with other health care professionals."

Advanced Registered Nurse Practitioners and Industrial Insurance. The Department of Labor and Industries' rules generally permit ARNPs to provide nursing care for injured workers. The rules require that ARNPs be recognized as ARNPs and have a system of obtaining physician consultations. In 2004, the Legislature expanded the authority of ARNPs under the Act. Until June 30, 2007, ARNPs are recognized as independent practitioners. Generally, ARNPs have the same roles and responsibilities as physicians, except that ARNPs may not conduct special medical examinations.

The Department of Labor and Industries reported to the House Commerce and Labor Committee on December 1, 2006, on the implementation of these provisions, including the effects on injured worker outcomes, claim costs, and disputed claims. The report generally determined that implementation of the 2004 law was not associated with any negative impact on costs, claim disputes, or time-loss duration, and appeared to positively affect

provider enrollment, availability of authorized attending providers in rural areas, and administrative efficiency.

Summary: The expanded authority of advanced registered nurse practitioners (ARNPs) under the Industrial Insurance Act is made permanent. The health services available to injured workers include health services provided by ARNPs within their scope of practice. ARNPs are recognized as independent practitioners. Generally, ARNPs have the same roles and responsibilities as physicians, except that ARNPs may not conduct special medical examinations to determine permanent disabilities.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 49 | 0 |

Effective: May 2, 2007

SHB 1669

C 174 L 07

Concerning the district and municipal court's probation and supervision services.

By House Committee on Judiciary (originally sponsored by Representatives Strow, Ericks, O'Brien, Rodne, Kirby, Haler, Eddy, Hinkle and Lantz).

House Committee on Judiciary
Senate Committee on Judiciary

Background: An offender convicted of a misdemeanor or gross misdemeanor offense serves his or her confinement in a local jail and may be subject to probation with court-ordered conditions after release. Under court rules applicable to courts of limited jurisdiction, a court has the authority to establish a misdemeanor probation department, and the method of providing probation services must be established by the presiding judge of the local court to meet the needs of the court.

Generally, a person does not have a duty to protect others from the criminal acts of third persons. Washington courts have recognized an exception to this general rule where a special relationship exists between the person and the third party. Under this exception, a governmental entity may be held liable for the acts of a criminal offender it is supervising if the governmental entity fails to adequately supervise the offender and that lack of supervision results in harm to another person. Government liability in this context is based on the premise that the government has a "take-charge" relationship with the offender, and therefore must exercise reasonable care to control the known dangerous propensities of the offender.

Under the doctrine of judicial immunity, judges are provided with absolute immunity from civil liability for acts performed within their judicial capacity. Judicial immunity may also extend to governmental agencies or

executive branch officials while performing judicial functions. Quasi-judicial immunity applies to persons performing functions that are so comparable to those performed by judges that they should share the judge's absolute immunity while carrying out those functions. In the offender supervision context, court decisions have held that a probation or parole officer's duties in supervising an offender and monitoring the offender's compliance with conditions of release are not entitled to quasi-judicial immunity.

In a 2005 unpublished Court of Appeals decision, the Court addressed the issue of the liability of a municipal court probation officer for the acts of an offender on probation for a DUI offense. The Court held that the relationship between the municipal court's probation department and the supervised probationer did give rise to a "take-charge" relationship, which imposed a duty on the probation department to protect the public from foreseeable behavior associated with the conditions of probation. The Court also found that judicial and quasi-judicial immunity did not apply to the actions of the probation department, even though the judge was the head of the probation department. The Court found that a judge acting as a probation department head is acting in an administrative capacity, not a judicial capacity, and that the probation officer's monitoring of the probationer is not analogous to a judicial decision to place a defendant on probation or revoke probation.

When a superior court judge orders supervision of a misdemeanor or gross misdemeanor defendant placed on probation, responsibility for the supervision falls initially on the Department of Corrections (DOC), but a county may elect to assume responsibility for the supervision of these offenders by contract with the DOC. The DOC and any county probation department under contract with the DOC are not liable for civil damages resulting from an act or omission in conducting superior court misdemeanor probation activities unless the act or omission constitutes gross negligence.

Summary: A limited jurisdiction court that provides misdemeanor supervision services is not liable for damages based on the inadequate supervision or monitoring of a misdemeanor defendant or probationer unless the inadequate supervision or monitoring constitutes gross negligence.

"Limited jurisdiction court" means a district court or a municipal court, and anyone acting or operating at the direction of such court, including but not limited to its officers, employees, agents, contractors, and volunteers.

"Misdemeanant supervision services" means pre-conviction or post-conviction misdemeanor probation or supervision services, or the monitoring of a misdemeanor defendant's compliance with a pre-conviction or post-conviction order of the court, including but not limited to community corrections programs, probation

supervision, pretrial supervision, or pretrial release services.

Votes on Final Passage:

House 97 0
Senate 47 0

Effective: July 22, 2007

HB 1670
C 175 L 07

Articulating the purpose and role of school counselors.

By Representatives Quall and Santos.

House Committee on Education
Senate Committee on Early Learning & K-12 Education

Background: Under state law, the Professional Educator Standards Board (PESB) is authorized to set standards for approval of preparation and certification programs for Educational Staff Associates (ESAs). Through administrative rules, the PESB defines seven types of ESA certification: school counselor, school speech pathologist/audiologist, school nurse, school occupational therapist, school physical therapist, school psychologist, and school social worker. There are different standards for each type of program and certification. Because the preparation programs are competency-based, there is extensive information in the administrative rules about standards for and the role of school counselors. However, there is no definition of school counselor, and only one reference to school counselors, in the state education code.

Summary: A school counselor is a professional educator with a valid counselor certification issued by the PESB. The purpose and role of a school counselor is to plan, organize, and deliver a comprehensive school guidance and counseling program that personalizes education; supports, promotes, and enhances development of all students; and is based on the National Standards for School Counseling Programs of the American School Counselor Association.

Votes on Final Passage:

House 97 0
Senate 49 0

Effective: July 22, 2007

HB 1671
C 489 L 07

Modifying provisions relating to reclassifications, class studies, and salary adjustments.

By Representative Green; by request of Department of Personnel.

House Committee on State Government & Tribal Affairs
Senate Committee on Labor, Commerce, Research & Development

Background: The Personnel System Reform Act (Act) was enacted in 2002. The Act restructured the state civil service system, created a new option for the state to competitively contract work done by state employees, and expanded collective bargaining to include wages and benefits. As part of the restructuring of the state civil service system, the Act transferred rule-making authority from the Washington Personnel Resources Board (Resources Board) to the Department of Personnel, transferred appeal authority from the Personnel Appeals Board (Appeals Board) to the Resources Board, and abolished the Appeals Board.

The Director of Personnel (Director) is required to adopt and revise a comprehensive classification plan for all positions in the classified service. When an agency requests revisions, class studies, or salary adjustments, the Director may only adopt the revisions that are due to documented:

- recruitment and retention difficulties;
- salary compression or inversion;
- increased duties and responsibilities; or
- inequities, defined as similar work assigned to different job classes with a salary disparity greater than 7.5 percent.

The Office of Financial Management (OFM) must review the agency's fiscal impact statement and concur that the cost of the revisions can be absorbed by the agency.

The Resources Board may also submit a prioritized list of reclassifications, class studies, and salary adjustments to the Governor's Office and the fiscal committees of the Legislature. The Legislature may establish a level of funding to be applied by the Resources Board to the prioritized list.

Summary: The Director must adopt only those job classification revisions, class studies, and salary adjustments that, as defined by the Director, are due to:

- documented recruitment or retention difficulties;
- salary compression or inversion;
- classification plan maintenance;
- higher level duties and responsibilities; or
- inequities.

The OFM must also have reviewed the affected agency's fiscal impact statement and concurred that the affected agency can absorb the cost of the reclassification, class study, or salary adjustment.

Provisions are repealed that deal with the additional procedures the Resources Board follows for making a prioritized list of classification revisions, class studies, or salary adjustments.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 66 | 28 |
| Senate | 43 | 4 |

Effective: July 22, 2007

HB 1674
C 320 L 07

Authorizing the governor to enter into a cigarette tax contract with the Hoh Tribe and Spokane Tribe.

By Representatives Hunter, Conway, Dunn, Ormsby and Wood; by request of Department of Revenue.

House Committee on State Government & Tribal Affairs
Senate Committee on Ways & Means

Background: In 2001, the Legislature authorized the Governor to enter into cigarette tax contracts with some of the federally recognized tribes in Washington. The terms of such contracts are non-negotiable and set by the Legislature in statute. Since then, 26 contracts have been executed with the tribes. These tribal cigarette tax contracts are for renewable eight-year periods. The amount of tribal cigarette tax is equal to the total amount of the state cigarette tax and the state and local sales tax; the tribal cigarette tax is in lieu of the state cigarette and state and local sales tax.

Pursuant to 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. Before 2001, enforcement of state cigarette taxes in respect to tribal retail operations has involved considerable difficulty and litigation, with mixed results.

Cigarette Taxes. Cigarette taxes are added directly to the price of cigarettes before the sales tax is applied. The cigarette tax rate is \$20.25 per carton of cigarettes. Retail sales and use taxes are also imposed on sales of cigarettes. 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.

Sales Tax. 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 tax rate varies from 7 percent to 9.3 percent, depending on the location. Sales tax applies when items are purchased from a retail seller in the state. Sales tax is paid by the purchaser and collected by the seller.

Use Tax. Use tax is equal to the sales tax rate multiplied by the value of the property used. 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. Use tax also 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.

Cigarette Tax Revenue. Revenue from the first 23 cents of the cigarette tax goes to the State General Fund. The next 8 cents is dedicated to water quality improvement programs through June 30, 2021, and to the State General Fund thereafter. The next 41 cents goes to the Health Services Account. The remaining 10.5 cents is dedicated to youth violence prevention and drug enforcement.

Cigarette Tax Contracts. There are statutory requirements for Tribal cigarette tax contracts:

- The terms of the cigarette tax contract apply to retail sales by Indian sellers in Indian Country, which is land within the boundaries of the reservation and land held in trust for a tribe or by a tribal member; tribal retail sales are limited to Indian Country.
- Cigarettes may only be sold to individuals 18 years or older.
- Tribal cigarette tax must be used for essential government services, including tribal administration, public facilities, fire, police, public health, education, job services, sewer, water, environmental and land use, transportation, utility services, and economic development.
- Cigarettes sold under this contract must bear a tribal cigarette tax stamp.
- Tribal retailers must purchase cigarettes only from approved wholesalers.
- Contracts must contain provisions for compliance.
- Disputes regarding the interpretation and administration of the contract's provisions may be resolved by mediation and other non-judicial process.

The Governor has entered 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, the Sauk-Suiattle Tribe, the Skokomish Tribe, the Yakama Nation, the Suquamish Tribe, the Nooksack Indian Tribe, the Lummi Nation, the Chehalis Confederated Tribes, the Upper Skagit Tribe, the Snoqualmie Tribe, the Swinomish Tribe, the Samish Indian Nation, the Quileute Tribe, the Kalispell Tribe, the Confederated

Tribes of the Lower Colville Reservation, the Cowlitz Indian Tribe, the Lower Elwha Klallam Tribe, and the Makah Tribe. The Puyallup Tribe also has a cigarette tax contract with separate terms.

The 100 percent rate of taxation on tribal cigarettes may be phased in by the tribe over three years, but during those three years the rate can be no lower than 80 percent of the 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 cooperative agreement must be authorized in a bill enacted by the Legislature.

Summary: The Governor may enter into a cigarette tax contract with the Spokane Tribe and the Hoh Tribe.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 45 | 1 | (Senate amended) |
| House | 97 | 1 | (House concurred) |

Effective: July 1, 2007

HB 1676
C 132 L 07

Allowing public utility districts to disburse low-income energy assistance contributions.

By Representatives Fromhold, Curtis, Moeller, Orcutt, Wallace, Dunn, Santos and Simpson.

House Committee on Technology, Energy & Communications
Senate Committee on Water, Energy & Telecommunications

Background: Low-Income Heating and Energy Assistance Program. The Low-Income Heating and Energy Assistance Program (LIHEAP) is a federally funded block grant that provides money to help low-income households make home heating more affordable, avoid shutoff of utility services during the winter, and maintain a warm, safe and healthy environment for households with young children, the elderly, and the disabled. The LIHEAP payments are made to energy companies in most cases, or directly to clients to help pay a portion of home heating costs. The Department of Community, Trade, and Economic Development (Department) administers federally funded energy assistance programs for the state.

Voluntary Contributions to Assist Low-Income Customers. Public utility districts (district) are municipal corporations authorized under Washington statute to conserve the water and power resources of Washington and to supply public utility service, including water and electricity for all uses. As part of its regular customer bill-

ings, a district may request voluntary contributions to assist qualified low-income residential customers of the district in paying their electricity, water, and sewer bills.

All funds received by the district in response to such requests are transmitted to the Department or to a charitable organization within the district's service area. These funds are used solely to supplement assistance to low-income residential customers of the district in paying their electricity bills.

The Department or charitable organization is responsible for determining which of the district's customers are qualified for low-income assistance and the amount of assistance to be provided to those who are qualified.

Disbursal of Voluntary Contributions. All assistance provided by these voluntary contributions is disbursed by the Department or charitable organization. Where possible, the district will be paid on behalf of the customer. When direct vendor payment is not feasible, a check will be issued jointly payable to the customer and to the district.

The availability of funds for assistance to a district's low-income customers as a result of voluntary contributions must not reduce the amount of assistance for which the district's customers are eligible under the federally funded energy assistance programs administered by the grantee of the Department within the district's service area.

Summary: Voluntary Contributions to Assist Low-Income Customers. A district is allowed to retain funds received, determine which of the district's customers are qualified for low-income assistance, calculate the amount of assistance to be provided to those who are qualified, and disburse assistance funds to those who qualify.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 1 |
| Senate | 48 | 0 |

Effective: July 22, 2007

2SHB 1677
C 176 L 07

Creating the outdoor education and recreation grant program for schools and others.

By House Committee on Appropriations (originally sponsored by Representatives Quall, Rodne, Dunshee, Ormsby, B. Sullivan, Hurst, Chase, Hunt, P. Sullivan, Pettigrew, Lovick, Jarrett, McCoy, Anderson, Upthegrove, Santos, Sells, Conway and Rolfes).

House Committee on Education
House Committee on Appropriations
Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means

Background: Public schools in Washington are required to provide instruction in a variety of subject areas, including science. Essential Academic Learning Requirements (EALRs) and Grade Level Expectations for science have been established, and beginning with the graduating class of 2010, students must pass the science content area of the Washington Assessment of Student Learning to graduate from high school. In addition, instruction is required at all grade levels about conservation, natural resources, and the environment.

The Office of Superintendent of Public Instruction (OSPI) administers a Natural Science, Wildlife, and Environmental Education Partnership Account and Grant Program whose purpose is to promote proven and innovative natural science, wildlife, and environmental education programs that are fully aligned with the EALRs. In 2006, legislation was enacted requiring the OSPI to conduct an environmental education study in partnership with public and private entities that promote quality environmental education experiences. The study must be completed by October 1, 2007.

The Washington State Parks and Recreation Commission is responsible for the acquisition, operation, enhancement, and protection of recreational, cultural, historical, and natural sites. These sites include 120 developed parks, as well as recreation programs such as trails, boating safety, and winter recreation.

Summary: The Outdoor Education and Recreation Program Account is created in the custody of the State Treasurer and may receive funds from any source, including gifts, grants, and donations. Subject to the availability of funds, the Outdoor Education and Recreation Grant Program (Program) is created within the Washington State Parks and Recreation Commission (Commission). The Commission establishes and implements the Program by rule, with the objective of involving public agencies, private nonprofit organizations, formal school programs, non-formal after school programs, and community-based programs in efforts to provide outdoor education and recreation programs for students.

Beginning with schools that are most in need in suburban, rural, and urban areas, the Program should focus on low-income students and those in danger of failing academically or dropping out of school. The Commission sets priorities and develops criteria for awarding grants to programs, considering certain specified characteristics of the applying programs, and considering state parks as venues and use of the Commission's personnel as a resource.

The Commission must create an advisory committee with representatives from various specified agencies, the business community, outdoor organizations with an interest in education, and others. The advisory committee assists and advises the Commission in the development and administration of the Program.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007

SHB 1679

C 303 L 07

Determining membership on the law enforcement officers' and firefighters' retirement system plan 2 board.

By House Committee on Appropriations (originally sponsored by Representatives Ericks, Hinkle, Conway, Buri, McDonald, Hurst, Haigh and Simpson; by request of LEOFF Plan 2 Retirement Board).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF 2 Board) was created in 2003 by the passage of Initiative 790 in 2002. The LEOFF 2 Board is the board of trustees for the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2) and has the authority to administer LEOFF 2, as well as choose the economic assumptions and set the contribution rates for LEOFF 2 employees, employers, and the state.

The LEOFF 2 Board is composed of 11 members, including three members representing law enforcement officers, three members representing fire fighters, three members representing employers, one member of the Senate, and one member of the House of Representatives.

The member representatives are appointed by the Governor to six-year terms (initially staggered) from a list provided by a recognized statewide council of law enforcement or fire fighter labor associations. Beginning January 1, 2007, for filling vacancies in the law enforcement officer and fire fighter positions on the LEOFF 2 Board, at least one of each of the three positions must be filled by a retired member of LEOFF 2.

The three employer representatives are appointed by the Governor to four-year terms (not staggered), and all of these initial terms are scheduled to expire in 2007. The Senate member on the LEOFF 2 Board is appointed by the Governor based on the recommendation of the Majority Leader of the Senate to a four-year term, and the House of Representatives member is appointed by the Governor based on the recommendation of the Speaker of the House of Representatives to a four-year term.

Summary: The requirement that one of the law enforcement officers and one of the fire fighter positions on the LEOFF 2 Board be filled by a retired member for appointments made for vacancies after January 1, 2007, is removed. After January 1, 2008, one Board member

from any of the categories of Board representatives must be a retired member.

The terms of the initial three employer LEOFF 2 Board members are changed from four years to four, five and six years. Subsequent employer board member appointments are for four years.

The terms of the initial legislative members of the LEOFF 2 Board are changed to five years and six months. Subsequent legislative board member appointments are for two-year terms beginning on January 1 of odd-numbered years.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 94 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1680
C 304 L 07

Addressing transfers of service credit for emergency medical technicians under the law enforcement officers' and firefighters' retirement system plan 2.

By Representatives Hunter, Haler, P. Sullivan, Priest, Hurst, Conway, Schual-Berke, Haigh and Simpson; by request of LEOFF Plan 2 Retirement Board.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: Emergency medical technicians (EMTs) are included in the membership of the Law Enforcement Officers' and Fire Fighters' Plan 2 (LEOFF 2) if they work on a full-time, fully compensated basis for public employers, including cities, towns, counties, districts, municipal corporations, general authority law enforcement agencies, or four-year institutions of high education that had working fire departments before January 1, 1996.

Certain EMTs were moved from membership in the Public Employees' Retirement System (PERS) to LEOFF 2 by two acts of the Legislature in 2003 and 2005. Each act provided a mechanism to enable EMT members of LEOFF 2 to earn future service credit in LEOFF 2, and for members to transfer past service earned as an EMT in PERS Plan 2.

The EMT members of LEOFF 2 are required to elect to transfer past service no later than June 30, 2013, and must earn at least five years of service in LEOFF 2 before the PERS Plan 1 or 2 service is actually transferred from LEOFF 2. An EMT LEOFF 2 member transferring PERS service is also required to pay the difference between the contributions paid into PERS, and those that would have been paid had the member earned the service originally in LEOFF 2, plus interest. The

member payment must be completed within five years of electing to transfer the service.

The provisions permitting EMT members of LEOFF 2 to transfer past service from PERS expire July 1, 2013.

Summary: If an EMT member of LEOFF 2 who has elected to transfer service credit dies or retires for disability prior to five years from the date of election, the member or surviving spouse may complete payment of the required contributions or receive an actuarial reduction to the continuing monthly benefit that reflects the amount of the unpaid obligation.

The expiration of the EMT service credit transfer laws is changed from July 1, 2013, to July 1, 2023.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007

EHB 1688
C 177 L 07

Concerning the marketing of fruits and vegetables.

By Representatives Newhouse, Grant and Morrell.

House Committee on State Government & Tribal Affairs
Senate Committee on Agriculture & Rural Economic Development

Background: Agriculture is one of Washington's key industries. In order to protect the state's reputation as a provider of premium fruits and vegetables in the global market, the Legislature created quality standards for fruits and vegetables, with clear direction on the inspection process. Pursuant to the statute, apples, apricots, Italian prunes, peaches, sweet cherries, pears, potatoes, asparagus, and any other fruit or vegetable designated by the Washington State Department of Agriculture (WSDA) that is packed in Washington is subject to inspection to ensure compliance with the grade and pack standards. Inspection is conducted by the Fruit and Vegetable Inspection Division of the WSDA. This inspection makes available to the WSDA individual shipper data, including: produce shipment volume, shipment destination, and variety information. Under the Public Records Act (PRA), this information is subject to disclosure.

In 2002 the Legislature provided a public disclosure exemption for imported apples.

Summary: The PRA exemption for information related to agriculture and livestock is expanded to include information that can be identified to a particular business by the certificate of completion obtained through the statutorily required inspection of fruits and vegetables. This expands the existing exemption from apples to all inspected fruits and vegetables.

Votes on Final Passage:

House 96 0
 Senate 46 0

Effective: July 22, 2007

SHB 1693
 C 160 L 07

Modifying time periods for collective bargaining by state ferry employees.

By House Committee on Commerce & Labor (originally sponsored by Representatives Appleton, Flannigan and Rodne; by request of Department of Transportation).

House Committee on Commerce & Labor
 Senate Committee on Labor, Commerce, Research & Development

Background: In 2006, the Legislature made a number of changes to the collective bargaining law that applies to ferry workers. These changes included providing for the collective bargaining representative of the ferry workers to bargain with the Governor or Governor's designee rather than the Marine Transportation Division of the Department of Transportation.

Specific time frames are set for the steps in the negotiations. Negotiations commence about September 1 of each odd-numbered year and conclude by September 1 in even-numbered years. If negotiations are not concluded by April 1, the parties are considered at impasse and may request the Marine Employees' Commission to appoint a mediator. If an agreement has not been reached by April 15, all impasse items must be submitted to arbitration.

The parties may agree to different time periods so long as a final resolution is reached by September 1.

Summary: Time periods for collective bargaining by state ferry employees are changed. The date to begin negotiations is changed from September in odd-numbered years to any time after February 1 in even-numbered years and agreements must be concluded by October 1 of even-numbered years. Intermediate dates within these time frames are also changed. The April 1 date for request of a mediator is changed to August 1. The April 15 date by which impasse items must be submitted to arbitration is removed.

A procedure is provided for selection of an interest arbitrator before bargaining. If the parties cannot agree on an arbitrator within 10 days after the first Monday in September of odd-numbered years, either party may request a list of seven arbitrators from the federal mediation and conciliation service and the parties then select an interest arbitrator using the coin toss/alternate strike method. The parties must then reserve dates for potential arbitration and prepare a schedule of at least five negotiation dates and execute a written agreement. The parties

must comply with the interest arbitration agreement regardless of the status of any mediation.

For interim bargaining, the parties must agree to the use of the American Arbitration Association for selection of a neutral chair.

Votes on Final Passage:

House 97 0
 Senate 47 0

Effective: July 22, 2007

SHB 1694
 C 421 L 07

Requiring the agency council on coordinated transportation to coordinate special needs transportation.

By House Committee on Transportation (originally sponsored by Representatives Flannigan, Upthegrove and Kenney).

House Committee on Transportation
 Senate Committee on Transportation

Background: State Coordination Requirements. In 1998 the Legislature created the Program for Agency Coordinated Transportation (PACT or the Program) and the Agency Council on Coordinated Transportation (ACCT or the Council) for the purpose of improving the efficiency and coordination of transportation systems for persons with special transportation needs, and to facilitate a statewide approach to coordination that supports the development of community-based coordinated transportation systems serving persons with special transportation needs.

"Persons with special transportation needs" means those persons, including their personal attendants, who, because of physical or mental disability, income status, or age, are unable to transport themselves or to purchase transportation.

The 17-member Council consists of nine voting members and eight non-voting legislative members. The nine voting members are: the Secretary of Transportation, who serves as the Chair; the Secretary of the Department of Social and Health Services; the Superintendent of Public Instruction; and six members appointed by the Governor, representing consumers of special needs transportation, pupil transportation, the Community Transportation Association of the Northwest, the Community Action Council Association, and the State Transit Association. The eight non-voting legislative members include four members from the House of Representatives and four Senators, representing each caucus and the House and Senate Transportation, House Appropriations, and Senate Ways and Means committees.

The Council is required to perform various duties, in coordination with stakeholders, designed to assure implementation of the Program. To that end, the

Council's duties include: (1) developing guidelines for local planning of coordinated special needs transportation; (2) providing a state-level forum at which state agencies may discuss and resolve coordination and program policy issues; (3) administering and managing grant funds to develop, test, and facilitate the implementation of coordinated systems; (4) identifying barriers to coordinated transportation; and (5) recommending statutory changes to the Legislature to assist in coordinated transportation.

The Council expires on June 30, 2007, and the remainder of the enabling legislation expires on June 30, 2008.

Regional Transportation Planning Organizations.

State law authorizes local governments to voluntarily form regional transportation planning organizations (RTPOs). The purpose of an RTPO is to coordinate local comprehensive planning with state transportation planning. An RTPO is required to certify that the transportation elements of local comprehensive plans conform with the Growth Management Act and are consistent with the regional transportation plan.

Federal Coordination Requirements. In 2005 the federal Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was enacted, which conditions receipt of certain federally-funded public transportation grant projects on the establishment of locally-developed, coordinated public transportation plans.

The SAFETEA-LU guidance issued by the Federal Transportation Administration indicates that each plan should identify special transportation needs, prioritize services, and establish comprehensive strategies for meeting special transportation needs. The new federal requirement is addressed in the planning process of regional transportation planning organizations or metropolitan planning organizations.

Summary: The Agency Council on Coordinated Transportation (Council) is reauthorized by extending its termination date from June 30, 2007, to June 30, 2010. The Program for Agency Coordinated Transportation and its duties are repealed.

The Council's duties are modified and streamlined to include the following duties: focus on results and projects that identify and address barriers to facilitating a statewide approach to coordinated transportation systems for persons with special needs; develop statewide guidelines for customer complaint processes; represent the needs and interests of persons with special transportation needs in statewide efforts for emergency and disaster preparedness planning; and submit a progress report to the Legislature by December 1, 2009.

Council membership is reduced overall, from 17 to 14 members, by making the following modifications: reducing non-voting legislative membership from eight

to four, and increasing voting membership for consumers of special needs transportation from three to four.

Council meetings are required to be open to the public, with agendas published in advance and minutes kept and made available to the public. Council meetings must also be held in locations that are readily accessible to public transportation and at a time when public transportation is available.

Beginning July 1, 2007, and every four years thereafter, each regional transportation planning organization (RTPO) is required to submit to the Council an updated plan that includes certain elements identified by the Council. Every two years, each RTPO must submit to the Council a prioritized regional human service and transportation project list.

The Joint Transportation Committee (JTC), in consultation with the Council and the Joint Legislative Audit and Review Committee, as deemed appropriate, is directed to study and review the legal and programmatic changes and best practices necessary for providing effective coordination of special needs transportation at the regional level. In conducting the review, the JTC shall convene local and regional special needs transportation brokers, representatives of user groups, service provider agencies, and others that have related transportation responsibilities. The JTC must provide a draft final report to the House and Senate transportation committees by December 15, 2008.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 97 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 46 | 0 | (Senate amended) |
| House | 97 | 0 | (House concurred) |

Effective: July 22, 2007

E2SHB 1705

C 251 L 07

Creating health sciences and services authorities.

By House Committee on Finance (originally sponsored by Representatives Barlow, Ormsby, Kenney and Wood).

House Committee on Technology, Energy & Communications

House Committee on Finance

Senate Committee on Ways & Means

Background: Special Purpose Districts. Special purpose districts are limited purpose local governments established to perform a specialized function separate from a city, town, or county. Examples of functions include: electricity services, flood control, irrigation, parks and recreation, and water and sewer services. According to the Municipal Research and Services Center of Washington, there are an estimated 80 different

special purpose districts in the state. Most often the governance structures are designated in statute. Most powers of a special purpose district are vested in a board of directors, board of trustees, or board of district directors.

Sales and Use Tax. The sales tax is paid on each retail sale of most articles of tangible personal property, certain services, and extended warranties. The use tax is imposed on the use of articles of tangible personal property, certain services, and extended warranties 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.

Washington Higher Education Coordinating Board. The Washington Higher Education Coordinating Board (Board) is a 10-member citizen board that provides planning, coordination, monitoring, and policy analysis for higher education in Washington. Also, the Board's responsibilities include development of a statewide strategic master plan for higher education and the development of recommendations on policy and budgetary issues for consideration by the Governor and the Legislature.

Summary: Health Sciences and Services Authority. A city, town, or county (local government) may establish by ordinance or resolution a Health Sciences and Services Authority (Authority) to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. A city and county may join together to create an Authority. "Health sciences and services" means biosciences that advance new therapies and procedures to combat disease and promote public health. The ordinance or resolution must specify the powers of the Authority, establish an administrative board, clarify the geographic boundaries of an Authority and provide investment guidelines.

An Authority has all the general powers necessary to carry out its purposes and duties such as make and execute agreements and contracts, establish special funds, hire staff, leverage the Authority's public funds with moneys received from other public and private sources, hold funds received by the Authority in trust, and make grants to entities to promote bioscience-based economic development.

Board. An Authority is overseen by a board with not more than 14 members. The Authority board selects the chair. Board members must have some experience with the mission of the Authority. The board members must be appointed as follows:

- the Governor appoints three members;
- the county legislative authority in which the authority resides appoints three members;
- the mayor of the city in which the authority is created, or the mayor of the largest city within the authority if created by a county, appoints three members; and

- up to five additional members may be appointed by the board.

Liability. Members of the board, as well as other persons acting on behalf of the Authority, are not subject to personal liability resulting from their official duties. The state, the local government that created the Authority, and the Authority are not liable for any loss, damage, harm, or other consequences resulting from grants provided by the Authority or from programs, services, research, or other activities funded with such grants.

Higher Education Coordinating Board. The Higher Education Coordinating Board (Board) is authorized to approve or reject applications submitted by local governments for an area's designation as an Authority. The application must be prescribed by the Board. Applications are due December 31, 2007, and must be processed within 60 days of submission. The Board is limited to approving one authority statewide with a population of less than one million persons. The Board may adopt any rules necessary to implement the Authority Program. The Board is responsible for developing evaluation and performance measures in order to evaluate the effectiveness of an Authority's activities. The Board is required to report to the Legislature on a biennial basis, beginning December 1, 2009.

Debt. A local government that creates an Authority may incur general indebtedness, and issue general obligation bonds, to finance the grants and other programs and retire the indebtedness. The bonds issued by a local government do not constitute an obligation of Washington, either general or special.

The ordinance adopted by the local government creating an Authority and authorizing the use of the excise tax indicates an intent to incur this indebtedness and the maximum amount of this indebtedness that is contemplated.

The general indebtedness incurred may be payable from other tax revenues, the full faith and credit of the sponsoring local government, and nontax income, revenues, fees, and rents from the public improvements, as well as contributions, grants, and nontax money available to the local government for payment of costs of the grants and other programs or associated debt service on the general indebtedness.

Sales and Use Tax. The legislative authority of a local jurisdiction that has created an Authority may impose a sales and use tax. The tax is in addition to other taxes authorized by law and collected from those persons who are taxable by the state. The rate of the tax shall not exceed 0.020 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax. The tax imposed is deducted from the amount of tax otherwise required to be collected or paid over to the Department of Revenue. The authority to impose an additional sales and use tax expires January 1, 2023.

Public Disclosure. Financial, commercial, operations, and technical and research information and data submitted to or obtained by an Authority related to grant making is exempt from disclosure as part of the Public Records Act.

Votes on Final Passage:

House 68 29
Senate 48 0 (Senate amended)
House (House refused to concur)
Senate 46 0 (Senate amended)
House 70 28 (House concurred)

Effective: July 22, 2007
June 30, 2008 (Section 13)

HB 1706
C 321 L 07

Concerning jurisdiction under the Indian gaming regulatory act.

By Representatives Conway, Hunt, Wood, Hurst, Simpson and Appleton.

House Committee on State Government & Tribal Affairs
House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: In 2001, the Legislature authorized a limited waiver of sovereign immunity for actions brought by tribes under the Indian Gaming Regulatory Act (IGRA) and for enforcement of state-tribal compacts adopted under the IGRA. This waiver expires July 30, 2007.

Congress enacted the IGRA in 1988 to create a comprehensive statutory framework for governing gaming on tribal lands. The IGRA prohibits tribes from pursuing Class III gambling on tribal lands unless there is a state-tribal compact governing the specific form of gambling. Tribes may request that the state negotiate a gaming compact; the IGRA authorizes the state to regulate the Class III gaming under the terms of the compact. Class III gambling includes banking card games, slot machines, pari-mutual racing, lotteries, and electronic games of chance.

Under the IGRA, states must negotiate the gaming compacts in good faith. If the state refuses to negotiate, or the tribe alleges the state is acting in bad faith, the tribe is permitted to sue the state in federal court. In 1996, the United States Supreme Court ruled that this provision of the IGRA is in violation of the 11th Amendment of the United States Constitution, rendering this portion of the IGRA null should a state assert its sovereign immunity defense.

Summary: The July 30, 2007, expiration date for the state's limited waiver of sovereign immunity in actions

brought by the tribes under the IGRA, and for enforcement of state-tribal compacts adopted under the IGRA, is removed.

Votes on Final Passage:

House 67 27
Senate 40 8

Effective: July 22, 2007

HB 1722
C 263 L 07

Clarifying the authority of physician assistants to execute certain certificates and other forms for labor and industries.

By Representatives Conway, Curtis, Moeller, Darneille, Wood and Simpson.

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

Background: Industrial Insurance. A worker who, in the course of employment, is injured or suffers disability from an occupational disease may be entitled to benefits under the Industrial Insurance Act. These benefits include proper and necessary medical and surgical services from a physician of the worker's choice. Benefits solely for medical treatment are considered "non-compensable," while benefits for time-loss, permanent injury, or death are considered "compensable."

To qualify for benefits, an injured worker is required to file an application for benefits with the Department of Labor and Industries (L&I) or his or her self-insured employer. The application must be accompanied by a certificate of the attending physician. The rules specify that the injured worker and attending physician must file a report of accident upon the determination that the injury or disability is work-related. The report must include the signed findings of the attending physician.

Physician Assistants. Physician assistants (PAs) are licensed by the Department of Health (DOH) to practice medicine or osteopathic medicine to a limited extent under the supervision of a licensed physician or osteopathic physician respectively. A PA may practice medicine only after the Medical Quality Assurance Commission approves a practice arrangement plan jointly submitted by the PA and a physician or physician group. The practice arrangement plan must delineate the manner and extent to which the PA practices and is supervised.

Under rules adopted by the DOH, a certified PA may sign and attest to any document that might ordinarily be signed by a licensed physician. The PA and the sponsoring physician are required to ensure that appropriate consultation and review of work are provided.

Physician Assistants and Industrial Insurance. Rules adopted by the L&I require PAs to obtain advance

approval from the L&I prior to treating industrial injury cases. The rules also limit the industrial insurance services that PAs may provide. A PA may fill out accident and other reports, but generally the reports must be signed by a physician.

In 2004 the Legislature expanded the authority of PAs under the Industrial Insurance Act. Until July 1, 2007, PAs may assist workers applying for compensation for simple industrial injuries. A PA may complete and have the sole signature on the report of accident for these claims.

Under rule, a simple industrial injury includes:

- no time lost from work after the date of injury; and
- a simple industrial injury limited to an insect bite, abrasion, contusion, laceration, blister, foreign body, open wound, sprain, strain, closed fracture, simple burn, or probable exposure to bloodborne pathogen due to a needlestick.

Under the provisions enacted in 2004, PAs are prohibited from rating a worker's permanent partial disability or determining a worker's entitlement to compensation.

The L&I reported to the House Commerce and Labor Committee on December 1, 2006, on the implementation of these provisions, including the effects on injured worker outcomes, claim costs, and disputed claims. The report generally indicated that implementation of the 2004 law was not associated with any negative impact on medical costs or disputes and appeared to positively affect provider enrollment, availability of authorized reporting providers in rural areas, and some measures of administrative efficiency.

Summary: Physician Assistants (PAs) are granted permanent authority to sign any certificate, card, form, or other documentation required by the L&I that the PA's supervising physician or physicians may sign. The PA must act within the PA's scope of practice and consistent with the PA's practice arrangement plan.

A PA's authority includes signing an application for compensation, but does not include rating a permanent partial disability.

The L&I must report to the Legislature by December 1, 2008, on implementation, including the effect on injured worker outcomes, claim costs, and disputed claims.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 49 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 1, 2007

HB 1747

C 166 L 07

Removing the deadline for regional transit authorities to acquire insurance by bid or by negotiation on certain projects.

By Representatives Simpson and Rodne.

House Committee on Transportation
Senate Committee on Transportation

Background: Regional transit authorities (RTAs) may obtain insurance consistent with the risks, hazards, and liabilities of their projects. An RTA may also purchase insurance for the benefit of its board members, authority officers, and employees to insure against liability for omissions or acts that are performed in good faith and as part of their official duties.

For construction projects that cost over \$100 million, RTAs were authorized to obtain owner-controlled insurance policies through the Owner Controlled Insurance Program (OCIP) until December 31, 2006. An OCIP policy permits a project owner to obtain a single insurance policy for all of its subcontractors, instead of each subcontractor purchasing separate policies.

Summary: The authority for RTAs to obtain owner-controlled insurance for construction projects costing over \$100 million is made permanent. The expiration date, December 31, 2006, on an RTA's authority to obtain such insurance is removed, and no new expiration date is imposed.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

ESHB 1756

C 178 L 07

Authorizing one additional hound hunting cougar season.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Kretz, Uptegrove, B. Sullivan, Blake, Takko and VanDeWege).

House Committee on Agriculture & Natural Resources
Senate Committee on Natural Resources, Ocean & Recreation

Background: In 2004 the Legislature directed the Fish and Wildlife Commission (Commission) to adopt rules that establish a hunting season for cougars that allows the use of dogs. The seasons are limited to a three-year pilot program located only in Ferry, Stevens, Pend Oreille, Chelan, and Okanogan counties, and may only occur within identified game management areas. The

goal of the pilot program is to provide for public safety, property protection, and cougar population assessments.

In establishing the seasons, the Commission was required to cooperate and collaborate with the legislative authorities of the impacted counties. This coordination took the form of local dangerous wildlife task teams that were composed of the Washington Department of Fish and Wildlife (WDFW) and the local county. The task teams were also directed to develop a more effective and accurate dangerous wildlife reporting system.

To date, two pilot cougar seasons have been authorized and carried out. The final report by the WDFW on the success of the pilot program is scheduled to be released after the third and final season. The report should be available after the 2007 legislative session, but before the end of the 2008 legislative session.

Summary: The WDFW is authorized to allow one additional season for pursuing or hunting cougars with the aid of dogs. The season is intended to occur in the time between the scheduled end of the cougar hunting pilot project and the commencement of the legislative session following the WDFW's report based on the findings of the pilot program.

The legislative authority of any county that is not included in the cougar hunting pilot project may request the Commission to include its county in the fourth and final year of the pilot project if the legislative authority adopts a resolution requesting inclusion, documents the need to participate by identifying the number of cougar interactions within that county, develops and implements an education program to inform about nonlethal cougar management methods, and demonstrates that the existing cougar management tools for that county are insufficient.

The additional pilot season is not intended to be used as part of the study reported to the Legislature later this year.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 41 | 8 |

Effective: July 22, 2007

SHB 1761

C 446 L 07

Regarding cleanup of hazardous waste.

By House Committee on Capital Budget (originally sponsored by Representatives Linville, Hunter, Priest, Hunt, B. Sullivan, Upthegrove, Kessler, Sump, Hankins, Jarrett, Fromhold, Appleton, Rolfes, Darneille, Campbell, Conway, Green, O'Brien, Schual-Berke, Simpson, Ormsby and Chase).

House Select Committee on Environmental Health
House Committee on Capital Budget
Senate Committee on Water, Energy & Telecommunications
Senate Committee on Ways & Means

Background: In 1988 the citizens of Washington created by initiative the Model Toxics Control Act (MTCA). The primary purpose of the MTCA 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 MTCA includes a tax on the wholesale value of hazardous substances. There are over 8,000 different substances, including petroleum products, pesticides and certain chemicals. Of the total tax receipts, 47.1 percent is allocated to the State Toxics Control Account (STCA) for cleanup of hazardous waste sites and related planning and regulation activities. The remaining 52.9 percent of the revenues go to the Local Toxics Control Account (LTCA) for use as grants or loans to local governments for hazardous and solid waste programs and for cleanup of hazardous waste sites.

Summary: The Department of Ecology (DOE) is required to prioritize sufficient funding to clean up hazardous waste sites and prevent the creation of future hazards due to improper disposal of toxic wastes. The DOE must develop a comprehensive 10-year financing report that identifies long-term remedial action project costs, tracks expenses, and projects future needs.

The DOE must create financing tools to clean up large-scale hazardous waste sites requiring multiyear commitments. Before December 20 of each even-numbered year, the DOE must:

- develop a 10-year financing report in coordination with all local governments with clean-up responsibilities that identifies the projected biennial hazardous waste site remedial action needs that are eligible for funding from the LTCA;
- work with local governments to develop working capital reserves to be incorporated in the 10-year financing report;
- identify the projected remedial action needs for orphaned, abandoned, and other clean-up sites that are eligible for funding from the STCA;

SHB 1777
C 471 L 07

- project the remedial action need, cost, revenue, and any recommended working capital reserve estimate to the next biennium's long-term remedial action needs from both the LTCA and the STCA;
- submit this information to the appropriate standing fiscal and environmental committees of the Senate and House of Representatives (submittal must also include a ranked list of remedial action projects for both accounts); and
- provide the Legislature and the public each year with an accounting of the DOE's activities supported by appropriations from LTCA and the STCA, including a list of:
 - (1) known hazardous waste sites and their hazard rankings;
 - (2) actions taken and planned at each site;
 - (3) how the DOE is meeting its waste management priorities; and
 - (4) all funds expended.

To expedite cleanups throughout the state, the DOE must partner with local communities and liable parties for cleanups. The DOE is authorized to use the following additional strategies in order to ensure a healthful environment for future generations:

- the Director of the DOE may alter grant-matching requirements to create incentives for local governments to expedite cleanups when one of the following conditions exists:
 - (1) funding would prevent or mitigate unfair economic hardship imposed by the clean-up liability;
 - (2) funding would create new substantial economic development, public recreational, or habitat restoration opportunities that would not otherwise occur; or
 - (3) funding would create an opportunity for acquisition and redevelopment of vacant, orphaned, or abandoned property that would not otherwise occur;
- the use of outside contracts to conduct necessary studies; and
- the purchase of remedial action cost-cap insurance, when necessary to expedite multiparty clean-up efforts.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 93 | 0 | (House concurred) |

Effective: July 22, 2007

Regulating charitable organizations that solicit contributions from the public.

By House Committee on Judiciary (originally sponsored by Representatives Rodne, Lantz, Darneille, Kirby, Ahern, Ross, Flannigan, Moeller, Kenney and Morrell; by request of Secretary of State).

House Committee on Judiciary
House Committee on Appropriations
Senate Committee on Consumer Protection & Housing

Background: The Charitable Solicitations Act (CSA) requires charitable organizations and commercial fund raisers that solicit charitable donations from the general public to register with the Office of the Secretary of State. In addition, the CSA includes detailed disclosure requirements and prohibitions on certain kinds of representations. The Charities Program of the Office of the Secretary of State makes general information about charitable organizations available to the public.

A "charitable organization" is defined as one that solicits or collects contributions from the general public to support a charitable activity. "Charitable" activities expressly exclude political and religious activities. Religious activities are defined as religious, evangelical, or missionary activities under the direction of a religious organization that is duly organized and operating in good faith and tax exempt for religious purposes under federal law. The exemption extends to the branches and chapters of those organizations as well.

A commercial fund raiser is defined as any entity that is paid to solicit funds on behalf of a charity. Commercial fund raisers do not include an entity that provides advice or consultation to a charitable organization but neither solicits nor receives contributions on behalf of a charitable organization.

Summary: Purpose of the CSA. The purpose of the CSA is amended to include: (1) improving the transparency and accountability of organizations that solicit funds from the public, and (2) developing and operating educational programs to help build public confidence and trust in these organizations.

Definitions. A number of statutory definitions are added or refined to clarify which entities are required to register:

- Churches and integrated auxiliaries are expressly exempted from the registration provisions of the CSA, but other religious organizations are not.
- Churches and integrated auxiliaries are subject to prohibitions against false or misleading advertising.
- "Fund-raising counsel" and "commercial coventurers" are newly defined and exempted from the registration requirements of commercial fund raisers.

- The definition of "parent organization" is repealed, consolidated filings by umbrella organizations are no longer permitted, and individual foundations, supporting organizations, chapters, branches, or affiliates of a parent organization must each file individually.

Specific Provisions. Appeals for funds on behalf of a specific individual are exempted from registration.

A commercial fund raiser must agree in its contract with a charitable organization to provide officers of the charity reasonable access to the names of all of the fund raiser's employees or staff who are conducting solicitations or fund-raising on behalf of the charitable organizations. Commercial fund raisers are no longer required to submit lists of states and provinces other than Washington where fund-raising has been performed.

A charitable organization must ensure that its board has reviewed and accepted any financial report that the organization is required to file with the Office of the Secretary of State. Charitable organizations may be subject to civil fines if there is a material error in the financial information filed. A charitable organization or commercial fund raiser must notify the Office of the Secretary of State within 30 days if there is a change in information reported in a solicitation report. Charitable organizations must also provide notice if a change has occurred in the total revenue of the preceding year.

Authority of the Secretary of State. The Secretary is given new authority in four areas: (1) the creation of an advisory council; (2) the development and operation of an educational program, funded by additional fees; (3) the establishment of a tiered financial reporting system; and (4) the ability to enter into reciprocity agreements with other states.

The Secretary may create a charitable advisory council, including representatives from a broad range of charities, to provide advice related to training and educational needs of charitable organizations, and to help develop model policies related to governance and administration.

The Secretary is authorized to work with the state Attorney General to develop and operate an education program for charitable organizations, their board members, and the general public. To fund this program, the Secretary may establish additional registration fees for entities required to file under the CSA. The fees must be deposited into a new appropriated account in the State Treasury, the "Charitable Organization Education Account."

The Secretary may establish tiered requirements for financial reporting, based on the revenues of the charitable organization. If a tiered system is adopted, organizations with revenues exceeding an average of \$3 million for the preceding three years would be required to submit an audited financial statement with their filings. Those with revenues exceeding an average of \$1 million for the

preceding three years would be required to have federal financial reporting forms completed or reviewed by a third party.

The Secretary may enter into reciprocal agreements with other states for the purpose of exchanging information about charitable organizations and commercial fund raisers. If such a reciprocal agreement is created, the Secretary may exempt a charitable organization from the requirement to register in Washington, if the organization: (1) is organized under the laws of another state; (2) has its principal place of business outside of Washington and derives funds principally from sources outside Washington; and (3) is exempt under the laws of the state in which it is principally located. The Secretary may also accept information filed by a charitable organization or commercial fund raiser with another state if it is substantially similar to that required under the CSA.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 1 | |
| Senate | 45 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

E2SHB 1779

C 214 L 07

Creating the GET ready for math and science scholarship program.

By House Committee on Appropriations (originally sponsored by Representatives Wallace, Dunn, Haigh, Kenney, Hasegawa, B. Sullivan, McDermott, Takko, Roberts, P. Sullivan, Fromhold, Quall, Simpson, Lantz, Hudgins, Kagi, Santos, Ormsby and Morrell).

House Committee on Higher Education
House Committee on Appropriations
Senate Committee on Higher Education
Senate Committee on Ways & Means

Background: Need for Degrees in Math and Science.

The percentage of students majoring in math, science, and engineering has declined over at least the past decade, despite the fact that job opportunities in these fields continue to be strong. The state has recognized the need to increase the number of students majoring in math, science, and engineering. For example, the 2006 Supplemental Operating Budget provided about \$3.7 million for math and science enrollments at the University of Washington and Washington State University. The 2006 budget also included a \$500,000 appropriation to provide additional scholarships for students studying to become teachers in, among other fields, secondary math and science.

As part of the Washington Learns effort, the need for Washington's colleges and universities to produce more graduates in high demand fields, particularly

mathematics and science, was acknowledged. The Washington Learns final report concluded that more students need to major in math and science. To provide incentives for students to do so, the Washington Learns report recommended creating scholarships to encourage low- and middle-income students who show an interest in math and science to major in those fields in college.

Guaranteed Education Tuition (GET) Program. Washington's Advanced College Tuition Payment Program -- known as the GET Program -- was created in 1998 as Washington's prepaid college tuition program. The GET Program allows purchasers to buy tuition units at current prices for use at a later date. These funds are invested by the State Investment Board and the purchaser is guaranteed that one year's worth of units purchased now will be worth one year's worth of public university tuition in the future.

Summary: The GET Ready for Math and Science Scholarship Program (Scholarship Program) is created. The Scholarship Program will provide college scholarships for students who:

- (1) score a "4" ("Advanced") on the 10th grade Washington Assessment of Student Learning (WASL) in either math or science or achieve a score in the 95th percentile or higher on the math SAT or ACT;
- (2) have a family income no greater than 125 percent of the median family income in Washington at the time they apply for the scholarship and for up to the two previous years;
- (3) agree to major in a math, science, or related field; and
- (4) make a commitment to work for at least three years in Washington in a math, science, or related field.

The scholarships may be used at any accredited public or private college or university in Washington. However, the maximum annual scholarship amount may not exceed the annual cost of undergraduate tuition and fees at the University of Washington. Scholarships will be awarded to the extent that state and private matching funds are available.

The Scholarship Program will be administered by a private non-profit organization. The non-profit organization and the Higher Education Coordinating Board (HECB) will establish criteria for selecting eligible applicants who, without scholarship assistance, would be least likely to pursue a qualified undergraduate program at an institution of higher education in Washington. They must also determine criteria for the undergraduate programs and majors offered in Washington in math, science, or a related field that qualify a student for a scholarship. The HECB will post the criteria for qualified courses and list these programs and majors on its website.

If a student receives a scholarship and then (1) does not graduate from college, (2) switches to a major not in a math, science, or related field, or (3) does not work in a

math, science or related field in Washington for at least three years after graduation, the student will be required to pay back some or all of the scholarship funds received.

The HECB will buy tuition units from the state's GET Program to be used for the GET Ready for Math and Science scholarships.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 76 | 22 | |
| Senate | 47 | 1 | (Senate amended) |
| House | 72 | 21 | (House concurred) |

Effective: July 22, 2007

SHB 1784

C 215 L 07

Eliminating limitations on the investment of certain state moneys.

By House Committee on Capital Budget (originally sponsored by Representatives Kenney, Sells, Buri and Wood; by request of Washington State University).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: In 1889, the federal government granted certain lands to Washington to be held in trust for what are now the state's public baccalaureate institutions. Proceeds from the sale of timber, minerals, and permanent rights-of-way on these lands are deposited into "permanent" funds which are managed and invested by the Washington State Investment Board (SIB). A 1959 opinion of the Attorney General describes these funds as "permanent and irreducible," such that the Legislature is prohibited from expending the principal of these funds. The statutes establishing these funds likewise declare that the funds are "permanent and irreducible." The income from these permanent funds is appropriated by the Legislature for the construction and minor works maintenance of university facilities.

There are four permanent funds. Income derived from the Agricultural Permanent Fund and the Scientific Permanent Fund supports construction and facility improvements at Washington State University. The State University Permanent Fund benefits the University of Washington, and the Normal School Permanent Fund benefits Central Washington University, Eastern Washington University, Western Washington University, and the Evergreen State College.

The State Constitution prohibits most public funds, including university permanent funds, from being invested in the stock of any company, association or corporation. The SIB currently invests these funds in fixed-income vehicles.

The State Constitution was amended by voters in 1966 to allow the K-12 Common School Permanent Fund to be invested as authorized by law. It was further

amended in 1985 and 2000 to allow moneys of the public pension or retirement funds, Industrial Insurance Trust Fund, or funds held in trust for the benefit of persons with disabilities, to be invested as authorized by law.

Summary: The Legislature declares that by investing in equities, the value of higher education permanent funds may fluctuate over time even if no disposition of the fund principal is made, and that removal of the term "irreducible" from the statutes clarifies that the mere reduction of a fund due to such fluctuations does not violate the statute's mandate. The Legislature declares that principal amounts in the higher education funds are to be held in perpetuity and only the earnings of the funds may be appropriated to support the benefitted institution.

The term "irreducible" is removed from the permanent fund statutes of the public baccalaureate institutions. In addition, the State Investment Board is required to report annually on the investment of the higher education permanent funds.

The act is void in its entirety if the constitutional amendment proposed in HJR 4215 is not ratified by the voters at the 2007 general election.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 92 | 2 |
| Senate | 47 | 0 |

Effective: Contingent on the approval of the voters at the next general election.

HB 1789
C 240 L 07

Minimizing threats to the environment caused by leaking home heating oil tanks.

By Representatives Kagi, Priest, Hunter, Jarrett, Dunshee, Orcutt, Linville, Strow, Dickerson, McCoy, B. Sullivan, Lantz, Hunt, Chase, Rodne and Schual-Berke.

House Committee on Insurance, Financial Services & Consumer Protection
Senate Committee on Water, Energy & Telecommunications

Background: The Washington Pollution Liability Insurance Agency (PLIA) was created in 1989 to make pollution liability insurance available and affordable to the owners and operators of regulated underground petroleum storage tanks. An underground storage tank (UST) is a commercial tank or a combination of tanks used to store an accumulation of petroleum. In 1991, the PLIA was directed to provide grants to owners of USTs at remote and rural gas stations to upgrade their tanks. In 2005, the Legislature directed the PLIA to provide an additional \$1 million for these grants.

In 1995, the PLIA's duties were expanded to include assisting owners and operators of heating oil tanks by offering reinsurance services to the insurance industry.

A heating oil tank is a tank for space heating of a home or working space. The PLIA offers this program to provide up to \$60,000 of insurance coverage for cleanup of contamination from active heating oil tanks that are registered in the program prior to the contamination occurring. There is no cost to the homeowner for this coverage.

The PLIA and its programs do not receive state general funds. Funding comes from two sources: (1) a pollution liability fee imposed on dealers making sales of heating oil to a homeowner or a consumer which is deposited into the Heating Oil Pollution Liability Trust Account (HOPLT Account); and (2) an excise tax on the wholesale value of petroleum which is deposited into the Pollution Liability Insurance Program Trust Account (PLT Account). The excise tax includes a trigger mechanism based on the amount of funds in the PLT Account. The tax will only be imposed for a succeeding calendar quarter if the tax was levied the prior quarter and the account balance is less than \$15 million. Most recently, the tax was effective from July 1, 2003, through June 30, 2004.

In 2006, the Legislature extended expiration dates associated with the PLIA to July 1, 2013.

Summary: The PLIA must identify design criteria for heating oil tanks that provide superior protection than standard steel tank designs against future leaks. The tank designs identified must include fiberglass construction or provide at least an equivalent level of protection against leaks as a standard fiberglass design.

The PLIA must reimburse an owner or operator the difference in price between a standard steel heating tank and the new tank if the owner or operator:

- is participating in the PLIA program;
- experienced an occurrence or remedial action; and
- chose, or was required, to replace an existing tank at the time of the action with a new tank that satisfies the PLIA design standards.

Any new heating oil tank reimbursement provided under this section must be funded within the statutory \$60,000 per occurrence coverage limit.

The provisions are prospective and apply only to individuals who file a claim with the PLIA on or after the effective date of the act.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 44 | 2 |

Effective: July 22, 2007

HB 1793

C 59 L 07

Removing the limit on the number of cities eligible for indigent defense grants through the office of public defense.

By Representatives Lantz, Hinkle, Springer, Rodne, O'Brien, Kenney, Schual-Berke, Clibborn, Newhouse, Lovick, Williams, Dickerson, McIntire, Appleton, Hasegawa, Ericks, Roberts, Wood and Moeller.

House Committee on Judiciary
Senate Committee on Judiciary

Background: A criminal defendant who is determined to be indigent has a right to counsel at public expense. In addition, persons facing involuntary commitment proceedings, parents in dependency and termination proceedings, and juvenile offenders have a right to counsel at public expense if they are indigent. Generally, counties and cities are responsible for funding indigent defense costs at the trial level.

In recent years, reports from various entities, including the Washington State Bar Association Blue Ribbon Task Force on Indigent Defense and the Court Funding Task Force, have expressed concerns about the inadequate delivery of indigent defense services at the trial level.

In 2005 the Legislature enacted 2SHB 1542, which directs the Office of Public Defense (OPD) to distribute appropriated funds to eligible cities and counties for public defense services. Local jurisdictions may apply for funds if they meet certain requirements. If the OPD determines that a local jurisdiction receiving funds has not substantially complied with these requirements, the OPD may terminate funding.

Of the total available funds appropriated, the OPD is directed to distribute 90 percent to eligible counties and 10 percent to no more than five eligible cities as determined by the OPD.

Summary: The limit on the number of eligible cities that can receive indigent defense money through grants administered by the OPD is removed. (More than five cities may be eligible to receive city moneys.)

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

SHB 1802

C 276 L 07

Providing information about the human papillomavirus disease and vaccine.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Darneille, Kenney, Dickerson, Hankins, Linville, Cody, Roberts, Appleton, Schual-Berke, Walsh, Santos, Wallace, Haigh, Simpson, Green, Clibborn, Warnick, Rolfes, Morrell, Pettigrew, Bailey, Lantz, Eddy, Sommers, Kessler, Kagi, Skinner, McDonald, Chase, Hudgins, Hasegawa, Pedersen, Ericks, Goodman and Moeller).

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

Background: Human papillomavirus (HPV) is the name of a group of viruses that includes more than 100 strains or types. According to the federal Centers for Disease Control and Prevention (CDC), more than 30 of these viruses are sexually transmitted. These viruses can infect various parts of the body, including the genital areas of men and women and the linings of women's vagina and cervix. The CDC reports that most people who become infected will not have symptoms, but some will develop genital warts or pre-cancerous changes in the infected body part. However, about 10 of the 30 identified genital HPV types can lead, in rare cases, to development of cervical cancer. The CDC reports indicate that persistent infection with high-risk types of HPV is the main risk factor for cervical cancer. For 2006, the American Cancer Society estimated that 9,700 American women would develop invasive cervical cancer and that about 3,700 women would die from the disease.

In 2006, the CDC's Advisory Committee on Immunization Practices (Committee) recommended the first vaccine developed to prevent cervical cancer caused by certain types of HPV. According to the Committee, the vaccine protects against four HPV types which cause about 70 percent of cervical cancers and 90 percent of genital warts, but does not treat existing HPV infections, genital warts, precancers, or cancers. The federal Food and Drug Administration has licensed the vaccine for use in females ages nine to 26 years.

This HPV vaccine is given in a series of three vaccinations over a six-month period at a retail cost of \$360. The Committee recommended the vaccine for 11 to 12 year-old girls and for 13 to 26 year-old girls and women who have not received or completed the vaccine series.

Summary: At the beginning of every school year, starting with sixth grade entry, all public schools in the state must provide parents and guardians with information about HPV disease and its vaccine. The information must include:

- the disease's causes and symptoms and where more information and vaccinations may be obtained; and

- current recommendations from the federal CDC regarding the vaccine and where the vaccine can be received.

Private schools must notify parents that information prepared by the Department of Health (DOH) is available on HPV diseases.

The DOH must prepare the informational materials and consult with the Office of the Superintendent of Public Instruction.

These provisions do not require the DOH to provide the HPV vaccination to children or create a private right of action.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 73 | 22 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 76 | 18 | (House concurred) |

Effective: July 22, 2007

SHB 1805
C 429 L 07

Increasing the homestead exemption amount.

By House Committee on Judiciary (originally sponsored by Representatives Morrell, Lantz, Linville, Wallace, Rodne, Conway, Kessler, Hudgins, Hunt, Chase, Hasegawa, VanDeWege, Campbell, Ericks, Green, Simpson and Schual-Berke).

House Committee on Judiciary
Senate Committee on Judiciary

Background: Homestead Exemption. The homestead exemption protects a debtor's equity in the real or personal property that the debtor uses or plans to use as a residence. The exemption is limited to the lesser of: (1) \$40,000 if the homestead consists of real property, or \$15,000 if the homestead consists of personal property; or (2) the total net value of the homestead property. Net value is defined as the market value of the property less all liens and encumbrances that are senior to the judgment being executed upon.

The current homestead exemption amount of \$40,000 for real property has been in effect since 1999, when the amount was increased from \$30,000. The availability of a homestead in personal property was established in 1993 at an amount of \$15,000 and has not been changed since.

The homestead exemption is not available against an execution or forced sale to satisfy certain kinds of judgments, including: judgments on mortgages or deeds of trust on the property; construction liens, laborer's liens, and other liens arising out of and against the particular property; child support or spousal maintenance obligations; debts owed to the state for the recovery of medical assistance costs; or condominium or homeowners' association liens.

Sales and Use Tax Collections. The sales tax is paid on each retail sale of most articles of tangible personal property and certain services. The use tax applies to the privilege of using items of tangible personal property when retail sales tax has not been collected. Both the state and local governments impose sales and use taxes; the state rate is 6.5 percent and the average local rate is about 2 percent statewide. State law requires registered sellers to hold the proceeds of sales and use taxes in trust until paid to the Department of Revenue (Department). The taxes are due on a monthly basis.

A seller that collects sales or use taxes and converts the funds to his or her own personal use is guilty of a gross misdemeanor. A seller that has collected any such tax and fails to pay it to the Department, even if the failure is the result of conditions beyond his or her control, is liable for the amount of tax due.

Remedies for the Collection of Unpaid Taxes. The Department is authorized to issue a warrant for taxes and fees if not paid within 15 days of the due date. The Department is then required to file a copy of the warrant in the superior court of any county in which the taxpayer is believed to have real or personal property. When the warrant is entered into the judgment docket, it becomes a tax lien. The filed warrant becomes a specific lien upon all personal property used in the conduct of the business and a general lien against all other real and personal property owned by the taxpayer, such as the taxpayer's home and nonexempt personal vehicles. However, under the homestead exemption law, a judgment does not become a lien on the debtor's homestead property in excess of the homestead exemption limit unless the judgment is recorded with the county auditor to perfect the lien, which costs \$29 per recording.

Summary: The value of the real property homestead exemption limit is increased to \$125,000. Manufactured homes are specifically added as a type of homestead property in the provision that sets the exemption limit.

The homestead exemption does not apply to debts for sales and use taxes that are collected and held in trust by the property owner but not remitted to the Department.

A Department tax warrant for unpaid taxes becomes a lien on the value of the homestead property in excess of the homestead exemption limit from the time the tax warrant is filed in superior court.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 86 | 11 | |
| Senate | 48 | 1 | (Senate amended) |
| House | 85 | 13 | (House concurred) |

Effective: July 22, 2007

2SHB 1811
PARTIAL VETO

C 434 L 07

Regarding automatic sprinkler systems in nightclubs.

By House Committee on Finance (originally sponsored by Representatives Pedersen, Simpson, Wood, Moeller and Quall).

House Committee on Local Government

House Committee on Finance

Senate Committee on Labor, Commerce, Research & Development

Senate Committee on Ways & Means

Background: The State Building Code Council. The State Building Code Council (SBCC) is responsible for the adoption and maintenance of the building, residential, mechanical, fire, and plumbing model codes that comprise the state building code (SBC). The SBC, which includes provisions describing the powers and duties of fire code officials and building officials, must be enforced by counties and cities. Local governments, however, may amend the SBC as it applies within their jurisdiction, subject to limitations prescribed in law.

Under Washington law, the SBCC must adopt rules requiring all owners of existing nightclubs to install automatic fire sprinkler systems in their respective establishments. The rules are to be effective on December 1, 2007.

The State Fire Protection Policy Board. The State Fire Protection Policy Board (SFPPB) is an eight-member board appointed by the Governor to develop a comprehensive state policy regarding fire protection services. Among other duties, the SFPPB must adopt a state fire training and education master plan and a state fire protection master plan.

Definition of "Nightclub". Washington law defines a nightclub as an establishment, other than a theater with fixed seating, which: (1) provides live entertainment by paid performing artists or by way of recorded music conducted by a person employed or engaged to do so; (2) has as its primary source of revenue the sale of beverages of any kind for consumption on the premises, cover charges, or both; and (3) has an occupant load of 100 or more where the occupant load for any portion of the occupancy is calculated at one person per 10 square feet or less, excluding the entry foyer.

Property Taxes Exemption. Property taxes are imposed by state and local governments and apply to the assessed value of all taxable property, which includes all real and personal property located within the state, unless specifically exempted. Real property includes land, structures, and certain equipment that is affixed to the structure. Personal property includes machinery, supplies, certain utility property, and items which are

generally movable. The assessed value of most real property is determined by the county assessor.

The owner of a property may request a special property tax exemption prior to the installation of an automatic fire sprinkler system. A "special property tax exemption" is defined as the determination of the assessed value of the property subtracting the increase in value attributable to the installation of an automatic sprinkler system. The exemption application must be made to the appropriate county assessor and in accordance with specified requirements. If the exemption is granted, the assessor must place a special property tax exemption on eligible property for 10 consecutive assessment years following the calendar year in which the application is made.

Summary: The State Building Code Council. The SBCC must adopt rules requiring, by December 1, 2009, that all nightclubs install automatic sprinkler systems. The SBCC must transmit copies of the adopted rules to the SFPPB. The SFPPB must submit recommendations or proposed changes to the rules within 60 days of receipt.

Definition of "Nightclub". The definition of "nightclub" is modified to apply to an establishment meeting the International Building Code definition of an A-2 occupancy use in which the aggregate area of concentrated use of unfixed chairs and standing space exceeds 350 square feet. The area of concentrated use must be specifically designated and primarily used for dancing or viewing performers. Theaters with fixed seating, banquet halls, and lodge halls are excluded from the definition.

Property Tax Exemption. A lessee, as well as an owner, of the property may apply for a special tax exemption prior to installing an automatic sprinkler system. If the lessee of the property has paid for all expenses associated with the installation and purchase of the automatic sprinkler system, the benefit of the exemption must inure to the lessee. A lessee remains eligible for the tax exemption to the extent that the lessee maintains a valid lease agreement with the property owner for the property in which the sprinkler system was installed. No new application for a special tax exemption may be made after December 31, 2009.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed Section 4 of the bill, which contained an emergency clause making the bill effective as of July 1, 2007. As the result of the veto, the bill now becomes effective July 22, 2007.

VETO MESSAGE ON 2SHB 1811

May 11, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 4, Second Substitute House Bill 1811 entitled:

“AN ACT Relating to the installation of automatic sprinkler systems in nightclubs.”

This bill helps to promote fire safety at nightclubs, while giving nightclub owners the necessary time to install automatic fire sprinkler systems. The bill contains an unnecessary emergency clause. With the emergency clause, the bill would go into effect on July 1, without it, early August. Regardless of the effective date of the bill, my signing it into law tells nightclub owners that the two year implementation delay will be in effect. Emergency clauses should be used sparingly and only when necessary.

For these reasons, I have vetoed Section 4 of Second Substitute House Bill 1811.

With the exception of Section 4, Second Substitute House Bill 1811 is approved.

Respectfully submitted,

Christine O. Gregoire
Governor

HB 1813
PARTIAL VETO
C 241 L 07

Changing the name of the interagency committee for outdoor recreation to the recreation and conservation funding board.

By Representatives Kelley, Priest, Hunt, Dunshee, Hinkle, Condotta, Fromhold and Linville; by request of Interagency Committee for Outdoor Recreation.

House Committee on Agriculture & Natural Resources
Senate Committee on Natural Resources, Ocean & Recreation

Background: The Office of the Interagency Committee. The Office of the Interagency Committee (OIC) is tasked to oversee five different programs: the Salmon Recovery Funding Board, the Washington Biodiversity Council, the Governor's Monitoring Forum, the Invasive Species Council, and the Interagency Committee for Outdoor Recreation (IAC). Approximately 11 grants are administered by the OIC (nine grants are through the IAC and two grants are through the Salmon Recovery Funding Board). The five programs under the OIC study various subjects relating to recreation and conservation, and each program reports its findings back to the Legislature.

The Interagency Committee for Outdoor Recreation.

The IAC was established by voter initiative in 1964. The IAC is composed of five citizens appointed by the Governor, as well as the directors or designees of the Department of Natural Resources, the Washington Department of Fish and Wildlife, and the State Parks and Recreation Commission. The IAC mandate is to preserve, conserve, and enhance the state's recreational resources.

Summary: The IAC is renamed the Recreation and Conservation Funding Board. The OIC is renamed the Recreation and Conservation Office. The name changes have no impact on the validity of any contracts, agreements, or any other documents.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 91 | 3 |
| Senate | 42 | 4 |

Effective: July 1, 2007

Partial Veto Summary: The name of the Office of the Interagency Committee is changed to the Recreation and Conservation Office.

VETO MESSAGE ON HB 1813

April 30, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 74, House Bill No. 1813 entitled:

“AN ACT Relating to changing the name of the interagency committee for outdoor recreation.”

This bill changes the name of the Interagency Committee for Outdoor Recreation to the Recreation and Conservation Funding Board. It also changes the name of the Office of the Interagency Committee to the Recreation and Conservation Office. Section 74 makes this second name change in RCW 90.71.020, the statute that created the Puget Sound Action Team. Since RCW 90.71.020 is being repealed in Engrossed Substitute Senate Bill 5372, I am vetoing Section 74 in order to avoid any confusion.

For these reasons, I have vetoed Section 74 of House Bill No. 1813.

With the exception of Section 74, House Bill No. 1813 is approved.

Respectfully submitted,

Christine O. Gregoire
Governor

HB 1820

C 510 L 07

Reducing air pollution through the licensing and use of medium-speed electric vehicles.

By Representatives Dickerson, Hankins, Lovick, B. Sullivan, Simpson, Hasegawa and Moeller.

House Committee on Transportation
Senate Committee on Transportation

Background: Neighborhood electric vehicles (NEV) are included in the definition of a motor vehicle. The vehicles are defined as four-wheeled motor vehicles that are self-propelled and electrically powered, can reach a speed between 20 and 25 miles per hour, and conform to federal regulations.

Neighborhood electric vehicles may be operated on a public highway having a speed limit of 35 miles per hour or less if certain conditions are met. The conditions are that the vehicle is licensed and displays plates, the vehicle is insured for liability, the vehicle may not operate on a state highway, and the vehicle may not cross a highway with a speed limit over 35 miles per hour, unless certain criteria are met.

The NEV operator must have a valid driver's license. An NEV operator in violation of the above provisions is guilty of a traffic infraction. Seatbelt and child restraint laws are applicable, and the vehicle must meet federal standards for that type of vehicle.

Local authorities may regulate the operation of these types of vehicles on public highways under their jurisdiction if the regulations are consistent with the motor vehicle code. The local authorities may not permit vehicles on state highways or require additional registration or licensing.

Summary: A medium-speed electric vehicle (MEV) is included in the definition of a motor vehicle. The vehicles are defined as four-wheeled motor vehicles that are self-propelled and electrically powered, can reach a speed a between 30 and 35 miles per hour, are equipped with a roll cage or a crush-proof body design, and otherwise meet or exceed the federal regulations for neighborhood electric vehicles.

Medium-speed electric vehicles may be operated on a public highway having a speed limit of 35 miles per hour or less if certain conditions are met. The conditions are that the vehicle is licensed and displays plates, the vehicle is insured for liability, the vehicle may not operate on a state highway, and the vehicle may not cross a highway with a speed limit over 35 miles per hour, unless certain criteria are met.

The MEV operator must have a valid driver's license. An MEV operator in violation of the above provisions is guilty of a traffic infraction. Seatbelt and child restraint laws are applicable, and the vehicle must meet or exceed federal standards for that type of vehicle.

Local authorities may regulate the operations of these types of vehicles on public highways under their jurisdiction if the regulations are consistent with the motor vehicle code. The local authorities may not permit vehicles on state highways or require additional registration or licensing.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 47 | 0 |

Effective: August 1, 2007

SHB 1826

C 179 L 07

Modifying provisions affecting medical benefits.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Seaquist, Hinkle, Morrell, Moeller and Ormsby; by request of Department of Social and Health Services).

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

Background: State Medical Assistance Programs. Medical assistance is available to eligible low-income state residents and their families from the Department of Social and Health Services (DSHS), primarily through the Medicaid program. Most of the state medical assistance programs are funded with matching federal funds in various percentages. Federal funding for the Medicaid program is conditioned on the state having an approved Medicaid state plan and related state laws to enforce the plan.

If a recipient of state medical assistance is also covered by another health care plan (a third party plan), the recipient is a joint beneficiary. The third party is liable for payment of the recipient's health care services or items covered by its plan and paid for by the DSHS. States are required to have these coordination of benefits provisions in their Medicaid state plan and to have laws in effect under which the state acquires the right to those payments from any liable third party.

Washington's coordination of benefits statute requires insurers (commercial insurance companies providing disability insurance, health care service contractors, health maintenance organizations, and employers and unions providing self-insured health coverage) to use information provided by the DSHS to identify joint beneficiaries. The state must have common computer standards for sharing this information. Proper safeguards are required to protect the information.

The Deficit Reduction Act of 2005. The federal Deficit Reduction Act of 2005 (DRA) made several changes regarding the way in which third party liability is enforced for health care items or services provided to joint beneficiaries under the Medicaid program. The

DRA added to the list of liable third parties and requires the states to have laws under which third parties, as a condition of doing business, agree to certain requirements.

Liabile Third Parties. The list of liable third party health insurers expressly includes health insurers, self-insured plans, group health plans, service benefit plans, managed care organizations, pharmacy benefit managers, or other parties that are legally responsible for payment of a claim for a health care item or service.

Conditions of Doing Business. States must have laws in effect that require health insurers, as a condition of doing business in the state, to:

- (1) provide, at the request of the DSHS, eligibility and coverage information for individuals or their family members who are eligible for or have been provided Medicaid benefits;
- (2) accept the DSHS's right to recovery, and to assignment of an individual's right to payment, for a health care item or service for which payment was made under the Medicaid program;
- (3) respond to inquiries from the DSHS regarding payment for a health care item or service submitted within three years after the date of service; and
- (4) agree not to deny a claim on procedural grounds (date, claim form format, or failure to present proper documentation at the point-of-sale) if the DSHS submitted the claim within the three-year period and took action to enforce its rights within six years.

Effective Date for State Laws to Comply. These changes under the DRA took effect January 1, 2006. For Washington, the DRA requires a complying law to be in effect by the first calendar quarter after the close of the 2007 legislative session.

Summary: Legislative Intent. The stated legislative intent of the coordination of benefits law is amended to recognize that health insurers need to increase efforts to share information as a condition of doing business in Washington and that the process for sharing information between the DSHS and the health insurers should be simplified.

Requirements for Third Party Health Insurers. As a condition of doing business in Washington, health insurers must:

- (1) provide, at the request of the DSHS, eligibility and coverage information for individuals or their family members who are eligible for or have been provided state medical assistance;
- (2) accept the DSHS's right to recovery, and to assignment of an individual's right to payment, for a health care item or service for which payment was made under state medical assistance;
- (3) respond to inquiries from the DSHS regarding payment for a health care item or service submitted within three years after the date of service;

- (4) agree not to deny a claim on procedural grounds (date, claim form format, or failure to present proper documentation at the point-of-sale) if the DSHS submitted the claim within the three-year period and took action to enforce its rights within six years; and
- (5) agree to reasonable attorneys' fees and collection fees and costs for the prevailing party in an enforcement action.

Definitions. Several definitions are amended. "Health coverage" refers to health care items and services, rather than medical services, provided or paid for by a health insurer. "Health insurer" means any party that is legally responsible to pay a claim for a health care item or service, including these additional parties: private insurers, group health plans, service benefit plans, managed care organizations, pharmacy benefit managers, or third party administrators.

The definition of "joint beneficiary" is amended to delete a reference to Washington residency.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 48 | 0 |

Effective: July 1, 2007

HB 1831

C 180 L 07

Modifying the dates of an election cycle.

By Representatives Hunt, Armstrong, Appleton, Miloscia, Priest, Green, Ormsby, Williams, Hudgins, Condotta, Moeller and Chase.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: State law governs campaign financing, lobbyist reporting, political advertising and electioneering communications, reporting of public officials' financial affairs, and campaign contribution limits. This law prohibits contributions to a campaign after the last day of the applicable election cycle.

For purposes of this law, "election cycle" is defined as the period beginning on December 1 after the date of the last previous general election for the office that the candidate seeks and ending on November 30 after the next election for the office. In the case of a special election to fill a vacancy in an office, "election cycle" means the period beginning the day the vacancy occurs and ending on November 30 after the special election.

Summary: "Election cycle" is defined as the period beginning on January 1 after the date of the last previous general election for the office that the candidate seeks and ending on December 31 after the next election for the office. In the case of a special election to fill a vacancy in an office, "election cycle" means the period

beginning the day the vacancy occurs and ending on December 31 after the special election.

Votes on Final Passage:

House 97 0
Senate 45 3

Effective: July 22, 2007

SHB 1832

C 455 L 07

Shortening the statute of limitations on claims under chapter 42.17 RCW.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Hunt, Chandler, Williams, Ormsby and Condotta).

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: State law governs campaign financing, lobbyist reporting, political advertising and electioneering communications, reporting of public officials' financial affairs, and campaign contribution limits. Among other duties, the Public Disclosure Commission (PDC) enforces this law. Citizen actions are also authorized if there is reason to believe that the law is being violated.

Several civil remedies and sanctions may be imposed by a court order for violations, including:

- If a candidate or political committee violates any provision of this law, the outcome of the election may be held void.
- If a lobbyist or sponsor of any grassroots lobbying campaign violates any provision of this law, his or her registration may be revoked or suspended and he or she may be enjoined from receiving compensation or making expenditures for lobbying.
- A person who violates this law may be liable for a civil penalty.
- A person who fails to report under this law may be liable for \$10 each day the delinquency continues.

Any action brought under this law must be commenced within five years of the violation.

Summary: Any citizen's action brought under the state law governing campaign financing and related reporting must be commenced within two years of the violation.

Votes on Final Passage:

House 94 0
Senate 49 0

Effective: July 22, 2007

ESHB 1833

PARTIAL VETO

C 490 L 07

Expanding the presumption of occupational disease for firefighters.

By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Pettigrew, Seaquist, Upthegrove, Morrell, Kessler, P. Sullivan, Williams, Kenney, Haler, Ericksen, Moeller, Sells, Dunn, Rolfes, Lantz, McCoy, Lovick, Jarrett, Strow, Hurst, Springer, Campbell, Goodman, Simpson, Pearson, Curtis, Rodne, Schual-Berke, McDermott, Ormsby and Chase).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: A worker who, in the course of employment, suffers disability from an occupational disease may be entitled to benefits under the Industrial Insurance Act (Act). To prove an occupational disease, the injured worker must show that the disease arose "naturally and proximately" out of employment.

Members of the Law Enforcement Officers' and Fire Fighters' retirement system are covered for workplace injuries and occupational diseases under the Act. In 1987 the Legislature created a rebuttable presumption that respiratory diseases in firefighters are occupationally related. In 2002 the Legislature expanded this presumption to include a presumption that the following diseases are occupational diseases:

- respiratory disease;
- heart problems that are experienced within 72 hours of exposure to smoke, fumes, or toxic substances;
- primary brain cancer, malignant melanoma, leukemia, non-Hodgkin's lymphoma, bladder cancer, ureter cancer, and kidney cancer; and
- infectious diseases, including Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome, hepatitis, meningococcal meningitis, or mycobacterium tuberculosis.

With respect to the cancers presumed to be an occupational disease, an active or former firefighter must have cancer that developed or manifested itself after at least 10 years of service and must have had a qualifying medical examination at the time of becoming a firefighter that showed no evidence of cancer.

The presumption of occupational disease may be rebutted by a preponderance of evidence, including, but not limited to: use of tobacco products, physical fitness and weight, lifestyle, hereditary factors, and exposure from other employment or non-employment activities.

Since July 1, 2003, the presumption of occupational disease has not applied to a firefighter who develops a heart or lung condition and who is a regular user of tobacco products or who has a history of tobacco use.

Summary: Legislative Findings. Legislative findings are made related to the following:

- firefighters' exposures, by reason of their employment, to smoke, fumes, infectious diseases, and toxic and hazardous substances;
- firefighters' entering uncontrolled environments to save lives, provide emergency services, and reduce property damage, without being aware of potential toxic and carcinogenic substances and infectious diseases;
- the slow development of harmful effect caused by these exposures;
- firefighters frequently and at unpredictable intervals performing job duties under strenuous physical conditions unique to their employment; and
- firefighting exacerbating cardiovascular disease.

Presumption of Occupational Disease. A presumption of occupational disease is added for heart problems that are experienced within 24 hours of strenuous physical exertion due to firefighting activities. "Firefighting activities" means fire suppression, fire prevention, emergency medical services, rescue operations, hazardous materials response, aircraft rescue, and training and other assigned duties related to emergency response.

Certain cancers are added to the list of cancers presumed to be occupational diseases. The added cancers are: prostate cancer diagnosed prior to the age of 50, colorectal cancer, multiple myeloma, and testicular cancer.

Litigation Costs and Fees. When a determination involving the presumption of occupational disease for firefighters is appealed to the Board of Industrial Insurance Appeals or to any court and the final decision allows the claim for benefits, the Board of Industrial Insurance Appeals or the court must order that all reasonable costs of the appeal be paid to the firefighter or his or her beneficiary.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 83 | 12 | |
| Senate | 46 | 2 | (Senate amended) |
| House | 91 | 6 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the intent section, which contained legislative findings about firefighters working in the midst of smoke, fumes, infectious diseases, and toxic and hazardous substances; firefighters entering uncontrolled environments to save lives, provide emergency medical services, and reduce property damage without being aware of the potential toxic and carcinogenic substances, and infectious diseases that they may be exposed to; the harmful effects caused by

firefighters' exposure to hazardous substances developing very slowly, manifesting themselves years after exposure; firefighters frequently and at unpredictable intervals performing job duties under strenuous physical conditions unique to their employment when engaged in firefighting activities; and firefighting duties exacerbating and increasing the incidence of cardiovascular disease in firefighters.

VETO MESSAGE ON ESHB 1833

May 15, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 1, Engrossed Substitute House Bill 1833 entitled:

"AN ACT Relating to occupational diseases affecting firefighters."

Engrossed Substitute House Bill 1833 creates a rebuttable presumption that certain heart problems, cancer and infectious diseases are occupational diseases for firefighters that are covered by industrial insurance. I strongly support this law. The legislature's statement of intent in Section 1, however, makes broad generalizations about the incidence of cardiovascular disease. In an effort to avoid the unintended interpretations of broad generalizations, Section 2 of the bill has been carefully crafted to define specific 'firefighting activities' that are related to occupational diseases.

For these reasons, I have vetoed Section 1 Engrossed Substitute House Bill 1833.

With the exception of Section 1, Engrossed Substitute House Bill 1833 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SHB 1837
C 305 L 07

Concerning the transport of certain nonambulatory persons.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Newhouse, Cody and Schual-Berke).

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

Background: Ambulance services are licensed by the Department of Health (Department). Ambulance services must meet certain standards for their vehicles relating to personnel, equipment, and vehicle safety.

Patients who must be carried on a stretcher or who may require medical attention en route may only be transported by an ambulance. In 2005 legislation was enacted which specified that the term "stretcher" does not include personal mobility devices that are owned or leased for a period of at least one week.

Summary: An exception to the prohibition on using non-ambulance vehicles to transport individuals who must be carried on a stretcher is made for people whose personal mobility aid cannot be adequately secured in the non-ambulance vehicle. The individual must have written authorization from a physician for the non-ambulance personnel to transfer the person from a personal mobility aid to a stretcher.

The Department must develop guidelines relating to appropriate situations for a non-ambulance vehicle to transport individuals who rely upon personal mobility aids and methods for properly securing personal mobility aids, and determining whether or not they are adequately secured. To assist with developing the guidelines, the Department shall convene a stakeholder group that includes the Department of Social and Health Services, the Department of Transportation, and local special needs transportation providers.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 2 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 94 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 1843

C 436 L 07

Modifying provisions regulating contractors.

By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Condotta, Chandler and Moeller; by request of Department of Labor & Industries).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: The Contractor Registration Act (Act) requires general and specialty contractors to register with the Department of Labor and Industries (Department). In addition to registering contractors, the Department administers and enforces other provisions of the Act.

Definitions. "Contractor" is defined as meaning any person who undertakes to construct, alter, repair, add to, subtract from, improve, move, wreck, or demolish for another any building or other structure. "General contractor" is defined as a contractor whose business operations require the use of more than two unrelated building trades or crafts. "Specialty contractor" is defined as a contractor whose operations do not fall within the definition of "general contractor."

Registration Requirement. The Department must deny an application if the applicant has an unsatisfied final judgment against him or her in an action based on the Act, was a principal or an officer of a partnership, corporation or other entity with an unsatisfied final

judgment in an action based on work that is subject to the Act, or owes the Department penalties or fees.

The Department must suspend a registration if the registrant is a sole proprietor or a principal or officer of a registered contractor that has an unsatisfied final judgment against it for work that is subject to the Act.

Bond Requirement. An applicant for registration or renewal must submit a bond. The amount of the bond must be \$12,000 for a general contractor, and \$6,000 for a specialty contractor. The Director of the Department (Director) may require an applicant to file a bond of up to three times the normal amount if the applicant has had in the past five years a total of six final judgments involving single-family dwellings on two or more different structures. In lieu of a surety bond, a contractor may file a deposit consisting of cash or other security acceptable to the Department.

The bond must be conditioned such that the applicant will pay all persons performing labor for the contractor, all taxes and contributions due to the state, and all persons furnishing labor or material or renting or supplying equipment to the contractor, as well as all amounts that may be adjudged against the contractor by reason of breach of contract, including negligent or improper work.

The amounts paid on the bond to claimants other than residential homeowners must not exceed one-half of the general contractor bond and \$4,000 or one-half of a specialty contractor bond, whichever is greater. A residential homeowner may bring an action against the bond for breach of contract within two years of the date work is substantially completed or abandoned. If a final judgment impairs the full amount of the bond, the contractor's registration is automatically suspended.

Exemptions. Certain activities and persons are exempt from the registration requirement. They include:

- the sale or installation of finished products, materials, or merchandise that are not actually fabricated into and that do not become a permanent fixed part of a structure;
- an owner who contracts with a registered contractor;
- any person working on his or her own property, whether occupied by him or her or not, and any person working on his or her personal residence, whether owned by him or her or not, but not to a person otherwise covered by the Act who constructs an improvement on his or her own property with the intention and the purpose of selling the improved property; and
- owners of commercial properties who use their own employees to do maintenance work on their properties.

Disclosure Statement. A contractor must provide a customer with a disclosure statement that includes registration and bonding information. In addition, the disclosure statement must say that the bond might not be

sufficient to pay the customer's claim, the customer's property can be liened, and the customer may retain a portion of the contract or request original lien release documents for greater protection.

Collections. A contractor may not bring an action to collect compensation for work for which registration is required without proving that he was in compliance with the registration requirements of the Act. A court may not find that the contractor was in substantial compliance unless the court finds that the contractor has a current bond or other security and current insurance.

Investigations. The Director may inspect and investigate job sites to determine whether a contractor is registered or whether the contractor has violated the Act.

Civil Infractions. A notice of infraction must be personally served on the contractor or service can be made by certified mail to the contractor. If a notice is personally served on an employee of a firm or corporation, the Department must within four days send a copy of the notice by certified mail to the contractor if the Department is able to obtain the contractor's address.

The notice of infraction must be dismissed if the defendant establishes that, at the time the work was performed, the defendant was registered or was exempt from registration.

The prevailing party in an action against the contractor and the contractor's bond or deposit is entitled to costs, interests, and reasonable attorneys' fees.

Criminal Violations. It is a misdemeanor for a contractor to advertise without being registered, use a false or expired registration number in purchasing an advertisement, or transfer a valid registration to an unregistered contractor. It is also a misdemeanor for a contractor to willfully violate the written promise to respond to a notice of infraction.

Summary: The Contractor Registration Act (Act) is modified. Requirements relating to definitions, registration, exemptions, bonds, disclosure statements, collections, investigations, civil infractions, and criminal violations are changed.

Definitions. "Contractor" is defined as including any person who undertakes to construct, alter, repair, add to, subtract from, improve, develop, move, wreck, or demolish any building or other structure. Examples of contractor activities include performing tree removal services and installing cabinets. "Contractor" includes consultants acting as general contractors and persons who offer to sell their property without occupying or using the structure for more than one year. "General contractor" is defined as a person whose business operations require the use of more than one building trade or craft upon a single job or project or under a single building permit.

Registration. The Department of Labor and Industries (Department) must deny an application if the applicant has an unsatisfied final judgment against him or her

in an action based on "work performed subject to" the Act, if the applicant was an owner, principal, or officer of a partnership, corporation or other entity with an unsatisfied final judgment in an action based on work performed subject to the Act, or if the applicant owes the Department penalties or fees.

The Department must suspend an active registration if the registrant has an unsatisfied final judgment against it for work within the scope of the Act. The Department also must suspend a registration if the registrant is a sole proprietor or an owner, principal, or officer of a registered contractor that has an unsatisfied final judgment against it for work within the scope of the Act.

The Department may suspend a registration if an owner, principal, partner, or officer of the registrant was an owner, principal, or officer of a previous partnership, corporation, or other entity that has an unsatisfied final judgment against it.

Bond Requirement. In lieu of a bond, a contractor may file an assigned savings account, upon forms provided by the Department.

The bond must be conditioned that the applicant will pay all persons performing labor for the contractor, all taxes and contributions due to the state, and all persons furnishing material or renting or supplying equipment to the contractor, as well as all amounts that may be adjudged against the contractor by reason of breach of contract, including improper work.

An action upon the bond or deposit brought by a residential homeowner for breach of contract must be commenced within two years from the date the claimed contractor work was substantially completed or abandoned, whichever occurred first. An action by another party must be commenced within one year of the date the claimed labor was performed, taxes and contributions became due, materials and equipment were furnished, or the contract was substantially completed or abandoned, whichever occurred first.

The Director may require an applicant to file a bond of up to three times the normal amount if the applicant has had in the past five years a total of three final judgments involving single-family dwellings on two or more different structures.

Exemptions. The activities and persons that are exempt from the registration requirement are modified. They include:

- the sale of finished products, materials, or merchandise that are not fabricated into and do not become a part of a structure under the common law of fixtures;
- an owner who contracts with a registered contractor, but not if the owner performs the activities of a contractor for the purpose of leasing or selling improved property owned for less than 12 months;
- any person working on his or her own property or residence, but not if the person performs the

activities of a contractor for the purpose of selling, demolishing, or leasing the property; and

- an owner who performs maintenance work on his or her own properties, or who uses his or her own employees to do such work.

Disclosure Statements. A contractor must retain signed copies of disclosure statements for three years and produce copies for the Department upon request.

Collections. A contractor may not bring an action to collect compensation for work for which registration is required without proving that he was in compliance with the registration requirements. A court may not find that the contractor was in substantial compliance unless the contractor has "at all times had in force" a current bond or other security as well as current insurance.

Investigations. The Director may apply for and a court may issue a search warrant authorizing access to any job site at which a contractor is working. The costs of obtaining the search warrant are added to the penalty if the violation becomes final.

If the Director has reason to believe there has been a violation, the Director may issue subpoenas for documents concerning business transactions between a contractor and the contractor's customers, subcontractors, and suppliers. These subpoenas may be issued only if the contractor fails to provide the documents when requested. The superior court has the power to enforce these subpoenas.

Civil Infractions. A notice of infraction must be personally served on the contractor or service can be made by certified mail to the contractor at the contractor's last known address. If a notice is personally served on an employee of a firm or corporation, the Department must send a copy of the notice to the contractor if the Department is able to obtain the contractor's address.

The notice of infraction must be dismissed if the appellant establishes that, at the time the advertising occurred, offer or bid was made, or work was performed, the appellant was registered or was exempt from registration.

An appeal of a notice of infraction must be accompanied by a certified check for \$200. If the Department's decision is not sustained, the check is returned. If the Department's decision is sustained, the Department must apply the sum to the payment of appeal expenses.

The prevailing party in an action for breach of contract by a party to the construction contract involving a residential homeowner is entitled to costs, interests, and reasonable attorneys' fees.

Criminal Violations. It is a gross misdemeanor to advertise without being registered, use a false or expired registration number in purchasing an advertisement, transfer a valid registration to an unregistered contractor, or subcontract to or employ an unregistered contractor. To willfully violate the written promise to respond to a notice of infraction is increased to a gross misdemeanor.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 98 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

SHB 1848

C 60 L 07

Requiring the department of social and health services and the health care authority to enter into data-sharing agreements with Oregon and Idaho agencies.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Curtis, Cody, Hinkle, Condotta, Orcutt, Fromhold, Moeller and Campbell).

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

Background: Medical assistance is available to low-income state residents from the Department of Social and Health Services (DSHS), primarily through the Medicaid program. It is also available through the Basic Health Plan (BHP), a state-sponsored program administered by the Health Care Authority (Authority) to provide subsidized health insurance coverage to low-income state residents who are not eligible for Medicare or institutionalized at the time of enrollment.

Among other requirements, an enrollee in the BHP must be a Washington resident. To prove residency, Authority rules require applicants to provide documentation that displays both the applicant's name and address, such as utility bills or rent receipts. If the applicant does not have a physical residence, he or she may submit a signed statement from a person who is providing temporary shelter. In practice, the Authority accepts driver's licenses, voter registration cards, car registrations, mortgage statements, benefits statements from the DSHS, or labels on federal income tax returns.

Authority rules allow it to require additional information for purposes of establishing or verifying eligibility. The rules do not explicitly address providing proof of the applicant's identity.

By statute, state general assistance applicants, including those applying for Medicaid or other state medical assistance programs, generally must be state residents and U.S. citizens or lawfully admitted aliens. Although specific requirements vary for medical assistance programs that are funded only by state funds, most programs require proof of residency and identity. The DSHS policies allow applicants to use any proof that is accurate and consistent. As examples, residency may be shown by rental agreements or statements from a landlord, mortgage papers, or utility bills. Identity may be proven by such records as driver's licenses or state identification cards, birth certificates, passports, school records, or alien registration cards.

Summary: The DSHS and the Authority must enter into data-sharing agreements with the appropriate agencies in Oregon and Idaho to assure the valid residency of applicants for health care services in Washington. The agreements must include appropriate safeguards related to confidential information.

The agencies must report on the status of data-sharing agreements to the Legislature by November 30, 2007.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

ESHB 1858
C 329 L 07

Regarding the imposition of fees by transportation benefit districts.

By House Committee on Transportation (originally sponsored by Representatives Fromhold, Curtis, Clibborn, Jarrett, Simpson, Springer and Moeller).

House Committee on Transportation
Senate Committee on Transportation

Background: The Legislature has declared, by statute, that cooperation between the public and private sectors should be encouraged to address transportation needs caused by private sector development for the public good. Consistent with this objective, a county or city may establish one or more transportation benefit districts (TBD or district) within its jurisdiction to fund improvements to city streets, county roads, and state highways. A TBD may not, however, be established in King, Pierce, or Snohomish Counties prior to December 1, 2007.

"Transportation improvement" means a project contained in the transportation plan of the state or a regional transportation planning organization. Such projects may include investment in new or existing highways of statewide significance, principal arterials of regional significance, high capacity transportation, public transportation, and other transportation projects and programs of regional or statewide significance, as well as the operation, preservation, and maintenance of these facilities or programs.

The legislative authorities proposing to establish a district, or to modify the boundaries of an existing district, must first issue public notice of that intent and then hold a public hearing. Following the public hearing, the district may be formed or modified if the legislative authorities find that such action is in the public interest and if an ordinance providing for such action is adopted.

When establishing the district's area, the jurisdiction proposing to create the TBD may only include cities and other counties through interlocal agreements. In 2006 the Legislature removed the requirement that the boundaries of a TBD must include all territory within the boundaries of each participating jurisdiction, and, instead, a TBD may comprise less than the entire area within each participating jurisdiction.

A TBD is governed by the legislative authority of the jurisdiction proposing to create it, or by a governance structure prescribed in an interlocal agreement among multiple jurisdictions. If a TBD includes more than one jurisdiction, the governing body must have at least five members, including at least one elected official from each of the participating jurisdictions. Port districts and transit districts may participate in the establishment of a TBD but may not initiate district formation.

Transportation benefit districts have independent taxing authority to implement the following revenue measures, all of which are subject to voter approval: (1) excess property taxes; (2) general obligation bonds; (3) transportation impact fees; (4) border area motor vehicle fuel taxes; (5) a local option sales and use tax up to 0.2 percent; (6) a local option annual vehicle fee of up to \$100 on vehicle license renewals; and (7) vehicle tolls. They also have authority to issue general obligation and revenue bonds. In addition, TBDs may form local improvement districts to impose special assessments on property benefitted by the improvements and to issue special assessment bonds.

Certain issues require a TBD to take additional accountability steps. The governing body must develop a material change policy to address major plan changes that affect project delivery, cost, or scope, or the ability to finance the plan. If project costs exceed original costs by more than 20 percent, there must be a public hearing to solicit comment on how the cost change should be resolved. Revenue rates, once imposed, may not be increased unless authorized by voter approval.

Any transportation improvement by a TBD is owned by the jurisdiction where the improvement is located or by the state if the improvement is a state highway. A TBD dissolves and ceases to exist 30 days after the financing or debt service on the improvement project is completed and paid. If there is no debt service on the project, the district must dissolve within 30 days from the date construction of the improvement is completed.

Summary: Transportation benefit districts (TBD) that fully encompass a city or county are permitted to impose impact fees or up to \$20 in vehicle fees without voter approval, if the fees or charges are approved by a majority of the TBD Board. If more than one vehicle fee is imposed within a TBD's boundaries, total vehicle fees must be reduced such that no more than \$20 in vehicle fees may be imposed without voter approval.

For TBDs comprised solely of a city or cities (city TBD), a city TBD's authority to impose the impact or vehicle fee is delayed for 180 days, providing time for a county-wide TBD to impose these fees first on a county-wide basis. A county may waive the 180-day waiting period by resolution.

If the TBD is county-wide, the vehicle fee revenues must be distributed by interlocal agreement. If an interlocal agreement cannot be reached, the county-wide TBD is authorized to impose the vehicle fee only in the unincorporated area within its boundaries. For an interlocal agreement to be effective, agreement must be reached between the county and 60 percent of the cities representing 75 percent of the incorporated population.

The vehicle fee may be used for passenger-only ferry transportation improvements only if the fee is approved by a majority of the voters in the district's boundaries.

The authority of a TBD to impose impact fees, with or without voter approval, on residential development is removed.

Votes on Final Passage:

House 61 35
Senate 32 17

Effective: July 22, 2007

HB 1859
C 456 L 07

Revising the statute law committee's publication authority.

By Representatives Goodman and Priest; by request of Statute Law Committee.

House Committee on Judiciary
Senate Committee on Judiciary

Background: The Statute Law Committee (SLC) is responsible for compiling and printing a number of publications, including the session laws and the Washington State Register (Register).

The session laws consist of all the bills that were enacted into law during the legislative session and initiatives adopted by the people in the preceding year. The SLC is required to have published and bound, within 75 days after adjournment of session, as many copies of the session laws as may be necessary.

The SLC distributes free copies of the session laws to designated persons and entities. In addition, the SLC may exchange session laws for similar laws of other states. Surplus copies of the session laws may be sold by the SLC for a price that covers costs. Moneys received from the sale of the session laws are deposited into the State General Fund.

The Register is a biweekly publication distributed on the first and third Wednesday of each month. It

includes a variety of information relating to the activities of state government, including notices of proposed rules, emergency and permanently adopted rules, public meetings of state agencies, notices of rules review, executive orders and emergency declarations of the Governor, court rules adopted but not yet published, summaries of Attorney General opinions, juvenile disposition standards, and the state maximum interest rate.

The Register must be made available in written form and free of charge to certain governmental officials, the State Legislature, county boards of law libraries, and to the Olympia representatives of the Associated Press and United Press International. Other persons may purchase the Register for a price fixed by the Code Reviser.

County law libraries are required to maintain complete sets of the Register for public use and inspection.

Summary: Moneys received from the sale of surplus copies of the session laws are paid into the Statute Law Committee Publication Account, rather than the State General Fund.

The SLC may publish the Register exclusively by electronic means on the Code Reviser website if the SLC determines that public access will not be substantially diminished, and the electronic copy is considered the official copy of the Register.

If the SLC decides to publish the Register exclusively by electronic means, county law libraries may satisfy their requirement to maintain the Register for inspection by providing on-site access to the Register, and the SLC will not be required to provide written copies of the Register to those persons and entities currently entitled to them. The Code Revisor must provide a paper copy of the Register or a Register filing upon request and may charge a reasonable fee for printing and mailing the paper copy.

Changes are made to the language in the laws relating to the Register to accommodate the potential change to exclusive electronic publication of the Register. In addition, the reference to the Olympia representatives of the Associated Press and United Press International is changed to the Olympia Press Corps.

Votes on Final Passage:

House 96 1
Senate 47 0 (Senate amended)
House 95 0 (House concurred)

Effective: July 22, 2007

HB 1870

C 61 L 07

Recognizing Juneteenth as a day of remembrance.

By Representatives Pedersen, Ross, Lovick, Bailey, Hunt, Hasegawa, Pettigrew, Skinner, Flannigan, Darneille, Roberts, Newhouse, Hankins, Walsh, Appleton, Santos, Lantz, McCoy, Rodne, Schual-Berke, Ormsby, Upthegrove, Morrell, Kessler, Williams, Kenney, McDermott and Chase.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: Juneteenth celebrations date back to 1865 when on June 19, Union soldiers, led by Major General Gordon Granger, landed at Galveston, Texas with news that the war had ended and the slaves were free. This was two and a half years after President Lincoln's Emancipation Proclamation became official on January 1, 1863.

The celebration of June 19 was soon coined "Juneteenth" and grew with participation from slaves' descendants. Indeed, Juneteenth continued to be highly revered in Texas, with many former slaves and descendants making an annual pilgrimage back to Galveston. Initially, Juneteenth was not celebrated outside African American communities. Most of the festivities were in rural areas around rivers and creeks that could provide for additional activities such as fishing, horseback riding and barbecues. Often church grounds were used for Juneteenth celebrations.

Juneteenth began to gain prominence during the Civil Rights movement of the 1950s and 1960s. In 1968, the Reverend Ralph Abernathy celebrated Juneteenth at the Poor Peoples March to Washington D.C. Many of those attending returned home and initiated Juneteenth celebrations in areas previously absent of such activity. The Juneteenth celebrations in Milwaukee and Minneapolis, which are two of the largest celebrations, were founded after the Poor Peoples March of 1968.

On January 1, 1980, Juneteenth became an official state holiday in Texas. It is considered a "partial staffing holiday" meaning that state offices do not close but some employees use a floating holiday to take the day off. Thirteen other states list it as an official holiday, including New York, New Jersey, Connecticut, Alaska, and California. However, some of these states, such as Connecticut, do not consider it a legal holiday and do not close government offices in observance of the occasion. Its informal observance has spread to other states, including Alabama, with a few celebrations taking place in other countries.

Summary: June 19 is declared as a day of remembrance for the day the slaves learned of their freedom and will be recognized as Juneteenth.

Votes on Final Passage:

House 94 0
Senate 48 0

Effective: July 22, 2007

ESHB 1883

PARTIAL VETO

C 458 L 07

Modifying the higher education coordinating board.

By House Committee on Higher Education (originally sponsored by Representatives Wallace, Anderson, Chase, Jarrett, Moeller, McDermott, Priest, Haigh, Kagi, Roberts, Kenney and Conway).

House Committee on Higher Education
Senate Committee on Higher Education

Background: In 1985, the Legislature sunset the Council on Postsecondary Education and created the Higher Education Coordinating Board (HECB). The HECB is composed of 10 members representing the public, one of whom is a student. The members are appointed by the Governor, subject to Senate confirmation, and serve four-year terms, with the exception of the student member, whose term lasts one year.

The HECB's functions include policy development, planning, and research for the higher education system. Its responsibilities include development of a statewide strategic master plan for higher education and the development of recommendations on policy and budgetary issues for consideration by the Governor and the Legislature.

Summary: The HECB's statewide strategic master plan for higher education and institution-level strategic plans at the four-year institutions will all cover a 10-year time period. The HECB will update its plan every four years, and it will address the goals of: expanding access; using methods of educational delivery that are efficient, cost-effective, and productive to deliver modern educational programs; and using performance measures.

The deadline for the HECB, State Board for Community and Technical Colleges (SBCTC), and four-year institutions to submit budget recommendations are all moved up one month in each even-numbered year. The operating and capital budget outlines submitted by the SBCTC and institutions to the HECB will include all policy changes and enhancements that will be requested and a prioritized ranking of capital requests.

Votes on Final Passage:

House 95 1
Senate 46 0 (Senate amended)
House 93 1 (House concurred)

Effective: July 22, 2007

Partial Veto Summary: The emergency clause in Section 102 was vetoed by the Governor.

VETO MESSAGE ON ESHB 1883

May 14, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 302, Engrossed Substitute House Bill 1883 entitled:

“AN ACT Relating to modifications of the higher education coordinating board.”

This bill focuses on minor changes to the responsibilities of the Higher Education Coordinating Board. The emergency clause in Section 302 of this bill is unnecessary. Emergency clauses should be restricted to bills that address public emergencies.

For this reason, I have vetoed Section 302 of Engrossed Substitute House Bill 1883.

With the exception of Section 302, Engrossed Substitute House Bill 1883 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

HB 1888
C 181 L 07

Regarding Brassica seed production.

By Representatives Linville, Newhouse, Grant, Hailey and B. Sullivan.

House Committee on Agriculture & Natural Resources
Senate Committee on Agriculture & Rural Economic Development

Background: Plants from the genus Brassica grown as vegetables for human or animal consumption include cabbage, broccoli, rutabaga, and kohlrabi. The genus Brassica also includes plant species known as rapeseed or canola which are grown for oil, biofuel, and associated bio-products. When grown in geographic proximity, Brassica species, hybrids, varieties, and variations can form genetic crosses, which could result in loss of quality, purity, and value of the seed produced.

Summary: Any grower or processor of a Brassica seed crop may petition the Department of Agriculture Director (Director) to request establishment of a Brassica seed production district. In response to the petition, the Director may adopt rules to establish a district. The petition must include:

- proposed geographic boundaries for the district;
- proposed types of regulations for designated species within the district; and
- signatures of 10 or more growers or processors of affected Brassica seed crops grown within the district, or, if fewer than 10 exist, a list of their names

and contact information, and signatures of 50 percent.

Once a Brassica seed production district is established, a person wishing to conduct an otherwise prohibited activity within the district must enter into an agreement with the Director. The agreement will be developed by the applicant and the Director in consultation with an advisory committee. The advisory committee must include three or more Director-appointees with no financial interest in the request or outcome, and at least one of them must be a grower or processor of Brassica seed crops grown within the district. The Director must be satisfied that the agreement terms and conditions are sufficient to mitigate reasonably possible risks from the proposed activity. Appeals to the Director's decision by the applicant, district growers, or processors may be filed in superior court. The Director or a grower or processor of in-district crops may bring legal action to enjoin violations or threatened violations of this act.

The Director may adopt rules including, but not limited to: production districts and agreements; a centralized notification process for growers intending to plant a crop within a district; isolation distances; exclusion of crops; and control of volunteer and weed plants within a district.

Statutory provisions governing regulatory authority on the production of rapeseed by variety and location are repealed.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 48 | 0 |

Effective: April 21, 2007

SHB 1891
C 447 L 07

Providing a business and occupation tax deduction for the sale of certain prescription drugs.

By House Committee on Finance (originally sponsored by Representatives Linville, Orcutt, Quall, Cody, Hinkle, Hurst and Dunn).

House Committee on Finance
Senate Committee on Ways & Means

Background: Washington's major business tax is the business and occupation (B&O) tax. 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. The tax is imposed on the gross receipts from all business activities conducted within the state. Revenues are deposited in the State General Fund. A business may have more than one B&O tax rate, depending on the types of activities conducted. The tax rate for most types of businesses that provide services is 1.5 percent.

Public hospitals, nonprofit hospitals, and nonprofit community health centers are allowed a deduction from the B&O tax on amounts received as compensation for health care services covered under the federal Medicare program, as well as the Basic Health Plan and other medical assistance programs funded by the state of Washington. Amounts billed to these programs by private clinics or physicians are not exempt from tax.

Medicare Part B provides coverage for certain physician, outpatient hospital, laboratory, and other services to beneficiaries who pay monthly premiums. Medicare Part B covers a limited set of injectable and infusible drugs that are not usually self-administered and that are furnished and administered as part of a physician service. This includes vaccines and anti-cancer and chemotherapy drugs.

In 2003 the federal Medicare Modernization Act (MMA) changed the drug reimbursement process. Prior to the passage of the MMA, drug reimbursement was based on average wholesale prices, as provided by drug manufacturers. Reimbursement, after the passage of the MMA, is now calculated using average sales price (ASP). The reimbursement rate for drugs is ASP plus 6 percent.

Summary: A deduction from the B&O tax is provided for amounts received by physicians and clinics from sales of prescription drugs for infusion or injection by the physician or other medical staff. The deduction is limited to amounts covered, or required as co-payments or deductibles, under a government-sponsored health care service program. To qualify for the deduction, the drugs must not be sold for an amount that exceeds the rate at which the federal government reimburses under Medicare Part B, and any charges must be separately stated on the billing statement.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 0 | |
| Senate | 45 | 0 | (Senate amended) |
| House | 94 | 0 | (House concurred) |

Effective: October 1, 2007

SHB 1892

C 242 L 07

Addressing the impoundment of vehicles parked on public streets by police officers.

By House Committee on Transportation (originally sponsored by Representatives Goodman, Rodne, O'Brien, Jarrett, Lovick and Priest).

House Committee on Transportation
Senate Committee on Transportation

Background: A police officer is allowed to take custody of a motor vehicle and have it impounded under the following circumstances:

- if the vehicle's driver is arrested for certain offenses or taken into custody;
- when the officer finds the vehicle unattended upon a highway where the vehicle is an obstruction to traffic or jeopardizes public safety;
- when the vehicle is stolen;
- when the vehicle is illegally parked; and
- upon a determination that a person is operating the vehicle without a valid driver's license.

Once a vehicle is impounded, the impounding tow truck operator is required to notify the legal and registered owners of the vehicle. This notice must be sent by first-class mail within 24 hours of impoundment and must inform the owner of the identity of the person or agency authorizing the impound. The notification must also include the name of the impounding tow firm, its address, and telephone number.

Summary: A police officer may impound a vehicle parked on a public street with registration that has been expired for more than 45 days.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 90 | 8 |
| Senate | 33 | 15 |

Effective: July 22, 2007

2SHB 1896

C 453 L 07

Providing for a legislative gift center.

By House Committee on Appropriations (originally sponsored by Representative Hunt).

House Committee on State Government & Tribal Affairs
House Committee on Appropriations
Senate Committee on Government Operations & Elections

Background: Several states have legislative or capitol gift shops, including Arizona, Nevada, New Hampshire, Oregon, South Carolina, Texas, and Vermont. These gift shops allow states to address the demand for souvenirs by visitors to the state capitol. They also provide an opportunity for states to highlight merchandise specific to the state's culture and history. Many states use this to showcase unique, locally made items.

In Washington, the Secretary of State has a small store in the office reception area that sells items bearing the State Seal, including glassware, men's ties, wine bags, and office items. The proceeds from the sale of the items bearing the State Seal are deposited into the Capitol Building Construction Account for use in the historical restoration and completion of the legislative building.

Summary: A gift center for the sale of products bearing the State Seal, Washington souvenirs, other Washington products, and other products as approved, is created in the Legislature. The Chief Clerk of the House (Chief

Clerk) and the Secretary of the Senate (Secretary) or their designee will have governance over the gift center and will work in consultation with the Department of General Administration for planning, siting, and maintenance of the facility. The sale of products bearing the State Seal must be purchased from the Secretary of State pursuant to an agreement between the Chief Clerk, the Secretary, and the Secretary of State.

Proceeds from the gift center will be deposited as follows: 25 percent to the Legislative Oral History Account; 25 percent to the Oral History, State Library, and Archives Account; and 50 percent to the Capitol Furnishings Preservation Committee (Committee). All proceeds from the sale of items bearing the State Seal will be deposited in the Capitol Furnishings Preservation Committee Account. The gift center may also designate special sales, the proceeds from which will be deposited in an account specified at the time of designation.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 94 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 1897

C 391 L 07

Expressing the legislature's intent that public disclosure requirements do not allow attorney invoices to be exempt in their entirety.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Williams and Hunt).

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: The Public Records Act (Act) requires state and local government agencies to make public records available for public disclosure unless they fall within certain statutory exemptions. The provisions requiring public records disclosure must be interpreted liberally, and the exemptions narrowly, in order to effectuate a general policy favoring disclosure.

Records that are relevant to a controversy to which an agency is a party that would not be discoverable to another party under the superior court rules of pretrial discovery are exempt from disclosure under the Act. Specifically exempt from disclosure is an attorney's work product. The courts have defined work product to include factual information which is collected or gathered by an attorney, as well as the attorney's legal research, theories, opinions, and conclusions.

The attorney-client privilege also exempts certain public records from disclosure. The attorney-client priv-

ilege, however, is a narrow privilege and protects only communication or advice between attorney and client in the course of the attorney's professional employment.

Summary: The Legislature intends to clarify that the public's interest in open, accountable government includes an accounting of any expenditures of public resources on private legal counsel or private consultants.

It is the intent of the Legislature to clarify that no reasonable construction of the Act has ever allowed attorney invoices to be withheld in their entirety by a public entity. It is further the intent of the Legislature that specific descriptions of work performed be redacted only if they would reveal an attorney's mental impressions, actual legal advice, theories, or opinion, or are otherwise exempt from public disclosure under the Act or other laws. The burden is on the public entity to justify each redaction and narrowly construe any exception to full disclosure.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 2 |
| Senate | 44 | 4 |

Effective: July 22, 2007

EHB 1898

C 437 L 07

Providing apprenticeship utilization requirements for school district public works projects.

By Representatives Quall, Conway, Haler, Santos, Appleton, McDermott, Haigh, P. Sullivan, Chase, Green, Fromhold, Moeller, Wood, Simpson, Linville, Hunt, Barlow, Sells, Hasegawa, Kenney, Hudgins, Morrell and Ormsby.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: State agencies under the Governor's authority must require that apprentices enrolled in state-approved apprenticeship training programs participate in public works projects. This requirement was originally established in an executive order issued in 2000 and codified by legislation enacted in 2005.

For public works estimated to cost \$1 million or more, contract specifications must require that no less than 15 percent of the labor hours be performed by apprentices enrolled in state-approved apprenticeship training programs.

Awarding agencies may adjust this apprenticeship utilization requirement for specific projects for the following reasons:

- a demonstrated lack of availability of apprentices in specific geographic areas;
- a disproportionately high ratio of material costs to labor hours;

- a demonstrated good faith effort by participating contractors to comply with the apprenticeship utilization requirement; or
- other criteria the agency director deems appropriate, subject to prior review by the Office of the Governor.

These apprenticeship utilization provisions apply to public works contracts awarded by state agencies, but not the state Department of Transportation, state four-year institutions of higher education, or state agencies headed by a separately elected public official. (Public works by the state Department of Transportation are subject to slightly different apprenticeship utilization requirements.)

Summary: Apprenticeship utilization requirements are created for public works by a school district, but projects funded by bond issues approved before July 1, 2007, are exempt.

For contracts advertised for bid on or after January 1, 2008, for public works by school districts that are estimated to cost \$3 million or more, contract specifications must require that no less than 10 percent of the labor hours be performed by apprentices enrolled in state-approved apprenticeship training programs. For contracts advertised for bid on or after January 1, 2009, for public works by a school district estimated to cost \$2 million or more, contract specifications must require that no less than 12 percent of the labor hours be performed by apprentices enrolled in state-approved apprenticeship training programs. For contracts advertised for bid on or after January 1, 2010, for public works by a school district estimated to cost \$1 million or more, contract specifications must require that no less than 15 percent of the labor hours be performed by apprentices enrolled in state-approved apprenticeship training programs.

School districts may adjust this apprenticeship utilization requirement for specific projects for the same reasons awarding agencies do under current law. The reasons are:

- a demonstrated lack of availability of apprentices in specific geographic areas;
- a disproportionately high ratio of material costs to labor hours;
- a demonstrated good faith effort by participating contractors to comply with the apprenticeship utilization requirement; or
- other criteria the agency director deems appropriate, subject to prior review by the Office of the Governor.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 65 | 33 | |
| Senate | 34 | 14 | (Senate amended) |
| House | 69 | 25 | (House concurred) |

Effective: July 22, 2007

EHB 1902

C 332 L 07

Concerning the sales and use taxation of repairs to farm machinery and equipment.

By Representatives Grant, Newhouse, Linville, Orcutt, Blake, Hailey, Walsh, P. Sullivan, Kristiansen, Dunn and Hinkle.

House Committee on Finance

Senate Committee on Agriculture & Rural Economic Development

Senate Committee on Ways & Means

Background: Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2.0, for an average combined state and local tax rate of 8.5 percent.

Farmers with annual gross sales of agricultural products of \$10,000 or more are exempt from sales and use tax on the purchase of replacement parts for farm machinery and equipment. The exemption covers machinery and equipment designed for the purpose of growing, raising, or producing agricultural products. Farmers must apply with the Department of Revenue for an exemption certificate. The certificate must be renewed every five years. The exemption includes parts for farm tractors and farm implements, but not other farm vehicles. Replacement parts for aircraft, hand tools, hand-powered tools, and equipment with a useful life of less than one year are not exempt.

Summary: The term "farm vehicles" is included within the definition of "qualifying farm machinery and equipment" thereby exempting replacement parts for farm vehicles from sales and use tax.

Labor and services rendered in respect to the installation of replacement parts for qualifying farm machinery and equipment are exempted from retail sales and use tax.

Labor and services rendered in respect to the repairing of qualifying machinery and equipment are exempted from retail sales and use tax, as long as no additional tangible personal property is installed in the farm vehicle other than exempt replacement parts or nominal items such as oil, hydraulic fluid, or antifreeze.

Exempt labor and services, even if included in a single transaction with taxable services, are exempt as long as the exempt services are separately itemized.

As an alternative to the requirement to file a federal Schedule F of Form 1040, an applicant may make a declaration signed under penalty of perjury that the applicant is an eligible farmer.

Farmers with a harvested value of at least \$10,000 per tax year may qualify for the sales and use tax exemption. Harvested value is the number of units of the agricultural product that were grown, raised, or produced, multiplied by the average sale price of the agricultural product, as determined by data provided by the U.S. Department of Agriculture.

The term "farm implement" is defined as machinery or equipment used by a farmer to grow, raise, or produce agricultural products.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 88 | 9 | |
| Senate | 32 | 12 | (Senate amended) |
| House | 95 | 3 | (House concurred) |

Effective: July 22, 2007

2SHB 1906

C 396 L 07

Improving mathematics and science education.

By House Committee on Appropriations (originally sponsored by Representatives Hunter, Anderson, Wallace, Seaquist, Eddy, P. Sullivan, McDermott, Ormsby, McIntire, Pedersen, Rolfes, Barlow, Goodman, Rodne, O'Brien, Kenney, McDonald, Morrell, Newhouse, Hurst, Skinner, Wood and Bailey).

House Committee on Education

House Committee on Appropriations

Senate Committee on Early Learning & K-12 Education

Senate Committee on Ways & Means

Background: The Washington Learns comprehensive education study, chaired by Governor Gregoire, issued final recommendations in November 2006. The Governor proposed implementation of a number of the recommendations regarding mathematics and science education through her proposed budget for the 2007-09 biennium and proposed legislation.

Mathematics and Science Review. The Superintendent of Public Instruction (SPI) is responsible for developing and periodically revising the Essential Academic Learning Requirements (EALRs) and Grade Level Expectations (GLEs) that form the state's learning standards. The State Board of Education (SBE) has responsibility for developing a state accountability system to improve student achievement.

In February 2007, the SBE issued a request for proposals for an independent review of Washington's mathematics standards. The SBE also intends to develop recommendations regarding an accountability system by December 2007.

After School Support. One of the Washington Learns report recommendations is that the state should work with local community organizations and partnerships on student activities to reinforce mathematics and science concepts and skills.

Instructional Coaches. Another recommendation is to create training programs for mentors and instructional coaches who would teach alongside classroom teachers to provide encouragement, ideas, feedback, and examples related to effective practice. The report recommended that an initial focus be on mathematics coaching.

Alternative Routes to Teacher Certification. There are several alternative routes for individuals to earn a teaching certificate other than completing a traditional teacher preparation program. Alternative route programs must be approved by the Professional Educator Standards Board (PESB). Route One is designed for paraeducators with an associate's degree seeking certification in special education or English as a Second Language (ESL). Subject to funding, alternative route candidates are eligible for conditional scholarships of up to \$8,000 per year, with the condition of two years of school service for each year of scholarship.

The PESB has also adopted pathways for currently certificated teachers to add a subject area endorsement. One of these pathways allows the teacher to pass the state subject area assessment (Praxis II) and have his or her instructional performance in that subject evaluated by a teacher preparation program. Some teachers may need to take additional coursework to pass the assessment. One of the Washington Learns report recommendations is to expand the alternative route programs to prepare more mathematics and science teachers.

College Readiness. Community and technical colleges use a number of different tests to help determine whether and at what level students are prepared for college-level work. Four-year universities consider SAT or ACT scores in their decisions for admission, but rely on the Math Placement Test (MPT) developed by the University of Washington (UW) to assist them in determining the appropriate math courses for incoming students.

Some high schools in Washington are working with local colleges to administer college placement tests to students in grades 10 or 11 as a way to provide early information about college readiness and for guidance and counseling purposes. One of the recommendations of the Washington Learns report is expanded use of college placement tests for these purposes.

Mathematics, Science, and Technology. Another of the Washington Learns recommendations is to encourage public-private partnerships and initiatives to get students excited about mathematics and science. Examples include the Washington Aerospace Scholars Program with the Museum of Flight, the Leadership and Assistance for Science Education Reform (LASER) Program with Battelle and the Pacific Science Center, Project

Lead the Way with the American Electronics Association, and the Washington State Science and Engineering Fair. There are no EALRs or GLEs expressly for technology. However, the SPI has adopted the National Educational Technology Standards and has developed definitions of technology literacy and technology fluency in the State Educational Technology Plan. Enhanced state funding for students enrolled in approved career and technical education (CTE) programs is provided only for programs in high schools and not in middle schools.

Summary: Math and Science Review. By September 2007, the SBE will recommend to the SPI revised EALRs and GLEs in mathematics. The recommendations will consider clarity, rigor, and coherence of standards; college readiness standards; study of national and international standards and those in other states; and information presented during public comment. By January 2008, the SPI must revise the EALRs and GLEs and present them to the SBE and the Legislature. The SPI must adopt the revisions unless otherwise advised by the Legislature in the 2008 session. The SBE will be aided by an expert consultant and a Mathematics Advisory Panel of up to 16 members appointed by the SBE, including representation from academia, business and industry, educators, parents, and other individuals.

Using the same process as for mathematics standards, the SBE and the SPI must revise the science standards by June 30, 2008, with a report to the Legislature by December 1, 2008. The SBE also appoints a Science Advisory Panel.

The SBE must also amend high school graduation requirements by December 1, 2007, to include a minimum of three credits of mathematics and describe the required content. At least one of the credits may be a career and technical education course equivalent.

The SPI must identify no more than three mathematics and science curricula for elementary, middle, and high school grade spans that align with the new standards and present them to the SBE for formal comment. Mathematics curricula must be identified by May 15, 2008, and science curricula by May 15, 2009. Subject to funding, at least one of the curricula must be available online at no cost to schools and parents.

Nothing requires a school district to use the identified curricula. However, the accountability plan adopted by the SBE must recommend conditions where schools would be required to use the curricula. Required use of the curricula as an intervention strategy must be authorized by the Legislature. The SPI and the SBE must make quarterly progress reports to the Legislature through December 2008.

After School Support. An after school mathematics support program is created. The SPI provides grants to community-based nonprofit organizations that demonstrate the capacity to provide assistance in mathematics

learning, with priority for proposals to serve middle and junior high school students. The SPI evaluates program outcomes and makes recommendations regarding continuation, modification, sustainability, and possible expansion. An interim report is due November 1, 2008, with a final report due December 1, 2009.

Instructional Coaches. A mathematics and science instructional coach program is created. The program includes a coaching institute, coaching support seminars, and additional coach development services. In developing the program the SPI must draw upon research and the experiences of coaches in other programs.

Participating schools and districts select the individuals to perform the role of coach, based on characteristics of a successful coach. The coach's role is to support teachers as they apply knowledge, develop skills, polish techniques, and deepen their understanding of content and instructional practices. Each coach is assigned to two schools.

Participants ensure that coaches attend the coach development institute and support seminars, practice coaching activities according to their defined role, collect data, and participate in program evaluation activities.

The Washington State University Social and Economic Sciences Research Center evaluates the program. An interim report is due November 1, 2008, with a final report due December 1, 2009.

Alternative Routes to Teacher Certification. Two new alternative routes to teacher certification are created. The Pipeline for Paraeducators program is for individuals with at least three years of classroom experience but without a college degree. A conditional scholarship of up to \$4,000 per year for no more than two years is provided for candidates to enroll in a community or technical college. Upon completion of an Associate's Degree, the candidate is eligible to enroll in a Route One alternative route program to obtain a mathematics, special education, or ESL teaching certificate.

The Retooling to Teach Mathematics and Science program is for current teachers and individuals who are not employed as teachers but who have an elementary teaching certificate. A conditional scholarship of up to \$3,000 per year is provided for these individuals to pursue a middle level or secondary mathematics or science endorsement through one of the PESB's pathways to endorsement. Candidates with an elementary teaching certificate who are not employed as teachers can seek only a middle level endorsement.

College Readiness. By September 1, 2008, the education and higher education agencies and institutions that make up the Transition Math Project must revise the MPT to serve as a common college readiness test for all two and four-year colleges and universities. The test must be implemented by September 1, 2009, with a common performance standard for college readiness.

Subject to funding, beginning in the fall of 2009, school districts must provide students the option of taking the MPT once at no cost and encourage juniors and seniors to take it. The SPI reimburses each district for the costs of providing students this opportunity.

Mathematics, Science, and Technology (MST).

Within funds appropriated for this purpose, middle schools approved to provide CTE programs or hands-on experiences in mathematics and science that are integrated with CTE programs receive enhanced funding through state apportionment formulas. A statewide director for MST is created to conduct outreach to attract middle and high school students to careers in math, science, or technology and to educate students about the course work necessary to be adequately prepared to succeed in these fields. The director also develops public-private partnerships to promote scholarships and professional development opportunities for teachers; coordinates youth opportunities and participation in clubs, fairs, and competitions; and provides technical assistance to schools.

Within funds appropriated for these purposes, the OSPI:

- (1) obtains a statewide license or otherwise obtains and disseminates an interactive, project-based high school and middle school technology curriculum. The curriculum must be distributed to all school districts, or as many as feasible, by the 2007-08 school year;
- (2) supports an ongoing, inquiry-based science program that is based on research and aligned with the science GLEs;
- (3) supports a public-private partnership to provide enriching opportunities in mathematics, engineering, and science for under-represented students;
- (4) develops EALRs and GLEs for educational technology literacy and fluency; and
- (5) obtains or develops classroom-based assessments for educational technology, which must be available for voluntary use by school districts by the 2010-11 school year. The assessments must be able to be administered and scored by school staff using consistent scoring criteria. A school district using a technology assessment must notify the SPI, and the SPI will report to the Legislature on the number of districts using the assessments.

The Higher Education Coordinating Board is directed to assess the need for additional baccalaureate programs that specialize in teacher preparation in MST

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 90 | 7 | |
| Senate | 37 | 12 | (Senate amended) |
| House | 96 | 2 | (House concurred) |

Effective: July 22, 2007

May 9, 2007 (Sections 1 and 2)

September 1, 2009 (Sections 13 and 14)

SHB 1909

C 392 L 07

Protecting from the theft of specialized forest products.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Orcutt, B. Sullivan, Roach, Blake, Takko, Pearson, Kristiansen and Hinkle).

House Committee on Agriculture & Natural Resources
Senate Committee on Natural Resources, Ocean & Recreation

Background: Specialized Forest Products. A specialized forest product (SFP) is, generally, an item found in the forest with a value other than that found with traditional timber. The term SFP is defined to include native shrubs, cedar products, cedar salvage, processed cedar products, speciality wood, edible mushrooms, and certain barks. Many of these terms are further defined to include items such as certain logs or slabs of cedar, spruce, maple, and alder, along with cedar shakes and fence posts.

A SFP permit, or a true copy of the permit, is required in order to possess or transport the following:

- a cedar product or cedar salvage;
- specialty wood;
- more than five Christmas trees or native ornamental trees or shrubs;
- more than five pounds of picked foliage or Cascara bark, and
- more than five gallons of a single mushroom species.

The SFP permit must be obtained prior to harvesting or collecting the products, even from one's own land, and is available only from county sheriffs on forms provided by the Department of Natural Resources (DNR). The permit must be validated by a sheriff.

For cedar and speciality wood, a processor must keep records for one year after the purchase and have a bill of lading available to accompany all cedar or speciality wood products.

Violations of the law on SFPs is punishable as a gross misdemeanor, and a convicted individual may face a fine up to \$1,000 and/or up to one year in a county jail. In addition, a law enforcement officer with probable cause may seize and take possession of any SFPs found and, if the product seized was cedar or speciality wood, may also seize any equipment, vehicles, tool, or paperwork.

Affirmative Defenses. In a criminal prosecution, often times an affirmative defense is available to the defendant. An affirmative defense is a defense to the charges that the defendant has the responsibility to prove. This can be contrasted with the elements of the crime, which the prosecution has the burden to prove.

A fully proven affirmative defense can lead to the avoidance of a guilty verdict, even if the prosecution has proven all elements of the crime beyond a reasonable doubt.

Summary: Affirmative Defense. An affirmative defense is available to a person being prosecuted under the SFP laws if the SFPs in question were harvested from the defendant's own land or if the SFPs in question were harvested with the permission of the landowner. The burden of proving the defense rests with the defendant, who must establish the defense by a preponderance of the evidence.

Specialized Forest Products Work Group. The SFP Work Group (Work Group) is established to be staffed by the DNR and to consist of representation from the DNR, county sheriffs, prosecutors, forest landowners, tribes, wood carvers, cedar processors, and other participants invited by the Commissioner of Public Lands.

The Work Group must review the SFP statutes and current law dealing with theft and make recommendations relating to SFP regulations. The recommendations must provide tools for law enforcement, provide protection for landowners, not be overly burdensome, be clear, and be able to be administered consistently statewide.

A report from the Work Group, along with draft legislation, is due by December 1, 2007.

Huckleberries. The use of a rake or other mechanical device for the harvest of huckleberries is prohibited.

The DNR is required to review the uses of the state's huckleberry resources. The review must include an analysis of the demand, whether current use levels are sustainable, and whether the various uses of the resource are compatible. Based on the review, the DNR must report findings and recommendations by the end of the year as to whether there should be a state permitting requirement for huckleberry harvest, whether huckleberries should be considered an SFP, and what conditions should be placed on huckleberry harvests.

Votes on Final Passage:

| | | | |
|--------|----|---|----------------------------|
| House | 96 | 0 | |
| Senate | 45 | 1 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | | | (Senate refused to recede) |
| House | | | (House refused to recede) |
| Senate | 46 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

E2SHB 1910

PARTIAL VETO

C 430 L 07

Modifying property tax exemption provisions relating to new and rehabilitated multiple-unit dwellings in urban centers to provide affordable housing requirements.

By House Committee on Finance (originally sponsored by Representatives Ormsby, Fromhold, Miloscia, Dunshee, Kenney, Appleton, Darneille, Hasegawa and Morrell).

House Committee on Housing

House Committee on Finance

Senate Committee on Consumer Protection & Housing

Senate Committee on Ways & Means

Background: New, rehabilitated, or converted multi-unit housing projects in targeted residential areas are eligible for a 10-year property tax exemption offered by eligible and participating cities. The property tax exemption may be applied to new housing construction and to the increased value of a building due to rehabilitation. The exemption does not apply to the land or the non-housing improvements. If the property changes use before the 10-year exemption ends, then back taxes are recovered based on the difference between the taxes paid and the taxes that would have been paid without the tax exemption.

Cities with a population of at least 30,000 or the largest city or town in a county planning under the Growth Management Act (GMA) may offer the multi-unit housing property tax exemption.

There are a variety of requirements all multi-unit housing projects must meet to be eligible for a tax exemption, including:

- the housing must be located in a residential targeted area as designated by the city;
- 50 percent of the space must be for permanent residential occupancy;
- new construction must be completed within three years of approval of the application;
- property to be rehabilitated must be vacant at least 12 months prior to application;
- the applicant must enter into a contract with the city and agree to terms and conditions; and
- the housing must meet additional guidelines adopted by the city which may include density, size, parking, low-income occupancy, and others.

Fifty cities qualify to utilize the tax exemption program. Sixteen cities have utilized the program. Two cities (Seattle and Kirkland) include affordable housing requirements for multi-unit housing projects.

Summary: Cities eligible to offer the multi-unit housing property tax exemption are: those with a population of at least 15,000 people; the largest city or town located in a county planning under the GMA if there is no city

with a population of at least 15,000; and cities with populations of at least 5,000 within "buildable lands" counties under the GMA.

Housing Affordability Component. A property for which an application for a certificate of tax exemption is submitted after the effective date of the act may be eligible for an eight-year tax exemption. If the property owner commits to renting or selling at least 20 percent of units as affordable housing units to low and moderate income households, the property may be eligible for a 12-year exemption. In the case of properties intended exclusively for owner-occupancy, the state affordable housing requirement may be satisfied by providing 20 percent of units as affordable to moderate-income households. Cities may impose additional affordable housing requirements, limits and conditions.

Low-income households are defined as those making at or below 80 percent of the area median income. Moderate-income households are defined as those making at or below 115 percent of the area median income. Income level thresholds are increased to 100 percent and 150 percent of the area median income for low-income and moderate-income households, respectively, for high-cost areas which are defined as counties where the third quarter median house price for the previous year is greater than 130 percent of the statewide median house price.

Tax Exemptions for Individual Dwelling Units. At the discretion of the local government, the exemption of individual dwelling units is allowed. In such cases, the tax exemption may be limited to the value of the qualifying improvements within those individual dwelling units.

City Reporting Requirements.

Beginning in 2007, all cities issuing tax exemptions must report annually to the Department of Community, Trade and Economic Development regarding tax exempt properties. The annual report must include the following:

- the total number of tax exemptions granted and the total value of those exemptions;
- the total number of units produced and the total development cost of each unit;
- the total monthly rent of each unit or the total sale price of each unit; and
- the income of each renter at occupancy of a rental unit, and the income of each initial purchaser of a homeownership unit.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 61 | 35 | |
| Senate | 41 | 2 | (Senate amended) |
| House | 63 | 31 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the emergency clause.

VETO MESSAGE ON E2SHB 1910

May 11, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 12, Engrossed Second Substitute House Bill 1910 entitled:

“AN ACT Relating to tax incentives for certain multiple-unit dwellings in urban centers that provide affordable housing.”

This bill lowers the population requirement for a city to be eligible to offer property tax exemptions for certain multi-unit housing projects and requires cities that issue property tax exemptions for multi-unit housing projects to report data annually to the Department of Community, Trade and Economic Development.

I have concerns about this bill. It expands the multi-unit housing project property tax exemption to as many as forty-three additional cities with no evidence of the effectiveness of the exemption in increasing affordable housing. It also allows cities to grant a property tax exemption that affects counties without consultation. I request that the cities include the counties in this important decision making. Section 10 requires cities using the exemption program to report information on exemptions granted to the Department of Community, Trade, and Economic Development annually starting December 31, 2007. I am asking the Department of Community, Trade, and Economic Development to analyze the reports on the use of the property tax exemption and evaluate its use and effects as well as assess the need for legislation to alter the exemption program. Section 12 is an emergency clause which would allow the bill to become effective immediately. This is not essential to the bill's proper and timely implementation.

For these reasons, I have vetoed Section 12 of Engrossed Second Substitute House Bill 1910.

With the exception of Section 12, Engrossed Second Substitute House Bill 1910 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

ESHB 1916

C 278 L 07

Applying interest arbitration to certain care providers.

By House Committee on Commerce & Labor (originally sponsored by Representatives Conway, Ericksen, Moeller, Strow, Green, Haler, Appleton, Seaquist, Chase, Priest, McDermott, Walsh, Ormsby, Hasegawa, Fromhold, Kessler, Dunshee, Dunn, Sells, Wood, P. Sullivan, Kenney and Morrell).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Senate Committee on Ways & Means

Background: Both individual home care workers (individual providers) and family child care providers have collective bargaining rights under the Public Employees'

Collective Bargaining Act (PECBA). For individual providers and family child care providers, the PECBA recognizes the public policy against strikes as a means of settling labor disputes. To resolve impasses over contract negotiations involving these personnel, the PECBA requires binding interest arbitration if negotiations for a contract reach impasse and cannot be resolved through mediation.

For all personnel who are subject to binding interest arbitration under the PECBA, an interest arbitration panel must consider:

- the authority of the employer;
- the stipulations of the parties;
- a comparison of wages, hours, and conditions of employment of personnel involved in the proceedings with those of like personnel;
- the cost-of-living;
- changes in circumstances in any of these factors during the proceedings; and
- other factors normally or traditionally considered in the determination of wages, hours, and conditions of employment.

For individual providers and family child care providers, an interest arbitration panel must also consider the financial ability of the state to pay for the compensation and benefit provisions of a collective bargaining agreement.

Summary: Mandatory and permissive factors to be considered by an interest arbitration panel resolving an impasse in collective bargaining involving individual providers or family child care providers under the PECBA are specified.

Individual Providers. For individual providers, an interest arbitration panel is required to consider:

- a comparison of wages, hours, and conditions of employment of publicly reimbursed personnel providing similar services to similar clients, including clients who are elderly, frail, or have developmental disabilities, both in the state and across the United States; and
- the financial ability of the state to pay for the compensation and benefit provisions of a collective bargaining agreement.

The panel is permitted to consider:

- a comparison of wages, hours, and conditions of employment of publicly employed personnel providing similar services to similar clients, including clients who are elderly, frail, or have developmental disabilities, both in the state and across the U.S.;
- the state's interest in promoting a stable long-term care workforce;
- the state's interest in ensuring access to affordable, quality health care; and
- the state's fiscal interest in reducing reliance upon public benefit programs.

Family Child Care Providers. For family child care providers, an interest arbitration panel is required to consider:

- a comparison of child care provider subsidy rates and reimbursement programs by public entities along the west coast of the United States; and
- the financial ability of the state to pay for the compensation and benefit provisions of a collective bargaining agreement.

The panel is permitted to consider:

- the public's interest in reducing turnover and increasing retention;
- the state's interest in promoting, through education and training, a stable child care workforce; and
- the state's fiscal interest in reducing reliance upon public benefit programs.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 88 | 10 | |
| Senate | 43 | 3 | (Senate amended) |
| House | 82 | 13 | (House concurred) |

Effective: July 22, 2007

2SHB 1922

C 316 L 07

Creating an independent youth housing program.

By House Committee on Appropriations (originally sponsored by Representatives Pedersen, Pettigrew, Miloscia, McIntire, Walsh, Kagi, Appleton, Kenney, Hasegawa and Ormsby).

House Committee on Housing
 House Committee on Appropriations
 Senate Committee on Human Services & Corrections
 Senate Committee on Ways & Means

Background: There are approximately 400 youth who exit ("age-out of") foster care at age 18 each year in Washington. According to the "Foster Youth Transition to Independence Study" conducted by the Office of Children's Administrative Research (2004), within one year of exiting foster care, approximately:

- 13 percent had experienced homelessness; (Another study, the "Northwest Foster Care Alumni Study" in 2005 documented that 22.2 percent of post-foster youth experienced homelessness.)
- 50 percent had completed high school or obtained their GED;
- Less than 50 percent were employed and of those who were employed, 47 percent were making wages at or below the poverty line; and
- 30 percent were enrolled in at least one public assistance program.

The January 2006 state point-in-time count of homeless persons, coordinated by the Department of Community, Trade and Community Development (DCTED),

counted 466 homeless youth under the age of 18 unaccompanied by an adult guardian. The State Emergency Shelter Assistance Program (ESAP) data shows that 1,131 homeless youth younger than 18 and unaccompanied by an adult guardian were provided shelter in Fiscal Year 2006. The ESAP data accounts for 2,495 youth ages 18 to 21 who were provided shelter in Fiscal Year 2006. There is anecdotal evidence that many homeless youth have been involved in the foster care system at some point in their lives.

Current Services to Former Foster Youth. *Extended Foster Care Under 2SHB 2002 (2006 Legislative Session).* Each year, through 2008, 50 state-dependent youth reaching the age of 18 will be eligible to remain in foster care until age 21 if they are enrolled in higher education or a vocational program.

The Department of Social and Health Services (DSHS). The DSHS uses federal monies (Chafee funds) to serve some youth who have left foster care (ages 18 to 21) through the Transitional Living Program. Youth may receive case management and access to some funding assistance for housing, employment and training, mental health services, education, and other services. The subcontracting agencies of the DSHS decide on a case-by-case basis what services are most needed by the individual youth. Up to 30 percent of the Transitional Living Program funds may be used for housing purposes. The DSHS serves approximately 400 youth through the Transitional Living Program, which represents approximately one-third of youth who would likely be eligible for the services.

The Department of Community, Trade and Economic Development. The DCTED assists small and medium counties to access federal "McKinney-Vento" homeless assistance dollars which may be used for project-based rental vouchers and case management for homeless youth or youth at risk of homelessness. Two organizations (Northwest Youth Services and Community Youth Services) provide such vouchers for youth, and together they serve about 25 young people each year at a cost between \$10,000 - \$15,000 per youth.

The Homeless Grant Assistance Program. The DCTED's Homeless Grant Assistance Program (HGAP) awarded Snohomish County a grant in 2007 to provide housing vouchers to 15 youth exiting foster care. The HGAP is funded with the state's portion of "2163" Homeless Housing Surcharge funds. A focus of the HGAP in the future will be funding programs that address state institutional discharge and re-entry issues.

The Interagency Council on Homelessness (Council). The Council has placed a priority focus on addressing issues at a state level related to discharge and re-entry planning. This would include issues related to youth exiting the foster care system.

Summary: The Independent Youth Housing Program (Program) is created within the DCTED for the purpose of providing housing stipends and case management services to youth, ages 18 to 23, who have exited the state dependency system.

Two state goals are established consisting of:

- ensuring that all youth exiting the state dependency system have a decent, appropriate, and affordable home in a healthy, safe environment to prevent these youth from experiencing homelessness; and
- reducing each year the percentage of young people eligible for state assistance upon exiting the state dependency system.

The Program must be integrated and aligned with other state rental assistance and case management programs as well as with all existing services and programs designed to assist foster youth transition to independent living such as the Independent Living Program and the Transitional Living Program operated by the Department of Social and Health Services (DSHS). The Program must be included in the state's Homeless Housing Strategic Plan and any other state or local homeless or affordable housing plans.

The DSHS will collaborate with the DCTED to provide information about the Program to dependent youth and to refer dependent youth nearing the age of 18 to the Program. The DSHS will also provide information to the DCTED regarding the number of youth exiting the state dependency system eligible for state assistance and annually recommend strategies to the Legislature that may help reduce this number.

Eligible Youth. Eligible youth include those who:

- were dependents of the state and are at least age 18 but not yet age 23;
- are very low-income youth whose income does not exceed 50 percent of the area median income, unless they agree to participate in a matched savings for asset accumulation program (such as an Individual Development Account program); and
- agree to pay a portion of their rent in a timely manner.

Priority is given to youth who have been dependents of the state for at least one year.

Program Administration. The DCTED may contract with organizations to distribute housing stipends and provide housing-related services to youth. Services will include the development of an independent living plan, case management, information and referral services, and education on tenant rights and responsibilities.

Housing Stipend Details. The DCTED will establish a formula to determine amounts of the housing stipends. Stipends will be based on factors including age, income, fair market rent for the area, and other housing and living situation variables.

Stipends must be used for "independent" housing, which cannot include accommodations with, or in premises owned by, former foster parents or biological parents. Stipends are payable to landlords or other housing management.

Evaluation and Reporting Requirements. The DCTED will include a program report in the state's Homeless Housing Strategic Plan and any other relevant state and local plans. These reports will include annual evaluations of subcontractor organizations and will include specific performance measures.

The Washington State Institute for Public Policy will measure the outcomes for youth participating in the program and issue a final report by December 2010.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 64 | 32 | |
| Senate | 33 | 12 | (Senate amended) |
| House | 65 | 29 | (House concurred) |

Effective: July 22, 2007

SHB 1929
C 349 L 07

Authorizing utilities to engage in environmental mitigation efforts.

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Hurst, Morris and Kenney).

House Committee on Technology, Energy & Communications

Senate Committee on Water, Energy & Telecommunications

Background: The term "climate change" refers to any change in climate over time, whether due to natural variability or as a result of human activity.

Greenhouse gases are gases that trap heat in the atmosphere. Some greenhouse gases, such as carbon dioxide, occur naturally and are emitted into the atmosphere through natural processes and human activities. Other greenhouse gases, such as fluorinated gases, are created and emitted solely through human activities.

The National Academy of Sciences, the Intergovernmental Panel on Climate Change, and the U.S. Climate Change Science Program have concluded that human activities, such as the production of greenhouse gases, have had a discernible impact on the global climate during the last several decades.

In January of 2007, the Washington State Supreme Court (Court) ruled that Seattle City Light lacked the authority to use ratepayer money for greenhouse gases offset contracts. In reaching its conclusion, the Court first concluded that Seattle City Light did not have the express statutory authority to pay other entities to reduce their greenhouse gases emissions. Second, it concluded

that Seattle City Light did not act within its implied or incidental powers because Seattle City Light's offset contracts are: (1) not proprietary in nature; and (2) not within the object and purpose of the utility's enabling statute.

Summary: Legislative Finding. The Legislature finds and declares that greenhouse gases offset contracts and other greenhouse gases mitigation efforts are a recognized utility purpose that confers a direct benefit on the utility's ratepayers.

Authority to Develop an Emissions Plan. The following public entities are authorized to develop a plan to reduce their greenhouse gases emissions:

- (1) cities or towns serving their inhabitants with water, electricity, or services for sewerage, storm water, surface water, or solid waste handling;
- (2) counties authorized to acquire and operate utilities, or conduct other proprietary, user, or ratepayer funded activities; and
- (3) public utility districts.

This plan may include a plan to achieve no-net emissions from all sources of greenhouse gases that the city or town, county, or public utility district owns, leases, uses, contracts for, or otherwise controls.

Authority to Mitigate Greenhouse Gases Emissions. The following public entities are authorized to engage in activities to mitigate the environmental impacts of their operations and any power purchases:

- (1) cities or towns serving their inhabitants with water, electricity, or services for sewerage, storm water, surface water, or solid waste handling;
- (2) counties authorized to acquire and operate utilities, or conduct other proprietary, user, or ratepayer funded activities; and
- (3) public utility districts.

Mitigation may include all greenhouse gases mitigation mechanisms recognized by an independent, qualified organization with proven experience in emission mitigation activities. It may also include the purchase, trade, or banking of greenhouse gases offsets or credits.

For counties, ratepayer funds, fees, or other revenue dedicated to a county utility or other proprietary, user, or ratepayer funded activity may be spent to reduce or mitigate the environmental impacts of greenhouse gases emitted as a result of that function.

If a state greenhouse gases registry is established, a city or town, county, or public utility district that has purchased, traded, or banked greenhouse gases mitigation mechanisms under this act must receive credit in the registry.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 97 | 0 | |
| Senate | 33 | 13 | (Senate amended) |
| House | 92 | 2 | (House concurred) |

Effective: July 22, 2007

HB 1939

C 472 L 07

Modifying privileged communications provisions.

By Representatives Goodman, Warnick, Rodne, Williams, Priest, Moeller, B. Sullivan, Cody, Chase, Pedersen, Lantz and Hinkle.

House Committee on Judiciary
Senate Committee on Judiciary

Background: The judiciary has the power to compel witnesses to appear before the court and testify in judicial proceedings so that the court may hear and consider all relevant evidence before making a determination. However, the common law and statutory law recognize exceptions to compelled testimony in some circumstances, including testimonial privileges. Privileges are recognized when certain classes of relationships or communications within those relationships are deemed of such societal importance that they should be protected, even at the expense of the truth-seeking goal of the courts.

Washington statutory law establishes a number of privileges, including communications between the following persons: (1) clergy and penitent; (2) attorney and client; (3) husband and wife; (4) physician and patient; (5) psychologist and client; (6) optometrist and client; (7) law enforcement peer support counselor and a law enforcement officer; and (8) sexual assault advocate and victim.

All 50 states have some form of recognized privilege for clergy-penitent communications. Twenty-one states and the District of Columbia explicitly include Christian Science practitioners within the statutory definition of clergy and afford them a sacred communication privilege.

The clergy-penitent privilege in Washington applies unless the person making the confession waives the privilege, authorizing the clergy to testify. Washington's statute does not explicitly refer to Christian Science practitioners and does not explicitly extend to sacred confidences, the term used by the Christian Science church for a confidence shared with a Christian Science practitioner, which is similar to a sacred or holy trust or confession.

The Christian Science church does not have ordained clergy but rather practitioners who have been accredited by the church as qualified for the public practice of Christian Science. Only accredited practitioners may be listed and advertised in the Christian Science Journal, a monthly magazine that is the official publication of The First Church of Christ, Scientist.

Summary: The testimonial privilege for confessions made to clergy is explicitly extended to sacred confidences made to a Christian Science practitioner who is

officially listed in the Christian Science Journal, the monthly magazine of the Christian Science church.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

HB 1940

C 62 L 07

Requiring state agencies to notify local governments of proposed land dispositions.

By Representatives Schindler, Simpson, Crouse, McCune, Dunn, Moeller and Ormsby.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: State agencies dispose of state-owned land when the agency no longer has use for the land or when disposition is in the public interest. Absent a specific requirement, these agencies are not obligated to notify relevant local governments of proposed land dispositions.

Summary: The Department of Natural Resources, the Washington Department of Fish and Wildlife, the Washington State Department of Transportation, the Parks and Recreation Commission, and the Department of General Administration are required to provide written notice of proposed land dispositions to legislative authorities of the counties, cities, and towns in which the land is located. Written notification must occur at least 60 days prior to the agency entering into a disposition agreement. These requirements are in addition to other statutory requirements.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

HB 1949

C 324 L 07

Providing industrial insurance coverage for workers involved in harvesting geoduck clams.

By Representatives Williams, Conway, B. Sullivan, Strow, Sells, Appleton, Kessler, Hinkle, McCoy, Walsh, Chandler, Pearson, Condotta, Kenney, Hasegawa, Moeller and Ormsby.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: The federal Longshore and Harbor Workers' Compensation Act, administered by the U.S. Department of Labor, provides medical benefits, compensation for lost wages and rehabilitation services to longshoremen, harbor workers, and other maritime workers who are injured during the course of employment or suffer from diseases caused or worsened by conditions of employment. Under the Longshore and Harbor Workers' Compensation Act, businesses whose employees are employed in maritime employment on or near the navigable waters of the United States are required to purchase longshore and harbor workers' compensation insurance.

There are exclusions to coverage under the Longshore and Harbor Workers' Compensation Act. The exclusions apply if the workers are covered by a state workers' compensation law. The exclusions include an exclusion for aquaculture workers.

The federal Jones Act also provides a remedy to seamen for injuries arising out of employment. Under the Jones Act, an injured seaman may obtain damages from his or her employer for the negligence of the vessel's owner, the captain, or other crew members. Courts have used various tests to determine whether or not a worker is granted seaman status under the Jones Act and will consider factors such as whether the worker's duties contribute to the function of the vessel.

The state Industrial Insurance Act does not apply to employers and workers for whom a right or obligation exists under the maritime laws.

Summary: The Industrial Insurance Act applies to commercial divers harvesting geoduck clams under an agreement with the Department of Natural Resources (Department), workers tending to the divers, and the employers of the divers and tenders. The Industrial Insurance Act applies whether or not the work is performed from a vessel.

If payments are made both under the Industrial Insurance Act and the maritime laws, the benefits paid under the Industrial Insurance Act must be repaid by the worker or beneficiary. If a claim is made under the Jones Act, the employer is deemed a third party for the purposes of the Industrial Insurance Act, and the Department or self-insurer may file a notice of statutory interest in recovery from that third person.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 1953

C 258 L 07

Requiring premium reductions for older insureds completing an accident prevention course.

By House Committee on Insurance, Financial Services & Consumer Protection (originally sponsored by Representatives Wood, Buri, Wallace, Rodne, Schindler, Ahern, Morrell and Ormsby).

House Committee on Insurance, Financial Services & Consumer Protection

Senate Committee on Financial Institutions & Insurance

Background: The Office of the Insurance Commissioner (OIC) oversees the insurance industry in this state. Automobile insurance policies and rates are submitted to the OIC for approval. Automobile insurance rates filed with the OIC must provide for an appropriate reduction in premiums for a two-year period for insured drivers who:

- are 55 years of age and older; and
- successfully completed a motor vehicle accident prevention course meeting the criteria of the Department of Licensing (DOL).

The rating discount does not apply to underinsured motorist coverage.

A course must be a minimum of eight hours. It may be for additional hours as determined by rule by the DOL. The course must be offered in a classroom by a public or a private agency approved by the DOL. In areas where a classroom course is not offered, an eight-hour self-instruction course must be made available. The self-instruction course may be conducted only by a public or private agency approved by the DOL to offer a classroom course.

Upon completion of a course, a participant must be issued a certificate that is the basis for qualifying for the premium discount. A driver may take a course every two years to maintain the discount.

Summary: An eight-hour course meeting the criteria of the DOL may be offered via an alternative delivery method of instruction. An alternative delivery method of instruction may include internet, video, or other technology-based delivery methods.

An agency seeking approval from the DOL to offer an alternative delivery method course of instruction is not required to conduct classroom courses.

An alternative delivery method course of instruction is not limited to areas where a classroom course is not offered.

The DOL may adopt rules to ensure that drivers take and complete courses delivered by alternative methods.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

SHB 1965

C 433 L 07

Authorizing major industrial development within industrial land banks.

By House Committee on Local Government (originally sponsored by Representatives Eddy and Curtis).

House Committee on Local Government
Senate Committee on Government Operations & Elections

Background: Growth Management Act/Urban Growth Areas. The Growth Management Act (GMA) is the comprehensive land use planning framework for county and city governments in Washington. Enacted in 1990 and 1991, the GMA establishes numerous requirements for local governments obligated by mandate or choice to fully plan under the GMA (planning jurisdictions) and a reduced number of directives for all other counties and cities. Twenty-nine of Washington's 39 counties, and the cities within those counties, are planning jurisdictions.

The GMA directs planning jurisdictions to adopt internally consistent comprehensive land use plans, which are generalized, coordinated land use policy statements of the governing body. Comprehensive plans must address specified planning elements, each of which is a subset of a comprehensive plan. Planning jurisdictions must also adopt development regulations that implement and conform with the comprehensive plan. Except in limited circumstances, comprehensive plan amendments may be considered by the governing body of the planning jurisdiction no more frequently than once per year. Except as otherwise provided, all planning jurisdictions must review and, if needed, revise their comprehensive plans and development regulations according to a recurring seven-year statutory schedule.

The GMA includes numerous requirements relating to the use or development of land in urban and rural areas. Among other planning requirements, counties that fully plan under the GMA (planning counties) must designate urban growth areas (UGAs) or areas within which urban growth must be encouraged and outside of which growth can occur only if it is not urban in nature.

Major Industrial Development/Industrial Land Banks. In 1996 the Legislature enacted a pilot project authorizing the establishment of major industrial development locations outside of UGAs for the purpose of expeditiously siting qualifying development. Among other provisions, the pilot project legislation included criteria for siting these developments within designated banks of land, provided for amending comprehensive plans to implement these provisions, and specified eligibility criteria and termination dates for relevant county authority. The provisions of the original pilot project have been amended several times to modify the applicable criteria and termination dates.

Planning counties meeting specific population, unemployment, and geographic requirements may, in consultation with cities, establish a process for designating a bank of one or two master planned locations for major industrial activity outside of UGAs. A county that has established or proposes to establish an industrial land bank (land bank) must review the need for a land bank within the county, including a review of the availability of land for industrial and manufacturing uses within the UGA, during specific comprehensive plan and development regulation reviews and evaluations mandated under the GMA.

"Major industrial development" means a master planned location suitable for manufacturing or industrial businesses that:

- requires a parcel of land so large that no suitable parcels are available within a UGA;
- is a natural resource-based industry requiring a location near agricultural land, forest land, or mineral resource land upon which it is dependent; or
- requires a location with characteristics such as proximity to transportation facilities or related industries such that there is no suitable location in a UGA.

The major industrial development may not be for the purpose of retail commercial development or multitenant office parks.

"Industrial land bank" means up to two master planned locations, each consisting of a parcel or parcels of contiguous land, sufficiently large so as not to be readily available within the UGA of a city, or otherwise meeting certain criteria, suitable for manufacturing, industrial, or commercial businesses and designated by the county through the comprehensive planning process specifically for major industrial use.

Siting Requirements. A master planned location for major industrial developments outside a UGA may be included in the land bank for the county if certain criteria are met through the completion of a comprehensive planning process ensuring, in part, that:

- development regulations are adopted to ensure that urban growth will not occur in adjacent nonurban areas;
- the master plan for the major industrial developments is consistent with development regulations adopted for protection of critical areas;
- provisions are established for determining the availability of alternate sites within UGAs and the long-term annexation feasibility of land sites outside of UGAs; and
- development regulations are adopted to require the land bank to be used primarily for locating industrial and manufacturing businesses, and to specify that the gross floor area of all commercial and service buildings or facilities locating within the land bank must not exceed 10 percent of the total gross floor area of buildings or facilities in the land bank.

The process for reviewing and approving proposals to site specific major industrial developments within an approved land bank must ensure through adopted development regulations that specific provisions, including the following, are met:

- new infrastructure is provided for and/or applicable impact fees are paid;
- transit-oriented site planning and traffic demand management programs are implemented;
- buffers are provided between the major industrial development and adjacent nonurban areas;
- environmental protection, including air and water quality, has been addressed and provided for; and
- an interlocal agreement related to infrastructure cost and revenue sharing between the county and interested cities is established.

In selecting master planned locations for inclusion in the land bank, priority must be given to locations that are adjacent to, or in close proximity to, a UGA.

Final approval of inclusion of a master planned location in a land bank is an amendment to the applicable comprehensive plan, but the inclusion or exclusion of master planned locations may be considered at any time. After a master planned location has been included in a land bank, manufacturing and industrial businesses that qualify as major industrial development may be located there.

Nothing in the major industrial development/land bank provisions alters the requirements for a county to comply with the State Environmental Policy Act.

Termination Dates and Eligibility Criteria. Two distinct termination dates and sets of eligibility criteria pertaining to population, unemployment, and geographic requirements exist for counties choosing to engage in the process of including or excluding master planned locations from a land bank. In the first set of criteria, the authority of qualifying counties to engage in this siting or exclusion process terminates on December 31, 2007. However, locations included in a land bank on or before the 2007 deadline remain available for major industrial development if siting provisions are met. The second set of eligibility criteria terminated on December 31, 2002. As with the 2007 termination provision, qualifying locations included in a land bank remain available for major industrial development if siting provisions are met.

Summary: The requirements for designating master planned locations for major industrial developments outside UGAs are revised. A master planned location for major industrial developments may be approved through a two-step process: designation of a land bank area in the applicable comprehensive plan; and subsequent approval of specific major industrial developments through a local master plan process.

Comprehensive Plan Amendments. The applicable comprehensive plan must identify locations suited to major industrial development because of proximity to

transportation or resource assets. The comprehensive plan must identify the maximum size of the land bank area and any limitations on major industrial developments based on local factors, but the plan need not specify particular parcels or identify any specific use or user.

In selecting locations for the land bank area, priority must be given to locations that are adjacent or in close proximity to a UGA.

The environmental review for amendment of the comprehensive plan must be at the programmatic level and, in addition to a threshold determination, must include:

- a county-conducted inventory of developable land indicating that land suitable to site qualifying industrial development is unavailable within the UGA; and
- an analysis of the availability of alternative sites within UGAs and the long-term annexation feasibility of sites outside UGAs.

Final approval of a land bank area must be by amendment to the comprehensive plan, but the amendment may be considered at any time. Approval of a specific major industrial development within the land bank area requires no further amendment of the comprehensive plan.

Development Regulations Amendments. In concert with the designation of a land bank area, a county must also adopt development regulations for review and approval of specific major industrial developments through a master plan process. The regulations governing the master plan process must ensure, at a minimum, that specific criteria, including the following, are met:

- urban growth will not occur in adjacent nonurban areas;
- development is consistent with development regulations adopted for protection of critical areas;
- required infrastructure is identified and provided concurrent with development. Such infrastructure, however, may be phased in with development; and
- an open record public hearing is held before either the planning commission or hearing examiner with notice published at least 30 days before the hearing date and mailed to all property owners within one mile of the site.

Termination and Eligibility Provisions. Separate eligibility criteria pertaining to population, unemployment, and geographic requirements for counties choosing to identify and approve locations for major industrial development in land banks are specified. Termination provisions with dates certain are deleted and replaced with provisions requiring, in part, that a county choosing to identify and approve locations for land banks must take action to designate one or more of these banks and adopt regulations meeting certain requirements on or before the last date to complete the county's next periodic comprehensive plan and development regulations review that

occurs before December 31, 2014. The authority of a county to designate a land bank area in its comprehensive plan expires if not acted upon within these time limitations. Once a land bank area has been identified in a county's comprehensive plan, the authority of the county to process a master plan or site projects within an approved master plan does not expire.

Public Notification and Determination Requirements. New notification and written determination requirements are specified. Counties seeking to designate an industrial land bank must:

- provide countywide notice, in conformity with specific public participation and notification provisions of the GMA, of the intent to designate an industrial land bank. These notices must be published in one or more newspapers of general circulation that are reasonably likely to reach subscribers throughout the applicable county at least 30 days before the county legislative body begins the consideration process for siting a land bank; and
- make written determinations of the criteria and rationale used by the county legislative body for siting a land bank.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 49 | 0 | (Senate amended) |
| House | 97 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1966
C 264 L 07

Clarifying the authority of physician assistants to sign and attest to documents.

By Representatives Curtis, Cody, Skinner, Morrell, Green, Barlow, Darneille, Ormsby and Schual-Berke.

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

Background: Physician Assistants. *Licensure.* Physician assistants (PAs) are licensed by the Department of Health (DOH) to practice medicine or osteopathic medicine to a limited extent only under the supervision of a licensed physician or osteopathic physician, respectively. A PA may practice medicine only after the Medical Quality Assurance Commission approves a practice arrangement plan jointly submitted by the PA and a physician or physician group. The practice arrangement plan must delineate the manner and extent to which the PA would practice and be supervised.

Authority to Sign Documents. Under rules adopted by the DOH, a certified PA may sign and attest to any document that might ordinarily be signed by a licensed physician, such as birth and death certificates. The PA and the sponsoring physician are required to ensure that

appropriate consultation and review of work are provided.

Other rules of the DOH provide for specific certifications by PAs, such as excuses from immunization and medical documentation to allow certain food employees with gastrointestinal illness to work. Department of Social and Health Services rules also address various specific circumstances when PAs may sign required documents.

Physician Assistants under the Industrial Insurance Act. *Injured Worker's Attending Physician.* A worker who, in the course of employment, is injured or suffers disability from an occupational disease may be entitled to benefits under the Washington Industrial Insurance Act. These benefits include proper and necessary medical and surgical services from a physician of the worker's choice. A worker may be eligible for partial wage replacement benefits (time loss) if certified by the attending physician as temporarily unable to work.

To obtain benefits, an injured worker is required to file an application with the Department of Labor and Industries (DLI) or his or her self-insured employer, accompanied by a certificate of the attending physician. The DLI rules specify that the injured worker and attending physician must file a report of accident upon the determination that the injury or disability is work-related. The report must include the signed findings of the attending physician.

The DLI rules allow PAs to fill out accident reports and time loss certifications, but only for the supervising physician's signature. The rules also require PAs to obtain advance approval from the DLI prior to treating industrial injury cases.

Temporary Expanded PA Authority. In legislation enacted in 2004, PAs are allowed until July 1, 2007, to assist workers applying for compensation for simple industrial injuries. The PAs may complete, and be the sole signature, on the report of accident for these claims. The PAs are prohibited from rating a worker's permanent partial disability or determining a worker's entitlement to compensation.

Under DLI rule, a simple industrial injury includes:

- no time lost from work after the date of injury; and
- injuries limited to an insect bite, abrasion, contusion, laceration, blister, foreign body, open wound, sprain, strain, closed fracture, simple burn, or probable exposure to bloodborne pathogen due to a needle-stick.

Report to the Legislature. As required under the 2004 law, the DLI reported on the implementation of the law's provisions, including the effects on injured worker outcomes, claim costs, and disputed claims. The report generally indicated that implementation of the 2004 law was not associated with any negative impact on medical costs or disputes, and appeared to positively affect provider enrollment, availability of authorized reporting

providers in rural areas, and some measures of administrative efficiency.

Summary: Stated legislative findings include that some state agencies and departments do not accept the signature of PAs on certain documents, even though the signing is within the PA's scope of practice and permitted pursuant to rules of the DOH. It is the stated intent of the Legislature to clarify the DOH rule in statute regarding when a PA is allowed to sign and attest to a document that might ordinarily be signed by the supervising physician.

In their licensure statutes, PAs are granted express authority to sign any certificate or other documentation that the PA's supervising physician or physicians may sign. Such signing must be within the PA's scope of practice and be consistent with the PA's practice arrangement plan.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 46 | 0 | (Senate amended) |
| House | 94 | 0 | (House concurred) |

Effective: July 22, 2007

ESHB 1968

C 435 L 07

Requiring certification for sprinkler fitters.

By House Committee on Commerce & Labor (originally sponsored by Representatives Simpson, Conway and Ormsby).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: The state Director of Fire Protection (Director) administers state laws relating to licensing of fire protection sprinkler system contractors and certification of persons designing and installing certain sprinkler systems.

Licensing and Certification Requirement. To construct, install, or maintain a fire protection sprinkler system in an occupancy, a person must be licensed as a fire protection sprinkler system contractor. This requirement does not apply to owners/occupiers of single-family dwellings installing a sprinkler system in those dwellings, government employees acting in their official capacities, and certain other persons. A municipality may not require a contractor to obtain a license from the municipality to install sprinkler systems.

To become a licensed fire protection sprinkler system contractor, a person or firm must:

- employ a certificate holder;
- comply with minimum surety bond requirements;
- apply for a license; and
- pay required fees.

To become a certificate holder, a person must satisfy criteria established by the Director and pass an examination. The Director may accept equivalent proof of qualification in lieu of examination. The Director is authorized to refuse or revoke licenses and certificates for reasons including fraud, dishonest practices, felony convictions, and gross incompetence or negligence. Licensing decisions may be appealed as provided in the state Administrative Procedure Act.

Administration. As noted above, the Director administers the licensing and certification requirements. The Director must adopt rules necessary for the administration of these requirements, administer examinations, set reasonable fees for licenses and certificates, investigate complaints, and take other actions necessary to enforce these provisions.

Dedicated Account. The Fire Protection Contractor License Fund (Fund) exists in the custody of the State Treasurer. License and certificate fees are deposited into the Fund. No appropriation is required for expenditures.

Summary: In addition to licensing and certification requirements applicable to fire protection sprinkler system contractors, the Director must administer certification requirements applicable to sprinkler fitters.

Certification Requirement. A certification requirement for sprinkler fitters is established. A person may not engage in the sprinkler fitting trade without having a journey-level or residential certificate, trainee certificate, or temporary permit. Similarly, a contractor may not employ a person to perform sprinkler fitting work who does not have such a certificate or permit. An exception to the certification requirement allows a plumber to install a residential sprinkler system connected to potable water.

Certification With Examination. To obtain a certificate, a person must submit an application, pass the appropriate examination, and pay application and examination fees. In addition, for a journey-level sprinkler fitter certificate, the person must have 8,000 hours of trade-related sprinkler fitting experience. For a residential sprinkler fitter certificate, the person must have 4,000 hours of trade-related sprinkler fitting or residential sprinkler fitting experience. For a trainee certificate, the person must have trade-related employment with a licensed fire protection sprinkler system contractor.

Certification Without Examination. A grandfather clause allows a person to obtain a certificate without examination. The person must have 8,000 hours of employment as a journey-level sprinkler fitter for a journey-level certificate, or 4,000 hours of employment as a journey-level or residential sprinkler fitter for a residential certificate. The person must apply for the certificate within 90 days of the act's effective date.

A reciprocity clause allows a person who is a journey-level or residential sprinkler fitter in another state to become certified without examination. The certification

requirements in the other state must be substantially equivalent to the requirements in Washington. The other state must extend the same privilege to a person who is a certified journey-level or residential sprinkler fitter in Washington.

Administration and Enforcement. The Director is authorized to investigate alleged violations of the certification requirement. A person wishing to appeal an infraction must file an appeal within 20 days of the notice of infraction in accordance with the Administrative Procedures Act.

Monetary penalties are set by rule. All receipts from fees and penalties are deposited in the Fire Protection Contractor License Fund.

Votes on Final Passage:

House 74 21
Senate 34 13

Effective: January 1, 2009

HB 1972
C 63 L 07

Regarding proceeds from irrigation district foreclosure sales.

By Representatives Ross and Newhouse.

House Committee on Agriculture & Natural Resources
Senate Committee on Government Operations & Elections

Background: An irrigation district may be organized or maintained to:

- construct or purchase works for the irrigation of lands within the district;
- reconstruct, repair, improve, operate, or maintain existing irrigation works;
- construct, reconstruct, repair, or maintain a system of diverting conduits from a natural water supply source to the point of individual distribution for irrigation purposes; and
- execute and perform any legally-authorized contract with the federal or state governments for reclamation and irrigation purposes.

The process for organizing a district, electing a board of directors, and carrying out its powers and duties is outlined in statute. A district may assess property within its boundaries in order to carry out these functions. A district's secretary must prepare an assessment roll, which will be reviewed and equalized by the board of directors. The real property assessment is a lien against the property assessed. The lien is superior to any other lien created except for a lien for prior assessments. Such a lien is not removed until the assessments are paid or the property sold for the payment.

A date of delinquency is the date when an assessment first becomes delinquent. Thirty-six months after

the date of delinquency, the county treasurer must prepare a certificate of delinquency on the property for the unpaid irrigation district assessments and for costs and interest. After the county treasurer takes steps to notify the land owners, encourage payment of the amounts due, and conduct a title search, he or she must commence legal action to foreclose on the assessment liens. If the court issues a judgment of foreclosure, the court must direct the county treasurer to proceed with the sale of the property and specify the minimum sale price. The county treasurer must sell the property to the highest and best bidder.

When proceeds from an irrigation assessment judgment sale exceed the amounts owed for delinquent assessments and certain additional assessments, costs and interest, the excess proceeds are remitted, upon application, to the owner of the property.

Summary: When proceeds from an irrigation assessment judgment sale exceed the amounts owed for delinquent assessments and certain additional assessments, costs and interest, the excess proceeds must be remitted, upon application, to the record owner of the property. The "record owner of the property" is the person who held title to the property on the date the certificate of delinquency was issued. Assignments of interests, deeds, or other documents executed or recorded after filing the delinquency certificate do not affect the payment of excess funds to the record owner.

Votes on Final Passage:

House 95 0
Senate 49 0

Effective: July 22, 2007

2SHB 1980
C 459 L 07

Regarding the financial literacy public-private partnership.

By House Committee on Appropriations (originally sponsored by Representatives Kelley, Santos, Ormsby, Roach and Morrell).

House Committee on Education
House Committee on Appropriations
Senate Committee on Early Learning & K-12 Education

Background: Financial literacy is the achievement of skills and knowledge necessary to make informed judgments and effective decisions regarding earning, spending, and the management of money and credit.

In 2004 the Legislature created the Financial Literacy Public-Private Partnership (Partnership) consisting of legislators, representatives from the Office of the Superintendent of Public Instruction (OSPI) and the Department of Financial Institutions, financial services representatives, and educators. The Partnership is

charged with identifying important financial literacy skills and knowledge and considering strategies to increase financial literacy in public school students. Such strategies include instructional materials, assessment measures, and professional development to expand and improve financial literacy instruction.

There is a Partnership account administered by the OSPI which can be used for public funds and private donations. For the first years of its existence, the Partnership did not have state operating funds. However, \$50,000 was appropriated to the Partnership account in the 2006 supplemental operating budget. The Partnership is scheduled to issue a final report and expire on June 30, 2007.

Summary: The date for the completion of activities by the Partnership is extended from June 30, 2006, to June 30, 2009. The expiration date for the Partnership is also extended to June 30, 2009. The Partnership's report in June of 2007 becomes an interim report, and a new final report date is set for June 30, 2009.

If funds are provided, the OSPI and other members of the Partnership will make financial literacy materials available to school districts. School districts are encouraged to provide students with an opportunity to master financial literacy skills and knowledge.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 94 | 1 | |
| Senate | 45 | 0 | (Senate amended) |
| House | 95 | 0 | (House concurred) |

Effective: May 14, 2007

ESHB 1981
C 182 L 07

Concerning the excise taxation of electronically delivered financial information.

By House Committee on Finance (originally sponsored by Representatives Hunter, Conway, Orcutt, Anderson, Santos, Kessler, Jarrett, Condotta and McIntire).

House Committee on Finance
Senate Committee on Ways & Means

Background: Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2.0 percent, for an average combined state and local tax rate of 8.5 percent.

The definition of tangible personal property includes electricity and prewritten computer software. Electronically delivered digital goods, such as music, video, and standard data files, are also considered tangible personal property and are subject to retail sales or use tax.

Retail sales and use taxation of software and electronically delivered information depends upon whether the subject of the sale is primarily a service or a product. For example, charges for custom program development or custom information development for a specific user are considered a service and not subject to retail sales tax. The sale of standard information, not created for a single person, is treated as a retail sale.

Summary: Electronically delivered standard financial information sold to an investment management company or financial institution is exempted from retail sales and use tax. Standard financial information is financial data or facts not generated for a specific customer. Examples include financial market data, bond ratings, credit ratings, and deposit reports, loan reports, or mortgage reports.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 3 |
| Senate | 40 | 5 |

Effective: August 1, 2007

SHB 1988
C 306 L 07

Changing provisions affecting security guards.

By House Committee on Commerce & Labor (originally sponsored by Representatives Morrell, DeBolt, Lovick, Conway, Green, Hudgins and Kenney).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: Approximately 7,500 persons are licensed to work as private security guards in Washington. Security guards must complete at least eight hours of pre-assignment training. At least four hours of this training must be classroom instruction. A trainer certified by the Department of Licensing (Department) must report this training to the Department. The training may be waived for a person who was employed full-time as a peace officer not more than five years prior to applying for a license and who passes the security guard exam.

Security guards must also complete at least eight hours of post-assignment training. Four of these hours must be completed within the first six months of becoming licensed and the remaining four must be completed within the following six months. The eight-hour requirement increases by one hour every year until 2012 for a total of 15 hours of post-assignment training.

Summary: The requirements for private security guard post-assignment training are modified. Instead of a one-hour increase each year until 2012, the training is separated into initial post-assignment training and annual refresher training. The initial post-assignment training is eight hours and the annual refresher training is four hours. For the refresher training, no more than one hour may focus directly on customer service-related skills, and the remaining three hours must focus on emergency response, including but not limited to knowledge of site post orders or life safety.

The time frame for completion of post-assignment training is changed. Instead of being based on the individual security guard's license date, the time frame is determined by whether the security guard was licensed in the first half of the year or the last half of the year. Those licensed in the first half of the year must complete their training by June 30 of the following year and those licensed in the second half of the year must complete their training by December 31 of the following year.

A security guard company may waive the initial post-assignment training for security guards who transfer from another company and have appropriate records. Companies must retain all training records and no longer need to report pre-assignment training. Training records must contain a description of the topics covered, the name and signature of the trainer, and the name and signature of the security guard.

The Department must meet with interested parties to develop lists of suggested pre-assignment, post-assignment, and refresher training by rule.

Training is separated into classroom instruction and individual, rather than on-the-job instruction. "Individual instruction" is defined as on-the-job training or training through formal education techniques such as video, closed circuit, internet, or other electronic means. A definition of "department-certified trainer" is added and provisions are reorganized for clarity.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

HB 1994
C 183 L 07

Addressing overpayments received by courts.

By Representatives Curtis, Ericks, Roberts and Quall.

House Committee on Judiciary
House Committee on Finance
Senate Committee on Judiciary

Background: Under the Unclaimed Property Act (UPA), intangible property held by someone other than

the owner is presumed to be abandoned and subject to the custody of the state if certain conditions exist. Generally, a presumption of abandonment is created when property remains unclaimed for three years. There are specific rules that apply to various kinds of intangible property, including travelers checks, bank accounts, money orders, shares of stock, life insurance policies, lottery tickets, and other types of intangible property.

The holder of unclaimed property is generally required to supply information annually to the Department of Revenue (DOR) regarding the property and its owner. Depending on the holder and the type and value of the property involved, attempts must be made by the holder and by the DOR to notify the owner of the property.

One specific provision within the UPA applies to property held by courts and other public agencies. Such property is considered abandoned if it remains unclaimed for more than two years.

Summary: Courts are allowed to retain certain overpayments of \$10 or less. The overpayments covered are those made in connection with any litigation. The retained money is to be deposited into the local current expense fund.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 94 | 1 |
| Senate | 38 | 9 |

Effective: July 22, 2007

HB 2004
C 511 L 07

Providing comprehensive membership of significant jurisdictions on the executive board of regional transportation planning organizations.

By Representatives Rolfes, Armstrong, Eddy, Appleton, Clibborn and Jarrett.

House Committee on Transportation
Senate Committee on Transportation

Background: Federal law requires that metropolitan areas with a population of more than 50,000 persons must have a metropolitan planning organization (MPO). This designation is made by the Governor and must have the concurrence of local government officials representing 75 percent of the population within the area, including the central city or as otherwise provided for by state or local law. The formation of these agencies is a precondition for receiving federal highway and transit funds. There are currently 11 MPOs in Washington.

State law authorizes the voluntary association of governments for transportation planning purposes in the form of regional transportation planning organizations (RTPO). The federally-mandated MPOs are designated

as the RTPOs under the state's 1990 Growth Management Act (GMA). State requirements for regional transportation planning largely mirror federal requirements. They also include a requirement to certify that the transportation elements of local comprehensive plans conform with the GMA and are consistent with the regional transportation plan.

Each RTPO must: (1) encompass at least one county; (2) have a population of at least 100,000 or contain at least three counties; and (3) have as members all counties within the region and at least 60 percent of the cities and towns within the region representing at least 75 percent of the combined population of the cities and towns.

To qualify for state planning funds, every RTPO containing a county with a population of more than one million must provide voting membership on its executive board to the state Transportation Commission, the Department of Transportation, and the four largest public port districts within the region, as determined by gross operating revenues. In addition, the RTPO must assure that at least 50 percent of the county and city local elected officials who serve on the executive board also serve on transit agency boards or on a regional transit authority.

The 2006 Legislature added additional executive board voting membership requirements in the biennial budget as a condition for qualifying for state funding to RTPOs containing a county with a population of more than one million. Under those additional requirements are that voting membership must be provided to: any incorporated principal city of a metropolitan statistical area within the region, as designated by the United States Census Bureau; and any incorporated city within the region with a population of more than 80,000. In addition, such RTPOs were directed to review their executive board membership criteria to ensure that the criteria appropriately reflects a true and comprehensive representation of the organization's jurisdictions of significance within the region.

The only county with a population of more than one million is King County. The RTPO (and MPO) that contains King County, along with Pierce, Kitsap, and Snohomish counties, is the Puget Sound Regional Council (PSRC). The PSRC executive board has 32 voting members.

The 2006 legislative executive board voting membership modifications had the effect of adding Bellevue, Renton, Kent, Bremerton, and Federal Way to the PSRC. The 2006 new membership requirements expire with the budget on June 30, 2007.

Summary: To qualify for state planning funds, regional transportation planning organizations that consist of one or more counties with a population of more than one million must add executive board voting membership as follows: the state Transportation Commission; the

Department of Transportation; and the four largest public port districts within the region, as determined by gross operating revenues; any incorporated principal city of a metropolitan statistical area within the region; and any incorporated city within the region with a population of more than 80,000. (The executive board membership requirements provided in previous budgets are substantially codified with the effect of adding representatives from Bellevue, Renton, Kent, Bremerton, and Federal Way to the Puget Sound Regional Council.)

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 41 | 3 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 2007
C 310 L 07

Regarding allowable fuel blends.

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Eddy and Crouse).

House Committee on Technology, Energy & Communications
Senate Committee on Water, Energy & Telecommunications

Background: Methyl tertiary-butyl ether (MTBE) is a chemical compound primarily used as a gasoline additive. It is one of a group of chemicals commonly known as "oxygenates" because the chemicals raise the oxygen content of gasoline. At room temperature, MTBE is a volatile, flammable, and colorless liquid that dissolves rather easily in water.

In 2002 legislation was enacted regulating the use of MTBE in gasoline. The law has two parts: (1) it bans the intentional addition of MTBE to gasoline, motor fuel, or clean fuel for use in Washington; and (2) it bans knowingly mixing MTBE in gasoline above 0.6 percent by volume.

Summary: The threshold for the ban on knowingly mixing MTBE in gasoline is reduced from 0.6 percent by volume to 0.15 percent by volume of MTBE.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SHB 2008

C 69 L 07

Creating a cooperative agreement relating to the timber harvest excise taxation of timber harvests within the Quinault Indian Reservation.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives VanDeWege, Kessler, Haigh, Takko and Ericks).

House Committee on State Government & Tribal Affairs
House Committee on Finance
Senate Committee on Ways & Means

Background: Timber Harvest Excise Tax. In 1971, the Legislature excluded timber from property taxation. Instead of a property tax, the state imposes a timber harvest excise tax, also referred to as the forest excise tax or FET, on every person in the state who engages in the business of harvesting timber on either public or private land. Timber owners pay a 5 percent excise tax on the stumpage value of the timber when it is harvested.

The person who owns the timber at the time of harvest, in effect the harvester, is responsible for paying the FET. Anyone who intends to harvest timber on private land must obtain a permit from the Department of Revenue (DOR); anyone who is not required to obtain a permit must register with the DOR. When the owner of the timber at the time of harvest cannot be determined, the landowner at the time of harvest is responsible for the tax. The FET is paid quarterly on all timber harvested during the previous quarter.

Revenue from the FET is split between the counties and the State General Fund. Four percent of the tax is distributed to the counties with the remaining 1 percent being distributed to the State General Fund. Under statute, both the state and counties may impose the FET; the 5 percent rate is inclusive of both levies. The state administers both levies and distributes revenues to the counties.

Timber Harvest Excise Tax Revenue. Thirteen counties have forested fee land within the exterior boundary of a reservation that is subject to the FET. These counties, and the portion of their revenue distribution that is from such forest lands are as follows:

| <u>County</u> | <u>Percentage</u> |
|---------------|-------------------|
| Clallam | 0.75 |
| Ferry | 4 |
| Grays Harbor | 2 |
| Jefferson | 0.25 |
| Kitsap | 0.5 |
| Klickitat | 0.5 |
| Mason | 0.5 |
| Okanogan | 2 |
| Skagit | 0.5 |
| Snohomish | 0.75 |
| Stevens | 1 |
| Whatcom | 0.5 |
| Yakima | 2 |

In 2006 the state distributed \$38,719,697.96 of FET revenue to all counties. An average 1.1 percent of the state's total FET revenue comes from forest lands within the exterior boundaries of a tribal reservation. Thirteen million of the total amount was distributed to counties that have taxable forest lands within the exterior boundaries of a reservation; of that \$13 million, \$153,439.60 was from forest lands within the exterior boundaries of a tribal reservation.

Other Government-to-Government Agreements. For comparison, since 2001, the state has also entered into government-to-government agreements with some of the 29 federally recognized tribes regarding cigarette tax. The terms of such contracts are non-negotiable and set by the Legislature in statute. Since then, 26 contracts have been executed with the tribes; one contract is pending legislative authorization. Tribal cigarette tax contracts are for renewable eight-year periods. The amount of tribal cigarette tax is equal to the total amount of the state cigarette tax and the state and local sales tax; the tribal cigarette tax is in lieu of the state cigarette and state and local sales tax.

Summary: The Governor may enter into a timber harvest excise tax contracts with the Quinault Nation. These contracts are for timber harvests on fee land within the exterior boundaries of the tribe's reservation and do not pertain to timber harvests on trust land or land owned by the tribe. The tribal timber harvest excise tax must be equal to 100 percent of the state timber harvest excise tax. Tribal timber harvest excise tax contracts are for renewable eight-year periods. The Governor may delegate the power to negotiate the timber harvest excise tax to the DOR.

Those individuals that are subject to a tribal timber harvest excise tax pursuant to a contract between the tribe and state are allowed a tax credit against the state and county timber harvest excise tax for the amount of the tribal timber harvest excise tax. (In effect, individuals will not be subject to overlapping timber harvest excise tax liabilities.)

The state will distribute funds from the state's portion of the timber harvest excise tax revenue to counties affected by the timber harvest excise tax contracts in an amount equal to that of any tribal tax credited against the county's portion of the timber harvest excise tax revenue.

Tribal timber harvest excise contracts are subject to the following terms:

- The tribal tax shall be credited against the state and county taxes imposed under statute.
- Tribal ordinances or other laws for timber harvest excise taxation that implement the terms of the timber harvest excise tax must reflect provisions that are identical to those in state code for tax rates and measures.
- Contracts must include provisions for compliance, recordkeeping, and audit requirements.
- Contracts must include provisions for dispute resolution and contract termination, and provisions delineating the respective roles and responsibilities of the tribe and the state.
- Contracts must include provisions that require taxpayers to submit necessary information to the state or the tribe.

Tax revenue retained by the tribe through the timber harvest excise tax may only be used for essential government services. For the purposes of these contracts, essential government services are:

- forest land management;
- protection, enhancement, regulation, and stewardship of forested land;
- land consolidation;
- tribal administration;
- public facilities, fire, and police;
- public health;
- education;
- job services;
- sewer and water;
- environmental and land use;
- transportation;
- utility services; and
- public facilities serving economic development purposes.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 63 | 33 |
| Senate | 48 | 1 |

Effective: July 22, 2007

SHB 2010

C 133 L 07

Providing responsible bidder criteria and related requirements for public works contracts.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Haigh, Hunt, Ericks, Conway, Haler, Green, Hasegawa, Appleton, Campbell, Sells, Kenney, VanDeWege, Cody, Hurst, McDermott, Simpson and Ormsby).

House Committee on State Government & Tribal Affairs
Senate Committee on Labor, Commerce, Research & Development

Background: Public works projects include construction, building, renovation, remodeling, alteration, repair or improvement of real property. Most public agencies are required to award public works contracts to the lowest responsible bidder or the responsible bidder who submits the lowest responsive bid. In public works statutes, there is no definition of "responsible bidder." Under the small works roster contracting process, the process for contract purchases of materials and equipment, and contracts for third-party cogeneration of power by a state authority, the statutes make reference to the definition of responsible bidder the state uses for purchasing goods or services. Under this definition, the agency must consider the ability of the bidder to perform the contract, the reputation and experience of the bidder, whether the bidder can perform in the time specified, the quality of performance under previous contracts, and previous compliance by the bidder with laws relating to the contract.

Summary: Responsible bidder is defined for purposes of public works contracts. In order to be considered a responsible bidder, the bidder must have a certificate of registration at the time of bid submittal; a current state unified business identifier number; and if applicable, industrial insurance coverage for the bidder's employees working in Washington, an Employment Security Department number, and a state excise tax registration number. In addition, the bidder must not be disqualified from bidding on any public works contracts.

A state or municipality may adopt relevant supplemental criteria for determining bidder responsibility that is applicable to a particular project. Any supplemental criteria must be included in the invitation to bid or the bidding documents.

At the request of a potential bidder, and after evaluation by the state or municipality, the bid criteria may be modified. If a change in criteria results, an addendum to the bidding documents must be issued identifying the new criteria.

If the state or municipality determines that a bidder is not responsible, it must provide the bidder the reasons, in writing, for that determination and must provide the bidder an opportunity to provide additional information.

If the final determination is that the bidder is not responsible, the state or municipality may not execute a contract with another bidder until two business days have elapsed since the final determination was received by the bidder.

Public works contractors and subcontractors must verify that any subcontractors they directly hire meet the responsibility criteria for the project at the time of award. Verification that a subcontractor has an electrical contractor license or an elevator contractor license, if required by statute, must be included in the verification process.

The Capital Projects Advisory Review Board is to develop guidelines to assist the state and municipalities in developing supplemental responsibility criteria.

For purposes of public works contracts, "award" is defined as the formal decision by the state or municipality notifying a responsible bidder with the lowest responsive bid of the state or municipality's acceptance of the bid and intent to enter into a contract with the bidder.

Votes on Final Passage:

House 76 21
Senate 45 3

Effective: July 22, 2007

HB 2032
C 243 L 07

Concerning the tax deferral application process for fruit and vegetable processing and storage.

By Representatives Takko and Hinkle.

House Committee on Finance
Senate Committee on Agriculture & Rural Economic Development
Senate Committee on Ways & Means

Background: In 2005 a sales and use tax deferral program (program) was authorized for fruit and vegetable processing, cold storage warehousing, and related research and development businesses. The program authorized the deferral of sales and use taxes on tangible personal property, including machinery and equipment, and labor and services related to the construction, expansion, or operation of facilities used for eligible processing, warehousing, or research and development. The deferred taxes are forgiven if the investment project meets the program criteria for eight years.

In 2006 dairy product manufacturing and seafood processing were included within the program.

To qualify for the deferral of taxes, a person must apply to the Department of Revenue prior to the initiation of construction of a facility, or the purchase of machinery and equipment, to be used for fresh fruit and vegetable processing, seafood product manufacturing,

dairy product manufacturing, cold storage warehousing, or related research and development.

A person may not apply for the tax deferral before July 1, 2007. The program expires July 1, 2012.

Summary: The date in which a person may apply for the tax deferral program is changed from July 1, 2007, to the date the Governor signs this act (April 30, 2007).

Votes on Final Passage:

House 98 0
Senate 47 1

Effective: April 30, 2007

HB 2034
C 393 L 07

Providing a civil cause of action for victims of motor vehicle theft.

By Representatives Jarrett, Clibborn, Roberts and Hurst.

House Committee on Judiciary
Senate Committee on Judiciary

Background: Crimes Involving the Theft or Taking of a Car. At least four criminal statutes apply to the theft or unauthorized taking of a car. Two are general theft statutes and two apply specifically to taking cars. First degree theft is a class B felony and consists of the unauthorized taking of property with the intent to deprive the owner of it, where the property is either worth more than \$1,500, or is taken directly from the person who owns it. Second degree theft is a class C felony, and one form of the crime consists of taking a car worth less than \$1,500 with the intent to deprive the owner of it. Two other crimes deal with taking a car without permission. The first degree taking without permission crime is a class B felony, and consists of taking a car and changing its appearance or identification number, removing parts with the intent to sell them, or taking the car with the intent to sell it. The second degree taking without permission crime is a class C felony and consists of taking the car without permission, or driving or riding in the car knowing it was taken without permission.

As is the case with all crimes, the prosecution must prove all elements of these theft and taking crimes beyond a reasonable doubt. As part of a criminal conviction, a defendant may be ordered to make restitution to a victim for harm or damage done.

Civil Law Actions for Car Theft. At common law, an owner of property may have a cause of action for the tort of conversion against someone who takes the property. A conversion is the act of willfully interfering with personal property without lawful justification and thereby depriving possession from someone who is entitled to possession. The tort does not require that the plaintiff show the defendant acted with the intent to deprive possession.

As is generally the case with civil lawsuits, the plaintiff must establish his or her case by a preponderance of the evidence. A common law action for the theft of property entitles the plaintiff to recover actual damages and certain statutory costs associated with bringing the lawsuit. As is the case with most civil lawsuits at common law, however, each party bears the costs of its own legal representation.

Service of Process. To initiate a lawsuit, the plaintiff must serve notice on the defendant. Generally, service must be made personally on the defendant or by leaving the summons with a person of suitable age at the defendant's residence. If the defendant is not a resident of the state, or has left the state in order to avoid service, the defendant may be served through publication in a newspaper of general circulation.

In the case of motor vehicle drivers who are involved in accidents, out-of-state drivers and resident drivers who cannot be found are deemed to have consented to having the Secretary of State act as their attorney in fact for purposes of receiving legal process.

Summary: A person who is deprived of his or her car because of a violation of one of the four car theft statutes may sue the perpetrator. In addition to actual damages, the plaintiff is entitled to recover civil damages of up to \$5,000 and the costs of the suit, including reasonable attorneys' fees.

Summons is to be served on the defendant personally, unless he or she cannot be found after a diligent search, in which case service may be made on the Secretary of State. The plaintiff must file affidavits indicating compliance with the service requirements. The court may order a continuance as needed to allow the defendant a reasonable chance to defend the action.

The Department of Licensing is to suspend the driver's license of the defendant until all monetary obligations imposed as a result of a lawsuit are paid in full. An exception to the mandatory suspension is provided if the defendant has entered into a payment plan with the court.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 44 | 3 | (Senate amended) |
| House | 94 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 2049

C 344 L 07

Authorizing the creation of marine resource committees.

By House Committee on Select Committee on Puget Sound (originally sponsored by Representatives Rolfes, Strow, Appleton, Hunt, Springer, McDermott, VanDeWege, Seaquist, McCoy, Eickmeyer and Lantz).

House Select Committee on Puget Sound
Senate Committee on Natural Resources, Ocean & Recreation

Background: Congress created the Northwest Straits Marine Conservation Initiative (Conservation Initiative) in 1998 as a conservation and restoration program serving the northwest portion of the Puget Sound. The Conservation Initiative is charged with establishing community-based marine stewardship, conducting citizen-driven scientific studies on marine species and their habitat, and restoring marine habitat.

The Conservation Initiative has established seven Marine Resources Committees (MRCs), one for each of the following counties: Clallam, Island, Jefferson, San Juan, Skagit, Snohomish, and Whatcom. Each of these MRCs is citizen-based, with representatives from local government, tribal government, and the scientific, economic, recreational, and conservation communities. Each MRC has specific preservation and protection actions that are pertinent to their area. Current MRC projects include surveys of marine habitats, mapping eel-grass beds, outreach and education to local communities, compiling scientific data, and protecting rocky-reef fish.

Summary: Certain counties bordering Puget Sound, and all coastal counties, are authorized to establish an MRC to address the needs of the marine ecosystem local to that county. An MRC may only be created by a county legislative authority, in cooperation with tribes, cities, and local special districts. A county may delegate management and oversight of an MRC to a coastal city within its boundaries. Residents may petition their county legislative authority for the establishment of an MRC, and the county must respond to that petition within 60 days of receipt.

The membership of the MRC is established by the initiating local government and must include balanced representation from the local government, the scientific community, and economic, recreational, scientific, and conservation interests.

Once created, an MRC is directed to review existing data and conservation programs in order to make prioritized recommendations as to what else could be done in the area local to the MRC. In addition to making conservation recommendations, the MRC may work to help implement any accepted recommendations, promote public outreach, and engage in other activities deemed appropriate by the initiating local government.

The Puget Sound Action Team (PSAT), or its successor organization, is designated as the coordinating entity for the various MRCs created by counties located within the Puget Sound basin. The Department of Fish and Wildlife (WDFW) is designated to serve that role for MRCs created by a coastal county. As such, the PSAT and the WDFW are to help coordinate communication, pool grant funding, and assist local projects that fit within regional goals.

Votes on Final Passage:

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

Effective: July 22, 2007

2SHB 2055

C 356 L 07

Concerning traumatic brain injuries.

By House Committee on Appropriations (originally sponsored by Representatives Flannigan, Ahern, McCoy, Ormsby and Santos).

House Committee on Human Services
House Committee on Appropriations
Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means

Background: Traumatic brain injury (TBI) occurs when a sudden trauma causes damage to the brain. A TBI can result when the head suddenly and violently hits an object, or when an object pierces the skull and enters brain tissue. Symptoms of a TBI can be mild, moderate, or severe, depending on the extent of the damage to the brain.

Traumatic brain injury can cause a wide range of functional changes. Disabilities resulting from a TBI depend upon the severity of the injury, the location of the injury, and the age and general health of the individual. Some common disabilities include problems with cognition (thinking, memory, and reasoning), sensory processing (sight, hearing, touch, taste, and smell), communication (expression and understanding), and behavior or mental health.

The federal Centers for Disease Control and Prevention (CDC) estimates that at least 5.3 million Americans, approximately 2 percent of the U.S. population, currently have a long-term or lifelong need for help to perform activities of daily living as a result of a TBI. Traumatic brain injuries contribute to a substantial number of deaths and cases of permanent disability annually.

According to the CDC, of the 1.4 million who sustain a TBI each year in the United States:

- 50,000 die;
- 235,000 are hospitalized; and

- 1.1 million are treated and released from an emergency department.

Among children under 14 years of age, TBI results in an estimated:

- 2,685 deaths;
- 37,000 hospitalizations; and
- 435,000 emergency department visits annually.

The federal government created the Traumatic Brain Injury Program (Program) to improve access to health and other services regarding TBI. The Program competitively awards state planning, implementation, and post-demonstration grants. Washington has received grants under this Program in the amount of \$100,000 for the purpose of building the system and the infrastructure to deliver services to individuals with TBI. The Program is being administered through the Aging and Disability Services Administration in the Department of Social and Health Services (DSHS).

Summary: New Chapter. Laws relating to TBI are to consolidate under one new chapter.

Advisory Council. The Washington Traumatic Brain Injury Strategic Partnership Advisory Council (Council) is established as an advisory council to the Governor, Legislature, and Secretary of the DSHS. The Council consists of a wide variety of individuals who are appointed by the Governor. The Council includes representatives from several state agencies, non-profit agencies working with individuals with TBI, medical specialists, rehabilitation and vocational specialists, social workers, veterans, the National Guard, a Washington Native American Indian Tribe, the Washington Protection and Advocacy System, individuals with TBI, and family members of persons with TBI.

The initial appointments to the Council will be made by September 1, 2007, and the terms will run for three years. The Council will annually elect a chairperson.

The duties of the Council include the following:

- (1) collaborate with the Department to develop a comprehensive statewide plan to address the needs of individuals with TBIs;
- (2) provide recommendations to the Department on criteria to be used to select programs facilitating support groups by November 1, 2007;
- (3) submit a report to the Legislature and the Governor by December 1, 2007, on the following:
 - (a) the development of a comprehensive statewide information and referral network for individuals with TBIs;
 - (b) the development of a statewide registry to collect data regarding individuals with TBIs;
 - (c) the efforts of the Department to provide services for individuals with TBIs; and
- (4) review the preliminary comprehensive statewide plan developed by the Department and submit a report to the Legislature and the Governor

containing comments and recommendations regarding the plan by December 30, 2007.

Department Responsibilities. The following are responsibilities of the Department:

- (1) to designate a staff person who is responsible for the following:
 - (a) coordinating policies, programs, and services for individuals with TBIs; and
 - (b) providing staff support to the Council, which may be funded through the TBI account;
- (2) to provide data and information to the Council that is requested by the Council and is in the possession or control of the Department;
- (3) by December 1, 2007, to provide a preliminary report to the Legislature and the Governor and a final report by December 1, 2008, containing recommendations for a comprehensive statewide plan to address the needs of individuals with TBIs, that consider the following:
 - (a) building provider capacity and provider training;
 - (b) improving the coordination of services;
 - (c) the feasibility of establishing agreements with private sector agencies to develop services for individuals with TBIs; and
 - (d) other areas the advisory council deems appropriate;
- (4) by December 1, 2007, to:
 - (a) provide information and referral services to individuals with TBI until the statewide referral and information network is developed. The referral services may be funded from the TBI account; and
 - (b) encourage and facilitate the following:
 - (i) collaboration among state agencies that provide services to individuals with TBIs;
 - (ii) collaboration among organizations and entities that provide services to individuals with TBIs; and
 - (iii) community participation in program implementation; and
- (5) by December 1, 2007, and by December 1 each year thereafter, to issue a report to the Governor and the Legislature containing the following:
 - (a) a summary of action taken by the Department to meet the needs of individuals with TBIs; and
 - (b) recommendations for improvements in services to address the needs of individuals with TBIs.

Program Development. By December 1, 2007, the Department is required to institute, in collaboration with the Council, a public awareness campaign that utilizes state or federal funding to leverage a private advertising campaign to promote awareness of TBIs through all forms of media including television, radio, and print.

By March 1, 2008, the Department is also required to provide funding to programs that facilitate support groups for individuals with TBIs and their families. The

Department must use a request for proposal process to select the programs to receive funding. The Council must provide recommendations to the Department on the criteria to be used in selecting the programs. The public awareness campaign and the support groups will be funded from the TBI account, to the extent that funds are available.

Traumatic Brain Injury Account. The Traumatic Brain Injury Account (TBI Account) is created with the State Treasurer. The TBI Account is funded by an additional \$2 fee on traffic infractions. The Department may authorize spending from the TBI Account on information and services related to the public awareness campaign, support groups, information and referral services, and staffing for the council.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 2 | |
| Senate | 46 | 0 | (Senate amended) |
| House | 96 | 2 | (House concurred) |

Effective: July 22, 2007

SHB 2056
C 244 L 07

Requiring recycling receptacles at official gatherings and sports facilities.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Lantz, Goodman, Sells, McCoy, Hunt and Simpson).

House Committee on Agriculture & Natural Resources
Senate Committee on Water, Energy & Telecommunications

Background: Recycling is regulated by local governments. Each county and city is required to make a comprehensive solid waste management plan that includes a recycling plan. Local governmental ordinances may require property owners and occupants of premises to use a recyclable materials collection system. The county is authorized to contract with an organization to collect recyclable materials from residences and other premises.

The Department of Ecology (DOE) is authorized as the coordinating agency for the statewide waste reduction, anti-litter, and recycling campaign.

The Waste Reduction, Recycling, and Litter Control Account in the State Treasury is used by the DOE for waste reduction, litter control, and recycling activities. The DOE provides funding to local governments to establish, conduct, and evaluate programs for recycling.

Certain areas are required to have recycling receptacles. Marinas with 30 or more slips and airports providing regularly scheduled commercial passenger service must provide adequate recycling receptacles. The State Parks and Recreation Commission is required to provide waste reduction and recycling information in each state

park campground and day-use area, and provide recycling receptacles in the day-use and campground areas of at least 40 state parks.

Summary: A recycling program will be provided at every official gathering and sports facility in communities where there is an established curbside and business recycling service. Vendors selling single-use aluminum, glass, or plastic bottles or cans are required to provide the recycling receptacles or reverse vending machines and provide service for the transport and recycling of the materials they sell.

An official gathering is defined as any event where authorization to hold the event is approved, recognized, or issued by a government, public body, or authority, including fairs, musical concerts, athletic games, festivals, tournaments, or any other formal or ceremonial event during which beverages are sold by a vendor or vendors in single-use aluminum, glass, or plastic bottles or cans.

Sports facilities are defined as outdoor recreational sports facilities, including athletic fields and ball parks at which beverages are sold by a vendor or vendors in single-use aluminum, glass, or plastic bottles or cans.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 71 | 25 |
| Senate | 40 | 7 |

Effective: July 22, 2007

EHB 2070
C 205 L 07

Concerning exceptional sentences.

By Representatives O'Brien, Goodman and Pearson.

House Committee on Public Safety & Emergency Preparedness

Senate Committee on Judiciary

Background: When a person is convicted of a crime, a court must generally sentence the offender within a standard range determined by the person's criminal history and the seriousness level of the crime. Prior to 2004, a court could sentence an offender above the standard range if it found, by a preponderance of the evidence, that aggravating circumstances existed. This type of sentence is known as an "exceptional sentence." In 2004, the United States Supreme Court ruled that sentencing an offender above the standard range in this manner is unconstitutional. *Blakely v. Washington*, 542 U.S. 296 (2004). Under the *Blakely* decision, the prosecution has the burden to prove any factor that increases an offender's sentence above the standard range, other than the fact of a prior conviction, to a jury beyond a reasonable doubt.

In 2005, the Legislature responded to the *Blakely* decision by changing the manner in which exceptional

sentences are imposed. Under this new procedure, the prosecutor must provide notice that he or she is seeking an exceptional sentence above the standard range at any time prior to trial or the entry of a guilty plea as long as the substantial rights of the defendant are not prejudiced. The prosecutor must then prove the aggravating circumstances justifying the exceptional sentence to a jury (or to the judge if the jury is waived) beyond a reasonable doubt.

In 2007, the Washington State Supreme Court ruled that changes the Legislature made in 2005 do not apply to cases where trials have already begun or guilty pleas have already been entered prior to the effective date of the legislation (April 15, 2005). *State v. Pillatos*, 159 Wn.2d 459 (2007). The court in *Pillatos* also held that courts do not have the inherent power to empanel sentencing juries; i.e., the courts must have statutory authority to do so.

Summary: In any case where an exceptional sentence was imposed and a new sentencing hearing is required, the superior court has the authority, at the new sentencing hearing, to empanel a jury to consider aggravating circumstances that were relied upon in the previous sentence and that require a jury verdict under the procedures put in place in 2005 in response to *Blakely*.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 96 | 0 | |
| Senate | 48 | 0 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 47 | 0 | (Senate amended) |
| House | 97 | 0 | (House concurred) |

Effective: April 27, 2007

HB 2079
C 438 L 07

Concerning use of agency shop fees.

By Representatives McDermott, Ormsby, Williams, Simpson and Hunt.

House Committee on State Government & Tribal Affairs
Senate Committee on Labor, Commerce, Research & Development

Background: Agency shop fees are fees paid by public employees who are not union members for the costs related to collective bargaining done by labor organizations or unions on behalf of all employees in the bargaining unit. Under Washington law, agency shop fees are equivalent to member dues and, like dues, may be deducted by employers from salary payments. A portion of member dues goes to the support of political and ideological causes as chosen by the labor organization or union; such expenditures are referred to as non-chargeable activities. The United States Supreme Court, in *Chicago Teachers Union v. Hudson*, 475 U.S. 292

(1986), ruled that unions must adopt procedures to protect the rights of agency fee payers who do not wish to support non-chargeable activities.

The United States Supreme Court (Court), in a series of cases, has established standards for the use of member dues and agency shop fees. These cases address the First Amendment and the right of free speech and the right of freedom of association. With regard to these rights, the First Amendment is underpinned by a fundamental tension: the right of freedom of association to enable people to band together for greater effect in the political arena, and the free speech rights entitled to that organization; and the countervailing right of an individual not to be compelled to associate with politics and ideologies he or she does not support.

Washington law specifically prohibits labor organizations or unions from using agency shop fees for political campaign contributions from such fees that have been paid by nonmembers unless the individual nonmembers have given affirmative authorization. This law was enacted in 1992 as the result of Initiative 134, the Fair Campaign Practices Act, which in part restricted the ability of labor organizations or unions to use agency shops fees for political purposes.

In Washington, the issue of agency shop fees has been the subject of protracted litigation. Most recently, in 2006, the Washington Supreme Court in *State ex rel. PDC v. WEA*, Wn.2d 543 (2006) upheld two state Court of Appeals decisions, holding that the statutory requirement prohibiting unions from using nonmember fees for political purposes unless the union has the affirmative assent of the nonmember is an unconstitutional infringement on the First Amendment rights of unions. The Washington Supreme Court stated that the statute's requirement of affirmative authorization is an unconstitutional burden on the First Amendment rights of labor organizations. The United States Supreme Court granted certiorari in 2006, and heard oral arguments in January 2007; a decision is pending.

Summary: The statute prohibiting labor organizations from using agency shop fees paid by nonmembers for political campaign contributions unless authorized to do so by the individual nonmembers is modified so that when labor organizations are making such political campaign contributions, the contribution is not considered to be use of agency shop fees when there are sufficient funds in the organization's general treasury from other revenue sources.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 55 | 42 |
| Senate | 29 | 20 |

Effective: May 11, 2007

SHB 2087

C 279 L 07

Regarding the certification and recertification of health care facilities.

By House Committee on Appropriations (originally sponsored by Representatives Fromhold, Hinkle, Cody and Moeller).

House Committee on Appropriations
Senate Committee on Ways & Means

Background: Health care facilities that participate in the Medicare or Medicaid program must be certified by the federal Centers for Medicare and Medicaid Services (CMS) in order to receive reimbursement for services rendered.

Under an agreement with the federal government the Department of Health (DOH) receives federal funding from the CMS to certify these health care facilities.

The DOH's certification work includes complaint investigations, surveys for recertification of existing Medicare facilities, and initial certifications of new facilities. The facilities covered by this work include hospitals, home health agencies, rehabilitation services, rural health clinics, ambulatory surgery centers, and kidney dialysis centers.

Under an agreement with the federal government, the CMS establishes four priority levels of certification activity to be done under the DOH's grant agreement. The CMS establishes a set budget allocation for each state. The DOH then identifies the amount of work it can do based on the budget allocation and priorities set by the CMS.

Four of the six types of facilities (home health, hospice, hospitals, and ambulatory surgery centers) covered by the program have the option to obtain their initial federal certification survey through independent accrediting organizations. However, there are no independent accrediting organizations for kidney dialysis centers and rural health clinics.

Summary: The DOH may assess fees for the certification and recertification of health care facilities when the federal government does not provide sufficient funding to cover all certifications and recertifications.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 95 | 1 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SHB 2103

C 26 L 07

Modifying the competitive classification of telecommunications services.

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Morris, Crouse and Wallace).

House Committee on Technology, Energy & Communications

Senate Committee on Water, Energy & Telecommunications

Background: Competitive Telecommunications Services. The Washington Utilities and Transportation Commission (WUTC) may classify a telephone service as competitive, which means the service is subject to effective competition. In determining whether a service is competitive, the WUTC considers several factors, including:

- the number and size of alternative providers of services;
- the extent to which services are available from alternative providers in the relevant market;
- the ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions; and
- other indicators of market power, which may include market share, growth in market share, ease of entry, and the affiliation of providers of services.

Competitive telecommunications services are subject to minimal regulation. The WUTC may waive regulatory requirements for companies offering a competitive telecommunications service when it determines that competition will serve the same purposes as public interest regulation. The WUTC may waive different regulatory requirements for different companies if such different treatment is in the public interest. The WUTC may reclassify competitive telecommunications service if reclassification would protect the public interest.

Tariffs. A non-competitive service must be described in a tariff. A tariff is a document that contains a company's rates and terms of service, and a change to a tariff is subject to the review and approval of the WUTC.

Bundled Services. In an effort to provide one-stop-shopping for customers, some telecommunications companies bundle or package different services into one bill. Sometimes competitively classified services are bundled with tariffed services, making the regulatory classification of the bundle unclear.

Summary: In determining whether a competitive telecommunications service is subject to effective competition, the WUTC must consider the number and size of alternative providers of telecommunications services not subject to WUTC's jurisdiction in addition to those that are regulated by the WUTC.

A noncompetitive telecommunications company may petition to have packages or bundles of telecommunications services it offers be subject to minimal regulation. The WUTC must grant the petition where:

- each noncompetitive service in the package or bundle is readily and separately available to customers at fair, just, and reasonable prices;
- the price of the package or bundle is equal to or greater than the cost for tariffed services plus the cost of any competitive services as determined if the service is subject to effective competition; and
- the availability and price of the stand-alone noncompetitive services are displayed in the company's tariff and on its website consistent with WUTC rules.

The WUTC may waive any regulatory requirement with respect to packages or bundles of telecommunications services if it finds those requirements are no longer necessary to protect public interest.

"Minimal regulation" means that the telecommunications company must: (1) keep its accounts according to rules adopted by the WUTC; (2) file financial reports for competitive telecommunications services with the WUTC as required; and (3) cooperate with the WUTC investigations of customer complaints.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

EHB 2105

C 134 L 07

Requiring payment of prescription drugs for industrial insurance medical aid claims for initial visits.

By Representatives Conway, Condotta, Kenney, Simpson and Ormsby.

House Committee on Commerce & Labor

Senate Committee on Labor, Commerce, Research & Development

Background: Industrial insurance is a no-fault state workers' compensation program that provides medical and partial wage replacement benefits to covered workers who are injured on the job or who develop an occupational disease. Employers must insure with the state fund administered by the Department of Labor and Industries (Department) or, if qualified, may self-insure.

Under the Industrial Insurance Act, a worker injured in the course of employment may be entitled to proper and necessary medical and surgical services from a physician of his or her choice. All fees and medical charges must comply with a fee schedule established by the Department and must be paid within 60 days of the Department or self-insured employer receiving a proper billing, or 60 days after the claim is allowed by final

order or judgment, if an otherwise proper billing is received by the Department or self-insured employer prior to final adjudication of claim allowance.

Under Department policy, initial prescription drug costs associated with a potential claim are not paid until a decision is made to allow or reject the claim. In addition, if a claim is initially allowed, but later rejected, overpayments may be assessed for the cost of treatment and benefits, including any related prescription drug costs.

Summary: For state fund claims, the Department must pay for any initial prescription drugs provided in an initial medical visit for any injury for which a worker files a claim. Payment must be made without regard to whether the worker's claim for benefits is ultimately allowed. Payments must be made in accordance with the Department's fee schedule.

By December 1, 2009, the Department must report to the Legislature on implementation.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 48 | 0 |

Effective: January 1, 2008

ESHB 2111
C 184 L 07

Making the governor the public employer of adult family home providers.

By House Committee on Commerce & Labor (originally sponsored by Representatives Williams, Conway, Wood, Green, Moeller, Darneille, Miloscia, Dickerson, P. Sullivan, Morrell, McDermott, Grant, Hudgins, Simpson and Ormsby).

House Committee on Commerce & Labor
House Committee on Appropriations
Senate Committee on Labor, Commerce, Research & Development
Senate Committee on Ways & Means

Background: Adult Family Homes. Adult family homes are licensed by the state to provide residential care for up to six persons in a home-like setting. The residents in adult family homes are persons who are elderly or who have physical or developmental disabilities. They generally require supervision or assistance with activities of daily living and/or health-related services and are unable to live alone. The Department of Social and Health Services (Department) licenses adult family homes. The Department also regulates adult family homes through rules overseen by the Aging and Adult Services Administration.

Public Employee Collective Bargaining. Employees of cities, counties, and other political subdivisions of the state bargain their wages and working conditions under

the Public Employees' Collective Bargaining Act (PECBA) administered by the Public Employment Relations Commission. Individual providers (home care workers) and family child care providers also have collective bargaining rights under the PECBA.

Under the PECBA, the employer and exclusive bargaining representative have a mutual obligation to negotiate in good faith over specified mandatory subjects of bargaining: grievance procedures and personnel matters, including wages, hours, and working conditions. For uniformed personnel, the PECBA recognizes the public policy against strikes as a means of settling labor disputes. To resolve impasses over contract negotiations involving these uniformed personnel, the PECBA requires binding arbitration if negotiations for a contract reach impasse and cannot be resolved through mediation.

Summary: The PECBA is amended to apply to the Governor with respect to adult family home providers and to govern collective bargaining between the Governor and the providers' exclusive bargaining representative.

Public Employees and Employer. Solely for purposes of collective bargaining, adult family homes are "public employees." Adult family home providers are persons who are licensed by the Department to operate an adult family home and who receive payments from the Medicaid and state-funded long-term care programs. Solely for purposes of collective bargaining, the Governor is the "public employer."

Bargaining Unit and Representative. For purposes of collective bargaining, the only appropriate unit is a statewide unit of all adult family home providers.

The exclusive bargaining representative of the adult family home providers is determined in an election conducted in the manner specified in the PECBA. Bargaining authorization cards furnished as the showing of interest are exempt from public disclosure.

Mandatory Subjects of Bargaining. The exclusive bargaining representative of the adult family home providers and the Governor have a mutual obligation to negotiate in good faith over specified mandatory subjects of bargaining. Mandatory subjects are limited to: (1) economic compensation, such as manner and rate of subsidy and reimbursement, including tiered reimbursements; (2) health and welfare benefits; (3) professional development and training; (4) labor-management committees; (5) grievance procedures; and (6) other economic matters. Retirement benefits are not subject to collective bargaining.

Requests for Funds and Legislative Changes. The Governor must submit a request to the Legislature for any funds and legislative changes necessary to implement a collective bargaining agreement covering adult family home providers. The Legislature may approve or reject the submission of the request for funds only as a whole. If the Legislature rejects or fails to act on the

submission, the collective bargaining agreement will be reopened solely for the purpose of renegotiating the funds necessary to implement the agreement.

Mediation and Arbitration; No Right to Strike.

Adult family home providers are subject to mediation and binding interest arbitration if an impasse occurs in negotiations. For uniformed personnel subject to this requirement, the interest arbitration panel must consider: the employer's authority; the parties' stipulations; comparisons of wages, hours, and conditions of employment of like personnel of like employers; and the cost-of-living. For adult family home providers, the interest arbitration panel must consider the financial ability of the state to pay for the compensation and benefit provisions of the agreement. The interest arbitration panel's decision is not binding on the Legislature, and if the Legislature does not approve the funding, it is not binding on the state.

Adult family home providers do not have the right to strike.

Union Dues.

The state must deduct monthly union dues from an adult family home provider's payments upon written authorization of the adult family home provider and after certification or recognition of an exclusive bargaining representative of the adult family home providers. If a union security clause is included in the agreement, the state must deduct the dues or equivalent fees from the payments made to all adult family home provider bargaining unit members.

Negotiated Rule-Making.

For purposes of negotiated rule-making under the Administrative Procedures Act, the only appropriate unit is a statewide unit of all adult family home licensees. Adult family home licensees are persons who are licensed by the Department to operate an adult family home, but who do not receive payments from the Medicaid and state-funded long-term care programs.

The representative of the adult family home licensees is the organization certified by the American Arbitration Association as having majority support following a cross-check of authorization cards.

State Action Immunity.

The Legislature intends to provide state action immunity under antitrust laws for the joint activities of: (1) adult family home providers and their representative; and (2) adult family home licensees and their representative.

Other Provisions.

Residents, parents, and legal guardians have the right to choose and terminate the services of adult family home providers.

The Department has the authority to establish plans of care for consumers and to manage long-term care services. The Department is obligated to comply with Medicaid laws.

The Legislature has the right to make programmatic modifications.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 80 | 16 |
| Senate | 32 | 17 |

Effective: July 22, 2007

EHB 2113

C 473 L 07

Regarding objections by cities, towns, and counties to the issuance of liquor licenses.

By Representatives Williams, Goodman, Green, Hunt and Simpson.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: The Liquor Control Board (Board) issues a number of types of liquor licenses. Licenses are good for one year.

Before issuing a license, the Board may inspect the premises and consider the applicant's criminal history. The Board has discretion to grant or deny the license. The Board must also notify the city, town, or county, as appropriate. The local jurisdiction may file written objections against the applicant or premises within 20 days after the notice. The objections must include a statement of all facts upon which the objections are based. The Board may hold a hearing. If the Board grants a license, it must notify the local jurisdiction.

By rule, the Board gives local jurisdictions 90 days notice of license renewals. A local jurisdiction may object to a renewal by submitting a letter to the Board. The letter must state specific reasons and facts that show issuance of the license will detrimentally impact the safety, health, or welfare of the community.

If the Board grants a license or a renewal, the local jurisdiction may request an adjudication hearing under the Administrative Procedure Act.

Summary: The Board's authority to issue liquor licenses when local jurisdictions object is modified. In determining whether to grant or deny a license or renewal, the Board must give substantial weight to objections from a local jurisdiction based upon chronic illegal activity associated with the applicant's operation of the premises or any other licensed premises or the conduct of the applicant's patrons inside or outside the premises.

"Chronic illegal activity" is defined as (1) a pervasive pattern of activity that threatens the public health, safety, and welfare, including but not limited to, open container violations, assaults, disturbances, disorderly conduct, or other criminal violations, or as documented in crime statistics, police reports, emergency medical response data, calls for service, field data, or similar records of a law enforcement agency; or (2) an

unreasonably high number of citations for driving under the influence associated with the applicant's operation of any licensed premises as indicated by reported statements given to law enforcement upon arrest.

The Board's discretion to issue or deny a license is limited by the requirements placed on the Board. Denial of a license may be based on, without limitation, the existence of chronic illegal activity.

If the Board makes an initial decision to deny a license or renewal based on the objections of a local jurisdiction, the applicant may request a hearing. If a hearing is held, Board representatives must present and defend the Board's initial decision to deny a license or renewal.

The Board may inspect the premises and consider criminal history of renewal applicants as well as new applicants. An administrative violation history with the Board may be considered for both new and renewal applicants. The requirement that the Board give notice to local jurisdictions on renewal as well as new applications is placed in statute.

Rules Authority: The bill does not address the rule-making powers of an agency.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 95 | 1 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 89 | 1 | (House concurred) |

Effective: July 22, 2007

SHB 2115
C 333 L 07

Creating the heritage barn preservation program.

By House Committee on Capital Budget (originally sponsored by Representatives Newhouse, Lantz, B. Sullivan, Hailey, Grant, VanDeWege, Warnick, Kelley, Pedersen, Appleton, Quall, Seaquist, Hunt, Simpson, McDermott and Ormsby).

House Committee on State Government & Tribal Affairs
House Committee on Capital Budget
Senate Committee on Agriculture & Rural Economic Development
Senate Committee on Ways & Means

Background: Numerous states have public or private barn preservation programs, including Connecticut, Illinois, Indiana, Iowa, Kansas, Maine, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New York, Ohio, North Dakota, South Dakota, Wisconsin, and Wyoming. Barn preservation programs seek both to preserve the historical character of historic barns and to preserve such barns' usefulness by assisting in adapting them to new farming uses. Many barn preservation techniques have proven to be a cost-effective alternative to demolishing an old barn to construct a new one.

Summary: The Washington State Heritage Barn Preservation Program (Program) is created in the Department of Archeology and Historic Preservation (Department) to determine the types, qualities, conditions, and needs of Washington's heritage barns and to provide those barns with recognition and opportunities for support. The Director of the Department (Director) will establish a Washington State Heritage Barn Preservation Advisory Board (Advisory Board), representing the geographic diversity of the state, to fulfill the policy goals of the Program. The Program expires December 31, 2010.

The Advisory Board will consist of at least 11 members: a chairperson; two members who are heritage barn owners and who have been nominated by recognized agricultural organizations; a representative of a statewide historic preservation organization; a representative of a county heritage commission; two elected county officials; a representative of a private foundation with an interest in the preservation of barns; a representative of a land trust with easement experience; and at least one at-large member with appropriate expertise in barn architecture, architectural history, construction, engineering, or other related fields. The Director may also invite representatives of federal agencies.

The Advisory Board is charged with conducting a thematic study of Washington's historic barns and advising the Director on criteria for designation of heritage barns, criteria for determining eligibility for grants funds, and criteria for awarding grants for barn rehabilitation. The Advisory Board must also examine relevant regulatory issues, including building and land use codes, that impose constraints on the ability to use heritage barns for contemporary, economically productive purposes. The Department will produce a final report to the Legislature on the accomplishments of the program with final recommendations by December 1, 2010.

The Department, in consultation with the Advisory Board, will establish a Heritage Barn Recognitions Program. To apply for recognition as a Heritage Barn, the barn owner must provide photographs of the barn, photographs of the farm and surrounding landscape, a brief history of the farm, and the construction date of the barn. The Governor's Advisory Council on Historic Places will make Heritage Barn Recognition decisions three times per year.

Heritage Barns will be eligible for Heritage Barn Preservation Fund Awards (Awards). Awards will be made for the purposes of stabilizing endangered heritage barns including, repairs to the foundation, sills, windows, walls, structural framework, the repair and replacement of roofs, and preservation of the historic character of the barn. Eligible applicants for Awards may be the barn owner, or a nonprofit organization, or local government. To apply for an Award, the applicant must submit an application to the Department. The Department will determine the form of the application.

Applications must show at least 50 percent matching funds for the cost of the proposed project. Matching funds may include in-kind labor or other funding sources.

When making Awards, the Advisory Board must take the following into consideration:

- the relative historical significance of the barn;
- the urgency of the project and need for repair;
- the extent to which the project will preserve the barn's historical character and extend the useful life of the barn;
- visibility of the barn from a state designated scenic byway or other publicly traveled roadway;
- provisions for long-term preservation;
- readiness of the applicant to undertake the project; and
- the overall geographic distribution of Awards.

In awarding funds, special consideration must be given to barns that are:

- still in agricultural use;
- listed on the National Register of Historic Places; or
- outstanding examples of their type or era.

Award recipients enter into a contract with the Department. The terms of the contract must include a historic preservation easement for between five and 15 years. The duration of the easement is dependant on the amount of the Award. The contract must also specify the public benefit and minimum maintenance requirements. All Award recipients must maintain their Heritage Barn for a minimum of 10 years and allow for reasonable public access, in particular allowing nonprofit organizations and school groups access at least one day per year. If the Award recipient, the heritage barn owner, or a subsequent owner violates the terms of the contract then the amount must be repaid to the Preservation Fund within one year.

All project work must comply with the United States Department of the Interior's standards for the rehabilitation of historic properties, with case-by-case exceptions for metal roofs. The Preservation Fund must be acknowledged on any materials produced for the project and in any publicity. A sign acknowledging the Preservation Fund must be posted at the heritage barn for the duration of the preservation agreement. Projects must be initiated within one year of funding and completed within two years, unless the Department authorizes an extension. Any extensions must be in writing.

The Heritage Barn Preservation Fund (Preservation Fund) is created as an account in the State Treasury. All receipts from any appropriations or private sources must be deposited in the Preservation Fund. Monies in the Preservation Fund may only be spent after an appropriation. Any expenditures may be used only to provide assistance to owners of heritage barns in the state for the stabilization and restoration of those barns.

A "heritage barn" is any large agricultural outbuilding used to house animals, crops, or farm equipment that is over 50 years old and has been determined by the Department to:

- be eligible for listing on the Washington Heritage Register or the National Register of Historic Places; or
- have been listed on a local historic register and approved by the Advisory Council on Historic Preservation.

A "heritage barn" may also be a milk house, shed, silo, or other outbuilding historically associated with the working life of the farm or ranch, if these outbuildings are on the same property as a heritage barn.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 46 | 2 | (Senate amended) |
| House | 97 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 2118

PARTIAL VETO

C 432 L 07

Transferring responsibilities related to mobile and manufactured home installation from the department of community, trade, and economic development to the department of labor and industries.

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives Conway, Wood and Ormsby).

House Committee on State Government & Tribal Affairs
Senate Committee on Consumer Protection & Housing

Background: The Department of Community, Trade and Economic Development (DCTED) houses the Office of Mobile/Manufactured Housing (OMH). One function of the OMH is the Mobile and Manufactured Home Installation Certification Program (Certification Program), created by the Legislature in 1994. The Certification Program is a function of Washington's State Administrative Agency for its federal Housing and Urban Development (HUD) dollars used to enforce federal manufactured housing standards. The intent of the Certification Program is to ensure that all mobile and manufactured homes are installed by certified manufactured home installers in accordance with the state installation code in order to provide consumers with greater protections and make the warranty requirement easier to achieve.

Since 1995, Washington has required that certified installers supervise all mobile or manufactured home installations. The certified installer is responsible for reading, understanding, and following the manufacturer's installation instructions and for the performance of non-

certified workers engaged in the installation of the home. There must be at least one certified installer on the installation site whenever installation work is being performed.

To receive a certificate of manufactured home installation, individuals must apply to the DCTED. This application must include documentation of six months experience under the direct supervision of a certified manufactured home installer. The Director (Director) of the DCTED reviews the information and makes a determination of whether the applicant is eligible for the training course and examination necessary for certification. The Director may allow other persons to take the training course and examination on manufactured home installation without certification.

The examination for the Certification Program evaluates whether the applicant:

- possesses general knowledge of the technical information and practical procedures that are necessary for mobile and manufactured home installation;
- is familiar with the federal and state codes and administrative rules pertaining to mobile and manufactured homes; and
- is familiar with the local government regulations as related to mobile and manufactured home installations.

The DCTED issues certificates of mobile and manufactured home installation to applicants who have taken the training course, passed the examination, paid the fees, and in all other respects meet the qualifications. The certificate bears the date of issuance and a certification identification number, and is renewable every three years upon application and completion of a continuing education program as determined by the DCTED. Every certificate requires renewal. If a person fails to renew a certificate by the renewal date, the person must retake the examination and pay the examination fee.

Individuals certified in mobile and manufactured home installation are authorized to engage in manufactured home installation throughout the state, without any other installer certification.

Certificates may be revoked upon the following grounds:

- the certificate was obtained through error or fraud;
- the holder of the certificate is judged to be incompetent as a result of multiple infractions of the state installation code; or
- the holder has violated statutory installation requirements or a rule adopted to implement those requirements.

Summary: Responsibility for being the State Administrative Agency under HUD is transferred from the Department of Community, Trade, and Economic Development (DCTED) to the Department of Labor and Industries (L&I). All regulatory and other responsibilities, including any express authority, duties, and specific

functions of and for mobile and manufactured home installation, are transferred from the DCTED to the L&I. This includes:

- all reports, surveys, books, records, files, and written materials that pertain to mobile and manufactured home installation;
- all furniture, office equipment, motor vehicles, and other tangible property pertaining to mobile and manufactured home installation;
- all funds, credits, and assets for mobile and manufactured homes;
- any relevant appropriations; and
- all employees engaged in performing the powers, duties, and functions related to mobile and manufactured home installation.

The L&I shall continue all rules and pending business pertaining to mobile and manufactured home installation and shall respect all existing contracts.

The Director of the Office of Financial Management (OFM) shall decide all questions with regard to the transfer of personnel, funds, books, documents, records, papers, files, equipment or other tangible property with respect to mobile and manufactured home installation from the DCTED to the L&I; the Director of the OFM shall also determine all necessary budget apportionments.

Fees collected by the L&I from the federal government for enforcing the National Manufactured Housing Standards will be deposited into the Manufactured Home Installation Training Account.

Until July 1, 2008, the L&I is permitted to increase fees for the certification program in excess of fiscal growth in order to implement the act.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 93 | 3 | |
| Senate | 42 | 3 | (Senate amended) |
| House | 95 | 2 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the emergency clause that the act would take effect immediately.

VETO MESSAGE ON SHB 2118

May 11, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 14, Substitute House Bill 2118 entitled:

“AN ACT Relating to transferring responsibilities related to mobile and manufactured home installation from the department of community, trade and economic development to the department of labor and industries.”

This bill, which requires the transfer of certain responsibilities related to manufactured housing, does not need an emergency clause. Removing the emergency clause moves back the transfer date of the affected programs from July 1 to July 22. While this may create some inconvenience for the agencies in not aligning

the program with the biennial budget, it does not result in an interruption of the services being provided since the Department of Community Trade and Economic Development will continue to administer the program until the transfer is complete. We believe that the desire to avoid potential inconvenience should not be treated as a public emergency warranting an emergency clause.

For these reasons, I have vetoed Section 14 of Substitute House Bill 2118.

With the exception of Section 14, Substitute House Bill 2118 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SHB 2129
PARTIAL VETO
C 338 L 07

Regarding geothermal core holes.

By House Committee on Technology, Energy & Communications (originally sponsored by Representatives VanDeWege, Hudgins, Morris, Eddy, Crouse, Hankins, McCoy, Takko, Hurst, McCune and Chase).

House Committee on Technology, Energy & Communications
Senate Committee on Water, Energy & Telecommunications

Background: The Department of Natural Resources (DNR) manages more than five million acres of land for the state, including forest, range, commercial, agricultural, and aquatic lands. The DNR also monitors oil, gas, and geothermal exploration in the state.

Drilling a Geothermal Well. Under the Geothermal Resources Act (Act), the DNR has the authority to regulate the drilling and operation of wells for geothermal resources. Any person proposing to drill a well or re-drill an abandoned well for geothermal resources must: (1) file a written application with the DNR for a permit; (2) pay a \$200 permit fee; (3) provide public notice; and (4) participate in a public hearing.

Drilling Core Holes. Any person proposing to drill a core hole for the purpose of gathering geothermal data must obtain a permit for each geothermal area. There is no charge for the permit. If the core hole is drilled more than 750 feet into the bedrock, the core hole is deemed a geothermal test well and is subject to a permit fee. If geothermal energy is discovered in a core hole, the core hole is deemed a geothermal well, and the applicant must then pay a \$200 permit fee, provide public notice, and participate in a public hearing.

Plugging and Abandoning a Geothermal Well. A geothermal well must be plugged and abandoned if: (1) it is not technologically practical to derive energy from

the geothermal well to produce electricity, or the owner or operator has no intention of deriving energy to produce electricity; and (2) usable minerals cannot be derived, or the owner or operator has no intention of deriving usable materials, from the geothermal well.

Bonding Requirement. An operator who engages in the drilling, re-drilling, or deepening of any geothermal well must file with the DNR a reasonable bond or bonds with good and sufficient surety, or an equivalent that is satisfactory to the DNR, which is conditioned on compliance with the provisions of the Act and all rules and permit conditions adopted under the Act.

Logs Related to Geothermal Wells. An owner or operator of a geothermal well must keep careful and accurate logs of the drilling, re-drilling or deepening of the well. All logs are subject to inspection by the DNR. Upon request by the DNR, each owner or operator must file a copy of the logs pertaining to the geothermal drilling or operation.

If a geothermal well is plugged and abandoned, all logs and surveys pertaining to the well must be filed with the DNR within 30 days of the plugging and abandonment. If a geothermal well operation is suspended for more than six months, or the geothermal drilling project is complete, the operator must file all logs and surveys pertaining to the well within 30 days of suspension or completion.

Logs as Filed with the DNR. Any records filed with the DNR are confidential for a 24-month period. During the 24-month period, which runs from the date of commencement of production or of abandonment of the well, such records are open to inspection only to personnel of the DNR for the purpose of carrying out the Act and persons authorized in writing by the owner or operator of the well.

Summary: The Geothermal Resources Act (Act) is amended to include provisions relating to geothermal core holes.

Plugging and Abandoning a Core Hole. A core hole must be plugged and abandoned if: (1) it is not technologically practical to derive energy from the core hole to produce electricity, or the owner or operator has no intention of deriving energy to produce electricity; and (2) usable minerals cannot be derived from the core hole, or the owner or operator has no intention of deriving usable materials from the core hole.

Bonding Requirement. An operator who drills, re-drills, or deepens a core hole must file a reasonable bond or bonds with the DNR.

Logs Related to Geothermal Core Holes. An owner or operator of a core hole or a geothermal well must keep a careful and accurate log, which must include heat flow, temperature gradients, and rock conductivity. Upon request by the DNR, each owner or operator must file a copy of such logs with the DNR.

If a geothermal core hole is plugged and abandoned, all logs and surveys pertaining to the core hole must be filed with the DNR within 30 days of the plugging and abandonment. If operations conducted with respect to a core hole are suspended for more than six months, or the geothermal drilling of the core hole is complete, the operator must file all logs and surveys pertaining to the core hole within 30 days of suspension or completion.

Logs Filed with the DNR. After the 24-month confidentiality period has elapsed, the DNR must ensure that all logs and surveys that may have been run on a well or core hole are preserved in an electronic data system and made available to the public.

Cost Reimbursement Agreements. The DNR may enter into a cost reimbursement agreement with a project proponent to recover from the proponent the reasonable costs incurred by the DNR related to permitting, including monitoring for permit compliance.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 46 | 2 | (Senate amended) |
| House | 97 | 0 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the section that extended the Department of Natural Resources' authority to enter into cost-reimbursement agreements to recover costs for activities related to permits and leases. (This authority was extended by other legislation previously enacted during the 2007 legislative session.)

VETO MESSAGE ON SHB 2129

May 4, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 7, Substitute House Bill 2129 entitled:

“AN ACT Relating to geothermal resources.”

Section 7 of this bill extends the Department of Natural Resources' authority to recover costs for activities related to permits and leases. This authority has already been extended by other legislation previously enacted during the 2007 legislative session. Accordingly, section 7 of the bill is not needed. In addition, the subject of this section is beyond the scope of the bill title.

For these reasons, I have vetoed Section 7 of Substitute House Bill 2129.

With the exception of Section 7, Substitute House Bill 2129 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SHB 2130

C 474 L 07

Providing a means to determine "prior offenses" to implement chapter 73, Laws of 2006, regarding driving under the influence.

By House Committee on Judiciary (originally sponsored by Representatives Goodman, Lantz, Moeller and Rodne).

House Committee on Judiciary
Senate Committee on Judiciary

Background: A person can commit driving under the influence of intoxicating liquor or any drug (DUI) in two ways:

- if the person drives and has, within two hours of driving, a blood or breath alcohol concentration of .08 or higher (per se violation); or
- if the person drives and is under the influence of or affected by intoxicating liquor, any drug, or both (actual impairment).

All DUI convictions prior to July 1, 2007, are gross misdemeanors, regardless of the defendant's number of prior convictions. The misdemeanor DUI laws contain a complex system of mandatory minimum penalties that escalate based on the number of "prior offenses within seven years" that the offender has and the offender's blood or breath alcohol concentration for the current offense.

A prior offense is "within seven years" if the arrest for a prior offense occurred within seven years of the arrest for the current offense. By contrast, under felony sentencing laws, the corresponding time period is generally from the end of the person's confinement for a prior crime to the commission of the new crime.

"Prior offenses" include convictions for: (1) DUI; (2) vehicular homicide and vehicular assault if either was committed while under the influence; (3) negligent driving after having consumed alcohol ("wet neg"), reckless driving, and reckless endangerment, if the original charge was DUI, vehicular homicide, or vehicular assault; and (4) an equivalent local DUI ordinance or out-of-state DUI law. In addition, a deferred prosecution for DUI or "wet neg" is a prior offense even if the charges are dropped after successful completion of the deferred prosecution program.

In 2006 the Legislature passed a law that makes DUI a felony if the person has four or more "prior offenses within ten years." The law, which takes effect July 1, 2007, does not define "within ten years."

Summary: For the purposes of determining prior offenses under the felony DUI law, the term "within ten years" means that the arrest for a prior offense occurred within 10 years of the arrest for the current offense.

Votes on Final Passage:

House 96 0
 Senate 48 0

Effective: July 1, 2007

HB 2135
 C 425 L 07

Expanding lemon law coverage to out-of-state consumers.

By Representatives Wood, Condotta and Ormsby.

House Committee on Commerce & Labor
 Senate Committee on Consumer Protection & Housing

Background: The Motor Vehicle Warranties Act, commonly called the Lemon Law, establishes rights and responsibilities for consumers and manufacturers when vehicles are defective.

The statute establishes three definitions of a "lemon:"

- a vehicle with a serious safety defect that the manufacturer has unsuccessfully attempted to repair at least two times;
- a vehicle with some other substantial defect that the manufacturer has unsuccessfully attempted to diagnose or repair at least four times; or
- a vehicle that has been out of service for 30 cumulative calendar days with at least 15 of those days occurring during the warranty period.

If a vehicle meets one of these definitions, the manufacturer must either replace or repurchase the vehicle, whichever remedy the consumer chooses.

The Lemon Law applies to vehicles that the consumer: (1) purchased or leased in Washington; and (2) initially registered in Washington.

Summary: The Lemon Law applies to vehicles purchased or leased in Washington regardless of what state the vehicle is initially registered in.

Votes on Final Passage:

House 97 0
 Senate 45 0 (Senate amended)
 House 98 0 (House concurred)

Effective: July 22, 2007

SHB 2147

C 57 L 07

Providing vocational rehabilitation services for volunteer firefighters and reserve officers.

By House Committee on Appropriations (originally sponsored by Representatives Kristiansen, Ericks, Chandler, Blake, Curtis, Morrell, Roberts, Hurst, Pearson, McCune, Moeller, B. Sullivan, Simpson, Santos, Ormsby, Newhouse and Kelley).

House Committee on Appropriations
 Senate Committee on Government Operations & Elections

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

The State Board for Volunteer Fire Fighters and Reserve Officers (Board) administers the VFFRORPS. The Board consists of three members of fire departments covered by the VFFRORPS, no two of whom may be from the same congressional district. The members are appointed by the Governor for overlapping six-year terms.

Employers are required to participate in the death, disability, and medical benefit plans offered by the VFFRORPS, but participation in the pension component is optional. About 18,000 members are covered by the death, disability, and medical benefits, and 12,000 members are covered by the pension benefits. Members that are disabled may be eligible for both temporary duty disability benefits and, after six months of disablement, ongoing disability allowances of up to \$2,994 per month. To be eligible for the disability benefits, a member must be disabled to the extent that he or she is unable to engage in any occupation, or has lost the use of limbs or eyesight. The Board may also provide lump-sum partial disability benefits in the same amounts as provided for through the workers' compensation system.

The VFFRORPS does not provide benefits that pay for expenses associated with the vocational rehabilitation of injured members.

Summary: When, in the sole discretion of the Board, vocational rehabilitation is likely to enable a disabled members return to employment, benefits may be paid from the VFFRORPS fund. Up to \$4,000 may be paid for the costs of education and associated costs, including on-the-job training fees or tools necessary for self-employment or reemployment. The \$4,000 must be used within 52 weeks of the Board approval of vocational rehabilitation benefits, except for job placement expenses, which may be extended by the Board for up to

an additional 52 weeks. The Board may engage with the Washington Employment Security Department to provide job placement under these provisions.

An additional \$5,000 may be authorized by the Board for physician-approved accommodations necessary for participation in a retraining plan or for performing the essential functions of an occupation.

The vocational rehabilitation benefits are available to participants who either have claims pending on the effective date of the act, or whose injury occurred on or after January 1, 2006.

Votes on Final Passage:

House 97 0
Senate 48 0

Effective: July 22, 2007

HB 2152

C 374 L 07

Regarding election certification.

By Representatives Appleton, Seaquist, Rolfes, Haigh, Eickmeyer, Lantz and Ormsby.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: A county canvassing board must complete the canvass and certify the results within 21 days of a general election. Immediately following the ascertainment of the result of a county election, the county auditor must notify the elected person and issue that person a certificate of election. A "qualified" winner of an election is the person whose election has been certified and who has been issued a certificate of election, has posted any required bond, and has taken the oath of office.

Registered voters may contest the right of a person who is declared elected to office to be issued a certificate of election. Among other reasons, a voter may contest the election if he or she believes that an error or omission has occurred or is about to occur in the issuance of a certificate of election. To commence an action of this nature, a voter must submit an affidavit to the appropriate court within 10 days of official certification. If an election is set aside by a superior court and not appealed within 10 days, the certificate issued is rendered void.

Summary: A certificate of election is no longer required to "qualify" a person as the winner of an election if other requirements are met, including that the election results are certified and the person has taken the oath of office. In a county election, the certificate issued immediately following ascertainment of the results to the person notified by the county auditor as the person elected to office is a ceremonial certificate of election.

The causes for a registered voter's challenge of a person's right to assume office no longer include an allegation that an error is about to occur in the issuance of a certificate of election. Instead, the voter must allege error in the official certification of the election. A successful challenge results in voiding the election, rather than voiding the certificate.

Votes on Final Passage:

House 97 1
Senate 49 0

Effective: July 22, 2007

HB 2154

C 460 L 07

Regarding election dates for educational service district board members.

By Representatives Fromhold, Priest, P. Sullivan, Quall, Kenney and Moeller; by request of Superintendent of Public Instruction.

House Committee on Education
Senate Committee on Early Learning & K-12 Education

Background: Prior to 2006, the State Board of Education's (SBE) statutory duties included conducting Educational Service District (ESD) elections. Elections of the ESD board members were held every odd-numbered year in the ESDs in which a board member's term expired the following January. The ESD board members hold four-year terms and are elected on a rotating cycle.

In 2006 the Legislature transferred certain duties from the SBE to the Superintendent of Public Instruction (SPI). This included giving the SPI the responsibility to conduct elections for the ESD board members. The SPI is directed to call an election by August 25 of every even-numbered year in each ESD with a member of the board whose term of office expires the following January.

Summary: The date of elections for Educational Service Districts with one or more members whose terms expire the following January is changed from each even-numbered year to each odd-numbered year.

Votes on Final Passage:

House 95 0
Senate 48 0

Effective: July 22, 2007

SHB 2158

C 135 L 07

Concerning the sales of vehicles and associated services to nonresidents of Washington.

By House Committee on Finance (originally sponsored by Representatives Hasegawa, Fromhold, O'Brien, Orcutt, Condotta, Ormsby, Roach, Kristiansen, Ericks, Curtis, Kenney and Moeller).

House Committee on Finance
Senate Committee on Ways & Means

Background: Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property (TPP) and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2.0, for an average combined state and local tax rate of 8.5 percent.

Washington law provides a general sales and use tax exemption for TPP purchased in the state by nonresidents for use outside the state. To qualify for the exemption, a nonresident individual must: (1) be a bona fide resident of a state or possession of the United States or a province of Canada; (2) reside in a state, possession, or province that does not impose a retail sales or use tax of 3 percent or more, or if imposing such a tax, provides an exemption for Washington residents; (3) agree, when requested, to grant the Department of Revenue (DOR) access to records or other information necessary to confirm that the property is not first used substantially in Washington; and (4) display proof of his or her current nonresident status.

In lieu of this general sales and use tax exemption for nonresidents, Washington law provides a specific exemption for the purchase of motor vehicles, trailers, and campers by nonresidents for use outside the state. To qualify for the exemption, the vehicle must be: (1) removed from the state under the authority of a trip permit issued by the Department of Licensing; or (2) registered and licensed in the state of the buyer's residence, used in this state for less than three months, and exempt from Washington licensing requirements.

A seller must retain a properly completed buyer's affidavit and seller's certificate. A buyer's affidavit documents the exempt nature of the sale unless there are facts that negate the presumption that the seller relied on the buyer's affidavit in good faith.

Summary: The sales and use tax exemption for motor vehicles, trailers, and campers is modified by specifically listing acceptable documentation to substantiate a

buyer's nonresident status. As long as a seller maintains this documentation, the seller is not liable for sales tax if the DOR finds evidence during an audit negating the presumption of nonresidency.

The DOR's policy of allowing the nonresident sales and use tax exemption for separately itemized TPP for motor vehicles, trailers, and campers is codified. To receive the exemption, the charge for TPP must be stated separately from any labor and services, and the cost of the property must not exceed either the seller's current publicly stated retail price for parts, or if no separately stated retail price is available, the seller's cost for the parts.

The buyer of a motor vehicle, trailer, or camper is authorized to use a trip permit from his or her state of residency in lieu of a Washington state vehicle trip permit.

Monetary and criminal penalties for fraudulent statements regarding residency relating to the purchase of motor vehicles, campers, and trailers are made consistent with the penalty provisions in the general sales and use tax exemption for tangible personal property.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

HB 2161

C 64 L 07

Providing for consistency between code cities and non-code cities in the apportionment of investment funds.

By Representatives Simpson, Curtis, Eddy and Ormsby.

House Committee on Local Government
Senate Committee on Government Operations & Elections

Background: Cities may be classified as code cities or non-code cities. Code cities have broad statutory home rule authority in matters of local concern. Code cities and non-code cities have separate statutory requirements for governance and operation.

Excess and inactive funds in the treasury of a code city may be invested according to provisions prescribed in statute. Examples of investment options for a code city include the following:

- U.S. bonds or certificates of indebtedness;
- bonds or warrants of the state;
- general obligation or utility revenue bonds or warrants;
- bonds or warrants of a local improvement district; or
- other investments authorized by law for any other taxing district.

The responsibility for determining the amount of money available in each fund for investment purposes in

code cities must be made by the department, division, or board responsible for the administration of such funds. Unless otherwise restricted by law after "restricted," moneys determined available may be invested on an individual fund basis or may be commingled within one common investment portfolio for the mutual benefit of all participating funds. If moneys are commingled in a common investment portfolio code city provisions specify that all income subsequently derived must be apportioned among the various participating funds in direct proportion to the amount of money invested by each.

Any inactive funds of a non-code city not invested for the specific benefit of any particular fund may be invested by the city treasurer for the benefit of the general or current expense fund.

Investments must be approved by the council or legislative body of the code or non-code city.

Summary: Code city income derived from the investment of commingled monies from excess and inactive funds must be apportioned among the various participating funds or the general or current expense fund as determined by ordinance or resolution of the city's governing body.

Votes on Final Passage:

House 96 0
Senate 49 0

Effective: July 22, 2007

HB 2163
C 507 L 07

Creating the public employees' benefits board medical benefits administration account.

By Representatives Cody, Sommers, Kenney and Moeller; by request of Health Care Authority.

House Committee on Appropriations
Senate Committee on Ways & Means

Background: The Public Employees Benefits Board (PEBB) is an organization within the Health Care Authority (HCA) charged with developing benefits plans, forming benefits contracts, developing participation rules, and approving schedules of rates and premiums for active employee and retired participants.

The members of the PEBB vote to approve contracts and benefits for the PEBB program. There are nine members of the PEBB, seven of whom are voting members. All of the PEBB members are appointed by the Governor.

The Uniform Medical Plan (UMP) is a state self-insured preferred provider organization (PPO) administered by the Washington State Health Care Authority, designed by the PEBB, and available to individuals participating in the PEBB health benefits program. The UMP is available to public employees (active and

retired) and their dependents. The Uniform Dental Plan (UDP) is a state self-insured PPO dental plan designed by the PEBB for employees and retirees enrolled in PEBB health insurance programs.

Both the UMP and UDP have benefits administration accounts that are used for contracts entered into for the plans, and for both the ongoing administrative needs and for administrative responses to unforeseen conditions that arise in the programs between legislative sessions. The benefits administration accounts are non-appropriated, but are subject to the allotment budgetary control process.

For the 2007 calendar year, the PEBB began to contract with managed care organizations to offer a medical plan that more closely paralleled the benefits provided by the UMP, called "value plans." If the PEBB chooses to offer a self-insured medical plan other than the UMP, the UMP Benefits Administration Account could not be used for that new plan.

Summary: The non-appropriated Public Employees' Benefits Board (PEBB) Medical Benefits Administration Account is created in the custody of the State Treasurer. Money in the PEBB Medical Benefits Administration Account will be used exclusively for contracted expenditures related to the operation of self-insured medical plans other than the Uniform Medical Plan.

Only the Administrator of the Health Care Authority or the Administrator's designee may authorize expenditures from the Uniform Medical Plan and the Uniform Dental Plan administration accounts.

Votes on Final Passage:

House 65 33
Senate 46 1

Effective: July 22, 2007

ESHB 2164
C 185 L 07

Requiring approval from certain state institutions of higher education to locate new or rehabilitated multiple-unit housing within the boundaries of a campus facilities master plan for property tax exemption purposes.

By House Committee on Finance (originally sponsored by Representatives Dunshee, Morrell, Moeller and Ormsby).

House Committee on Finance
Senate Committee on Ways & Means

Background: Multiple Unit Property Tax Exemption. New, rehabilitated, or converted multifamily housing projects in residential targeted areas are eligible for a 10 year property tax exemption program. The program's purpose is to increase multifamily housing in urban centers.

The property tax exemption applies to the new housing construction and the increased value of the building due to rehabilitation made after the application for the tax exemption. The exemption does not apply to the land or the non-housing-related improvements. If the property is removed from multifamily housing use before 10 years, then back taxes are recovered based on the difference between the taxes paid and taxes that would have been paid had the property not been put to multifamily use.

The property tax exemption program is limited to cities with a population of at least 30,000. If there is no city of at least 30,000 within the county, but the county plans under the Growth Management Act, then the largest city otherwise qualifies for the exemption. A residential targeted area must be located within an urban center, lack sufficient available, desirable, and convenient residential housing to meet public demand, and increase permanent residents in the area or achieve the planning goals of the Growth Management Act. The city is authorized to establish standards and guidelines for approving tax exemption applications by developers. The city may limit the exemption to individual units that meet the city guidelines if the units are separate for the purposes of property taxation.

Taxing district levies that are imposed within the constitutional 1 percent rate limit (regular levies) are constrained by a limit on annual increases. Generally, taxing districts may not increase regular levies by more than 1 percent without a public vote. However, the district may increase its regular levy by the value of new construction in the district multiplied by the preceding year's property tax rate. With respect to the multifamily housing exemption, once the property is no longer exempt, the cost of rehabilitation or construction is treated as new construction for tax roll purposes.

Campus Master Plans of Higher Education Institutions. Institutions of higher education develop campus master plans for the purpose of strategically guiding the development of campuses. In 2003 the University of Washington (UW) Board of Regents approved an updated master plan for the Tacoma campus of the UW. In 2006 the master plan for the Bothell campus was updated but is not yet approved.

Like other campus master plans, the UW-Tacoma plan provides a "footprint" of the ultimate boundaries of the campus in downtown Tacoma. However, the UW-Tacoma footprint is unique because, as of 2003, the area included over 50 parcels of private-held property. The footprint area is also part of the City of Tacoma's residential targeted area of the city's multiple unit property tax exemption program.

Summary: For the purposes of the special 10 year property tax exemption program for new or rehabilitated multiple unit housing, residential targeted areas so designated on and after July 1, 2007, may not include

areas within the campus facilities master plans of the branch campuses of the University of Washington in Tacoma or Bothell. A campus facilities master plan is the area deemed necessary for the future growth and development of the facilities of the branch campuses. In addition, an application may not be approved on and after July 1, 2007, if any part of the proposed project site is within the campus facilities master plan of either campus.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 74 | 22 |
| Senate | 42 | 3 |

Effective: July 1, 2007

ESHB 2171

C 27 L 07

Regarding crane safety.

By House Committee on Commerce & Labor (originally sponsored by Representatives Eddy, Conway, Campbell, Hankins, Sells, Ormsby, Moeller, Ericks, Roberts, Darneille, Hunt, Blake, Kessler, Rolfes, Flannigan, O'Brien, Hurst, Buri, Williams, Grant, Chandler, Hasegawa, Simpson, Santos, Barlow, Morrell, Fromhold, Priest, Lantz, Strow, B. Sullivan, Cody, Hinkle, Eickmeyer, Haigh, Anderson, Appleton, Kenney, Chase, McCoy, Walsh, Haler, Kelley, Springer, Newhouse, Dunshee, Linville, McIntire, Lovick, Sump, Kirby, Schual-Berke, Kagi, Quall, Ahern, Pettigrew, VanDeWege, Condotta, Green, Seaquist, Dickerson, P. Sullivan and Sommers).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: Washington Industrial Safety and Health Act. Generally, workplace safety is governed by the federal Occupational Safety and Health Act (OSHA). The federal Occupational Safety and Health Administration within the federal Department of Labor administers the OSHA. However, Washington is a "state plan state" under the federal OSHA. As a state plan state, Washington is authorized to assume responsibility for occupational safety and health in the state.

The Department of Labor and Industries (Department) administers and enforces the Washington Industrial Safety and Health Act (WISHA). The WISHA directs the Department to adopt rules governing safety and health standards for workplaces covered by the WISHA. To maintain its status as a state plan state, Washington's safety and health standards must be at least as effective as standards adopted or recognized under the OSHA.

State Crane Regulations. Under the WISHA, the Department has adopted rules related to safety standards

in construction work. These rules include rules related to cranes. Under Department rule, an employer is required to comply with manufacturer's specifications and limitations applicable to the operation of any and all cranes and derricks. If manufacturer's specifications are not available, limitations assigned to the equipment must be based on determinations of a qualified engineer.

In addition, an employer is required to designate a competent person to inspect all machinery and equipment prior to each use and periodically during use, to make sure it is in safe operating condition. Any deficiencies must be repaired, or defective parts replaced, before continued use. A thorough, annual inspection by a competent person, or by a government or private agency recognized by the Department is also required. The employer must maintain a permanent record of the dates and results of all inspections.

"Competent person" is defined in rule as one who is capable of identifying existing and predictable hazards in the surroundings or working conditions which are unsanitary, hazardous, or dangerous to employees, and who has authorization to take prompt corrective action to eliminate them.

Under the WISHA, the Department also has created, by rule, a specific program for cranes used in the maritime industry. Under this program, the Department recognizes certain crane certifiers as accredited crane certifiers. Accredited crane certifiers are authorized to conduct certain tests, inspections, and examinations, and to issue corresponding certificates for cranes used in the maritime industry.

Federal Activity. Negotiated rule-making is a process authorized under the federal Negotiated Rulemaking Act. Under the federal law, a federal agency is authorized to establish a negotiated rule-making committee when the agency determines that a negotiated rule-making committee can adequately represent the interests that will be significantly affected by a proposed rule and that it is feasible and appropriate in the particular rule-making. The federal agency chooses participants on the committee and committee meetings are announced and open to the public.

To adopt rules proposed by a negotiated rule-making committee, a federal agency must engage in the official rulemaking process, including notice of proposed rule-making, opportunity for public comment, and promulgation of a final rule.

In June 2003, the federal Department of Labor established a Crane and Derrick Negotiated Rulemaking Committee to develop a proposal to use as the basis for a federal rule-making on new safety standards for cranes and derricks.

In 2004 the federal Department of Labor announced that the Crane and Derrick Negotiated Rulemaking Committee had reached a consensus on a proposal for new federal crane rules. The consensus document contains a

variety of general safety standards related to cranes, including crane operator requirements. The consensus document does not address crane certification.

Summary: The Department of Labor and Industries (Department) is required to establish, by rule, a crane certification program and qualified crane operator requirements.

Crane Certification. The Department must establish, by rule, a crane certification program for cranes used in construction. In establishing rules, the Department must consult nationally recognized crane standards.

Minimum requirements for the crane certification program are created. The crane certification program must include:

- certification requirements for crane inspectors;
- a process for certified crane inspectors to issue temporary certificates of operation for a crane and the Department to issue a final certificate of operation for a crane;
- a requirement that cranes are inspected and load-proof tested by a certified crane inspector at least annually and after any significant modification or significant repairs of structural parts;
- a requirement that tower cranes and tower crane assembly parts are inspected by a certified crane inspector both prior to assembly and following erection of the tower crane on a new site;
- a requirement that, before installation of a nonstandard tower crane base, the engineering design of the nonstandard base must be reviewed and acknowledged as acceptable by an independent professional engineer;
- a requirement that notice be provided to the Department if a crane does not meet safety and health standards; and
- a requirement that inspection reports including all information and documentation obtained from a crane inspection be made available or provided to the Department by a certified crane inspector upon request.

Any crane operated in the state must have a valid temporary or final certificate of operation issued by the certified crane inspector or Department posted in the operator's cab or station. Certificates of operation issued by the Department under the crane certification program are valid for one year from the effective date of the temporary operating certificate issued by the certified crane inspector.

The crane certification program does not apply to maritime cranes regulated by the Department.

Crane Operators. Generally, an employer or contractor must not allow a crane operator to operate a crane unless the crane operator is a qualified crane operator, as established by the Department in rule. Procedures are created, however, for allowing an operator who is not a qualified crane operator to operate with supervision.

The qualified crane operator standards established by the Department in rule must include the following minimum requirements:

- the crane operator must have a valid crane operator certificate for the type of crane to be operated, issued by a crane operator testing organization accredited by a nationally recognized accrediting agency and recognized by the Department. The organization must administer written and practical examinations and have procedures for recertification that enable the crane operator to recertify at least every five years;
- the crane operator must have up to 2000 hours of documented crane operation experience, based on the crane type and capacity as determined by the Department; and
- the crane operator must pass a substance abuse test conducted by a recognized laboratory service.

A person who does not meet qualified crane operator requirements may operate a crane when:

- the person has been provided with training prior to operating the crane that enables him or her to operate the crane safely;
- the person performs operating tasks that are within his or her ability, as determined by the supervising qualified crane operator; and
- the person is under the direct and continuous supervision of a qualified crane operator.

A supervising crane operator must:

- be an employee or agent of the employer;
- be familiar with the proper use of the crane's controls;
- perform no tasks that detract from the ability to supervise;
- be in direct line of sight and communicate verbally or by hand signals, for equipment other than tower cranes; and
- be in direct communication, for tower cranes.

The Department may recognize certification from another state or territory of the United States as equivalent to qualified crane operator requirements if the Department determines that the other jurisdiction's credentialing standards are substantially similar to the Department's qualified crane operator requirements.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 39 | 8 |

Effective: January 1, 2010

SHB 2209

C 439 L 07

Allowing advanced registered nurse practitioners to examine and obtain copies of autopsy reports.

By House Committee on Health Care & Wellness (originally sponsored by Representatives Seaquist, Morrell, Curtis, Green, Moeller and Ormsby).

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

Background: Advanced Registered Nurse Practitioners. By statute, advanced registered nurse practice is the performance, by a registered nurse, of an expanded role in providing health care as recognized by the medical and nursing professions and defined by the Department of Health (DOH).

The DOH rules provide that an advanced registered nurse practitioner (ARNP) is a registered nurse prepared to assume primary responsibility for management of a broad range of patient care. An ARNP functions within the specialty scopes of practice and standards of care developed by national professional organizations and reviewed and approved by the State Nursing Care Quality Commission. According to the rules, an ARNP's practice incorporates the use of independent judgment as well as collaborative interaction with other health care professionals when indicated in the assessment and management of conditions appropriate to the ARNP's area of specialization.

Records of Autopsies. The bodies of individuals who die suddenly, under unnatural or unlawful circumstances or from violence, among other specified causes, are under the jurisdiction of the county coroner. Autopsies may be performed as required by the coroner, as authorized by family members, guardians, or agencies authorized to dispose of the decedent's remains, or upon court order.

Records of autopsies are confidential. They may be released only to specified parties, including the decedent's family, the attending physician, and certain agencies with relevant official business.

Summary: Confidential records of autopsies may be released to a decedent's ARNP, as well as a decedent's attending physician.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

2SHB 2220

C 216 L 07

Regarding shellfish aquaculture.

By House Committee on Appropriations (originally sponsored by Representative Lantz).

House Select Committee on Puget Sound
House Committee on Appropriations
Senate Committee on Natural Resources, Ocean & Recreation
Senate Committee on Ways & Means

Background: Shorelines Management Act. Under the Shorelines Management Act, certain developments that occur on or near the shorelines of the state are required to be permitted. Permitting for most development is administered at the county level, with standards and requirements outlined in the county's master program. Each county with shorelines within its jurisdiction adopts its own master program, which is a comprehensive use plan for the area. Once a master program is approved by the Department of Ecology (DOE), the county is the entity responsible for final approval of all programs falling within the plan's scope.

Geoduck Aquaculture on State-Owned Aquatic Lands. The Legislature has assigned to the Department of Natural Resources (DNR) the responsibility for managing the state's aquatic lands for the benefit of the public. The DNR manages over two million acres of tidelands, shorelands, and bedlands. This includes the beds of all navigable rivers and lakes, along with the beds below the Puget Sound.

The management of aquatic lands must support a balance of goals, including the encouragement of public access, the fostering of water-dependent uses, the utilization of renewable resources, and the generation of revenue. Revenues generated from the state's aquatic lands are generally directed to be used for public benefits, such as shoreline access, environmental protection, and recreational opportunities. The DNR may lease aquatic lands, exchange state-owned aquatic lands for privately owned lands, and lease aquatic lands for shellfish aquaculture.

In 2003, the Legislature directed the DNR to conduct a study looking into the feasibility of leasing state-owned aquatic lands for geoduck aquaculture. The DNR has initiated a fledgling geoduck aquaculture program and has plans to lease 25 acres of state-owned aquatic lands per year for the next 10 years for geoduck aquaculture.

Aquaculture Registration. All aquatic farmers are required to register with the Department of Fish and Wildlife (WDFW) and provide the WDFW with data about the production on the aquatic farms. The registration information must be maintained by the WDFW.

Summary: Geoduck Research. The Sea Grant Program at the University of Washington (Sea Grant) is directed to review existing research on the potential effects of

geoduck aquaculture on the environment and commission new research as necessary. A list of required study elements is provided to the Sea Grant, which includes studies evaluating the structures used in geoduck aquaculture, the effects of harvesting techniques, how aquaculture impacts natural ecological characteristics, and research into the genetic interactions between farm-raised and naturally occurring geoduck. The Sea Grant, with consultation with an oversight committee, may prioritize the listed studies and add or subtract to the listed studies as necessary.

The Geoduck Aquaculture Research Account (Account) is created to fund the required research and to accept legislative appropriations and private donations. Any institution involved in research funded from the Account may not retain more than 15 percent of any funding for administrative overhead.

The final report of the research must be delivered the Legislature by December 1, 2013. However, the Sea Grant is directed to prioritize the studies and report the results of shorter timeline studies prior to 2013.

Department of Natural Resources. The DNR is prohibited from entering into any new leases that would permit the commercial aquaculture of geoducks on state-owned intertidal lands on more than 15 acres a year until December 2014, exclusive of the first 23 acres leased. Any intertidal leases must be conditioned so that the DNR can conduct environmental monitoring on the geoduck operation and so that the leases can be used as part of the research conducted by the Sea Grant. In addition, the DNR must provide notification to adjacent landowners of any aquatic lands that are to be leased for geoduck aquaculture.

Shellfish Aquaculture Regulatory Committee. The Shellfish Aquaculture Regulatory Committee (Committee) is formed to serve as the oversight committee for the research conducted by the Sea Grant, develop recommendations for a regulatory system or permit process that integrates local, state, and federal regulations, and develop recommendations for appropriate guidelines for the DOE to include in shorelines master program guidelines. The Committee must also consider landowner notification policies and methods for quantifying and reducing marine litter.

The members of the Committee are to be appointed by the director of the DOE and include state agency representatives, tribal invitees, members of the environmental community, shellfish growers, and property owners.

Initial recommendations from the Committee must be delivered in 2007.

Shorelines Guidelines. The DOE is directed to develop, by rule, guidelines for the appropriate siting and operation of geoduck aquaculture operations that are to be included in any master program. The guidelines must be developed in consultation with the Committee, with the public review and comment period commencing no

longer than six months after the Committee delivers its recommendations.

If necessary, the DOE is directed to update the guidelines after the culmination of the research required of the Sea Grant.

Aquaculture Registration. The aquaculture registration program at the WDFW is expanded. Each registered aquatic farmer must be assigned a unique registration number and the information collected must be tracked in an electronic database. The information that must be collected from aquatic farmers includes identification information, contact information, information about the size and location of the land being cultivated, and the shellfish species being grown.

The WDFW must coordinate with the Department of Health and update the registration list annually.

Votes on Final Passage:

| | | | |
|--------|----|----|---------------------------|
| House | 88 | 9 | |
| Senate | 37 | 11 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 45 | 1 | (Senate amended) |
| House | 98 | 0 | (House concurred) |

Effective: July 22, 2007

HB 2236

C 475 L 07

Disposing of certain assets.

By Representatives Goodman and Lantz.

House Committee on Judiciary
Senate Committee on Judiciary

Background: The probate and trust law affects the distribution of property through intestate succession or under various legal instruments, such as wills or trusts.

Uniform Simultaneous Death Act. The operation of various laws or legal instruments may depend on the order in which two or more people die. If the death of two or more such persons is apparently simultaneous, such as in an automobile accident, the Uniform Simultaneous Death Act (USDA) may apply. The USDA provides generally that if there is not sufficient evidence that the persons died other than simultaneously, each person will be deemed to have survived the others for purposes of determining property title or distribution. The effect of the USDA can be to avoid having property go through two or more estates. The USDA does not override express provisions in an instrument that provide for some other rule in determining order of death.

Representation, Posthumous Children, and Surviving Spouses. Various terms of art are used throughout the probate and trust laws. Some are defined and some are not.

"Representation" is a method of distributing property to persons based on their degree of kinship to the

"intestate." An intestate is a person who has died without a will.

A "posthumous child" is one born after the death of a parent. The law provides that such a child is among those entitled to share in the parent's estate. At the time the definition of a posthumous child was enacted, the possibility of a child being conceived, as well as born, after the death of a parent was probably not considered. Medical science has now made it possible for a child to be conceived long after a child's parent has died.

There is no statutory definition of a "surviving spouse" that applies to the probate and trust laws. However, the term is used in dozens of statutes that control the distribution of assets, impose responsibilities, and confer rights under those laws.

Nonprobate Assets. Certain assets may pass to a beneficiary under a written instrument other than a will and outside of the probate process. Examples of nonprobate assets are payable-on-death life insurance policies, employee benefit plans, annuities, certain trusts, and certain bank or security accounts. If a married couple is divorced, the law operates to revoke a designation of a spouse as the beneficiary of a nonprobate asset unless a contrary intent has been expressed, or a court has ordered otherwise. This revocation provision applies only to marriage dissolutions obtained in this state.

Tangible Personal Property Lists for Gifts under a Will. A will may reference and incorporate a separate list of gifts of tangible personal property. As long as the list is not inconsistent with the will and identifies the gifts and their recipients with reasonable certainty, the list is given effect as though it were part of the will. The list may be changed by the testator at any time without having to redo the will. In case of inconsistencies between versions of a list, the latest list controls.

Commencing a Will Contest. A person wishing to contest a will must appear and petition the court within four months of the probate of the will. Court rules and statutes provide that a lawsuit may be commenced either by filing a petition with the court or by service of summons on another party. Any applicable statute of limitations is tolled by the earlier of the filing of the petition or the service of summons.

Award of Attorneys' Fees in Dispute Resolution Actions. Under the Trust and Estate Dispute Resolution Act (TEDRA), the court has discretion to award costs and reasonable attorneys' fees to any party from another party in a lawsuit, or from the assets of the trust or estate, or from a nonprobate asset that is subject to the action.

Bar Section Recommendations. The Real Property, Probate and Trust Section of the Washington State Bar Association is recommending several changes to the probate and trust law in the areas discussed above.

Summary: Uniform Simultaneous Death Act. The general rule in a simultaneous death situation is that a person is deemed to have died first if it is not established by

clear and convincing evidence that he or she survived the other relevant person or persons by at least 120 hours. The general rule is applicable if any of the following depend on one person surviving another:

- the devolution of property;
- the right to elect an interest in property; or
- the right to exempt property, a homestead, or a family allowance.

The rule is not to be used if it would result in the state taking intestate property.

A 120-hour rule is also specifically applied to any governing instrument that relates to an individual surviving an event, and to the survivorship rights of a co-owner.

For purposes of the USDA, death occurs as determined by an attending physician, or a county coroner or medical officer. Death certificates or government records or reports are prima facie evidence that a person is dead or missing. If a person is missing for seven years without explanation after diligent search or inquiry, the person is presumed to have died at the end of the seven year period.

The 120-hour rule does not apply if there is a contradictory governing instrument, if application would invalidate a nonvested interest or a power of appointment under the rule against perpetuities, or if application would cause failure or duplication of a disposition.

A payor is given immunity from liability for a good faith payment to a person not entitled under the USDA if the payment is made before notice of a challenge under the USDA. Likewise, a person who buys property for value and without notice is not liable and need not return the property.

Representation, Posthumous Children, and Surviving Spouses. The definition of "representation" is changed to cover distributions based on degrees of kinship to any "decedent," not just decedents who die intestate.

A "posthumous child" is defined as one conceived before, but born after, the death of a parent.

A "surviving spouse" is defined to exclude a decedent's spouse if the marriage has been dissolved or invalidated, unless there has been a subsequent remarriage. A decree of separation is not a dissolution or invalidation unless the decree has terminated the husband and wife status.

Nonprobate Assets. The termination of a spousal beneficiary designation in a nonprobate asset instrument upon a marriage dissolution is no longer restricted to dissolution decrees from courts of "this state."

The definition of "nonprobate asset" is expanded to include certain brokerage accounts, contracts, and other written instruments that may provide for the nonprobate transfer of property, such as insurance policies, employment contracts, mortgages, bonds, promissory notes, and retirement accounts.

Tangible Personal Property Lists for Gifts under a Will. Separate lists designating recipients of tangible personal property may be used in conjunction with irrevocable trusts, as well as with wills.

Commencing a Will Contest. The four month period for contesting a will is tolled by the filing of a petition with the court. However, the action is deemed not to have been commenced, and the period of limitation not tolled, if the petitioner does not personally serve the personal representative of the estate within 90 days of the filing.

Award of Attorneys' Fees in Dispute Resolution Actions. To award costs and attorneys' fees under the TEDRA, a court need not find that the litigation has benefitted the trust or estate involved.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 97 | 0 |
| Senate | 48 | 0 |

Effective: July 22, 2007

HB 2240

C 217 L 07

Allowing certain activities between domestic wineries, domestic breweries, microbreweries, certificate of approval holders, and retail sellers of beer or wine.

By Representatives Conway, Condotta and Kenney.

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Background: The liquor "tied-house" law prohibits manufacturers from having a financial interest in a licensed retailer or from providing things of value ("money or moneys' worth") to a retailer.

The Legislature has enacted a number of exceptions to the tied-house law. In 2006, legislation was passed to allow domestic wineries and retailers to jointly produce brochures and materials promoting tourism which contain information about domestic wineries, retailers, and their products.

Liquor manufacturers and distributors may conduct courses of instruction for licensees and their employees on beer, wine, and spirits, including but not limited to the history, nature, values, and characteristics of beer, wine, and spirits, the use of wine lists, and the methods of presenting, serving, storing, and handling beer, wine, and spirits.

Summary: The provision allowing domestic wineries and retailers to jointly produce tourism materials is expanded to include regional, state, or local wine industry associations.

Additional tied-house exceptions are made. Domestic wineries and breweries, microbreweries, and certificate of approval holders (out-of-state wineries and

breweries) may include on their web sites information about retailers who sell or promote their products, including links to the retailers' web sites. Retailers may likewise provide information and links on their web sites for wineries, breweries, microbreweries, and certificate of approval holders.

Domestic wineries and winery certificate of approval holders may provide personal services for a licensed retailer on the retailer's premises that are intended to inform, educate, or enhance customers' knowledge or experience of the manufacturer's products. The personal services may include participation and pouring at the premises of a restaurant or speciality wine shop, bottle signings, and similar informational or educational activities.

The authority of liquor manufacturers and distributors to conduct courses of instruction for licensees and their employees is modified to explicitly include chefs and instruction on what wines go well with different types of food.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 97 | 0 | (House concurred) |

Effective: July 22, 2007

SHB 2261

C 339 L 07

Providing for the evaluation of additional measures to reduce wood smoke emissions.

By House Committee on Select Committee on Environmental Health (originally sponsored by Representatives Campbell, Hudgins, Morrell, Hunt and Ormsby).

House Select Committee on Environmental Health
Senate Committee on Water, Energy & Telecommunications

Background: Nearly half of Washington's households have wood burning devices. During the past 20 to 25 years, the number of wood stoves, fireplaces, pellet stoves, and fireplace inserts in Washington has grown rapidly. Wood burning units can emit hundreds of times more pollution than other forms of heat such as natural gas, electricity, or oil.

Washington's wood heat regulation implements the 1991 Legislature's Clean Air Washington Act. This legislation restricts indoor burning, tightens emission standards for new wood stoves and other solid fuel burning devices, and emphasizes education and enforcement to control wood stove pollution.

Since 1997, all fireplaces offered for sale in Washington must meet certification standards comparable to wood stove standards. Masonry fireplaces must also meet design standards that achieve similar emission

reductions. The State Building Code Council devised fireplace construction standards and testing methods to meet this emission requirement.

In September 2006 the U.S. Environmental Protection Agency issued revised national air quality standards for fine particle pollution (PM_{2.5} – particles 2.5 micrometers in diameter and smaller). This strengthened the previous daily fine particle standard from 65 micrograms of particles per cubic meter to 35 micrograms of particles per cubic meter of air. This standard increases protection of the public from short-term exposure to fine particles.

Some communities are unable to meet these new standards, primarily because of wood smoke emissions. The current strategies are not sufficient to reduce wood smoke emissions to levels which comply with the federal standards or adequately protect public health.

Summary: The Legislature finds that it is in the state's interest and to the benefit of the people of the state to evaluate additional measures to reduce wood smoke emissions and update the state wood smoke control program.

Until June 30, 2009, the Spokane County Air Pollution Control Authority may determine by rule alternative trigger levels for impaired air quality.

The Department of Ecology (DOE) must convene and chair a work group to study the impacts of wood smoke from solid fuel burning devices and make recommendations to the Legislature on opportunities to reduce exposure to wood smoke and meet the new national air quality standards for fine particulates in Washington. Members of the work group must be appointed by the Director of the DOE and include representatives of:

- the DOE;
- the state Department of Health;
- regional air quality agencies;
- local health departments;
- related industry representatives; and
- nongovernmental health organizations.

Recommendations may include statutory or regulatory changes, incentives, and other strategies that will reduce particulate matter pollution, and should be presented to the Governor and the Legislature by December 1, 2007.

The work group must include at least the following considerations:

- communities in the state that have elevated levels of PM_{2.5} pollution;
- the contribution of pollution from solid fuel burning devices to potential violations of federal air quality standards;
- strategies used in other states, regions, or cities to reduce wood smoke pollution levels and the effectiveness of these strategies;
- state laws, rules, fees, utility regulations, and other policies that may affect the ability to reduce

emissions from solid fuel burning devices or encourage the use of cleaner burning devices; and

- potential financial incentives and sources of funding to change out older solid fuel burning devices to cleaner burning devices.

Votes on Final Passage:

House 64 31
 Senate 36 12 (Senate amended)
 House 67 28 (House concurred)

Effective: July 22, 2007

2SHB 2262
 C 398 L 07

Providing salary bonuses for individuals certified by the national board for professional teaching standards.

By House Committee on Appropriations (originally sponsored by Representatives Barlow, McCoy, Hunter, Seaquist, Eddy, Fromhold, Ormsby, Sells and Morrell).

House Committee on Education
 House Committee on Appropriations
 Senate Committee on Early Learning & K-12 Education
 Senate Committee on Ways & Means

Background: The National Board for Professional Teaching Standards (NBPTS) is a national, nonprofit organization that has developed standards for highly accomplished teaching and a voluntary system to certify teachers who meet those standards. There are also NBPTS certificates for librarians and school counselors. Funding is provided through federal and private sources to assist candidates with the application fee. Since 1999, state funding has been provided through the appropriations act for a bonus for NBPTS-certified staff. The 2005-07 biennial budget provides an annual bonus of \$3,500. The bonus program has not been created in statute. As of January 2007, there were 1,310 NBPTS-certified instructional staff in Washington.

Summary: Instructional staff with NBPTS certification receive a bonus for each year they maintain the certification. For the 2007-08 school year, the bonus is \$5,000. The amount increases annually by inflation.

The NBPTS-certified staff in an instructional assignment in a school where at least 70 percent of the students qualify for federal free and reduced lunch receive an additional \$5,000 bonus.

Bonuses are paid in a lump sum and are in addition to other compensation. They are not included in state salary limitations for certificated instructional staff, nor are they included for the purposes of calculating pension benefits.

Votes on Final Passage:

House 95 2
 Senate 45 0 (Senate amended)
 House 93 2 (House concurred)

Effective: July 22, 2007

SHB 2275
PARTIAL VETO
 C 340 L 07

Regarding funding of state parks.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Kessler, B. Sullivan, Kenney, Chase and Hunt).

House Committee on Agriculture & Natural Resources
 House Committee on Appropriations
 Senate Committee on Natural Resources, Ocean & Recreation
 Senate Committee on Transportation

Background: The State Parks Renewal and Stewardship Account. All receipts from user fees, concessions, leases, and other state park-based activities are deposited into the State Parks Renewal and Stewardship Account (Account). Expenditures from the Account are used for operating state parks, developing and renovating park facilities, undertaking deferred maintenance, enhancing park stewardship, and other state park purposes. Expenditures from the Account may be made only after appropriation by the Legislature.

License Fees. A \$30 license tab fee is required per year for motor vehicles, regardless of year, value, make, or model. The motor vehicles subject to the \$30 fee include cars, sport utility vehicles, motorcycles, and motor homes.

Trucks, motor trucks, truck tractors, road tractors, tractors, buses, auto stages, and for-hire vehicles with a seating capacity of more than six also are subject to an annual license fee based on the weight of the vehicle. Vehicles with a declared gross weight of 10,000 pounds or less are subject to an annual license fee between \$40 and \$62, depending on their weight.

Capitol Campus. The Department of General Administration (GA) is responsible for the stewardship, preservation, operation, and maintenance of the state capitol public and historic facilities subject to the policy direction of the State Capitol Committee. The GA is charged with providing the proper care, heating, lighting, and repair of the buildings on the state capitol grounds. The mission of the Washington State Parks and Recreation Commission (Parks Commission) is to acquire, operate, enhance, and protect a diverse system of recreational, cultural, historical, and natural sites which include 120 developed parks and recreation programs.

The Parks Commission is governed by a board of seven volunteer citizens appointed by the Governor.

Summary: Volunteer Parks Donation. The Department of Licensing (DOL) will provide an opportunity to donate an additional \$5 at a vehicle's initial registration or renewal. The fee will be deposited into the State Parks Renewal and Stewardship Account to be used for the operation and maintenance of state parks. The DOL will begin collecting the donations on registrations due on or after January 1, 2008.

Capitol Campus Task Force. The Director of GA and the Parks Commission will convene a task force composed of legislative representatives, gubernatorial representatives, representatives from the Supreme Court, the Superintendent of Public Instruction, the Department of Community, Trade, and Economic Development, an Olympia city official, and two citizens of Washington to develop recommendations relating to the management of the capitol campus, tourism, visitor services, and educational opportunities at the capitol campus. The task force will report back to the Legislature by November 1, 2007. The report will include recommendations for: the best management structure for the capitol campus; how to promote tourism to the capitol campus; how to enrich the educational experience offered for visitors to the capitol campus; how to promote the architecture, horticulture, and art of the capitol campus; how to increase inter-agency coordination regarding management of the capitol campus area; and how to increase volunteer opportunities at the capitol campus.

The task force expires July 1, 2008.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 94 | 3 | |
| Senate | 45 | 0 | (Senate amended) |
| House | 91 | 4 | (House concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed Section 3 that establishes a capitol campus tourism advisory task force.

VETO MESSAGE ON SHB 2275

May 4, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 3, Substitute House Bill 2275 entitled:

“AN ACT Relating to raising funds for state parks.”

This bill provides an opportunity for motor vehicle owners to make a voluntary donation of \$5 to fund state parks at the time of initial or renewal registration. Section 3 of this bill does not appear to be related to the underlying bill, as it establishes a capitol campus tourism advisory task force. I am concerned with the creation of a task force as it may duplicate the work already being done by the Department of General Administration and the State Parks Commission. In addition, the title of the bill does not appear connected to the formation of a task force.

On February 2, 2007, I wrote the directors of General Administration and the State Parks Commission and requested that they work quickly to develop a plan to better market Heritage Park as a tourist attraction. This plan, as it is developing, has a final goal of making the whole of the Capitol Campus more tourist-friendly. Director Bremer and Director Derr will gather vital stakeholder input in the development of this plan. I am looking forward to their recommendations.

For these reasons, I have vetoed Sections 3 of Substitute House Bill 2275.

With the exception of Section 3, Substitute House Bill 2275 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

HB 2281
C 454 L 07

Revising provisions for shared leave.

By Representatives Appleton and Hunt.

House Committee on State Government & Tribal Affairs
Senate Committee on Government Operations & Elections

Background: In 1989, the Legislature enacted the Washington State Leave Sharing Program (Program) for state employees. The stated purpose of the Program is to permit state employees to donate annual leave, sick leave, or personal holidays to fellow state employees who are suffering from, or have relatives or household members who are suffering from, an extraordinary or severe illness, injury, impairment, or physical or mental condition that has caused or is likely to cause the employee to take leave without pay or terminate his or her employment. As long as a certain balance is maintained, an employee may transfer annual leave, sick leave, or all of his or her personal holiday to an employee in the Program.

If an employee qualifies to participate in the Program, the agency head determines the amount of leave, not to exceed 261 days, that the employee may receive. The agency head also determines when the leave is no longer needed or will not be needed at a future time in connection with the illness or injury for which it was granted.

Summary: Agency heads may authorize an employee to receive shared leave for emergency volunteer service connected with state or federally declared emergencies anywhere in the United States when the emergency volunteer service would cause the employee to take leave without pay or to terminate state employment, and the employee has depleted, or will shortly deplete, his or her annual and sick leave reserves. Qualifying employees must have skills necessary for the humanitarian relief

organized and have been accepted as a volunteer by either a governmental or nonprofit organization engaged in that effort.

Employees who have been permitted to use shared leave for a declared emergency are subject to the same requirements and benefits as those receiving shared leave due to personal or household illness or those who have been called to military service.

Before an agency head makes a determination to return unused leave under the Program, he or she must receive a statement from the affected employee's doctor verifying that the illness or injury is resolved. Granted leave under the Program may be used for any other qualifying condition, in addition to the illness or injury for which the leave was originally granted.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 44 | 0 | (Senate amended) |
| House | 95 | 0 | (House concurred) |

Effective: July 22, 2007

E2SHB 2284
C 361 L 07

Addressing the training of and collective bargaining over the training of care providers.

By House Committee on Appropriations (originally sponsored by Representatives Green, Ericksen, Sells, Strow, Seaquist, Hinkle, Wallace, Priest, Hasegawa, Fromhold, P. Sullivan, Conway, Miloscia, Linville, Kenney, O'Brien, Simpson and Hunt).

House Committee on Commerce & Labor
House Committee on Appropriations
Senate Committee on Labor, Commerce, Research & Development

Background: Task Force. The 2005 Legislature established an eight-member Joint Legislative and Executive Task Force on Long-Term Care Financing and Chronic Care Management (Task Force) to make recommendations related to: the composition of a long term care system adequate to meet needs; efficient models that will effectively sustain the funding of long-term care; laws and regulations that should be revised and/or eliminated to reduce or contain costs; the feasibility of private options that will enable individuals to pay for long-term care; options that support the needs of rural communities; and disability prevention interventions and chronic care management strategies that can reduce the need for long-term care. The Task Force issued its recommendations on January 1, 2007, and is required to issue its final report no later than June 30, 2007.

Training. Individual providers and agency home care workers provide long-term care services to elderly and disabled clients who are eligible for publicly-funded

services through the Department of Social and Health Services' (DSHS) Aging and Adult Services and Developmental Disabilities programs. These workers provide the DSHS' clients with personal care assistance with various tasks such as toileting, bathing, dressing, ambulating, meal preparation, and household chores.

Individual providers and agency home care workers must meet certain training requirements set forth in statute and in rules adopted by the DSHS. These training requirements include the following:

- an orientation which provides basic introductory information appropriate to the in-home setting and the population served;
- basic training as to the core knowledge and skills needed to provide personal care services effectively and safely; and
- continuing education designed to increase and keep current a person's knowledge and skills.

Collective Bargaining. Wages, benefits, and working conditions for individual providers are determined solely through collective bargaining. The Governor must submit, as part of the proposed biennial or supplemental operating budget submitted to the Legislature, a request for funds necessary to implement the compensation and fringe benefits provisions of a collective bargaining agreement or binding interest arbitration award. The Legislature must approve or reject the submission of the request for funds as a whole.

Vendor payment rates for agency home care workers are established in the biennial operating budget. A formula established by the DSHS converts the cost of compensation increases negotiated and funded for individual providers into an hourly amount that is added to vendor rates for agency home care providers.

Summary: Task Force and Workgroup. The Joint Legislative and Executive Task Force on Long-Term Care Financing and Chronic Care Management (Task Force) is required to establish a fifteen-member Home and Community Long-Term Care Workforce Development Workgroup (Workgroup). The Workgroup is co-chaired by the Chair of the Task Force and the Executive Director of the Home Care Quality Authority.

The Workgroup is required to evaluate current training requirements for long-term care workers. It is also required to make recommendations related to: the appropriate number of basic training hours; the content of basic training curricula; and the development of criteria associated with certification of new long-term care workers.

The Workgroup is required to report its findings and recommendations to the Task Force, the Governor, and appropriate legislative committees by December 1, 2007. The Task Force is required to include the Workgroup's findings and recommendations in the Task Force's final report. The deadline for the Task Force's final report is extended from June 30, 2007, to December 30, 2007.

Training. Long-term care workers must be offered on-the-job training or peer mentorship for at least one hour per week in the first 90 days of work from a long-term care worker who has completed 12 hours of mentor training and is mentoring no more than 10 other workers. This requirement applies to long-term care workers who begin work on or after January 1, 2010.

Long-term care workers must complete 12 hours of continuing education training in advanced training topics each year. This requirement applies beginning January 1, 2010.

The Department of Social and Health Services (DSHS) must offer sufficient opportunities for long-term care workers to accumulate 65 hours of training within a reasonable time period. The DSHS may not require long-term care workers to obtain such training. This requirement to offer advanced training applies beginning January 1, 2010.

For individual providers represented by an exclusive bargaining representative, certain training and peer mentoring must be provided by a training partnership beginning January 1, 2010. The exclusive bargaining representative designates the training partnership. "Training partnership" is defined as a partnership or trust established and maintained jointly by the Office of the Governor and the exclusive bargaining representative of the individual providers to provide training and certain other services to individual providers.

Collective Bargaining. At the request of the exclusive bargaining representative of individual providers, the Governor must engage in collective bargaining with the bargaining representative over employer contributions to the training partnership. The employer contributions are for the costs of certain training and peer mentoring and other training intended to promote career development.

Other. Other provisions address the formula used to establish parity for individual providers and adult family home care providers and certification as a nursing assistant.

The act is to be liberally construed.

The short title of the act is the "Establishing Quality in Long-Term Care Services Act."

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 4 |
| Senate | 45 | 2 |

Effective: July 22, 2007

May 8, 2007 (Section 1)

March 1, 2008 (Sections 7 and 8)

SHB 2286

C 167 L 07

Regulating interstate branching.

By House Committee on Insurance, Financial Services & Consumer Protection (originally sponsored by Representatives Simpson, Kirby, Williams, Kelley and Hunt).

House Committee on Insurance, Financial Services & Consumer Protection

Senate Committee on Financial Institutions & Insurance

Background: The Department of Financial Institutions (DFI) regulates Washington's state-chartered commercial banks, stock savings banks, mutual savings, alien banks, and savings and loans.

Federal law allows states to choose from several approaches in regulating interstate branches of out-of-state banks. A state may:

- allow an out-of-state entity to have in-state branches without imposing requirements;
- allow an out-of-state entity to have in-state branches only if the state where the entity is chartered or has its principal place of business has reciprocal requirements. This is called "de novo" branching;
- allow an out-of-state entity to have in-state branches if it acquires a domestic bank. There is often a requirement that the purchased bank must have been in business for a fixed period of time before the acquisition;
- impose strict barriers on out-of-state entities that seek in-state branches; or
- prohibit an out-of-state entity from having in-state branches.

In 2005, the Legislature permitted an out-of-state bank or savings bank to establish branches in Washington on the same or less favorable terms as are imposed on Washington-chartered banks or savings banks seeking to establish branches in the state where the institution is chartered or has its principal place of business. If the other state allows for a de novo branch for a Washington-chartered bank, then an out-of-state bank may have a de novo branch under the same terms. If another state imposes a requirement that a Washington bank must acquire existing branches, similar terms will apply to the banks from that other state.

For out-of state banks, "branch" is defined as an office of a bank through which it receives deposits, other than its principal office. Any of the functions or services authorized to be engaged in by a bank may be carried out in an authorized branch office.

For savings banks, "branch" is defined as an established office or facility, other than the principal office, at which employees of the savings bank take deposits. "Branch" does not refer to a machine permitting customers to leave funds in storage or communicate with savings bank employees who are not located at the site of that machine, unless employees of the savings bank at

the site of that machine take deposits on a regular basis. An office of an entity other than the savings bank is not established by the savings bank, regardless of any affiliation, accommodation arrangement, or other relationship between the other entity and the savings bank.

Summary: An out-of-state bank may acquire, establish, or maintain a branch in Washington within one mile of an affiliate commercial location only to the same extent permitted for a Washington bank under applicable state and federal law.

"Bank" is defined as "any national bank, state bank, and district bank, as defined in federal banking law. "Out-of-state bank" is defined as a bank whose home state is a state other than Washington. "Washington bank" is defined as "a bank whose home state is Washington. "Home state" is defined as having the same meaning as in the Washington Interstate Banking Act.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

SHB 2300
C 186 L 07

Concerning college textbooks.

By House Committee on Higher Education (originally sponsored by Representatives Hasegawa, Jarrett, Wallace, B. Sullivan, Kenney, Hunter, Goodman, Dunshee, Chase, Ormsby, Kelley, Simpson and Blake).

House Committee on Higher Education
Senate Committee on Higher Education

Background: Legislation enacted in 2006 required the governing boards of the state universities, the regional universities, and The Evergreen State College to work with affiliated bookstores, students, and faculty representatives to adopt rules requiring that affiliated bookstores:

- provide students the option of purchasing unbundled materials when possible;
- disclose the costs of the materials;
- disclose how new editions vary from previous editions; and
- actively promote and publicize book buy-back programs.

The legislation also required the boards to adopt rules requiring faculty and staff members to consider the least costly practices in assigning course materials when educational content is comparable.

Summary: When presenting marketing materials to a faculty member of an institution of higher education, college textbook publishers must disclose the intended price of their products at the bookstore run by or in a contractual relationship with that institution. The publisher

must also disclose the history of revisions to the products.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 4 |
| Senate | 45 | 0 |

Effective: July 22, 2007

SHB 2304
C 440 L 07

Providing for the issuance of a certificate of need for certain cardiac care services.

By House Committee on Appropriations (originally sponsored by Representatives Morrell, Quall, McDonald, Bailey, Grant, Walsh, Haler, McCune, Seaquist, McDermott, Kenney, Cody, Darneille, Dunn, Schual-Berke, Kessler, Conway, Springer, Hudgins, Green, Blake, Rodne, Goodman, Campbell, VanDeWege, Williams, Hunter, Takko and Moeller).

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means

Background: Percutaneous coronary interventions are procedures used to treat patients with diseased arteries of the heart. One common intervention is coronary angioplasty. This medical procedure is used to restore blood flow through an artery in the heart that has been blocked due to the accumulation of plaque on the inner walls of the artery. The procedure involves the insertion of a thin tube into a blood vessel which is directed to the site of the blockage. At the end of the tube is a small balloon or other device which is inflated to push the plaque against the wall of the artery to widen the artery and increase blood flow.

In Washington, only hospitals that have an established on-site open heart surgery program may perform nonemergent interventional cardiology procedures. Open heart surgery relates to the care of patients who have surgery on the heart muscle, valves, arteries, or other structures and who require the use of a heart lung bypass machine. Open heart surgery is considered a tertiary service which requires that a hospital receive a certificate of need from the Department of Health (Department) prior to offering these services. To obtain a certificate of need to provide open heart surgery services, the hospital must perform a minimum of 250 open heart surgeries per year.

Summary: By July 1, 2008, the Department must adopt rules that establish criteria for issuing a certificate of need to perform elective percutaneous coronary interventions at hospitals that do not provide on-site cardiac surgery. Prior to beginning the rulemaking process, the Department must contract for an independent, evidence-

based review of the circumstances in which elective percutaneous coronary interventions should be allowed at hospitals that do not provide on-site cardiac surgery. The review must address access to care, patient safety, quality outcomes, costs, and the stability of Washington's cardiac care delivery system and existing cardiac providers, and must ensure that procedure volumes at the University of Washington Medical Center are sufficient for training cardiologists.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 97 | 0 | |
| Senate | 46 | 2 | (Senate amended) |
| House | 92 | 0 | (House concurred) |

Effective: July 22, 2007

HB 2319
C 395 L 07

Supporting early learning and parenting education opportunities at community colleges.

By Representatives Kagi, P. Sullivan, Wallace, Seaquist, Appleton, Morrell, Goodman, Santos, Wood, Ormsby and Kenney.

House Committee on Early Learning & Children's Services
Senate Committee on Higher Education

Background: Community and technical colleges across Washington provide parent education programs to support parents as their child grows and develops. The availability of these programs, including how and where they are delivered, varies from campus to campus. Lectures, discussions, observations, and interactive approaches are among the kinds of parent education services offered in a mixture of settings, both on and off-campus, by a range of professionals with expertise in working with families and children.

Community and technical colleges also accommodate an array of child care programs from campus to campus. These include state-funded Early Childhood Education and Assistance Programs, federally-funded Head Start and Early Head Start Programs, as well as other private for-profit and non-profit child care programs.

The State Board for Community and Technical Colleges (SBCTC) provides general supervision and control over the state system of community and technical colleges. Among the SBCTC's responsibilities is the establishment of minimum standards for the operation of community and technical colleges with respect to personnel qualifications, budgeting, accounting, auditing, curriculum content, degree requirements, admission policies, and the eligibility of courses for state support.

As part of the minimum licensing requirements, the Department of Early Learning (DEL) requires initial,

ongoing, and continuing state training for directors, program supervisors, site coordinators, and lead staff in child care facilities. The State Training and Registry System is a career development system designed to improve child care through basic and ongoing training for child care providers that is regulated by the DEL.

Summary: The SBCTC must conduct a survey and inventory of parent support and child care programs operated by community and technical colleges for the purpose of creating a coordinated system of course offerings and early learning education opportunities including parenting education and on-campus child care. Enrollment numbers and populations, program capacity, number of full-time equivalent employees, funding sources, and other information will be collected from early learning and parent education courses, parent cooperative classes, and other early childhood education programs and child care programs on community college campuses that support parent education and early learning.

The SBCTC will consult with the DEL to establish processes for creating articulation standards for course work and training in early childhood development and provide recommendations to the Legislature by December 1, 2007, for a system for strengthening community college early learning education opportunities and child care services to parents and providers.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 49 | 0 |

Effective: July 22, 2007

SHB 2335
C 21 L 07

Exempting certain amateur radio repeaters from leasehold excise taxes.

By House Committee on Finance (originally sponsored by Representatives Priest and Miloscia).

House Committee on Finance
Senate Committee on Ways & Means

Background: Ham Radio - Amateur Radio Repeater. Amateur radio, also known as ham radio, is an aspect of the radio spectrum made available to the public for personal use and public service. The Federal Communications Commission (FCC) regulates 27 small frequency bands within the radio spectrum allocated for amateur communication. Persons operating ham radios must obtain a license from the FCC. Station control operators cooperate in selecting transmitting channels to make the most effective use of the frequencies; all frequencies are shared. Operators design, construct, modify, and repair their stations. In February 2007, just under 25,000 licenses had been issued for Washington operators.

Amateur radio operators also provide services for search and rescue operations, forest fire information, and disaster relief support. Operators may volunteer for the Amateur Radio Emergency Service (ARES) for communications purposes when disaster strikes. The Radio Amateur Civil Emergency Service (RACES), special phase of amateur operation sponsored by the Federal Emergency Management Agency (FEMA), is another radio communication service conducted by volunteer licensed amateurs and is designed to provide emergency communications to local or state civil-preparedness agencies.

Amateur radio communication is typically transmitted at a low power level. For the purposes of transmitting signals more broadly, amateur radio networks use radio repeaters, devices that receive low-level amateur radio signals and retransmit the signals at a higher level or power.

Leasehold Excise Tax. Property owned by federal, state, or local governments is exempt from property tax. Public lands may be leased to private individuals. These leases are subject to 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 state imposes a leasehold excise tax equal to 12.84 percent of the contract rent. Contract rent is the amount the lessee pays for use of the public property. The tax is collected by the public entity from the lessee, and paid to the Department of Revenue.

Cities and counties may levy a local leasehold excise tax on leasehold interests in public property within their jurisdictions at a rate up to a maximum of 6 percent. The city or county tax is credited against the state tax, thus reducing the state rate on such property when the local tax is fully imposed to 6.84 percent. The maximum city rate is 4 percent and is credited against the county tax. Thus, the maximum county rate is 6 percent in unincorporated areas and 2 percent in cities that levy the maximum city rate.

Common examples of property subject to the leasehold excise tax include: port property upon which lessees construct warehouses and manufacturing plants; airline facilities at public airports; state grazing lands; and national forest land leased for recreational cabins.

A number of types of leasehold interests have been exempted from the leasehold excise tax. These exemptions concern interests such as leases of student housing at public schools and colleges, leases of property for agricultural fairs, and rights of access for removing products from public lands.

Summary: Leasehold interests in public facilities that are used for the placement of amateur radio repeaters, if the repeaters are made available to public agencies for emergency communications, are exempt from the leasehold excise tax.

Votes on Final Passage:

House 97 0
Senate 45 0

Effective: July 22, 2007

ESHB 2352

C 334 L 07

Providing excise tax relief for certain farm services.

By House Committee on Finance (originally sponsored by Representatives Grant, Linville, Simpson and Bailey).

House Committee on Finance
Senate Committee on Agriculture & Rural Economic Development
Senate Committee on Ways & Means

Background: The business and occupation (B&O) tax is assessed on the gross proceeds of a business, and the tax rate depends on the category in which the business activity is placed. The B&O tax does not apply to agricultural products sold at wholesale by farmers. Custom farming activities fall under the catch-all "service and other activities" category and are subject to a 1.5 percent tax rate. Motor transportation services are subject to the public utility tax and are assessed at a 1.926 percent rate.

Summary: Custom farming services, such as custom plowing, cultivation, planting, and harvesting performed for farmers is exempt from the B&O tax if performed by a farmer that produces at least \$10,000 of agricultural products.

Farm management services, contract labor services, and services for farm animals, if performed by a person related to the farmer or the custom farm operator, are exempt from the B&O tax. However, the tax exemption is not allowed for farm management services, contract labor services, and animal services on transactions between two corporations that are controlled by the same group.

Persons hauling agricultural products or farm machinery are exempt from the public utility tax if the service is provided to a farmer or a person performing custom farming service, but only if the hauling is done by a related person.

The exemptions expire December 31, 2020.

Votes on Final Passage:

House 90 5
Senate 42 5 (Senate amended)
House 90 2 (House concurred)

Effective: August 1, 2007

HB 2357

C 503 L 07

Allowing a school district to transfer certain revenue into the district's capital projects account.

By Representatives McIntire and Fromhold.

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: School districts are required to establish several funds, including a general fund, a debt service fund, and a capital projects fund. School districts may use each fund for particular purposes, subject to statutory restrictions. A school district may issue general obligation bonds that are payable from the district's tax revenues and from other moneys lawfully available and pledged for that purpose. Proceeds from a school district's bond levies must be deposited in the school district's debt service fund.

The state holds certain forest lands in trust for counties. Net revenues from these state forest lands are distributed to counties in the same manner as general taxes are paid and prorated during the year of payment. As junior taxing districts, school districts thus receive a portion of state forest land revenue distributions. The distribution of state forest lands revenue that a school district receives depends on the types of tax levies that the school district has passed. For example, if the school district has passed a capital levy for construction or remodeling, a portion of the state forest lands revenue is deposited in the school district's capital projects fund, where capital levy proceeds are deposited. If the school district has passed a bond levy, a portion of the state forest lands revenue is deposited in the school district's debt service fund, where district revenues dedicated to debt service on bond levies are deposited.

A 1998 informal opinion of the Attorney General's office advises that school districts do not have statutory authority to transfer state forest lands revenue distributed to their debt service funds into their capital projects funds. This is because the statute that distributes the forest land revenues to junior taxing districts operates as a dedication of that revenue to the respective local funds that receive tax revenues. For this reason, school districts may not spend distributions of state forest land revenues directly from their debt service funds for capital purposes.

Summary: School districts are authorized to transfer distributions of state forest land revenues from their debt service funds to their capital projects funds to the extent such distributions are not necessary for debt repayment.

Votes on Final Passage:

| | | | |
|--------|----|---|-------------------|
| House | 96 | 0 | |
| Senate | 47 | 0 | (Senate amended) |
| House | 97 | 0 | (House concurred) |

Effective: July 22, 2007

ESHB 2358

C 512 L 07

Regarding state ferries.

By House Committee on Transportation (originally sponsored by Representatives Rolfes, Strow, Appleton, Seaquist, VanDeWege, Lantz, Flannigan, Roberts, Cody, Green, Eickmeyer, Jarrett and Kessler).

House Committee on Transportation
Senate Committee on Transportation

Background: The Washington State Department of Transportation (WSDOT) Ferries Division operates and maintains ferry vessels and terminals, constructs terminals, and acquires vessels. The system serves eight Washington counties and one Canadian province through 28 vessels and 20 terminals. The Washington State Ferries (WSF) also operates a maintenance facility at Eagle Harbor.

Level of Service Standards. The WSDOT sets the level of service standards for state ferry routes of statewide significance.

Fares. The WSDOT reviews fares annually and makes recommendations to the Transportation Commission (Commission). The Commission must adopt fares by rule.

When reviewing fares, the WSDOT must solicit input from local community groups, consult with affected ferry users, and give notice of the review to Ferry Advisory Committees (FACs). The makeup of FACs is established in state law. The WSDOT may solicit input from affected ferry users by holding a public hearing in affected communities, working with affected FACs, conducting a survey of affected users, or a combination. State law lists items that may be considered when setting fares.

Changes to Service Levels. Before making substantial changes to service levels, the WSDOT must consult with affected users, consider all possible cost reductions, and consider adapting service levels equitably on a route-by-route basis. The Ferry System Productivity Council is established and directed to meet periodically to discuss ways to improve ferry system productivity.

Transportation Plan. The state-owned facilities component of the statewide transportation plan must include a state ferry system plan. The plan must: (1) include service objectives for routes; (2) forecast demand; (3) develop investment strategies that consider regional and statewide needs, support local use plans, and assure that ferry services are fully integrated with other transportation services; (4) provide for the preservation of capital assets based on lowest life-cycle cost methods; (5) be consistent with the regional transportation plans; and (6) be developed in conjunction with FACs.

2006 Ferries Finance Study. In the 2006 transportation budget, the Joint Transportation Committee (JTC) was directed to conduct a finance study of the state ferry system. The study was to facilitate legislative policy discussions and decisions regarding the WSF. The study made recommendations in the following areas: conducting a market survey, developing operational and pricing strategies, capital expenditures, long-range capital planning, and the ferries capital improvement program.

Summary: Level of Service Standards. The WSDOT may adjust ferry level of service standards for seasonality.

Survey of Users. The Commission must, with the involvement of the WSDOT, conduct a survey of ferry users to inform level of service, operational, pricing, planning, and investment decisions. Information is to be gathered on recreational users, vehicle and walk-on customers, freight movement, and reactions to possible operational strategies and pricing policies. The Commission must provide an opportunity for FACs to provide input into the survey. The survey must be updated at least every two years and maintained to support adaptive management of ferry services.

Operational Strategies. The WSDOT must develop, and the Commission must review, operational strategies that must at a minimum: (1) recognize that each travel shed is unique; (2) use data from a current customer survey; (3) be consistent with vehicle level of service standards; (4) use a life-cycle cost analysis that considers capital and operating costs and the most efficient balance between these costs; and (5) include methods of collecting fares that maximize efficiency and achieve revenue management control.

Fares and Pricing Policies: The WSDOT must review fares and pricing policies annually using data from a current survey of users and input from affected ferry users. Beginning in 2008, the date by which the Commission must adopt fares for the following year is changed from April to September 1. Beginning in 2008, fares and pricing policies must be developed so that they: (1) recognize each route is unique; (2) use data from a current customer survey; (3) are developed with input from affected ferry users; (4) generate the amount of revenue required by the biennial transportation budget; (5) consider impacts on users, capacity, and local communities; (6) keep fare schedules as simple as possible; and (7) consider options for using pricing to level vehicle peak demand and increase off-peak ridership. The Commission may not raise ferry fares until the fare rules contain pricing policies, or September 1, 2009, whichever is later.

Revenues in the Puget Sound Ferry Operations Account may not be used to support the Puget Sound Capital Construction Account unless that support is identified in fares.

Changes to Service Levels. The WSDOT must receive legislative approval before adding or deleting an entire ferry route. Before substantial changes to the service levels are made, the WSDOT must consult with affected ferry users by public hearing and by review with affected FACs.

Terminal Design Standards. The WSDOT must develop terminal design standards that choose the most efficient balance between capital and operating investments and that adhere to operational strategies and vehicle level of service standards.

Capital Program. Capital projects are defined.

The capital plan must adhere to a current ridership forecast, operational strategies, vehicle level of service standards, and terminal design standards. The WSDOT must maintain a life-cycle cost model on capital assets. The life of an asset must be estimated using available industry standards or department-adopted standards when industry standards are not available. All assets in the life-cycle cost model must be inspected and updated at least every three years. Funding requests for terminal improvement projects must be based on the capital plan. Funding requests for terminal improvement projects, and preservation projects over \$5 million, must include a pre-design study that meets the Office of Financial Management requirements and includes various other elements. The Joint Legislative Accountability and Review Committee must: (1) audit the implementation of the cost allocation methodology developed by the WSDOT, and (2) review the WSDOT's assignment of preservation and improvement costs for fiscal year 2009. The report on these evaluations is due by January 31, 2010.

Votes on Final Passage:

| | | | |
|--------|----|---|---------------------------|
| House | 90 | 7 | |
| Senate | 40 | 8 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 47 | 1 | (Senate amended) |
| House | 93 | 5 | (House concurred) |

Effective: July 22, 2007

SHB 2361

C 136 L 07

Regarding collective bargaining for certain employees of institutions of higher education and related boards.

By House Committee on Commerce & Labor (originally sponsored by Representative Conway).

House Committee on Commerce & Labor
Senate Committee on Labor, Commerce, Research & Development

Senate Committee on Ways & Means

Background: Employees of institutions of higher education may be covered for purposes of collective bargaining under the Personnel System Reform Act

(PSRA), the Public Employees' Collective Bargaining Act (PECBA), or laws applicable to faculty and academic personnel.

The PSRA applies to employees of institutions of higher education who are covered for purposes of civil service. Employees who are exempt from civil service, and therefore, from collective bargaining, are: members of the governing board, presidents, vice-presidents, and their confidential secretaries, administrative, and personal assistants; deans, directors, and chairs; executive heads of major divisions and their principal assistants; and certain other managerial or professional employees. Other employees who are exempt from collective bargaining are: confidential employees; Washington Management Service members; and internal auditors. Classifications that may be made exempt from civil service by an institution's governing board, and therefore, from collective bargaining, are those involving: research activities; counseling of students; extension or continuing education activities; and graphic arts or publications activities.

The PECBA applies to the University of Washington with respect to printing craft employees in the University of Washington's Department of Printing and certain teaching assistants and research assistants, and to certain classified employees of technical colleges.

Other collective bargaining laws apply to public four-year institutions with respect to faculty members, and to community colleges with respect to academic personnel.

Summary: The PECBA is made applicable to employees of institutions of higher education who are exempt from civil service under the Personnel System Reform Act (PSRA), with the following exceptions:

- executive employees and their principal assistants;
- certain managers;
- confidential employees; and
- certain employees involved in personnel or labor relations matters or tort actions.

The parties are prohibited from agreeing to a proposal that would prevent the implementation of approved affirmative action plans or would be inconsistent with the comparable worth agreement.

The parties are prohibited from bargaining over management rights. These rights include, but are not limited to, the following:

- the institution's functions and programs;
- the use of technology;
- the organization's structure;
- the institution's budget;
- the size of the institution's workforce;
- the right to direct and supervise employees;
- the right to take necessary actions during emergencies;
- retirement plans and retirement benefits; and

- health care benefits and other employee insurance benefits, except as provided under the PSRA.

Votes on Final Passage:

House 75 22
Senate 38 10

Effective: July 22, 2007

SHB 2366

C 506 L 07

Requiring oversight of state agency housing decisions.

By House Committee on Capital Budget (originally sponsored by Representatives Dunshee, Jarrett, Ormsby, Hunter and Kenney).

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: The Department of General Administration's Statutory Authority for Leasing Facilities. The Department of General Administration (GA) has the statutory authority to acquire, lease, purchase, and dispose of real estate on behalf of all state agencies except for four-year universities, the Department of Transportation, the Department of Fish and Wildlife, the Department of Natural Resources, the State Parks and Recreation Commission, and the Liquor Control Board. This authority includes determining the location, size, and design of real estate and improvements. The Director of the GA is required to adopt standards for facilities that must be approved by the Office of Financial Management (OFM). The Director of the GA may grant exceptions to the standards and must report to the OFM annually on the exemptions granted.

The GA may delegate their statutory authority for acquiring space for agencies. The GA also charges a fee for services provided for in statute. The GA may not enter into leases longer than 20 years.

Ten-Year Plan. The State Budgeting, Accounting, and Reporting System mandates long-range capital budget planning. State agencies and institutions must submit a 10-year plan of proposed capital spending that is designed to identify future needs and propose capital projects addressing those needs. The OFM's capital budget instructions require submittal of the plan.

Life-Cycle Model. The Joint Legislative Audit and Review Committee (JLARC), in response to a 1996 audit on the cost differences between leased and state owned offices, developed an economic model to quantify and compare all costs involved with state facilities. The model is a tool used to predict the long-term cost differences between state ownership (construction) and leasing of buildings. It includes sensitivity analysis that demonstrates how the results might change given the uncertainty of some assumptions (e.g., lease rate escalation and building occupancy rates). In January 2007, the

JLARC completed an update of the model assumptions and built in new capabilities.

The OFM's capital budget instructions require the use of the lease versus ownership decision model for projects using alternative financing (e.g. Certificates of Participation and 63-20 financing). Statute authorizes the GA to enter into long-term leases greater than 10 years if an analysis shows that the life-cycle cost of leasing the facility is less than the life-cycle cost of purchasing or constructing a facility in lieu of leasing the facility. Leases greater than 10 years in duration require approval from the Director of the OFM. Statute also requires the GA to conduct an evaluation of facility design and budget using life-cycle cost analysis, value engineering, and other techniques to maximize the long-term effectiveness and efficiency of the facility prior to construction of new, or improvement of existing, facilities under its management.

The JLARC's 2007 report to the Legislature includes three recommendations: (1) the OFM should maintain the updated life-cycle cost model and should establish clear policies and standards regarding the use of the model in particular, and life-cycle cost analyses in general, as part of the state's capital project review process; (2) the OFM should review all life-cycle cost analyses to ensure that the established policies and standards have been followed and that analyses have been conducted in a manner that is technically sound and accurate; and (3) the OFM should regularly update the cost assumptions in the life-cycle cost model.

History of Studies. Since 1977, at least five studies/reports and a Capital Budget Subcommittee have been tasked with reviewing space utilization policies and practices:

- (1) 1977 Performance Audit by the Legislative Budget Committee (now the JLARC);
- (2) 1987 Office Space Study by the Legislative Budget Committee (now the JLARC);
- (3) 1991 Department of General Administration Property Development Study by the Washington State Commission for Efficiency and Accountability in Government;
- (4) 1995 Performance Audit regarding Capital Planning and Budgeting: Study of Leasing Versus Ownership Costs by the Legislative Budget Committee (now the JLARC);
- (5) 1999 House Capital Budget Subcommittee on State Leasing Policy; and
- (6) 2001 Analysis of Thurston County Lease and Space Planning by the GA.

The reports include similar conclusions and recommendations, including:

- short and long-term facilities plan analysis, development, evaluation, and implementation is necessary;

- clearly delineated and comprehensive state management policy of space utilization should be developed;
- comprehensive goals and objectives are needed;
- coordination between leasing activities, and capital facilities planning and budgeting should be improved;
- facilities space management and capital construction reporting system development to forecast growth and evaluate space utilization is necessary;
- delegated authority should be analyzed to assure that it provides controls necessary for acquisition of leased space that is within stated standards and provides economical, efficient, and effective operation of state agencies; and
- economic analysis of lease versus owned facilities is necessary.

The 1999 House Capital Budget Subcommittee (Subcommittee) on State Leasing Policy addressed these issues by recommending that state agencies be restricted from entering into lease agreements prior to constructing a building. In addition, the Subcommittee recommended that the GA not enter into lease agreements on buildings larger than 20,000 square feet that are in the construction or planning stage of development unless the lease is specifically approved by the Legislature. No action has been taken by the Legislature or the GA on this recommendation.

The OFM Best Practices Report. The 2006 Supplemental Capital Budget required the OFM to report to the Legislature by September 1, 2007 on best practices for managing capital project costs; best practices in the state's capital budgeting process and public works contracting procedures; appropriate uses of alternative capital project financing; and risk management.

Data Systems. There are three main data systems for tracking state owned and occupied facilities throughout the state: (1) the GA's facilities data system; (2) the OFM's Facility Inventory System; and (3) the OFM's statewide accounting system.

- (1) The GA's facilities data system: the GA's facilities data includes facilities leased, purchased, or owned by the GA on behalf of agencies and delegated leased space entered into by agencies.
- (2) The OFM's Facility Inventory System: Statute requires agencies to provide an annual inventory of owned and leased facilities to the OFM who must develop and maintain an inventory system to account for all owned or leased facilities used by state government. The OFM is required to publish a report summarizing the information contained in the inventory system by October 1 every year.
- (3) The OFM's statewide accounting system: The state's accounting system has one object that commingles facility leases with other types of leases including furnishings, equipment, and software.

Summary: By October 1, 2007, the OFM must consult with the Legislature to prepare an implementation plan to improve the oversight and management of state agency space. The plan must be submitted to the Governor and the Legislature.

By October 1, 2008, the OFM must, in consultation with the Legislature, design and implement a life-cycle cost analysis model based on the work completed by the JLARC in January 2007. The OFM must do the following with the life-cycle cost model:

- make it available for use by state agencies;
- update it periodically; and
- establish policies, standards, and procedures regarding its use.

The OFM must design and implement a modified predesign process for space requests to lease, purchase, or build facilities for new state programs, expanded programs, or the relocation of programs including the consolidation of multiple state agency tenants into one facility. The OFM will define facilities that meet this criteria. The modified predesign must include a problem statement, an analysis of alternatives to address programmatic and space requirements, proposed locations and a financial assessment, and it must be submitted to the OFM and the Legislature. Projects that are smaller than 20,000 square feet may provide a cost-benefit analysis rather than a life-cycle cost analysis. Major projects, costing \$5 million or more, are not required to prepare a modified predesign.

The OFM's 10-year capital budget plan is required to include agencies' plans for major leased facilities, and agencies may not enter into new or renewed leases of more than \$1 million per year unless the leases have been approved by the OFM, except in the case of an emergency. Agencies must identify operational costs savings, and may not enter into lease agreements for privately owned buildings that are under development unless the director of the OFM gives prior approval.

The OFM must work with the GA and other agencies to determine long-term facility needs to develop a six-year facilities plan to be submitted to the Legislature by January 1 every odd-numbered year, beginning in 2009. The six-year plan must include agency space requirements and other data necessary for facility planning.

The statute requiring the OFM to develop and maintain a facility inventory system is amended to require the inclusion of facility owners and for a report of the system to be submitted to the Legislature annually. The OFM must also report to the Legislature by September 1, 2008, on recommendations to improve the system, including the cost and implementation schedule. The report must include recommendations regarding accountability improvements and recommendations to assist in the evaluation of budget requests and facility management.

Before the GA acquires property through leases, purchases, rent or other means they must consult with the OFM.

The GA is required to report to the Legislature and the OFM annually on exemptions granted to facility efficiency standards, on delegated leases, and all facility leases executed for all agencies in the preceding year.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 95 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SHB 2378

C 481 L 07

Expediting new vessel construction for Washington state ferries.

By House Committee on Transportation (originally sponsored by Representatives Flannigan, Jarrett, Clibborn, Eddy, Seaquist and Roberts).

House Committee on Transportation

Background: The design-build ferry procurement process is divided into three phases. To begin the process, the Department of Transportation (DOT) issues a notice of intent to submit a request for proposal (RFP).

In phase one, the DOT evaluates and selects pre-qualified proposers to participate in development of technical proposals. The DOT rules outline pre-qualification requirements, which include both a technical and financial test. In phase two, qualified proposers prepare technical proposals in consultation with the DOT, sufficient to generate a firm, fixed price bid to the DOT. Phase three includes the submission and evaluation of bids, award of the contract, and design and construction of the automobile ferries.

In order to be considered, bids must conform with the technical proposals submitted in phase two and proposers must have qualified through phase two. The DOT may select the lowest total bid price and award the contract or reject any or all of the bids, republish the RFP, or revise or cancel the RFP. The DOT may provide an honorarium to reimburse each unsuccessful phase three proposer for a portion of its technical proposal preparation costs.

Summary: The Legislature finds that the Washington State Ferries has commenced a vessel procurement process to replace older and outdated vessels and that this process must move forward with all speed. The commencement of construction is determined to be important for safety reasons as well as for sustaining the region's ship construction and preservation capacity.

The DOT is authorized to consider and accept or reject a single proposal jointly submitted by the qualified proposers. The DOT is also authorized to make

revisions to the RFP, and pay an honorarium to a proposer or proposers with whom the DOT engages in unsuccessful negotiations.

The qualified proposers are authorized to meet and confer regarding matters reasonably related to submitting a single proposal and implementing a final contract. The proposers are required to declare their intent to submit a proposal within 30 days of the effective date of this act and provide any information required by the DOT. If at the end of the 30-day period the proposers have not declared their intent and provided the required information or the DOT has determined that the proposers' plan is unacceptable, no further discussions between the proposers are allowed.

The provisions related to ferry vessel procurement through the design-build process are modified to allow for the negotiation of a contract if there is only a single qualified proposer or proposal. The DOT is also authorized to negotiate incentives and cost-sharing provisions with the proposer.

The DOT is required to submit a copy of the contract, along with the negotiated price, to the Office of Financial Management 10 days prior to the execution of the contract. If the negotiated price is higher than the adopted expenditure plan for vessel construction, the DOT may not execute the contract until the Legislature reviews the proposal and adjusts the expenditure plan.

If the DOT and the proposer or joint proposers are not able to reach an agreement, the DOT may republish, revise, or cancel the RFP process.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 91 | 6 |
| Senate | 45 | 0 |

Effective: May 14, 2007

EHB 2388
C 486 L 07

Financing regional centers with seating capacities less than ten thousand that are acquired, constructed, financed, or owned by a public facilities district.

By Representatives Alexander, P. Sullivan and Hunter.

Senate Committee on Ways & Means

Background: Public facilities districts (PFDs) are municipal corporations with independent taxing authority and are taxing districts under the State Constitution. There are two enabling statutes, one for counties (County PFDs) and another for cities and joint arrangements between a group of cities or a county and one or more cities (City PFDs). Governance provisions are spelled out for these districts.

City PFDs must be located in a county with a population that is less than one million. City PFDs are authorized to construct, improve, or remodel regional centers.

A regional center is a convention, conference, or special events center, and related parking facilities, that costs at least \$10 million. A special events center is a facility, available to the public, used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances. The boundaries of a City PFD are coextensive with the city. However, if the PFD has been jointly created, the boundaries are coterminous with all cities jointly participating or the unincorporated areas of a county jointly participating. City PFDs may be funded through a combination of: (1) charges and fees for the use of facilities by organizations; (2) admission charges; (3) taxes on vehicle parking charges; (4) voter-approved sales and use taxes; (5) credits against the state sales and use tax; (6) voter-approved property taxes; and (7) bonds.

County PFDs may be created in any county. The boundaries of a County PFD are coextensive with the boundaries of the county. Many County PFD provisions were modified as part of the baseball stadium legislation in 1995. County PFDs may construct, improve, or remodel sports facilities, entertainment facilities, convention facilities, or regional centers as defined above. County PFDs may be funded through a combination of: (1) charges and fees for the use of facilities by organizations; (2) taxes on admission charges; (3) taxes on vehicle parking charges; (4) voter-approved sales and use taxes; (5) credits against the state sales and use tax; (6) lodging taxes; (7) voter-approved property taxes; and (8) bonds. King County contains one County PFD created for the purpose of the construction, maintenance, and operation of Safeco Field, the baseball stadium.

Existing PFDs may impose a sales and use tax within the boundaries of the district. A PFD created after June 30, 2006, may not impose the tax. The rate of tax is 0.033 percent. The tax is a credit against the state sales and use tax.

Summary: A City PFD or County PFD created before September 1, 2007, in a county without a PFD, that commences construction of a new regional center before January 1, 2009, may impose a 0.033 percent sales and use tax that is credited against the state sales and use tax. The population within the boundaries of the PFD must be greater than 70,000.

The creation of a City PFD is authorized in a county with a population that is greater than one million. The city must have a population between 80,000 and 115,000. The construction of the regional center must commence prior to July 1, 2008. The city PFD may impose a 0.033 percent sales and use tax that is credited against the state sales and use tax.

An additional 0.025 percent sales and use tax credited against the state sales and use tax may be imposed by city public facility districts created prior to August 1, 2001 that has a population between 90,000 and 100,000

and is located in a county with population that is under 300,000. An additional 0.020 percent sales and use tax credited against the state sales and use tax may be imposed by county public facility districts created prior to January 1, 2000 that has a population between 90,000 and 100,000. The revenue must be used for improvement or rehabilitation of an existing regional center used for community events, and artistic, musical, theatrical, or other cultural exhibitions.

Votes on Final Passage:

| | | | |
|--------|----|----|---------------------------|
| House | 80 | 16 | |
| Senate | 41 | 7 | (Senate amended) |
| House | | | (House refused to concur) |
| Senate | 42 | 4 | (Senate amended) |
| House | 85 | 13 | (House concurred) |

Effective: July 22, 2007

EHB 2391

C 491 L 07

Eliminating retirement system gain-sharing and providing alternate pension benefits.

By Representatives Fromhold, Conway and Moeller.

House Committee on Appropriations

Background: Gain-sharing. Gain-sharing is a mechanism created in 1998 for increasing benefits created for the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), and the Public Employees' Retirement System (PERS) Plans 1 and Plans 3. It increases benefits in these plans when "extraordinary investment gains" are experienced by the plans.

The gain-sharing statutes define "extraordinary investment gains" as those that are earned when the compound average of investment returns on the pension funds over the previous four fiscal years exceed 10 percent. When the previous four fiscal year average exceeds 10 percent, a calculation is performed to determine a dollar amount that will be distributed to eligible members. The calculation is performed once per biennium for distributions in January of even-numbered years.

The gain-sharing statutes were enacted by the Legislature with a reservation of contractual rights. The Legislature specifically reserved the right to amend or repeal the gain-sharing laws in the future, and no member or beneficiary has a right to receive a gain-sharing distribution after an amendment or repeal of the laws is enacted.

Benefit Enhancements from Gain-sharing Distributions. The method of distribution of extraordinary investment gains is different in each of the Plans 1 and Plans 3. In Plan 1, an amount equal to one-half of the extraordinary investment gains is used to permanently increase the Annual Increase Amount, also known as the

"Uniform COLA," which serves to increase eligible retirees' benefits each year.

Retirees in PERS and TRS Plans 1 begin to be eligible to receive the Uniform COLA increase in their benefit at age 66 and after at least one year of retirement, provided the member turns age 66 before July 1 of that year. The Annual Increase Amount that will be effective July 1, 2007, is \$1.33 per month per year of service for a retiree, or approximately \$40 per month for a retiree with 30 years of service. In 1998, distribution of extraordinary investment gains increased the Annual Increase Amount by \$0.10, and in 2000 by an additional \$0.28.

In Plan 3, extraordinary investment returns are calculated in generally the same manner as in the Plans 1. Extraordinary investment returns that are attributable to the Plan 3 portion of the combined Plan 2/3 retirement funds are determined, and distributions are made to the Plan 3 members in a lump sum dollar amount that is deposited into Plan 3 individual member and retiree accounts. An individual's distribution is proportionate to the amount of service credit that he or she has in Plan 3 to the total in the individual's plan. For example, in 2000, TRS Plan 3 members received a gain-sharing distribution of \$254 per year of service, so that a member with 20 years of service in Plan 3 would have received a lump-sum distribution of about \$5,085 into his or her individual account.

January 1, 2008, Projected Gain-sharing. The next scheduled calculation period for gain-sharing will close on June 30, 2007, and will incorporate the four prior fiscal years of investment return in calculating a gain-sharing distribution for January 1, 2008. The most recent projection by the Office of the State Actuary, dated March 26, 2007, projects that the four-year median investment return will be about 15.3 percent, resulting in a \$0.26 increase in the Plan 1 Uniform COLA and a \$228 per year of service distribution to members of Plan 3. There is no gain-sharing benefit in the Plans 2; however, in periods of sustained investment return significantly above the assumed long-term rate (currently 8 percent) member contribution rates are likely to decrease.

Why Gain-sharing Increases Pension Contribution Rates. In the 2003 Actuarial Valuation, the Actuary determined that the future cost of gain-sharing distributions results in an effective reduction in the long-term average rate of return that can be assumed from the pension funds. The long-term average is lowered through the gain-sharing mechanism because in some periods of very good investment return, some extraordinary gains are distributed as additional benefits.

The effective long-term rate of return is lowered sufficiently by gain-sharing to represent a material future cost to the retirement plans, as compared to the cost of the benefits apart from gain-sharing, and the Actuary determined that higher contribution rates are required to

fund the future gain-sharing costs. As a part of the contribution rates the Actuary recommended to the Pension Funding Council (PFC), and the PFC has adopted for the 2007-09 fiscal biennium, are employer contribution rates sufficient to fund future gain-sharing costs in PERS, TRS, and SERS. The portion of the contribution rates adopted for gain-sharing are projected to generate about \$147 million General Fund-State and \$340 million in total employer costs during the 2007-09 biennium. Over the next 25 years, the standard period for reflecting the long-term cost of pension system changes, gain-sharing is projected to cost about \$3.0 billion General Fund-State and \$6.7 billion in total employer contribution rate costs.

Choice of Plan 2 or 3 for New Members. Membership in Plan 2 or 3 is a choice for new retirement system-eligible employees in PERS, but new members of TRS and SERS may only join Plan 3. New PERS members have a 90-day period to choose membership in Plan 2, or by default become members of Plan 3.

Summary: Gain-sharing is closed to members of PERS, TRS, and SERS Plans 3 who are hired after July 1, 2007. After the January 1, 2008, gain-sharing distribution, gain-sharing is eliminated for all members of the Plans 1 and Plans 3.

On July 1, 2009, the Annual Increase Amount (Uniform COLA) in PERS and TRS Plan 1 is increased by up to 20 cents. The increase is calculated by determining the difference between the actual January 1, 2008, gain-sharing amount and 40 cents; the Uniform COLA is increased by this difference (but may not be decreased by a negative number), up to 20 cents.

Early retirement benefits are improved for both members of the Plans 2 and 3 of PERS, SERS, and TRS. Members who have completed 30 or more years of service may early retire without reductions in benefits at age 62. (Between age 55 and 62, the reduction remains about 3 percent per year of early retirement so that the total reduction at age 55 is a reduction to 80 percent of a member's unreduced benefit.)

Any member who retires under the improved early retirement provisions of the act is thereafter ineligible to receive benefits while working in any compensated arrangement for a retirement system-participating employer.

Individuals who are employed in a position making them newly eligible for membership in TRS or SERS have a 90-day period to irrevocably choose membership in Plan 2 or Plan 3.

The subsidized early retirement (improved early retirement reduction factors), the increases to the Uniform COLA, and the choice of Plan 2 for new entrants to TRS and SERS are intended as a replacement for gain-sharing, and are not provided as a matter of contractual right to members until there is legal certainty with respect to the repeal of gain-sharing, including the expiration of any statutory limitations on actions and the end

of the process of judicial review. Any legal action brought under the act must be commenced within three years after the effective date of the act.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 52 | 45 |
| Senate | 26 | 21 |

Effective: July 22, 2007
July 1, 2007 (Sections 1, 3 and 7)

SHB 2394
C 519 L 07

Requesting the issuance and sale of general obligation bonds for transportation improvements.

By House Committee on Transportation (originally sponsored by Representatives Clibborn, Jarrett, Kenney and Moeller).

House Committee on Transportation
Senate Committee on Transportation

Background: The Legislature has established bond authorizations for highway improvements to fund transportation projects that have a long-term expected life span. The bonds must be authorized by the Legislature and the proceeds from the sale of the bonds must be appropriated for transportation projects. In addition to bond authorizations for state highways, the Legislature has provided bond authority for arterials within urban areas. The Transportation Improvement Board administers grants for transportation projects within urban areas.

The Washington State Transportation Commission (Transportation Commission) is authorized to request bond authorizations under the supervision of the State Finance Committee. In 2005, legislation was enacted authorizing the Governor to appoint the Secretary of Transportation. Previously, the Secretary was appointed by the Transportation Commission.

Summary: The bond authorization for Special Category C improvements is increased from \$330 million to \$600 million. The bond authorization for Transportation 2003 projects is increased from \$2.6 billion to \$3.2 billion, and the bond authorization for Transportation 2005 projects is increased from \$5.1 billion to \$5.3 billion. The bond authorization for urban arterials is increased by \$50 million.

The Secretary of the Department of Transportation and the Transportation Improvement Board are authorized to request bond authorizations under the supervision of the State Finance Committee.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------|
| House | 82 | 15 | |
| Senate | 44 | 3 | (Senate amended) |
| House | 82 | 10 | (House concurred) |

Effective: July 22, 2007

HB 2395
PARTIAL VETO
 C 504 L 07

Regarding leasing and development rights on state lands.

By Representatives Fromhold, McDonald and Morrell.

House Committee on Capital Budget

Background: Upon Washington's admission to the United States in 1889, the federal government provided it with approximately 3.2 million acres of land to support public institutions, including common schools, public buildings, and higher education. Washington has retained the majority of these granted lands and now manages about 2.25 million federally granted acres. The state also manages approximately 626,000 acres of state forest lands, beneficiaries of which include counties and junior taxing districts.

The Department of Natural Resources (DNR) manages these trust lands for the state. The DNR generates revenue through the sales of timber and forest products and through leases.

The DNR has the authority to lease state lands for purposes including commercial, industrial, residential, agricultural, and recreational uses in order to obtain a fair market rental return to the state or appropriate trust. The length of the lease is dependent upon its purpose.

Summary: The DNR may lease land and development rights on state lands held for the benefit of the common schools to public agencies for terms not to exceed 99 years. The DNR may enter into leases with public agencies through negotiations, which may allow for a lump sum payment for the entire lease term at the beginning of the lease. The leases may include provisions for renewal.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 0 |
| Senate | 47 | 0 |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the emergency clause.

VETO MESSAGE ON HB 2395

May 15, 2007

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

Ladies and Gentlemen:

I am returning, without my approval as to Section 6, House Bill 2395 entitled:

“AN ACT Relating to leasing state lands and development rights on state lands to public agencies.”

Section 6 of this bill is an emergency clause. The Department of Natural Resources does not expect any lease transactions to occur under the new lease provisions of this bill until later in the biennium, which makes the emergency clause unnecessary.

For this reason, I have vetoed Section 6 of House Bill 2395. With the exception of Section 6, House Bill 2395 is approved.

Respectfully submitted,



Christine O. Gregoire
 Governor

HB 2396
 C 505 L 07

Regarding investment of moneys in the permanent common school fund.

By Representatives Fromhold and McDonald.

House Committee on Capital Budget
 Senate Committee on Ways & Means

Background: At statehood, the Enabling Act granted certain lands to the state to be held in trust for various public purposes. Article 9 of the State Constitution reflects the Enabling Act by establishing the Permanent Common School Fund (CSF) and the Common School Construction Fund.

There are five other permanent funds. According to the Washington State Investment Board's (WSIB) 25th Annual Report (June, 30 2006), the total market value of all the permanent funds is \$712,819,394. Fund proceeds are invested in fixed income and short-term holdings, with the exception of the CSF, which is also invested in the U.S. Equity Market Index Fund. The following is a list of the six funds and their value as reported in the annual report:

- Common School Fund - \$164,731,466
- Normal School Fund - \$205,542,307
- Scientific Fund - \$166,740,242
- Agricultural College Fund - \$150,563,410
- State University Fund - \$25,236,818
- Millersylvania Park Fund - \$5,151

The Department of Natural Resources transfers proceeds from the sale of stone, minerals, or property other than timber and crops for school and state land to the WSIB for investment in the CSF. Earnings of the CSF are deposited in the Common School Construction Fund, which is appropriated for K-12 school construction.

In 1966 Article 9, Section 3 of the State Constitution was amended to declare that the principal of the CSF, as such existed on June 30, 1965, shall remain permanent and irreducible. In addition, Article 9, Section 5 of the State Constitution declares that losses to the Permanent Fund from defalcation, mismanagement, or fraud constitute debts of the state.

Although Article 12, Section 9 establishes a general prohibition on investment of state funds in corporate stock, Article 16, Section 5 expressly provides that the

Permanent Fund may be invested as authorized by the Legislature.

In 1999, an opinion of the Washington State Attorney General concluded that the state constitution does not prohibit the investment of moneys in the CSF, as long as the investment is authorized by law and is consistent with applicable trust principles. This opinion further reasoned that the constitutional phrase permanent and irreducible bars the Legislature from abolishing the CSF or expending its principal for purposes other than those for which the CSF was established, but does not prohibit the Legislature from specifying permissible investments.

Summary: The Legislature declares its intent to clarify the law authorizing investment of the CSF in equities when the investment is in the best interest of the state and the CSF. The legislative findings and declarations of intent also describe the reasoning of the Attorney General's Opinion and the need for more growth in the CSF, given the gap between the CSF's income and actual expenditures on school construction.

The WSIB has the authority to invest the CSF to achieve a balance of long-term growth and current income. The State Treasurer calculates the irreducible principal. The irreducible principal does not include investment gains, and the WSIB may retain or distribute income and investment earnings to achieve a balance between growth and income. Statutes governing the Permanent Fund and the WSIB's investment authority are amended to reflect this change.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 93 | 1 |
| Senate | 45 | 0 |

Effective: July 22, 2007

ESHJM 4011

Requesting federal legislation to preserve the use and access of pack and saddle stock animals on public lands.

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Kessler, Warnick, Haler, Kretz, Hinkle, Orcutt, Newhouse, Lantz, McCune, Kristiansen, Haigh, B. Sullivan and Dunn).

House Committee on Agriculture & Natural Resources
Senate Committee on Agriculture & Rural Economic Development
Senate Committee on Natural Resources, Ocean & Recreation

Background: Right-to-Ride bills have been introduced in the U.S. Congress several times, but have never successfully passed both houses. The Right-to-Ride bills have sought to preserve the use and access of pack and saddle stock animals on land administered by the

National Park Service, the Bureau of Land Management, the United States Fish and Wildlife Service, and the Forest Service where there was a historical tradition of the use of pack and saddle stock animals.

Summary: The U.S. Congress and the President of the United States are requested to enact a law preserving the access of pack and saddle stock animals on public lands where there is a historical tradition of access. In addition, the law should require federal agencies to comply with the full National Environmental Policy Act review process before implementing proposed reductions in the access of pack and saddle stock animals.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 46 | 0 |

HJM 4016

Requesting that Congress reauthorize the State Children's Health Insurance Program.

By Representatives Seaquist, Hinkle, Pettigrew, Ormsby, Priest, Anderson, Wood, Hankins, Quall, Cody, Appleton, Morrell, Green, Kelley, Schual-Berke, Hasegawa, Rolfes, Campbell, Ericks, Kenney, VanDeWege, Conway, Goodman, Simpson and Linville.

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

Background: Congress enacted the State Children's Health Insurance Program to provide health coverage to low-income children without health insurance living in households whose income exceeds the Medicaid eligibility level. If Congress does not reauthorize the program, federal funding for this program will end.

Summary: Congress is requested to reauthorize the State Children's Health Insurance Program and appropriate sufficient funds to cover all eligible children.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 96 | 0 |
| Senate | 48 | 0 |

HJM 4017

Naming portions of Highways 112 and 113 the Korean War Veteran's Blue Star Memorial Highway.

By Representatives Kessler and VanDeWege.

House Committee on Transportation
Senate Committee on Transportation

Background: By policy, the Transportation Commission is responsible for naming transportation facilities. The policy states that community support is measured,

preferably, through a resolution or memorial adopted by the Legislature.

Summary: The memorial recognizes the following in its message to the Secretary of Transportation, to the Washington State Transportation Commission, and to the Washington State Department of Transportation. The Legislature finds that:

- the Korean War erupted on June 24, 1950, when the North Korean Army invaded the Republic of South Korea;
- President Harry S. Truman ordered the United States forces to defend South Korea;
- 2.5 million men and women of our armed forces, 122,000 from Washington, met the test, fighting in harsh terrain and extremes of weather, in battles and actions;
- 528 Washington residents and five Clallam County residents were killed in action between 1950 and 1953, and over 40 known men had been missing in action or held as prisoners of war;
- 33,629 members of the United States armed forces lost their lives between 1950 and 1953;
- 2,000 United States service members have died as a direct result of responding to one of the 40,479 hostile incidents or breaches since the truce has been signed; and
- it is appropriate to honor the service and sacrifice of Washington Korean War Veterans who served the nation in that war with such valor and distinction.

The Legislature requests that the Washington State Transportation Commission, commence proceedings to name Highway 113 in Clallam County, between the junction of Highway 101 and the junction of Highway 112, and Highway 112, from the junction of Highway 113 to the Makah Indian Reservation in Neah Bay, the "Korean War Veteran's Blue Star Memorial Highway(s)."

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 98 | 0 |
| Senate | 49 | 0 |

EHJR 4204

Amending the Constitution to provide for a simple majority of voters voting to authorize a school levy.

By Representatives Schual-Berke, Chase, Wallace, Hudgins, Sells, Kenney, Appleton, Pedersen, Ormsby, Hasegawa, Lovick, Haigh, Dunshee, Hunt, Simpson, Lantz, Hunter, Williams, Linville, Goodman, Conway, Springer, Hurst, Campbell, P. Sullivan, Miloscia, Kelley, Moeller, Green, Rolfes, Eddy, Santos, Fromhold and Haler; by request of Governor Gregoire.

House Committee on Education

Senate Committee on Early Learning & K-12 Education

Background: The Washington Constitution gives school districts the power to levy additional taxes beyond the 1 percent limit on property tax. Excess property taxes for school districts can be approved in two ways:

- (1) Forty percent voter turnout. If the number of voters who turn out for the election exceeds 40 percent of those who participated in the last general election in the district, then the levy is approved if at least 60 percent of the voters vote "yes."
- (2) Less than 40 percent voter turnout. In this case, a levy is approved if the number of "yes" votes is a number at least equal to 24 percent (60 percent of 40 percent) of the total number of votes cast in the last general election in the district.

School districts may submit a levy proposition to the voters at a special or regular election but not more than twice in 12 months.

To amend the Constitution, a bill must be passed by a two-thirds majority of both houses of the Legislature and approved by a majority of voters at the next general election.

Summary: An amendment to the Washington Constitution is proposed so that excess property tax levies for school districts are authorized by a simple majority of voters voting in a levy election. The amendment removes the 40 percent election validation requirement for levy elections.

Votes on Final Passage:

| | | |
|--------|----|----|
| House | 79 | 19 |
| Senate | 33 | 16 |

SHJR 4215

Eliminating prohibitions on the investment of certain state moneys.

By Representatives Kenney, Sells, Buri, Hunt and Wood; by request of Washington State University.

House Committee on Capital Budget
Senate Committee on Ways & Means

Background: In 1889, the federal government granted certain lands to Washington to be held in trust for what are now the state's public baccalaureate institutions. Proceeds from the sale of timber, minerals, and permanent rights-of-way on these lands are deposited into "permanent" funds which are managed and invested by the Washington State Investment Board (SIB). The income from these permanent funds is appropriated by the Legislature for the construction and minor works maintenance of university facilities.

There are four permanent funds. Income derived from the Agricultural Permanent Fund and the Scientific Permanent Fund supports construction and facility improvements at Washington State University. The State University Permanent Fund benefits the University of Washington, and the "normal school permanent fund" benefits Central Washington University, Eastern Washington University, Western Washington University, and the Evergreen State College. The State Constitution prohibits university permanent funds from being invested in the stock of any company, association or corporation. The SIB currently invests these funds in fixed-income vehicles.

The State Constitution was amended by voters in 1966 to allow the K-12 Common School

Permanent Fund to be invested as authorized by law. It was further amended in 1985 and 2000 to allow moneys of the public pension or retirement funds, Industrial Insurance Trust Fund, or funds held in trust for the benefit of persons with disabilities, to be invested as authorized by law.

Summary: At the next general election, the Secretary of State will submit to voters a proposed amendment to the State Constitution that would allow the permanent funds of the public baccalaureate institutions to be invested as authorized by law. This includes the authority to invest the permanent funds in stocks or bonds issued by any association, company, or corporation if authorized by law. The Secretary of State will publish a notice of this constitutional amendment at least four times during the four weeks preceding the election in every legal newspaper in the state.

Votes on Final Passage:

| | | |
|--------|----|---|
| House | 92 | 2 |
| Senate | 45 | 0 |

SSB 5002

C 450 L 07

Changing tuition waivers for families of fallen veterans and national guard members.

By Senate Committee on Higher Education (originally sponsored by Senators Hewitt, Pflug, Honeyford, Swecker, Morton, Stevens, Parlette, Delvin, McCaslin, Schoesler and Sheldon).

Senate Committee on Higher Education
House Committee on Higher Education

Background: Currently, higher education institutions are permitted to reduce all or a portion of tuition for certain types of students and for various purposes, including a child and/or the surviving spouse of an eligible military veteran or National Guard member who lost his or her life or became totally disabled, is a prisoner of war, or became missing in action while engaged in active federal military or naval service. Eligible veteran or National Guard members are those that are Washington domiciliaries.

The federal Survivors' and Dependents' Educational Assistance Program provides funds for education and training to eligible dependents of certain veterans, including veterans who, in the line of duty, died, are permanently and totally disabled, are missing in action, or captured.

Summary: Higher education institutions may continue to reduce all or a portion of tuition for military or naval veterans who did not serve on foreign soils or in international waters. State higher education institutions must waive all tuition and fees for the children and spouses of eligible veterans or National Guard members who died, are permanently and totally disabled, are missing in action, or are prisoners of war. To be eligible, a child must be a Washington domiciliary between the age of 17 and 26. A surviving spouse, to be eligible, must be a Washington domiciliary, must not have remarried, and it must have been 10 years or less since the loss. Each recipient's continued eligibility is subject to the school's satisfactory progress policy.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 48 | 0 | |
| House | 98 | 0 | (House amended) |
| Senate | 47 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5009

C 443 L 07

Exempting biodiesel fuel used for nonhighway farm use from sales and use tax.

By Senate Committee on Agriculture & Rural Economic Development (originally sponsored by Senators Haugen, Hatfield, Poulsen, Sheldon, Holmquist, Rasmussen, Schoesler, Kline and Shin).

Senate Committee on Agriculture & Rural Economic Development

Senate Committee on Ways & Means

House Committee on Finance

Background: During the 2006 Legislative Session, an exemption from sales and use tax was provided for diesel used for farm purposes by a farm fuel user. A farm fuel user includes a farmer or other person who provides services for farmers such as soil preparation, crop cultivation, and crop harvesting.

This exemption is provided only if the buyer provides the seller with an exemption certificate provided by the Department of Revenue.

In 2006, legislation was also enacted to provide incentives to the production of biodiesel and to stimulate markets for biodiesel fuels.

Summary: Biodiesel fuel, including biodiesel fuel blended with diesel, used by a farm fuel user for non-highway use is exempt from sales tax and use tax.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 42 | 2 | |
| House | 97 | 0 | (House amended) |
| Senate | 43 | 1 | (Senate concurred) |

Effective: May 11, 2007

SB 5011

C 9 L 07

Removing the expiration date on the 2006 beer and wine distribution bill.

By Senators Kohl-Welles, Parlette, Keiser and Rasmussen.

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: In *Costco Corp. V. Hoen, et al.*, the U.S. District Court for the western district of Washington struck down the Washington law that allowed in-state, but not out-of-state, wineries and breweries to ship their products directly to retailers. Pursuant to 2SSB 6823 (2006), the Legislature extended this direct shipping privilege to out-of-state wineries and breweries. These provisions expire on June 30, 2008.

Summary: The expiration date of June 30, 2008, is removed and the changes made in 2SSB 6823 are made permanent.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 46 | 0 |
| House | 91 | 3 |

Effective: July 22, 2007

SB 5014

C 280 L 07

Amending the process for adopting contribution rates for the state retirement systems.

By Senator Pridemore; by request of Office of the State Actuary.

Senate Committee on Ways & Means

House Committee on Appropriations

Background: The Pension Funding Council (PFC) was created by the Legislature in 1998 to adopt the long-term economic assumptions and employer contribution rates for most of the state's retirement systems. The PFC also administers audits of the actuarial analysis produced for the PFC by the State Actuary.

The membership of the PFC consists of the chair and ranking minority members of the Senate Ways and Means Committee and the House Appropriations Committee, and the directors of the Office of Financial Management (OFM) and the Department of Retirement Systems (DRS).

The Office of the State Actuary is responsible for recommending appropriate member and employer contribution rates for the Public Employees', Teachers', School Employees', and Washington State Patrol Retirement Systems and the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 to the PFC. The PFC holds meetings during the summer of even-numbered years, and is required to adopt the pension contribution rates for the upcoming fiscal biennium no later than September 30 of those even-numbered years.

Prior to the adoption of contribution rates, the PFC submits the audited contribution rates to the Select Committee on Pension Policy (SCPP), which may make recommendations on changes to assumptions or rates. The contribution rates adopted by the PFC are subject to revision by the Legislature.

Every four years the State Actuary conducts a study of the experience and financial condition of the retirement systems and submits the findings to the PFC for review. The PFC may adopt changes to the long-term economic assumptions used by the State Actuary and by the DRS. These assumptions include the long-term rate of investment return, the long-term rate wage growth, and inflation. The next scheduled date for the PFC to

study and adopt changes to the long-term economic assumptions is May 31, 2008.

Summary: The timing of the PFC rate adoption process in even-numbered years is adjusted to require the adoption of rates by July 31, rather than September 30. At least 30 days prior to the adoption of rates by the PFC, the PFC must submit the preliminary actuarial audit results to the SCPP for review and recommendations. The PFC may adopt annual, rather than biennial, contribution rates for any rate-setting period.

The State Actuary must submit preliminary contribution rates to the PFC based on current mandates, and following the actions of the PFC, prepare final actuarial valuation results and contribution rates. The final valuation and contribution rates must also be audited by the PFC.

The PFC must study the experience and long-term economic assumptions of the retirement systems during the fall of odd-numbered years, rather than during the summer every four years.

The State Actuary must submit information and make recommendations regarding the condition of each retirement system by September 1 of odd-numbered years, beginning in 2007. The PFC may adopt changes to the long-term economic assumptions by October 1, 2007, and by October 1 of each odd-numbered year thereafter.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 47 | 0 | |
| House | 97 | 0 | (House amended) |
| Senate | 47 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5032

C 138 L 07

Concerning the Vancouver national historic reserve.

By Senate Committee on Government Operations & Elections (originally sponsored by Senators Pridemore and Zarelli).

Senate Committee on Government Operations & Elections

House Committee on Agriculture & Natural Resources
House Committee on Appropriations

Background: The Vancouver National Historic Reserve (Reserve) was created by Congress in 1996 in recognition of the cultural, historic, and natural resources of the area. The Reserve includes Fort Vancouver National Historic Site, Vancouver Barracks, Pearson Air Museum, Pearson Airfield, Officers Row, and a section of the Columbia River waterfront. The Reserve is managed by a partnership composed of the National Park Service, the United States Army, the State of Washington, and the city of Vancouver. A management plan for the Reserve

was adopted in 2000, with the State of Washington as one of the signatories.

Summary: The Legislature affirms that the state is a partner in the Reserve and will take an active role in supporting the protection, preservation, interpretation, and rehabilitation of the Reserve. The Washington State Historical Society is the state's designated partner representative for the Reserve. The State Historical Society is directed to participate in coordination of meetings and in the development of plans and policies associated with the Reserve, partner with Washington State University and other agencies to manage the Center for Columbia River History, to develop and submit operating and capital budget requests, and to oversee the management of all funds appropriated by the state for the Reserve.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 94 | 0 |

Effective: July 22, 2007

SB 5036

C 28 L 07

Repealing the application of the sunset act to the intermediate driver's license program.

By Senators Eide, Weinstein, Brown, Rockefeller, Regala, Fraser, Murray, Berkey, Kauffman, Jacobsen, Keiser, Haugen, Rasmussen, Shin, Tom and Kohl-Welles.

Senate Committee on Transportation
House Committee on Transportation

Background: In 2000, the Washington Legislature adopted a graduated driver's licensing system and created the intermediate driver's license program. Under this program, drivers in Washington go through an intermediate phase between learning to drive and obtaining a regular, unrestricted license.

After possessing an instruction permit (sometimes called a learner's permit) for six months, passing a driver's education course, and passing a driver licensing exam, a person age 16 or older may apply for an intermediate driver's license (IDL). The applicant must present certification stating they have accumulated at least 50 hours of supervised driving practice, ten of which were at night. They must have a clean driving record for the previous six months and no drugs or alcohol offenses for the period of time they held an instruction permit.

The IDL places the following restrictions on young drivers:

- for the first six months, no passengers under age 20 except for family members;
- until age 18, a maximum of three passengers under age 20 who are not family members; and

- no driving between the hours of 1 a.m. and 5 a.m., unless accompanied by a parent, guardian, or licensed driver over age 25.

Enforcement of these restrictions occurs as a secondary action; that is, the driver can be cited for violating the restrictions only if pulled over for another reason. The restrictions are lifted after one year if the holder has not been involved in an accident, committed a traffic offense, or violated the restrictions.

When drivers turn age 18, the intermediate driver's license automatically becomes a regular, unrestricted driver's license.

The sunset review process offers the Legislature a method for evaluating whether a program should continue. Under current law, the IDL program is scheduled to sunset with a review in 2008 and termination in 2009.

Summary: This bill repeals the sunset review and termination of the IDL program, making it permanent.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 37 | 10 |
| House | 97 | 0 |

Effective: July 22, 2007

ESSB 5037

C 417 L 07

Restricting the use of a wireless communications device while operating a moving motor vehicle.

By Senate Committee on Transportation (originally sponsored by Senators Eide, Weinstein, Murray, Berkey, Regala, Rockefeller, Kauffman, Keiser, Spanel, Jacobsen and Kohl-Welles).

Senate Committee on Transportation
House Committee on Transportation

Background: Under current law, a Washington State Patrol officer may cite a driver with second-degree negligent driving if the driver exhibits dangerous driving behavior while using a wireless device. A rule adopted by the Washington State Patrol provides that a hands-free listening device that covers no more than one ear may be used by a motorist while driving.

Summary: A person operating a moving vehicle while holding a wireless communications device to his or her ear is guilty of a traffic infraction, the enforcement of which may be accomplished only as a secondary action. The prohibition against operating a moving vehicle while holding a wireless communications device to one's ear does not apply to: (1) a person operating an authorized emergency vehicle, or a tow truck driver responding to a disabled vehicle; (2) a person using a wireless communications device in hands-free mode; (3) a person using the device to report illegal activity, summon emergency help, or prevent injury to a person or property; or (4) a person using a hearing aid. The prohibition against

operating a moving vehicle while holding a wireless communications device to one's ear does not restrict the operation of an amateur radio station by a person who holds a valid amateur radio operator license issued by the Federal Communications Commission. Infractions from the use of a wireless communications device under the act must not become part of the driver's driving abstract record, or be reported to insurance companies or employers. This act supersedes any local laws regulating the use of wireless devices in motor vehicles.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 29 | 18 | |
| House | 59 | 38 | (House amended) |
| Senate | 33 | 15 | (Senate concurred) |

Effective: July 1, 2008

SSB 5039

C 73 L 07

Providing for the state investment board to manage scholarship endowment funds.

By Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Eide, Murray, Marr, Shin, Rockefeller, Weinstein, Rasmussen, Kauffman, Keiser, Jacobsen, Haugen and Kohl-Welles).

Senate Committee on Financial Institutions & Insurance
House Committee on Insurance, Financial Services & Consumer Protection

Background: The Higher Education Coordinating Board (HECB) administers two scholarship funds for higher education: the American Indian scholarship fund and the foster care scholarship fund. The monies used to fund these scholarships are held by the State Treasurer and released upon request to HECB. Currently, these are the only scholarship funds administered by HECB; however, additional funds may be added in the future.

The American Indian scholarship fund contains approximately \$600,000 and the foster care scholarship fund is still soliciting donations.

The State Investment Board manages the investment of public trust funds and public employees' retirement funds. In 2005, the State Investment Board managed \$62.9 billion in total assets.

Summary: Management of the investments of funds for all scholarship endowment programs administered by HECB is vested in the State Investment Board. The State Investment Board must invest the funds using reasonable care and prudence. The State Investment Board may commingle the scholarship funds with other funds it manages. HECB retains all authority regarding policies related to the funds, except for investment management. The State Treasurer retains custody of the funds.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 95 | 0 |

Effective: July 22, 2007**SB 5042**

C 80 L 07

Regulating the business of insurance.

By Senators Berkey and Shin; by request of Insurance Commissioner.

Senate Committee on Financial Institutions & Insurance
House Committee on Insurance, Financial Services & Consumer Protection

Background: The Office of Insurance Commissioner (OIC) regulates all insurance business in Washington. From time to time statutes delineating this authority are revealed to be out of date, duplicative, inoperable, or otherwise in need of amendment. This includes the statutes concerning home heating fuel service contracts. The annual \$25 renewal fee for the registration of these providers with OIC is deposited into the insurance commissioner's regulatory account. All other fees collected by OIC are deposited into the state General Fund.

A responsibility of OIC is to determine the financial condition of insurers. Part of that inquiry includes understanding what assets the insurer has available for paying for losses and claims. In this context, interest due and accrued on mortgage loans owned by the insurer is counted as assets of the insurer unless the interest on the loan is in default, or the taxes are unpaid, for more than 18 months. In that case, the interest on the loan is not counted as an asset. Likewise, if data processing and accounting systems cost more than \$25,000, amortized over no more than 10 years, these systems are counted as assets.

When two health insurance policies cover one person's particular health care event, the benefits owing to the insured person must be coordinated between the insurers. The National Association of Insurance Commissioners (NAIC) has model language, varying from Washington law, accomplishing this coordination.

In-state fraternal benefit societies must provide NAIC-approved annual statements of their financial condition to OIC.

Ocean marine and foreign trade insurances are defined in the chapter of law concerning fees and taxes. There is another chapter of law containing definitions of most basic types of insurance.

To be counted as an asset owned by the insurer, an investment in a first mortgage of residential real estate may not exceed 80 percent of the market value of the real property.

There is a 65 percent limitation on the portion of an insurer's assets that can be in real estate. Whether mortgage-backed securities qualifying under the secondary mortgage market enhancement act of 1984 count toward this 65 percent limitation was a problem in a recent receivership conducted by the OIC. NAIC has an office called the securities valuation office (SVO) that makes a daily credit quality assessment and valuation of securities owned by state-regulated insurance companies.

An insurer may invest in corporate obligations that meet tests concerning the quality of the obligation. Notwithstanding these quality-assurance requirements, an insurer may invest in obligations rated by SVO.

A trustee group life insurance policy involves the provision of group life insurance to employees. The premiums for these policies are paid by the employer, or unions, or the insured persons, or a combination of these potential payors. If the insured persons pay all or part of the premiums, at least 75 percent of the insured persons, excluding the uninsurable, must agree to this scheme. The policy must cover at least 50 persons at the date of issuance.

There are 15 reasons for OIC to ask a court for an order to rehabilitate an insurer. Rehabilitation involves the OIC taking possession of the property of an insurer and conducting the insurer's business for it while, taking steps to remove the causes and conditions that have made this action necessary. The general rule is that the statute of limitations for the rehabilitator to institute an action on behalf of the insurer upon a cause of action that has not been barred by another statute of limitations, is one year.

Unclaimed funds from the liquidation of an insurer are deposited with the State Treasurer.

Health insurance is guaranteed to be renewable according to certain standards. Some statutory language is unclear in light of this general rule.

Due to an inadvertent mistake in the legislative process during the last legislative session, incorrect language was enacted that should have clarified the lack of entitlement to underinsured motorist coverage by a person who intends to cause an event rather, than intends to cause the damage, for which the coverage is sought.

Summary: The \$25 annual renewal fee for providers of home heating fuel service contracts is deposited into the state General Fund.

The length of time that interest may be in default or taxes unpaid before the interest on the mortgage to which they apply is not counted as an asset, is shortened to 180 days, or about six months. The amortization period allowed for data processing and accounting systems allowable as assets is shortened to three years.

NAIC Model language is substituted for coordination of health insurance benefits.

A new filing requirement is added not only for in-state, but also for foreign and alien fraternal benefit societies. They must file annual statements with NAIC in electronic form.

The definitions of ocean marine and foreign trade insurances are moved from the chapter of law concerning fees and taxes to the chapter of law concerning insuring powers where other types of insurance are defined.

It is clarified that to be counted as an asset owned by the insurer, an investment in a first mortgage of residential real estate must not exceed 80 percent of the market value of the real property.

It is clarified that mortgage-backed securities qualifying under the secondary mortgage market enhancement act of 1984 are counted toward the 65 percent limitation applying to the amount of an insurer's assets that may be held in real estate.

It is clarified that the quality-assurance requirements do apply to SVO-rated obligations in which insurers invest.

The participation requirements for a trustee group life insurance policy are increased. The insured persons who pay all or part of the premiums, must all agree to the scheme, including the uninsurable. The number of persons the policy must cover at the date of issuance is decreased from 50 to 20.

The statute of limitations for a rehabilitator to institute an action on behalf of the insurer is the latter of two years or two years from the discovery of the injury from which the cause of action arises. It is clarified that actions brought against the insurer's directors, officers, or employees for the benefit of the insured or the general public are not subject to limitation. The same limitations apply to actions by liquidators.

Rather than being deposited with the State Treasurer, unclaimed funds from a liquidation of an insurer are deposited with the Department of Revenue.

Language that presupposes that a health insurance policy might be discontinued in the process of conversion, is stricken.

The inadvertent mistake that occurred during the last legislative session is corrected.

Duplicative requirements for unallocated liability loss expense in workers' compensation are repealed.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 45 | 0 |
| House | 95 | 0 |

Effective: July 22, 2007

SSB 5050

C 426 L 07

Modifying the mileage tolling calculation in the motor vehicle lemon law.

By Senate Committee on Consumer Protection & Housing (originally sponsored by Senators Weinstein, Franklin, Kauffman, Rockefeller, Oemig, Murray, Rasmussen, Keiser and Kohl-Welles).

Senate Committee on Consumer Protection & Housing
House Committee on Commerce & Labor

Background: The Motor Vehicle Warranties Act, commonly called the Lemon Law, establishes the rights and responsibilities for consumers and manufacturers of vehicles that are defective. There are three definitions of a "lemon" vehicle: (1) a vehicle with a serious safety defect that the manufacturer has unsuccessfully attempted to repair at least two times; (2) a vehicle with some other substantial defect that the manufacturer has unsuccessfully attempted to diagnose or repair at least four times; or (3) a vehicle that has been out of service for 30 cumulative calendar days with at least 15 of those days occurring during the warranty period.

If a vehicle is a lemon, then the manufacturer must either replace or repurchase the vehicle, whichever the consumer opts for. However, upon replacement or repurchase, the consumer must pay a reasonable offset to the manufacturer for his or her use of the vehicle. The formula for the amount of the reasonable offset is vehicle mileage multiplied by the purchase price of the vehicle and then divided by 120,000. The vehicle mileage used for the formula depends on whether the consumer is the original owner of the vehicle or a subsequent owner.

If the consumer is the original owner, the mileage used is the number of miles traveled by the vehicle while the consumer owned the vehicle that are attributable to the consumer.

When the consumer is a subsequent owner of the vehicle and s/he opts for repurchase, the mileage used is the number of miles traveled by the vehicle since that subsequent owner purchased or leased the vehicle. However, if the affected consumer is the subsequent owner and s/he opts for replacement of the vehicle, the mileage used is the number of miles traveled by the vehicle since the vehicle was originally purchased by the first owner.

Summary: The way mileage is calculated is changed for determining the reasonable offset amount when a vehicle is considered a lemon.

When the consumer is the original owner and the vehicle is a lemon because the manufacturer has failed to repair its defect, the mileage used for the offset is limited to the number of miles the consumer drove the vehicle between the original date of purchase and the date of the first attempt to repair the defect.

If the vehicle is a lemon solely because of the number of days it has been out of service, then relevant mileage is the number of miles the consumer has driven the vehicle between the date of purchase and the fifteenth cumulative day that the vehicle was out of service.

When the affected consumer is a subsequent owner or lessee of the vehicle and opts for repurchase by the manufacturer, the mileage used to compute the offset is limited to the number of miles driven by the consumer between the date of the sale, transfer or lease of the vehicle to the consumer and the date of the consumer's initial attempt to obtain a repair or diagnosis of a defect that either: (1) results in the vehicle being a lemon; or (2) adds to the vehicle being out of service for more than 30 cumulative days.

If the affected consumer is a subsequent owner or lessee of the vehicle and opts for replacement of the vehicle, the mileage used to calculate the offset is the miles driven between the original purchase date of the vehicle and the date of the first attempt to diagnose or repair a defect that ultimately results in the vehicle being a lemon.

"Diagnose or repair" is defined as requiring the consumer to present the lemon vehicle at a repair facility authorized by the manufacturer.

If the vehicle is a lemon solely because of accumulated days out of service, and the affected consumer is a subsequent owner or lessee of the vehicle and s/he has opted for replacement of the vehicle, the mileage used to calculate the offset is the miles driven between the date of the original purchase of the vehicle and the fifteenth cumulative calendar day that the vehicle is out of service.

If the affected vehicle is a motor home and is a lemon solely because of accumulated days out of service, the relevant mileage for purposes of calculating the reasonable offset amount is the number of miles the consumer has driven the motor home between the date of purchase or lease, or the in-service date, and the 30th cumulative calendar day that the motor home was out of service.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 47 | 0 | |
| House | 66 | 32 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5052

C 74 L 07

Prohibiting interested third parties from processing insurance claims.

By Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Eide, Roach, Franklin, Hobbs, Fairley, Kastama, Prentice, Jacobsen, Shin and Parlette).

Senate Committee on Financial Institutions & Insurance
House Committee on Insurance, Financial Services & Consumer Protection

Background: An insurance company may hire a third party to administer the payment of claims on the insurance company's behalf. This third party can be an independent association, private business entity, or the like. The administration of claims is subject to a contract between the insurance company and the third party. This contract may include investigation, verification and adjustment of claims, as well as payment of claims.

The relationship between the business activities of the third-party administrator and the nature of the claim being administered by the third-party administrator is not directly subject to any provision of existing law.

Summary: The relationship between the customer and the auto glass repair facility that is the third-party administrator for the insurance company is regulated by the Office of the Insurance Commissioner.

The customer's right to choose any auto glass facility is declared. Verbal disclosure from the third-party administrator to the customer that the customer has the right to choose and that the third-party administrator is a separate entity from and has a financial arrangement with the insurer is required.

In addition, it is required that: (1) a written notice of the verbal disclosures in each repair facility owned by an insurer or third-party administrator is posted, and prior, verbal transmission to the customer if the transaction is done by a mobile facility; (2) the right to file a complaint with the Office of the Insurance Commissioner is given to the customer; and (3) it is stated that no private right of action is created.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 48 | 0 |
| House | 95 | 0 |

Effective: July 22, 2007

SSB 5053

C 281 L 07

Creating the office of the ombudsman for workers of industrial insurance self-insured employers.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Keiser, Kohl-Welles and Kline).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: Under the Department of Labor and Industries' (L&I) workers' compensation insurance program, employees are compensated for approved medical, hospital, and related services due to workplace injuries. Most employers must provide coverage for their employees by either paying into the Washington State Fund or by qualifying as a self-insurer.

Self-insured employers must provide their injured workers with the same benefits that are provided to injured workers in state fund claims, including medical and partial wage replacement benefits, permanent partial and total disability benefits, and death benefits. Self-insured employers manage most aspects of their injured worker claims and are required to report various claims actions to L&I. It is a long-term obligation by the self-insured employer to be responsible for the payment of benefits during the time a claim is open. L&I oversees the provision by the self-insured employer of benefits to ensure compliance with its rules and regulations and reviews the financial strength of the self-insurer to ensure that workers' compensation obligations can be met.

Summary: The office for the ombudsman for workers of industrial insurance self-insured employers is created. It may be openly and competitively contracted by the Governor, and may not be physically housed within the Industrial Insurance Division of L&I. The ombudsman is appointed by the Governor and reports to the Director of L&I. The person appointed ombudsman must: have training or experience with Washington State industrial insurance and the Washington State legal system; act as an advocate for injured workers of self-insured employers; provide industrial insurance information to workers of self-insured employers; receive complaints and inquiries; and refer complaints to L&I.

The ombudsman is not liable for the good faith performance of his or her responsibilities, and workers who provide information to or communicate with the ombudsman may not be subject to discriminatory, disciplinary, or retaliatory action by their employers. The ombudsman's records and files are not subject to public disclosure.

Start-up funding for the ombudsman's office is provided by a one-time assessment on all self-insurers as determined by L&I to meet the start-up costs. An annual administrative assessment on self-insurers is established to provide ongoing funding for the ombudsman's office. The amount of the annual assessment will be determined by the Director of L&I.

Beginning in October 2008, the ombudsman must report by October 1 of each year to the Governor on the issues addressed by the ombudsman during the past year; an accounting of the ombudsman's monitoring activities; and deficiencies in the industrial insurance system related to self-insurers.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 31 | 16 | |
| House | 59 | 35 | (House amended) |
| Senate | 32 | 15 | (Senate concurred) |

Effective: July 22, 2007

ESB 5063

C 218 L 07

Removing gender references.

By Senators Kohl-Welles, Fairley, Rockefeller, Kline, Schoesler, Keiser, Parlette, Kauffman, Fraser and Shin.

Senate Committee on Labor, Commerce, Research & Development

House Committee on State Government & Tribal Affairs

Background: Since 1983, state law requires that all statutes be written in gender-neutral terms, unless a specification of gender is intended.

Summary: Gender-specific terms are changed to be gender neutral in several chapters of the RCW. For example, reference to "firemen" is changed to "firefighters"; "policemen" is changed to "police officers"; and "materialmen" is changed to "material supplier."

The Code Reviser, in consultation with the Statute Law Committee, must develop and implement a plan to correct gender-specific references in the code, making annual recommendations to the Legislature, with completion by June 30, 2015.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 41 | 1 | |
| House | 78 | 20 | (House amended) |
| Senate | 45 | 1 | (Senate concurred) |

Effective: July 22, 2007

SSB 5074

C 245 L 07

Dividing water resource inventory area 29 into WRIA 29a and WRIA 29b.

By Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Honeyford, Poulsen, Schoesler and Delvin).

Senate Committee on Water, Energy & Telecommunications

House Committee on Agriculture & Natural Resources

Background: The Watershed Planning Act establishes a mechanism for conducting watershed planning through a locally initiated process through which local groups can develop and implement plans for managing and protecting local water resources and rights. The process requires watershed planning to include an assessment of water supply and use in the planning area and development of strategies for future water use. The assessment may also include water quality, habitat, and instream flow elements.

The local groups authorized to develop watershed plans are organized by water resource inventory areas (WRIA). Usually, a WRIA is an area determined to be a distinct watershed or river basin. There are currently 62 WRIsAs identified by the Department of Ecology.

The department provides grant funding to eligible local groups developing watershed plans. The local groups conduct watershed planning in four phases and the WRIsAs are in various stages of development. The local group is eligible to receive up to a certain amount of funding for each phase as follows: (1) initiation and organization of a planning unit – \$50,000 for single WRIA planning units and \$75,000 for multi-WRIA units; (2) water quantity assessment and future use strategy – \$200,000; (3) development of a watershed plan and recommendations for action - \$250,000; and (4) implementation of the plan – \$100,000 for the first three years of implementation and \$50,000 for each additional year, up to two years (\$400,000 phase 4 funding potential).

The Legislature bifurcated WRIA 40, located in central Washington, into two distinct WRIsAs and authorized separate planning processes. Between WRIA 40a and 40b, the assigned funding is split so that one WRIA receives 25 percent of the available funding and the other WRIA receives 75 percent of the available funding.

WRIA 29 is the Wind-White Salmon River Basin located in south-central Washington and encompasses an area of more than 900 square miles that includes areas in Skamania, Klickitat, and Yakima Counties. WRIA 29 was divided into six subbasins. The four major subbasins listed from west to east include: Rock Creek, Wind River, Little White Salmon, and White Salmon River. WRIA 29b designation is requested for White Salmon River basin. The lead agency for the WRIA 29

watershed group is Skamania County, and the initiating governments are Klickitat County, Yakima County, City of White Salmon, Skamania County, Skamania PUD, and the Yakama Nation. To date, WRIA 29 has received \$500,000 for the first three phases of planning.

Summary: WRIA 29 is divided into two separate areas. The portions of WRIA 29 located entirely within the White Salmon subbasin, as well as the subbasins to the east, are designated as WRIA 29b. The remaining areas are designated WRIA 29a. WRIA 29a and 29b each are eligible for one-half of the funding available for a single WRIA.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 45 | 0 | |
| House | 95 | 0 | (House amended) |
| Senate | 48 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5078

C 83 L 07

Implementing rules for drivers when approaching stationary emergency, roadside assistance, and police vehicles on highways having less than four lanes.

By Senate Committee on Transportation (originally sponsored by Senators Honeyford and Kline).

Senate Committee on Transportation

House Committee on Transportation

Background: Current law requires that on highways with at least four lanes, two lanes of which are for traffic traveling in a single direction, drivers approaching a stationary emergency vehicle with a siren or flashing lights must proceed with caution, and if reasonable, yield the right-of-way by making a lane change or moving away from the emergency vehicle. If changing lanes would be unreasonable or unsafe, the driver must proceed with caution and reduce speed.

Current law requires that vehicles be driven on the right side of the roadway, except under specified circumstances such as when passing or on a one-way roadway. No vehicle may pass on the left side of the roadway unless authorized by statute, provided however, that the left side of the roadway must be free of oncoming traffic for a sufficient distance for the overtaking vehicle to pass without interfering with other vehicles or coming within 200 feet of approaching traffic.

Summary: Tow trucks and roadside assistance vehicles are added to the list of stationary emergency vehicles to which drivers must yield on approach; drivers must proceed with caution, reduce speed, and if reasonable and safe, yield the right-of-way by passing to the left. The requirement for drivers to yield to stationary emergency or roadside assistance vehicles is expanded to highways with fewer than four lanes. The circumstances under

which a vehicle may be driven on the left side of a roadway is expanded to include when approaching stationary emergency or roadside assistance vehicles.

Votes on Final Passage:

Senate 49 0
House 97 0

Effective: July 22, 2007

SB 5079
C 29 L 07

Including supreme court and court of appeals commissioners to solemnize marriages.

By Senators Marr, Kline and McCaslin; by request of Court Of Appeals.

Senate Committee on Judiciary
House Committee on Judiciary

Background: Under current law, the following officers and persons, active or retired, are authorized to solemnize marriages: justices of the supreme court, judges of the court of appeals, judges of the superior courts, superior court commissioners, any regularly licensed or ordained minister or priest of any church or religious denomination, and judges of courts of limited jurisdiction, such as district and municipal courts.

Summary: Supreme court commissioners and court of appeals commissioners are also authorized to solemnize marriages.

Votes on Final Passage:

Senate 44 3
House 97 0

Effective: July 22, 2007

SB 5084
C 422 L 07

Updating rail transit safety plan provisions to comply with federal regulation.

By Senators Murray, Swecker, Haugen and Delvin.

Senate Committee on Transportation
House Committee on Transportation

Background: The Federal Transit Administration (FTA) requires that states provide oversight of rail transit safety. In Washington, the Washington State Department of Transportation (WSDOT) is the agency responsible for safety oversight of rail transit systems.

FTA regulations covering fixed guideway rail transit apply to light rail, monorail, streetcars, and other rail-based transit systems. FTA regulations exclude trains operating on the interstate rail system. (The Federal

Railroad Association separately regulates the interstate rail system.)

Rail transit operators develop safety plans and submit them to WSDOT for approval. WSDOT verifies that plans are consistent with federal guidelines, monitors safety reporting requirements, and investigates reported incidents.

Rail transit operators affected are:

- Sound Transit Link Light Rail;
- Seattle Center Monorail;
- Seattle South Lake Union Streetcar (after operation begins in 2007);
- Sound Transit Central Link Light Rail (after operation begins in 2009); and
- Seattle Waterfront Streetcar (when operation resumes).

Summary: Changes to existing statues now match WSDOT standards and comply with updated federal requirements.

Recent changes in federal law require that each rail transit operator prepare two separate plans: a System Safety Program Plan (SSPP) and a System Security and Emergency Preparedness Plan (SEPP). Information in rail transit plans which is currently exempt from public disclosure continues to remain exempt.

In order to allow sufficient time to establish a system safety program, rail transit operators must submit SSPP and SEPP plans to WSDOT 180 days before the plans go into effect.

In response to updated FTA requirements, rail transit operators must notify WSDOT of reportable incidents within two hours.

WSDOT charges rail transit operators an annual fee to offset the costs associated with overseeing and reviewing the two plans. Fees imposed by WSDOT are limited to direct costs related to the department's responsibility overseeing the rail transit safety and security plans, and must be in proportion to the department's effort for each plan.

Votes on Final Passage:

Senate 48 1
House 97 0 (House amended)
Senate 44 0 (Senate concurred)

Effective: July 22, 2007

SSB 5085

C 513 L 07

Providing that transportation accounts receive one hundred percent of their proportionate share of earnings.

By Senate Committee on Transportation (originally sponsored by Senators Haugen, Swecker and Murray).

Senate Committee on Transportation
Senate Committee on Ways & Means
House Committee on Appropriations

Background: Accounts established in the State Treasury earn interest income based on the average daily balance of the account. Some accounts retain one hundred percent of the interest income they generate and are subject to the State Treasurer's service fee. The State Treasurer's service fee is established by the State Treasurer and allocated uniformly across all subject accounts. Revenue generated by the State Treasurer's service fee funds the operation and administration of the State Treasurer's office. Historically, revenue generated by the State Treasurer's service fee in excess of the amounts necessary to fund the State Treasury's operating costs have been transferred to the General Fund. Certain other accounts retain eighty percent of the interest income they generate with the remaining twenty percent being credited to the state General Fund.

Summary: Beginning July 1, 2009, transportation accounts that currently receive 80 percent of the interest income they generate will instead retain 100 percent of the interest income they generate and be subject to the State Treasurer's service fee.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 48 | 0 | |
| House | 98 | 0 | (House amended) |
| Senate | 42 | 0 | (Senate concurred) |

Effective: July 1, 2009

SB 5086

C 84 L 07

Increasing the population threshold for state highway maintenance responsibility in cities and towns.

By Senators Haugen, Swecker and Murray.

Senate Committee on Transportation
House Committee on Transportation

Background: Certain city streets are designated as part of the state highway system. The jurisdiction and control of these streets is defined in statute. Statute provides that in cities or towns with a population of 22,500 or less, the Department of Transportation is responsible and has authority for: roadway surfaces and shoulders; slope stability; route markers and directional signs; traffic control signals; and snow plowing when necessary.

In 1991, a task force was created to study the maintenance responsibilities of cities and towns and to reexamine the population threshold. As a result of the task force's recommendations, the Legislature raised the population threshold from 15,000 to 22,500.

Once a city or town is determined to have exceeded the threshold, the transfer of maintenance responsibilities takes effect three years from the date of the determination. During this time, cities and towns may plan for additional staffing, budgetary and equipment requirements.

Summary: The population threshold at which cities and towns must assume additional responsibility for their streets that are part of the state highway system is raised from 22,500 to 25,000.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 45 | 1 |
| House | 97 | 0 |

Effective: July 22, 2007

SSB 5087

C 85 L 07

Addressing Washington state compliance with the federal REAL ID Act of 2005.

By Senate Committee on Transportation (originally sponsored by Senators Haugen, Swecker and Murray).

Senate Committee on Transportation
House Committee on Transportation

Background: In 2004, Congress established a cooperative state-federal process to create federal standards for drivers' licenses. On May 11, 2005, President Bush signed into law the REAL ID Act of 2005 (REAL ID Act). The REAL ID Act repeals the negotiated rulemaking process and establishes standards intended to improve security for state-issued drivers' licenses and personal identification cards. The REAL ID Act requires that certain verified, uniform information be placed on every state driver's license in a standard, machine readable format. Beginning in May 2008, no federal agency may accept for any official purpose a driver's license or identification card that does not meet the requirements of the REAL ID Act.

The Department of Licensing estimates that total expenditures to implement the REAL ID Act in Washington would be \$96.7 million in 2007-2009, and \$93.4 million in 2009-2011. No federal funding has been provided for the implementation of the REAL ID Act.

Summary: The Director of the Office of Financial Management must ensure that state agencies and programs do not expend funds to implement the REAL ID Act in Washington unless: (1) all reasonable privacy and data security protections are included; (2) the implementation does not place unreasonable costs or

recordkeeping burdens on driver's license or identicaid applicants; and (3) sufficient federal funds are received by Washington to implement the REAL ID Act requirements.

Votes on Final Passage:

Senate 41 4
House 95 2

Effective: July 22, 2007

SB 5088
C 423 L 07

Regulating ferry queues.

By Senators Haugen, Swecker and Shin.

Senate Committee on Transportation
House Committee on Transportation

Background: Under current law, blocking a residential driveway is not a violation.

Summary: It is a traffic infraction for a driver of a motor vehicle intending to board a Washington State ferry, other than the Keller Ferry, to: (1) block a residential driveway while waiting to board the ferry; or (2) move in front of another vehicle in a queue already waiting to board the ferry without the authorization of a state ferry system employee. Vehicles qualifying for preferential loading privileges are exempt from these requirements. For a vehicle which moves in front of another vehicle, there is an additional penalty that requires the driver to move his or her vehicle to the end of the ferry queue. Violations of this act are not part of a driver's driving record.

Votes on Final Passage:

Senate 47 0
House 87 11 (House amended)
Senate 43 2 (Senate concurred)

Effective: July 22, 2007

SSB 5089
C 6 L 07

Conforming Washington's tax structure to the streamlined sales and use tax agreement.

By Senate Committee on Ways & Means (originally sponsored by Senators Regala, Zarelli, Eide, Shin, Franklin, Keiser, Rockefeller, Weinstein, Pridemore, Marr, Hobbs, Rasmussen, Murray, Prentice, Fairley, Fraser, Spanel, Berkey, Tom, Kohl-Welles, McAuliffe and Kline; by request of Governor Gregoire).

Senate Committee on Ways & Means
House Committee on Finance

Background: Washington and 45 other states impose retail sales and use taxes. These taxes are imposed on the retail sale or use of most items of tangible personal property and some services. The rates, definitions, and administrative provisions relating to sales and use taxes vary greatly among the 7,500 state and local taxing jurisdictions. This variety is one reason cited in *Quill v. North Dakota*, 112 S.Ct. 1904 (1992), where the United States Supreme Court held that the federal commerce clause prohibits a state from requiring mail-order, and by extension internet, firms to collect sales tax unless they have a physical presence in the state.

An effort was started in early 2000, by the Federation of Tax Administrators, the Multistate Tax Commission, the National Conference of State Legislatures, and the National Governors Association, to simplify and modernize sales and use tax collection and administration nation-wide. The effort is known as the Streamlined Sales Tax Project (SSTP).

In the 2002 Legislative Session, the Legislature adopted the Simplified Sales and Use Tax Administration Act, which authorized the Department of Revenue (DOR) to be a voting member in the SSTP. Many other states have also authorized such participation, and representatives have met to develop an agreement to govern the implementation of the SSTP. This agreement, called the Streamlined Sales and Use Tax Agreement (SSUTA), was adopted by 34 states and Washington, D.C., in November 2002.

During the 2003 Legislative Session, the Legislature enacted legislation at the request of the DOR to implement the uniform definitions and administrative provisions of the SSUTA. However, the legislation did not implement several provisions that are necessary for the state to conform fully to the SSUTA, including a provision that would require the state to change its local sales and use tax sourcing rules.

Under the sales and use tax laws in Washington, local sales and use taxes are sourced on an origin based system according to the following rules:

- Sales tax from the sale of goods is sourced to the retail outlet at or from which delivery is made;
- Sales tax from the sale of a service, with or without a sale of goods, is sourced to the place where the service is primarily performed; and
- Sales tax from the lease or rental of goods is sourced to the place of first use. In the case of short-term rentals, this is the place of business of the lessor. In the case of rentals or leases involving periodic payments, this is the primary place of use by the renter or lessee for each payment period.

On October 1, 2005, the SSUTA went into effect with 13 full members of the agreement. To date, there are 15 full members of the SSUTA and six associate members. Full members are those states that have fully complied with the agreement and associate members are

those states that are expected to comply by January 1, 2008.

Summary: Provisions are included that would allow the state to conform fully to the SSUTA.

Monetary Allowances and Vendor Compensation: DOR is required to adopt rules providing for monetary allowances for sellers who use certified service providers, tax compliance software, or another means of collecting and remitting tax that is authorized under the SSUTA. In addition, DOR may adopt rules to provide vendor compensation for sellers who collect and remit sales and use taxes to the state; but, this authority is contingent upon action by Congress or the courts that would allow states to require remote sellers to collect sales or use taxes. Monetary allowances and vendor compensation must be funded only from state sales and use taxes.

Amnesty: DOR is prohibited from making assessments for past uncollected sales and use taxes against an unregistered seller who, within 12 months of the effective date of the state's membership in the SSUTA, registers under the agreement and then collects and remits sales and use taxes to the state for a period of at least 36 months. This amnesty does not apply if the seller has already received an audit notice from DOR, with respect to sales and use taxes collected but not remitted by a seller, or with respect to sales or use taxes that are the seller's liability in its capacity as a buyer or consumer.

Sourcing: The sales and use tax sourcing rules are changed to a destination based system and become effective July 1, 2008. The rules provide:

- (1) If a good or service is received by the purchaser at the business location of the seller, the sales tax is sourced to that business location.
- (2) If the good is not received by the purchaser at the business location of the seller, the sales tax is sourced to the location where receipt occurs, if known by the seller.
- (3) If neither of the first two rules apply, the sales tax is sourced to the address indicated for the purchaser in records normally maintained by the seller, if the use of this address by the seller does not constitute bad faith.
- (4) If none of the first three rules apply, the sales tax is sourced to the address for the purchaser obtained during the consummation of the sale, including the address of the purchaser's payment instrument, if the use of this address by the seller does not constitute bad faith. and
- (5) If none of the first four rules apply, the sales tax is sourced to the address from which delivery is made.

The general sourcing rules do not apply to purchases of motor vehicles, aircrafts, watercrafts, modular homes, manufactured homes, and mobile homes. In such purchases, the tax is sourced to the location from which delivery was made.

Mitigation: The streamline sales and use tax mitigation account is created to mitigate the effect of the change in sourcing rules to negatively impacted local jurisdictions. On July 1, 2008, the State Treasurer must transfer \$31.6 million into the account from the General Fund. Each July 1 thereafter, the Treasurer must transfer an amount determined by the DOR to fully mitigate negatively impacted local jurisdictions. Mitigation for the first year will be determined by DOR from tax reporting data to determine actual losses less gains from voluntarily registered sellers. Beginning December 31, 2008, distributions from the account will be made quarterly. After the first year, DOR will determine each local jurisdiction's annual losses. Distributions will be made quarterly representing one-fourth of a jurisdiction's annual loss less voluntary compliance revenue from the previous quarter.

DOR must convene an oversight committee comprised of positively and negatively impacted local jurisdictions to assist in determining losses to be mitigated.

Public facility districts whose tax revenue is taken as a credit against the state sales tax may raise their tax up to .004 percent if their revenues have been reduced at least 0.5 percent. The district may only raise its tax by the least amount necessary to mitigate the reduction in sales and use tax collections.

Confidentiality: Protections are provided with respect to confidentiality and privacy for businesses that use certified service providers under the SSUTA. Certified service providers are required to perform tax calculations, remittance, and reporting functions and may not retain the personally identifiable information of consumers, with very limited exceptions. Personally identifiable information will not be retained any longer than required to ensure the validity of exemptions.

DOR is required to complete a taxability matrix and will provide notice of changes in the taxability of products or services listed in the matrix. Sellers and certified service providers are relieved from liability to the state and to local jurisdictions for having charged or collected the incorrect amount of sales or use tax if the error resulted from reliance on erroneous information provided by DOR in the matrix.

Definitions: The taxability of delivery charges is changed to allow sellers to apportion their delivery charges between taxable and nontaxable property within a shipment, and to apply tax to only the portion that represents delivery charges for taxable property.

Several telecommunication definitions recently incorporated into the SSUTA are adopted. These are changes to terminology in current law, but do not change current law regarding taxability and exemptions.

The current sales tax exemption for prosthetic devices is extended to the component parts of prosthetic devices to conform with the SSUTA definition. For nebulizers, a device that converts liquid medication into a

mist to be inhaled, a process is created for purchasers to receive a refund of sales and use tax paid. These items are currently exempt from sales and use tax in Washington.

"Bundled transactions" are defined as the retail sale of two or more products where the products are distinct and identifiable and the products are sold for one non-itemized price. Excluded from the definition are:

- sales of tangible personal property and a service where the true object of the transaction is the service and the tangible personal property is essential to the use of the service;
- the sale of two services where the true object is the second service and the first service is essential to use of the second service;
- the sale of taxable and nontaxable products where the value of the taxable products is de minimis – de minimis means 10 percent or less of the value of the bundled products; and
- the sale of taxable and exempt tangible personal property that includes food, drugs, durable medical equipment, mobility enhancing equipment, over-the-counter drugs, prosthetic devices, or medical supplies where the value of the taxable tangible personal property is 50 percent or less of the value of the bundled products.

Bundled transactions are subject to sales and use tax.

Small Business Relief: Small retailers are defined as having less than \$500,000 in gross income, at least 5 percent of their income derived from deliveries away from their place of business, and at least 1 percent of their income from deliveries to destinations other than to the ones they report the most local sales tax to. Small retailers are relieved of penalty and interest from errors due to the sourcing changes. In addition, relief is provided for small retailers to allow them to either:

- use a certified service provider for up to two years, at no cost, for sales tax administration; or
- claim a credit against state sales tax liability in the amount of the costs of complying with the sourcing changes. The total credit that any small retailer can claim cannot exceed \$1,000 and may be carried forward until used.

Administration: Sellers are authorized to designate an agent to register the seller with the state. Sellers who agree to collect and remit sales and use taxes under the SSUTA must register through an on-line system authorized under the SSUTA.

Sellers registered under SSUTA are required to use DOR's address-based GIS system to determine the correct rate and jurisdiction for local sales and use tax. Sellers who use the system are held harmless from errors resulting from proper use of the system.

References are removed to the multiple points of use provisions from the sales tax sourcing section. Technical corrections were made to the telecommunication provi-

sions. The small business relief provisions were modified to have the certified service provider fee established by rule rather than a schedule in state. A business and occupation tax credit was also added in addition to the sales tax credit for small businesses.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 45 | 3 |
| House | 76 | 15 |

Effective: July 22, 2007 (Sections 301, 1301, 1602, and 1701-1703)

July 1, 2008

Contingent (Sections 302, 1003, 1006, 1014, and 1018)

2SSB 5092

C 249 L 07

Revising provisions for contracts with associate development organizations for economic development services.

By Senate Committee on Ways & Means (originally sponsored by Senators Marr, Brown, Kilmer, Kauffman, Murray, Shin and Rasmussen; by request of Governor Gregoire).

Senate Committee on Economic Development, Trade & Management

Senate Committee on Ways & Means

House Committee on Community & Economic Development & Trade

House Committee on Appropriations

Background: When the Department of Community, Trade and Economic Development was created in 1993, it was directed to contract with associate development organizations (ADO) or other local organizations to coordinate local economic development services. During the past biennium the department spent \$2,965,000 on contracts with ADOs. The department was also directed to consult with ADOs, ports, and local governments in the establishment of service delivery regions in the state and to contract for economic surveys of key sectors and the coordination of technical assistance.

Summary: The department's obligations to establish service delivery regions and contract for surveys and coordination of technical assistance are eliminated. ADO contracts will require the delivery of direct assistance to companies needing support to survive, expand, or relocate. The contracts will also require support for regional economic research and regional planning efforts to implement economic development strategies.

ADO contracts are to require the development of a countywide economic development plan consistent with the State Economic Development Commission's state comprehensive plan for economic development. Also

required are the provision of business retention and expansion services and marketing.

Up to five ADOs that apply for the Washington Quality Award are to be reimbursed for the award application fee; the \$10,000 award for applying is eliminated.

ADOs are required to provide the department with measures of their performance. Contracts may be terminated for failure to achieve performance goals.

ADOs in urban counties will receive \$.90 per capita, up to \$300,000. ADOs in rural counties will receive \$40,000 plus \$0.90 per capita. The per capita funds must be matched dollar for dollar and are subject to specific appropriations.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 49 | 0 | |
| House | 97 | 1 | (House amended) |
| Senate | 44 | 0 | (Senate concurred) |

Effective: July 22, 2007

2SSB 5093

C 5 L 07

Concerning access to health care services for children.

By Senate Committee on Ways & Means (originally sponsored by Senators Marr, Keiser, Franklin, Shin, Fairley, Hobbs, Weinstein, Kauffman, Pridemore, Oemig, Eide, Brown, Tom, Kohl-Welles, Regala, McAuliffe, Spanel, Rockefeller and Rasmussen; by request of Governor Gregoire).

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

Background: The Washington State Population Survey estimates 4.4 percent of children in Washington State were uninsured in 2006, down from a recorded high of 11.4 percent of children in 1993. It is estimated that nearly 63 percent of uninsured children are potentially eligible for public coverage by virtue of family income.

The Department of Social and Health Services (DSHS) operates several programs designed to provide coverage for children under age 19. Medicaid provides coverage for children with family incomes at or below 200 percent of the Federal Poverty Level. The State Children's Health Insurance Program (SCHIP) provides coverage for children with family incomes at or below 250 percent of the Federal Poverty Level. The Children's Health Program (CHP) provides coverage for children under age 18, who are not eligible for Medicaid (immigrants), with family incomes at or below 100 percent of the Federal Poverty Level.

Legislation passed in 2005 declared the intent that all children in the state of Washington have health coverage by 2010, by building upon and strengthening the successes of private health insurance coverage and publicly

sponsored children's health insurance programs. The 2006 Blue Ribbon Commission on Health Care Costs and Access reiterated interest in covering all children by 2010, and recommended linking insurance coverage with other policies that improve children's health, and specifically improving children's nutrition and physical activity.

Summary: DSHS must create a seamless program to provide affordable health coverage for children under the age of 19 with family incomes at or below 250 percent of the Federal Poverty Level (FPL). Effective January 2009, eligibility is expanded to 300 percent FPL, subject to appropriation. DSHS will continue to determine eligibility for Medicaid, the State Children's Health Insurance Program, and the Children's Health Program as necessary to ensure federal financial participation. The Caseload Forecast Council and DSHS will estimate the anticipated caseload and cost of this program. Children with family incomes between 200 percent and 300 percent of FPL will be charged premiums. DSHS will monitor how many children enter this program from private insurance and report to the Legislature by December 2010. Beginning January 1, 2009, children with family incomes above 300 percent of the FPL will have an opportunity to purchase coverage from DSHS without state subsidy. Families with access to employer-sponsored insurance will be directed to enroll in the employer's coverage (with premium assistance) when it is cost effective for the state.

DSHS is authorized to contract with community-based organizations and government to support proactive and targeted outreach efforts. Beginning in 2009, targeted provider rate increases will be linked to quality improvement measures.

A select legislative task force on school health reform is established. Its findings and recommendations will be submitted in October 2008. Goals are established for: all school districts to have school health advisory committees to support healthy food choice and physical activity; schools to have only healthy foods and beverages that meet minimum standards; and that schools should provide 150 minutes per week of physical education for students in grades one through eight.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 38 | 9 |
| House | 68 | 28 |

Effective: July 22, 2007

SSB 5097

C 406 L 07

Regarding safe schools.

By Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller, McAuliffe, Swecker, Kastama, Regala, Weinstein, Eide, Oemig, Pridemore, Kohl-Welles, Keiser, Shin, Berkey, Murray, Kline and Rasmussen).

Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means
House Committee on Education

Background: Under current law, the Superintendent of Public Instruction (SPI) must establish timelines for school districts to develop individual comprehensive safe school plans. School districts are required to report progress on their comprehensive safe school plans to SPI on a periodic but undefined basis. SPI is given authority to adopt rules for implementation.

The Washington Association of Sheriffs and Police Chiefs (WASPC) is required to create and operate a statewide first responder building and mapping information system. Beginning in 2003, the Washington Legislature has provided funding through WASPC to map and assess the security of schools in Washington.

In 2003, Homeland Security Presidential Directive 5 called for the establishment of a single, comprehensive National Incident Management System (NIMS). Federal preparedness assistance funding for state and local governments is dependent on NIMS compliance. A school district is considered local government. One of the NIMS implementation requirements is to use the Incident Command System (ICS), which provides a common organizational structure for the immediate response to emergencies and coordination of personnel and equipment at the site of an incident. Currently, the Association of Washington School Principals, the Washington Emergency Management Division (EMD), and SPI are providing NIMS and ICS training to school administrators.

Summary: Schools and school districts are required to adopt, by September 1, 2008, and implement a safe school plan, consistent with the school mapping information system. Each plan must include required school safety policies and procedures; address emergency mitigation, preparedness, response, and recovery; include provisions for assisting and communicating with students and staff; comply with training guidance provided by EMD; require the building principal to be ICS certified; consider how schools can be used in the event of a community-wide emergency; and set guidelines for requesting local emergency management agencies to meet with school districts annually.

School districts are required to annually update their safe school plans; inventory hazardous materials; update the school mapping information system, which includes

identifying staff members trained on NIMS or ICS and identifying school transportation emergency procedures; and provide information to all staff on the use of emergency supplies and alert procedures. This information must be reported to WASPC. School districts are encouraged to work with emergency management agencies to conduct one tabletop exercise, one functional exercise, and two full-scale exercises within a four-year period.

Schools are required to conduct no less than one safety-related drill each month, which includes a drill using the school mapping information system, a drill for lockdowns, a drill for shelter-in-place, and six fire drills. Schools should also consider drills for earthquakes, tsunamis, or other high-risk local events. Such drills should be documented. The required safety-related drills are intended to satisfy all federal requirements for comprehensive school emergency drills and evacuations.

Educational service districts (ESDs) are encouraged to apply to federal emergency response and crisis management grants with the assistance of SPI and EMD.

A task force on gangs in schools is created to examine adult and youth gang activities that are affecting school safety. The task force will annually report its findings and recommendations to the education committees of the Legislature starting December 1, 2007.

Votes on Final Passage:

| | | | |
|--------|----|---|----------------------------|
| Senate | 47 | 0 | |
| House | 97 | 0 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 98 | 0 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: July 22, 2007

E2SSB 5098

C 405 L 07

Creating the Washington college bound scholarship program.

By Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller, Keiser, Weinstein, Fairley, Marr, Murray, Kastama, Kohl-Welles, Rasmussen, McAuliffe, Kauffman, Kilmer, Tom and Shin).

Senate Committee on Higher Education
Senate Committee on Ways & Means
House Committee on Higher Education
House Committee on Appropriations

Background: The Guaranteed Education Tuition (GET) Program offers families a simple and affordable way to save for future college expenses. Parents, grandparents, and friends can prepay for college tuition by investing in tuition units today. The state of Washington guarantees that 100 GET units will cover one year of tuition and

state-mandated fees at the most expensive public university in Washington. Current, state need-based tuition programs include: the State Need Grant program; the State Work Study program; the American Indian Endowed Scholarship program; and the Foster Care Endowed Scholarship.

Summary: The Washington College Bound Scholarship is created. Eligible students are students who are eligible for free- or reduced-price lunch. Eligible students are notified of their eligibility for the scholarship in 7th grade. Home schooled students are also eligible for the scholarship program. To be awarded the scholarship an eligible student must pledge, during their 7th or 8th grade years, that they will: (1) graduate from high school; (2) graduate with a C average; and (3) not have any felony convictions. To receive the scholarship, the student must have kept the pledge, must have a family income at high school graduation below 65 percent of the state median, and must be a resident student.

The Office of the Superintendent of Public Instruction notifies elementary, middle, and junior high schools about the program, and school districts notify students, parents, teachers, counselors, and principals. In addition, the Higher Education Coordinating Board (HECB) develops and distributes the pledge forms, tracks scholarship recipients, and distributes scholarship funds.

The scholarship is equal to the difference between the cost of the student's tuition and fees at a public college or university, plus \$500 for books and materials minus the value of any other state financial aid received for those items. The HECB may purchase GET units to award as part of the scholarship. The maximum award is for four years. An eligible student's family income is assessed upon graduation and if the family income exceeds 50 percent of the median family income, but does not exceed 100 percent of the state median family income, the student receives a prorated scholarship. The first scholarships are awarded to students graduating in 2012.

The award does not supplant other grants, scholarships or tax programs. If the scholarship is not used within five years it reverts back to the account to be used for scholarships for other students.

Grants or gifts may be accepted by HECB in addition to state funding. HECB has rulemaking authority to implement the program.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 46 | 0 | |
| House | 78 | 20 | (House amended) |
| Senate | 45 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5101

C 461 L 07

Expanding higher education tuition waivers to include certain certificated instructional staff.

By Senate Committee on Higher Education (originally sponsored by Senators Hobbs, McAuliffe, Fairley, Weinstein, Marr, Shin, Oemig, Fraser, Kline, Regala, Rasmussen, Tom, Kohl-Welles and Haugen).

Senate Committee on Higher Education
House Committee on Higher Education
House Committee on Appropriations

Background: Washington State institutions of higher education may waive all or a portion of tuition, services, and activity fees for state employees. "State employees" are defined as permanent classified state employees; state, county, or municipal employees governed by the chapter on collective bargaining; permanent classified and exempt paraprofessional employees at technical colleges; and faculty, counselors, librarians, and exempt professional and administrative employees at institutions of higher education.

The employees are enrolled on a space available basis and are charged only \$5 per class as a registration fee. Their enrollment information is not included in official enrollment reports.

Summary: Teachers and certified instructional staff employed at public common and vocational schools are eligible for a waiver of all or a portion of their tuition, services, and activity fees. This waiver is available only for teachers and instructional staff and is limited to those holding or seeking an endorsement or assignment in a state-identified shortage area.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 43 | 0 | |
| House | 97 | 0 | (House amended) |
| Senate | 45 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5108

PARTIAL VETO

C 352 L 07

Creating the office of farmland preservation.

By Senate Committee on Agriculture & Rural Economic Development (originally sponsored by Senators Haugen, Rasmussen, Jacobsen, Shin, Spanel, Swecker, Brandland, Hatfield and Parlette).

Senate Committee on Agriculture & Rural Economic Development
Senate Committee on Ways & Means
House Committee on Agriculture & Natural Resources
House Committee on Appropriations

Background: In 2002, the Legislature enacted the Agricultural Conservation Easements Program. The program's purpose is to facilitate the use of federal funds, and to help local governments reduce the conversion of agricultural lands that have not otherwise been protected through their planning processes.

All funds from legislative appropriations, and other sources directed by the Legislature including gifts, grants, or endowments are to be deposited in the Agricultural Conservation Easements Account. Expenditures from the account may be used only for the purchase of easements under the Agricultural Conservation Easements Program.

The State Conservation Commission (Commission) was charged to manage the program and adopt rules as necessary to implement the Legislature's intent. The Commission is to report to the Legislature on an ongoing basis regarding potential funding sources and to recommend changes to existing funding authorized by the Legislature.

Summary: The Office of Farmland Preservation is established within the Commission. The office is authorized to:

- provide assistance to the Commission in implementing the existing Agricultural Conservation Easements Program;
- develop recommendations for the funding level of the Agricultural Conservation Easements Account;
- provide an analysis, with input from the task force, of the major factors that have led to past declines in the amount and use of agricultural lands in Washington and of the factors that will likely affect retention and viability of these lands in the future;
- develop a model program and tools to retain agricultural land for agricultural production;
- develop a grant process and an eligibility certification process for localities to receive grants for local programs and tools to retain agricultural lands for agricultural production;
- begin the development of a farm transition program to facilitate the transition from one generation to the next aligning the farm transition program with the Farmland Preservation effort; and
- serve as a clearinghouse for conservation programs.

A Farmland Preservation Task Force is established with the following voting members:

- six farmer members, of which at least one must be a commercial livestock producer, from different regions of the state, nominated by recognized agricultural organizations and appointed by the Governor;
- the Commission;
- the Department of Agriculture;
- two representatives of counties appointed by the Washington Associations of Counties with one from western and one from eastern Washington;

- four legislators, one from each of the four major political caucuses – the two House members are appointed by the Speaker of the House of Representatives, and the two Senate members are appointed by the President of the Senate; and
- a representative of the Governor's Office.

Two additional nonvoting representatives must be requested to participate: the federal Natural Resource Conservation Service and a person with technical expertise appointed by the Director of the Department of Community, Trade and Economic Development.

The task force members are entitled to be reimbursed for travel expenses and must meet at least twice a year. The task force terminates on January 1, 2011.

Clarification is provided that the Agricultural Conservation Easements Account may be used to purchase easements in perpetuity or for a fixed term.

Governmental agencies are not to acquire by eminent domain agricultural land for wetland mitigation purposes.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 44 | 3 | |
| House | 95 | 3 | (House amended) |
| Senate | 46 | 3 | (Senate concurred) |

Effective: July 22, 2007

Partial Veto Summary: The provisions that prohibited governmental agencies from acquiring agricultural land for wetland mitigation purposes by eminent domain were removed.

VETO MESSAGE ON SSB 5108

May 8, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 6 and 7, Substitute Senate Bill 5108 entitled:

“AN ACT Relating to farmland preservation.”

This bill creates the Office of Farmland Preservation. Sections 6 and 7 are overly broad and do not appear to be related to the underlying bill, as it prohibits the use of eminent domain by governmental entities for wetland mitigation purposes on agricultural land. Furthermore, if enacted, Sections 6 and 7 create unintended and undesirable consequences to numerous transportation and development projects across the state, including the ability to meet state and federal permit requirements to continue dredging of the lower Columbia River.

I understand that the Army Corp of Engineers, state agencies, Port officials, local legislators and Southwest Washington families are meeting to explore alternatives to condemnation for mitigation related to the Columbia Deepening Project. This is a much more productive avenue than the provisions Sections 6 and 7 provide.

For these reasons, I have vetoed Sections 6 and 7 of Substitute Senate Bill 5108.

ESSB 5112

With the exception of Sections 6 and 7, Substitute Senate Bill No. 5108 is approved.

Respectfully submitted,



*Christine O. Gregoire
Governor*

ESSB 5112

C 378 L 07

Allowing auctioneers to auction vessels without registering as a vessel dealer.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Schoesler, Kohl-Welles, Rasmussen, Pridemore, Clements, Sheldon, Morton, Hatfield and Honeyford).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: An auction company is a sole proprietorship, partnership, corporation, or other legal or commercial entity that sells goods or real estate at auction. Auction companies must be licensed with the Department of Licensing (DOL) and file a surety bond or deposit other security with DOL.

A vessel dealer is a person, partnership, association, or corporation engaged in the business of selling watercraft in the state. Vessel dealers must be registered and file a surety bond with DOL.

Summary: A properly licensed auction company, also licensed as a motor vehicle dealer, may sell at auction all vessels that a vessel dealer is authorized to sell, without registering with DOL, so long as the sale of vessels is not the auction company's primary source of business. Auction companies that sell vessels at auction must comply with the other requirements of chapter 88.02 RCW, including rules adopted pursuant to that chapter. The length of any vessel sold by an auction company cannot be greater than 25 feet.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 46 | 0 | |
| House | 96 | 0 | (House amended) |
| Senate | 45 | 0 | (Senate concurred) |

Effective: July 22, 2007

SB 5113

C 30 L 07

Authorizing the application of barley straw to waters of the state.

By Senators Schoesler, Rasmussen, Holmquist, Clements, Morton, Hatfield and Pridemore.

Senate Committee on Agriculture & Rural Economic Development

House Committee on Agriculture & Natural Resources

Background: Studies have shown that barley straw can reduce the growth of algae when used in specific ways. There is interest in making barley straw available for water clarification purposes in ponds and other bodies of water.

Summary: The application of barley straw to waters of the state for purposes of water clarification does not require a state waste discharge permit if certain conditions are met. The conditions include: limiting the amount of barley straw that may be used for a given surface area of water; that whole bales of densely packed straw are not to be used but instead straw is to be loosely packed in nylon or mesh bags; that bags be placed in areas where control is desired; that bags are to be staked or anchored in place; that bags be placed in the early spring prior to algae growth; and that bags be removed four to six months after placement and before winter. This section does not alter any permit requirements that may exist under the Hydraulic Project Approval statutes.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

2SSB 5114

C 139 L 07

Changing student transportation funding.

By Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller, Parlette, Eide, Weinstein, Fairley, Keiser, Shin, Kohl-Welles, Murray, McAuliffe, Rasmussen, Kauffman, Kilmer, Franklin and Holmquist).

Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means
House Committee on Appropriations

Background: The current student transportation funding formula provides allocations to districts based on the number of eligible students transported and the weighted radius distances between route stops and schools. Districts receive a state allocation for transportation to and from home and school beyond one radius mile. Additionally, the formula includes an allocation for kindergar-

ten through fifth grade students living within one mile of their school. The state does not provide funding for field trips, extracurricular trips, extended school day take-home trips, or after school activity take-home trips.

The standard student mile is measured as the straight-line distance between bus route stops and school. However, the allocation rate can be adjusted to provide a differential for such factors as distance, passenger load, students with disabilities, or the need for special types of vehicles. The net result of these factors is a state funding formula for student transportation that incorporates a weighted student mile.

Summary: The Office of Financial Management (OFM), in consultation with Office of Superintendent of Public Instruction (OSPI) and the Joint Legislative Audit and Review Committee (JLARC), will contract for the development of two options for a student transportation funding methodology that reflects actual costs and builds incentives for an efficient use of resources, and provides school districts with a formula for predictable levels of funding. In developing the two options, OFM and the contractor will consult with the OSPI, regional transportation coordinators, school business managers, school administrators, and classified staff. OFM will report to the education and fiscal committees of the Legislature with a detailed description of options and legislation that is required to implement options and any accompanying legislation to implement the funding methodology by December 1, 2008. The OFM report on the new funding formula is required to include an evaluation of the feasibility of having some or the entire pupil transportation program supported by the transportation budget, including utilizing local transit agencies. Starting with the 2007-08 school year, school districts are required to account for "to and from" spending costs separately from other pupil transportation spending.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 45 | 3 |
| House | 68 | 30 |

Effective: July 22, 2007

September 1, 2007 (Section 1)

SSB 5118

C 76 L 07

Developing sexual harassment policies, procedures, and mandatory training for all state employees.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Brandland, Keiser, Murray, Prentice, McAuliffe, Marr and Shin).

Senate Committee on Labor, Commerce, Research & Development
House Committee on State Government & Tribal Affairs

Background: Sexual harassment is a form of discrimination and is an unlawful employer practice under RCW 49.60 Washington Law Against Discrimination (WLAD), and Title VII of the Civil Rights Act of 1964.

In 1989, then Governor Gardner issued Executive Order 89-01, which stated that it is the public policy of the state to provide and maintain a working environment free from sexual harassment for its employees and all citizens participating in state programs.

The Executive Order requires all state agencies to maintain policy statements on sexual harassment, conduct training and education for all employees, and respond promptly and effectively to sexual harassment concerns.

The Executive Order also requires the Department of Personnel to incorporate into its Affirmative Action Program Guidelines criteria addressing compliance with this Executive Order.

Summary: The existing Executive Order 89-01 on Sexual Harassment for state agencies is codified. The Department of Personnel is required to develop rules establishing guidelines on policies, procedures, reporting, and mandatory training for all state agencies to comply with this act. The cost of the mandatory training is to be covered by the state agencies within their existing resources.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

2SSB 5122

C 94 L 07

Preserving regulatory assistance provisions.

By Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller and Swecker; by request of Office of Financial Management).

Senate Committee on Government Operations & Elections

Senate Committee on Ways & Means

House Committee on State Government & Tribal Affairs

House Committee on Appropriations

Background: The Washington State Office of Regulatory Assistance (ORA) was created in the Office of Financial Management in 2003 as an expansion of the Office of Permit Assistance. ORA helps answer permitting questions and provides access to information about state regulations. In addition, ORA assists with coordinating between the layers of state, local, and federal permit review.

ORA has two primary ways it delivers its services: a regulatory help desk assisting approximately 2,000 callers per year; and case managers located in regional

offices who facilitate, coordinate, and help resolve disputes that can arise in permitting.

ORA is scheduled to terminate in 2007, pursuant to the Washington Sunset Act. As required by legislation, the Joint Legislative Audit and Review Committee (JLARC) conducted a sunset review to assist policymakers with deciding whether ORA should be continued, modified, or terminated.

After completing their review, JLARC recommends that the Legislature repeal the existing sunset date and consider establishing a future sunset date and review. Additionally, JLARC recommends that ORA develop and implement a plan to demonstrate performance outcomes for the customers it serves and report to the Legislature on its performance and compliance with statutory duties.

Summary: The existing sunset date of June 30, 2008, is repealed and a new sunset date of June 30, 2012, is established.

An additional reporting requirement regarding negotiation and implementation of voluntary cost reimbursement agreements is added to existing reporting requirements. The first report is due on June 1, 2008, and biennially thereafter.

The term "applicant" is replaced with "proponent" making no substantive change.

ORA must ensure the equitable delivery and provision of assistance services, regardless of project type, scale, fund source, or assistance request.

The prohibition on new cost reimbursement agreements taking effect on July 1, 2007, is removed.

JLARC must, by July 1, 2008, provide a status report to the Governor and appropriate committees of the Legislature on the compliance of ORA with the sunset review proposed final report dated January 4, 2007.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 97 | 0 |

Effective: April 18, 2007 (Section 15)
July 22, 2007

SB 5123
C 187 L 07

Protecting persons with veteran or military status from discrimination.

By Senators Hobbs, Kilmer, Roach, Jacobsen, Shin, Fairley, Marr, Prentice, Carrell, Murray, Rasmussen, Keiser, Berkey, Haugen, Franklin, Hatfield, Eide, Kauffman, Fraser and McAuliffe.

Senate Committee on Government Operations & Elections
House Committee on State Government & Tribal Affairs

Background: Washington's Law Against Discrimination establishes that it is a civil right to be free from discrimination based on race, color, creed, national origin, sex, or sexual orientation; the presence of any sensory, mental, or physical disability; or the use of a trained dog guide or service animal. This right applies to employment; places of public resort, accommodation, or amusement; commerce; and real estate, credit, and insurance transactions.

To effectuate the right to be free from discrimination, the law defines certain practices as being unfair. For example, it is deemed to be an unfair practice to fire or to refuse to hire a person based on age, sex, race, creed, color, national origin, marital status, sexual orientation, the presence of any sensory or physical disability, or the use of a trained dog guide or service animal.

There are some exceptions to the Law Against Discrimination. For example, in the employment context, employers with fewer than eight employees and non-profit religious or sectarian organizations are exempt from these laws.

The Washington State Human Rights Commission (WSHRC) is responsible, in part, for administering and enforcing the Law Against Discrimination. WSHRC receives and investigates complaints made by persons alleging unfair practices in violation of this law. If WSHRC finds that there is reasonable cause to believe that discrimination has occurred, it must first try to eliminate the unfair practice through conference and conciliation. If this process fails, WSHRC must refer the matter to an administrative law judge who may, after a hearing on the matter, issue an order providing relief to the complainant.

Summary: The Washington Law Against Discrimination is amended to prohibit discrimination based on a person's status as a veteran or member of the military, as it relates to employment; commerce; real estate transactions; places of public resort, accommodation, or amusement; insurance transactions; and credit transactions.

"Veteran or military status" includes any honorably discharged veteran as defined in RCW 41.04.007, and any active or reserve member in any branch of the armed forces of the United States, including the National Guard and the Coast Guard.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 48 | 0 |
| House | 90 | 7 |

Effective: July 22, 2007

SB 5134

C 86 L 07

Authorizing police officers to impound vehicles operated by drivers without specially endorsed licenses.

By Senators Haugen, Swecker, Rasmussen and Delvin; by request of Washington State Patrol, Department of Licensing and Washington Traffic Safety Commission.

Senate Committee on Transportation

House Committee on Transportation

Background: Current law specifies the circumstances under which a police officer may take custody of a motor vehicle and have it impounded. The circumstances under which an officer may have a vehicle impounded include: (1) if the vehicle's driver is arrested for certain offenses or taken into custody; (2) when the officer finds the vehicle unattended upon a highway where the vehicle is an obstruction to traffic or jeopardizes public safety; (3) when the vehicle is stolen; (4) when the vehicle is illegally parked; and (5) upon a determination that a person is operating the vehicle without a valid driver's license; etc.

Special driver's license endorsements are required to lawfully operate certain motor vehicles, including commercial vehicles and motorcycles.

Summary: The list of circumstances under which a police officer may take custody of a motor vehicle and have it impounded is expanded. Upon a determination that a person does not possess a special endorsement required for the type of motor vehicle operated, an officer may impound the vehicle.

Votes on Final Passage:

Senate 32 16

House 66 31

Effective: July 22, 2007

2SSB 5164

C 451 L 07

Expanding the veterans conservation corps program.

By Senate Committee on Ways & Means (originally sponsored by Senators Jacobsen, Hobbs, Shin, Rasmussen, Kilmer and Franklin).

Senate Committee on Natural Resources, Ocean & Recreation

Senate Committee on Ways & Means

House Committee on Agriculture & Natural Resources

House Committee on Appropriations

Background: The Veterans Conservation Corps (VCC) was created by the Legislature in 2005 to assist veterans by providing volunteer opportunities on natural resource restoration projects that help protect and restore Washington's watersheds, rivers, streams, lakes, marine

waters, forest lands, and open lands. The VCC is administered by the Department of Veteran Affairs (Department).

Summary: The Department is required to assist veterans who are enrolled in the VCC with obtaining employment in conservation programs and projects to restore habitat. In order to incorporate training, education, and certification in environmental restoration into the program, the Department must consult with the appropriate state level higher education and work force training boards and other state agencies.

The Department may enter into agreements with community colleges, private schools, state or local agencies, or other entities to provide training and educational courses as part of the enrollee benefits from the program. The Department may enter into an agreement with a local government or other entity for use of VCC enrollees in a project where work will begin prior to June 30, 2008.

The Department must collaborate with other state agencies that administer the Washington Conservation Corps and identify stewardship and maintenance projects on agency-managed lands that are suitable for the VCC program.

The Department must seek to enter into agreements with federal agencies managing lands in Washington for the employment of VCC enrollees in environmental restoration projects.

During calendar years 2007 and 2008, the Salmon Recovery Funding Board must cooperate with the Department to inform salmon habitat project sponsors of the availability of VCC enrollees to work on projects. The Department may also inform project sponsors of the benefits of using VCC enrollees, including the benefit of additional funds that may be available for the project. The Salmon Recovery Funding Board shall consider funds provided by the Department for a project using VCC enrollees as match funding in the evaluation of projects for funding by the Board.

By September 30, 2007, the Department must submit a report to Office of Financial Management and the Legislature that identifies projects on state agency-managed lands that are: currently planned or are suitable for VCC enrollees and have funding in place; and additional projects that if funded would be suitable for VCC enrollees.

The Department is required to submit a report to the Legislature by December 1, 2008, on the status of the VCC program, including the number of enrollees employed in projects and training, certifications earned, employment placement achieved, program funding provided and the results of the pilot project.

The Veterans Conservation Corps Account is created in the state treasury. Monies in the account may only be expended after appropriation and must be used for the VCC program.

Votes on Final Passage:

Senate 46 0
House 97 0

Effective: July 22, 2007

ESB 5166

C 19 L 07

Designating Korean-American day.

By Senators Shin, Kastama, Marr, Murray, Kauffman, Kilmer, Zarelli, Eide, Berkey, Franklin, Jacobsen, Rockefeller, McAuliffe, Regala, Pridemore, Clements, Keiser, Rasmussen, Sheldon, Delvin and Roach.

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: Since 1974, Washington has maintained a Commission on Asian Pacific American Affairs charged with improving the well-being of Asian Pacific Americans. The state recognizes May as Asian Pacific American Heritage month, and dedicates the fourth week of May to celebrate the contributions made to the state by Asian Pacific Americans in the areas of art, science, commerce, and education. The Commission on Asian Pacific American Affairs coordinates and assists with these celebrations.

Washington currently has nine nonlegal holidays: Columbus Day; Former Prisoner of War Recognition Day; Washington Army and Air National Guard Day; Purple Heart Recipient Recognition Day; Washington State Children's Day; Mother Joseph Day; Marcus Whitman Day; Pearl Harbor Remembrance Day; and the Civil Liberties Day of Remembrance.

Summary: The state designates January 13 as Korean-American Day, to be treated as a nonlegal holiday. The Commission on Asian Pacific American Affairs is directed to coordinate and assist educational institutions, public entities, and private organizations with celebrations of Korean-American Day that recognize the contributions Korean-Americans have made to the state in the arts, sciences, commerce, and education. Korean-Americans are encouraged to honor the sacrifices made by American citizens during the Korean War.

Votes on Final Passage:

Senate 48 0
House 94 0

Effective: July 22, 2007

SSB 5174

C 492 L 07

Making corrections in the public retirement systems.

By Senate Committee on Ways & Means (originally sponsored by Senators Pridemore and Schoesler; by request of Select Committee on Pension Policy).

Senate Committee on Ways & Means

House Committee on Appropriations

Background: The Public Employees', Teachers', School Employees', and Public Safety Employees' Retirement Systems (PERS, TRS, SERS, and PSERS) provide pension benefits for a variety of state and local government employees.

The vesting requirements in Plan 3 of PERS, TRS, and SERS were modified by Chapter 33, Laws of 2006.

An enhanced benefit program for judges and justices was created by Chapter 189, Laws of 2006.

Summary: Erroneously omitted references to PSERS and SERS are added to a number of related statutes. The sections governing gain-sharing benefits in Plan 3 of PERS, TRS, and SERS are updated to reflect the new vesting requirements. TRS Plan 1 contribution rates are specified for judges who opt into the enhanced benefit program.

The 2000 Legislative Act that suspended employer and member contributions of Plan 1 of the Law Enforcement Officers' and Fire Fighters' (LEOFF) retirement system is affirmed.

Votes on Final Passage:

Senate 48 0
House 96 0 (House amended)
Senate (Senate refused to concur)
House 95 3 (House receded)

Effective: July 22, 2007

SB 5175

C 89 L 07

Providing annual increases in certain retirement allowances.

By Senators Pridemore, Schoesler, Fraser, Fairley, McAuliffe, Shin, Jacobsen, Prentice, Franklin and Rasmussen; by request of Select Committee on Pension Policy.

Senate Committee on Ways & Means

House Committee on Appropriations

Background: A new cost of living adjustment (COLA) was created in 1995 for members of the Teachers Retirement System Plan 1 (TRS 1), and the Public Employees Retirement System Plan 1 (PERS 1). The annual increase, or Uniform COLA, provides an automatic increase to eligible members' retirement allowances each

July 1. The increase is a uniform amount for each year of service and is payable to retirees who are age 66 or older and have been retired at least one year.

The Uniform COLA increases by 3 percent each year, and may be further increased by gain-sharing in even-numbered years if there are extraordinary investment returns. In 1995, the increase amount was \$0.59 per month, per year of service. By July 1, 2007, it will have increased to \$1.33 per month, per year of service. For example, an eligible retiree with 30 years of service will receive an increase of \$39.90 in his or her monthly retirement allowance on July 1, 2007. That same retiree will receive an monthly benefit increase of \$41.10 on July 1, 2008, plus any additional increase that may result from a January 1, 2008, gain-sharing event.

Retirees must have been retired for at least one year and be at least 66 years of age by July 1 in order to qualify for the cost of living adjustment made to retirement allowances in that year.

Summary: The age requirements for COLA eligibility in PERS 1 and TRS 1 are changed so that a member must have been retired for at least one year by July 1 and reach age 66 by December 31 in order to be eligible for the adjustment given during that year.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 43 | 0 |
| House | 97 | 0 |

Effective: July 1, 2007

2SSB 5188
C 246 L 07

Establishing a wildlife rehabilitation program.

By Senate Committee on Transportation (originally sponsored by Senators Haugen, Jacobsen, Prentice, Fairley, Kline, Marr, Kohl-Welles, Tom, Murray, Keiser and Rasmussen).

Senate Committee on Natural Resources, Ocean & Recreation
Senate Committee on Transportation
House Committee on Agriculture & Natural Resources
House Committee on Appropriations

Background: The Department of Fish and Wildlife (DFW) has the authority to manage and protect the wildlife in Washington State. Wildlife rehabilitation is defined in the Washington Administrative Code as "the care and treatment of injured, diseased, oiled, or abandoned wildlife, including , but not limited capture, transporting, veterinary treatment, feeding, housing, exercise therapy, and any other treatment or training necessary for release back to the wild."

Wildlife rehabilitation is a profession that is licensed by the DFW. It is currently unlawful for a person to possess wildlife for the purpose of rehabilitation unless that

person has a valid wildlife rehabilitation permit, or is working under the supervision of a person with a valid permit.

The Department of Licensing currently collects a fee of \$40 for the privilege of purchasing a personalized license plate. The revenue is deposited into the state wildlife account.

Summary: The DFW must establish a wildlife rehabilitation program. The DFW must contract for wildlife response and rehabilitation services in each of the six administrative regions. To be eligible to participate in the program, a wildlife rehabilitator must: be properly licensed under state and federal law; submit to a criminal background check. Expenditures that are permitted under this program include: reimbursement for diagnostic and lab support services; purchase and maintenance of restraints and equipment used in the capture, transportation, temporary housing, and release of wildlife; and reimbursement for the cost of contracted veterinarian services. Funds may not be used to rehabilitate nonnative species and/or nuisance animals.

A fee of \$2 is added to the cost of a personalized license plate and dedicated to the Wildlife Response and Rehabilitation Account. The additional fee is collected effective with registrations due or to become due on or after January 1, 2008.

The DFW must develop a process for renewing wildlife rehabilitation licenses. All wildlife rehabilitation licenses issued by the DFW prior to January 1, 2006, must be renewed by January 1, 2010.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 43 | 6 | |
| House | 52 | 46 | (House amended) |
| Senate | 36 | 10 | (Senate concurred) |

Effective: July 22, 2007

SSB 5190
C 91 L 07

Modifying provisions relating to the collection of legal financial obligations.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Hargrove, McCaslin and Shin).

Senate Committee on Human Services & Corrections
House Committee on Judiciary

Background: When a defendant is convicted of a crime, the court may impose legal financial obligations as part of the judgment and sentence. Financial obligations that may be imposed on a defendant include: victim restitution, crime victims' compensation fees, court costs, court-appointed attorneys' fees and costs of defense, fines, and other costs associated with the offense or sentence.

When an inmate receives funds while incarcerated, those funds are subject to deductions and priorities provided in statute, including deductions for the payment of legal financial obligations. The deductions from funds received by an inmate from sources other than wages or legal awards or settlements, are as follows:

- 5 percent to the public safety and education account for crime victims' compensation;
- 10 percent to Department of Corrections (DOC) for the personal inmate savings account;
- 20 percent to DOC for the cost of incarceration;
- 20 percent for the payment of legal financial obligations; and
- 15 percent for any child support owed under a support order.

When an inmate is sentenced to life imprisonment without the possibility of release or parole, or to death under chapter 10.95 RCW, the deductions for the personal inmate savings account and payment of legal financial obligations are omitted. Legal awards or settlements received by an inmate sentenced to life or death are only subject to deductions for the public safety and education account and the cost of incarceration.

The deduction scheme does not limit the authority of the Department of Social and Health Services, Division of Child Support from taking independent collection action against an inmate's money, assets or property pursuant to statutory provisions for child support enforcement.

Summary: Any funds received by an inmate sentenced to life imprisonment without possibility of release or parole or to death under chapter 10.95 RCW, are subject to the same deductions as provided for other inmates, with the exception of the mandatory deduction for an inmate savings account. The Secretary of the Department of Corrections may exempt an offender from the requirement to have a personal inmate savings account if the inmate's earliest release date is beyond the inmate's life expectancy.

In addition to the Division of Child Support, the county clerk or a restitution recipient may take independent collection action against an inmate's money, assets or property.

No fee may be demanded or required for furnishing certified copies of a death certificate of any offender requested by a county clerk or court for the purposes of extinguishing the offender's legal financial obligation.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 40 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

SSB 5191

C 10 L 07

Modifying missing persons provisions.

By Senate Committee on Judiciary (originally sponsored by Senators Hatfield, Brandland, Sheldon and Delvin).

Senate Committee on Judiciary

House Committee on Public Safety & Emergency Preparedness

Background: The Washington State Forensic Investigations Council is a 12 member committee appointed by the Governor to oversee death investigations as part of the state's criminal justice system. HB 2805, which passed during the 2006 session, directed the Forensics Investigation Council, in cooperation with the Washington Association of Coroners and Medical Examiners, to develop training modules essential to the effective implementation and use of missing persons protocols. The modules encompass such topics as the reporting process, the use of forms and protocols, the effective use of resources, the collection and importance of evidence and preservation of biological evidence, and risk assessment of the individuals reported missing.

Generally, after a report is taken regarding a missing person, local law enforcement agencies must file an official missing person report and enter biographical information into the state's missing person computerized network within 12 hours. If a person reported missing has not been found within 30 days or if criminal activity is suspected, the Sheriff, Chief of Police, County Coroner, or County Medical Examiner is directed to initiate the collection of DNA samples from the missing person and their family members for testing. In addition, the missing person's family or next of kin is asked for written consent to contact the dentist of the missing person and request dental records. The DNA samples and the dental records are submitted for nuclear DNA testing to the Washington State Patrol crime laboratory. The DNA samples for mitochondrial DNA testing are submitted to the Federal Bureau of Investigation.

Summary: The training modules developed by the Washington State Forensics Investigations Council, the Washington Association of Coroners and Medical Examiners, and other interested agencies are required to provide training at the Basic Law Enforcement Academy at the Criminal Justice Training Commission. The state-wide website that is created and maintained by the Washington Association of Sheriffs and Police Chiefs is not required to remove information about missing persons from the web site after 30 days. Local law enforcement agencies are directed to file an official missing persons report and enter biographical information into the state missing persons computerized network without delay after being notified of the receipt of a missing person's report. After collecting DNA samples from a missing

person and their family members, the Sheriff, Chief of Police, or other law enforcement authority is directed to submit the samples to the appropriate laboratory. Biological samples taken for a missing person's investigation are to be forwarded to the appropriate laboratory as soon as possible.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 40 | 0 |
| House | 94 | 0 |

Effective: July 22, 2007

SSB 5193

C 219 L 07

Authorizing donation of unclaimed personal property to nonprofit charitable organizations.

By Senate Committee on Judiciary (originally sponsored by Senators Brandland, Hewitt, Parlette, Morton, Schoesler, Swecker, Clements, Stevens, McCaslin, Carrell, Keiser, Berkey and Kohl-Welles).

Senate Committee on Judiciary
House Committee on Local Government

Background: Current law outlines authorized methods of disposing of unclaimed personal property that comes into possession of city police, county sheriffs, and state patrol officers in the official course of duty. For instance, law enforcement may sell the property at public auction, dispose of certain types of property (e.g., dangerous, illegal, or worthless items), and retain the property under certain circumstances. City police and county sheriffs may donate unclaimed bicycles, tricycles, and toys to non-profit charitable organizations for use by needy persons. No such provision exists for state patrol officers. "Personal property" is any tangible or intangible item that is subject to ownership and not classified as real estate.

Nonprofit organizations that engage in charitable activities may apply for tax exemption under section 501(c)(3) of the Internal Revenue Code. To be tax-exempt under section 501(c)(3), an organization's earnings may not inure to any private shareholder or individual. In addition, the organization must be organized and operated exclusively for purposes set forth in section 501(c)(3), may not attempt to influence legislation as a substantial part of its activities, or participate in any campaign activity for or against political candidates.

Summary: The state patrol, county sheriffs, and local police agencies may donate unclaimed personal property to nonprofit charitable organizations provided such property is used for the benefit of needy persons. Nonprofit organizations authorized to receive unclaimed personal property from law enforcement agencies must qualify for 501(c)(3) tax-exempt status.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 42 | 0 |
| House | 92 | 1 |

Effective: July 22, 2007

SB 5199

C 81 L 07

Restricting small loan practices.

By Senators Berkey, Prentice, Benton, Hobbs, Hatfield, Schoesler, Parlette, Franklin and Keiser; by request of Department of Financial Institutions.

Senate Committee on Financial Institutions & Insurance
House Committee on Insurance, Financial Services & Consumer Protection

Background: The business of check cashing and selling is regulated by the Department of Financial Institutions (DFI) under the Check Cashers and Sellers Act. Check cashing and selling businesses issue payday loans, among other services.

These loans are called payday loans because consumers tend to obtain them as a form of cash advance on a forthcoming paycheck. They are small, short-term, cash loans. The loan is secured by the borrower's post-dated check and includes the original loan principal plus a fee. The maturity date usually coincides with the borrower's next payday. On the maturity date the lender may process the check. The borrower may also repay the loan in person with cash.

The maximum term of the loan is 45 days. The licensee may charge up to 15 percent for the first \$500 and up to 10 percent on the amount over \$500, up to the \$700 limit. This \$700 limit applies to a single borrower at any one time. If the full \$700 were borrowed and the maximum amounts were charged, the interest or fees would total \$95.

The Director of DFI must exercise his or her enforcement authority under the Administrative Procedure Act by issuing statements of charges and imposing sanctions. The charges to which an applicant or licensee may be subject are certain enumerated acts. Some of these acts include damage caused to a person who relies on the applicant's or licensee's knowing, material, fraudulent misrepresentation; engagement in conduct demonstrating the applicant's or licensee's incompetence or untrustworthiness; conversion; and engagement in unsafe or unsound financial practice.

Sanctions to which an applicant or licensee may be subject are also specifically enumerated. Some of these sanctions include license revocation, denial, or suspension; issuance of a cease and desist order; imposition of a fine of not more than \$100 per day; and restitution.

Summary: Four activities of check cashers and sellers render the transactions during which they are conducted uncollectible and unenforceable. These activities are fraud, deception, misrepresentation, and unlicensed small-loan lending using electronic or telephonic means.

Votes on Final Passage:

Senate 48 0
House 97 0

Effective: July 22, 2007

SSB 5202

C 379 L 07

Concerning permissible weaponry for on-duty law enforcement officers.

By Senate Committee on Judiciary (originally sponsored by Senators Delvin, Eide, Hewitt, Brandland, Pridemore, Holmquist, McCaslin, Haugen, Jacobsen, Honeyford, Rasmussen and Roach).

Senate Committee on Judiciary
House Committee on Judiciary

Background: It is a gross misdemeanor for any person to manufacture, sell, dispose, or possess a spring blade knife. Generally, a spring blade knife is a knife that has a spring-operated blade that opens instantly when a release on the handle is pressed.

Summary: A law enforcement officer who carries a spring blade knife in the discharge of official duty is exempt from current law that prohibits possession of a spring blade knife.

Law enforcement officers may not be prosecuted for possession of a spring blade knife when the officer is not on official duty and is transporting the knife to and from the location where it is stored.

Law enforcement officers also may not be prosecuted for storage of a spring blade knife.

Votes on Final Passage:

Senate 47 0
House 93 2 (House amended)
Senate 49 0 (Senate concurred)

Effective: July 22, 2007

ESB 5204

C 71 L 07

Enforcing animal health laws.

By Senators Rasmussen, Schoesler, Shin, Hatfield, Jacobsen and Morton; by request of Department of Agriculture.

Senate Committee on Agriculture & Rural Economic Development

House Committee on Agriculture & Natural Resources

House Committee on Appropriations

Background: The Washington State Department of Agriculture (WSDA) Animal Health Program is charged with protecting animals and the public from communicable animal diseases. Program officials monitor movement of animals across state lines by reviewing health certificates, which are required for most animals entering the state, and by issuing or denying requested permits. Officials also set requirements for reporting and controlling diseases and conduct tests and inspections to detect diseases.

The program is responsible for emergency management planning for tracing and controlling diseases. Program officials cooperate with the U.S. Department of Agriculture in a national program designed to identify where affected animals have been within 48 hours of confirmation of a disease outbreak or other incident.

It is suggested that WSDA's animal health enforcement and regulatory authority should be strengthened.

Summary: WSDA is authorized to stop vehicles transporting animals on public roads to check for required animal health documents and to impose a civil infraction upon persons not carrying required documents. WSDA officers may inspect vehicles at posted inspection points and, if they have reasonable cause to suspect a violation, at other places.

A person violating animal health laws or rules is subject to a civil penalty of up to \$1,000 per violation. Revenue must be deposited into the state General Fund.

Persons may bring livestock into the state without first getting animal health documents if the livestock are destined for immediate slaughter at a federally inspected facility. Animals imported into the state for slaughter must be slaughtered or delivered to a slaughterhouse within three days after entry, rather than seven days.

It is unlawful to intentionally falsely apply, alter, or remove an official animal health or identification tag, mark, or other device.

WSDA hold orders requiring animals to be kept separate from other animals because of concerns regarding disease, other jeopardy to animals, or improper documents are in effect for 14 days, rather than seven days.

Livestock dealers must carry animal identification and health documents pursuant to rules adopted by WSDA.

Votes on Final Passage:

Senate 48 0
House 97 0

Effective: July 22, 2007

SB 5206
C 140 L 07

Addressing the use of tires with retractable studs.

By Senators Haugen and Swecker.

Senate Committee on Transportation
House Committee on Transportation

Background: Current law proscribes the use of studded tires between April 1 and November 1. The use of studded tires between April 1 and November 1 is a traffic infraction, subject to a fine. Any studs on tires offered for sale in Washington must be "lightweight studs."

Summary: A vehicle may be equipped year-round with tires that have retractable studs so long as the studs: retract below the tire wear bar; and are only used between November 1 and April 1. Retractable studs are exempt from the provisions that require studs offered for sale in Washington to be "lightweight studs."

Votes on Final Passage:

Senate 49 0
House 97 1

Effective: July 22, 2007

SSB 5207
C 514 L 07

Concerning a study to evaluate the imposition of a fee on the processing of shipping containers, port-related user fees, and other funding mechanisms to improve freight corridors; creating the freight congestion relief account.

By Senate Committee on Transportation (originally sponsored by Senators Haugen, Murray and Spanel).

Senate Committee on Transportation
House Committee on Transportation

Background: The state has identified various and significant transportation projects that support enhanced freight mobility and capacity. Although the state has provided some funding for these projects, the level of funding is insufficient to provide the level of investment necessary to alleviate congestion levels that impact freight mobility and capacity.

Summary: The intent section of the bill is eliminated and the Freight Congestion Relief Account is created in the State Treasury. The Joint Transportation Committee (JTC) is directed to study funding mechanisms as a means to fund freight infrastructure improvements. The

study is subject to appropriation and due to the Legislative Transportation Committees prior to the start of the 2008 Legislative Session.

Votes on Final Passage:

Senate 41 8
House 65 33 (House amended)
Senate (Senate refused to concur)
House 63 34 (House amended)
Senate 30 13 (Senate concurred)

Effective: July 22, 2007

SSB 5219
C 141 L 07

Regarding the Northwest weather and avalanche center.

By Senate Committee on Natural Resources, Ocean & Recreation (originally sponsored by Senator Jacobsen).

Senate Committee on Natural Resources, Ocean & Recreation

House Committee on Agriculture & Natural Resources

Background: The Northwest Weather and Avalanche Center (NWAC) provides weather and avalanche forecasts and information for Washington and northern Oregon through phone consultations, public hotline recordings, and the internet. NWAC gathers its mountain weather data from a network that includes direct observers, the National Weather Service, and the 42 weather stations that it maintains or helps to maintain. NWAC forecast staff also present avalanche, weather, and snow safety seminars.

NWAC is currently administered by the United States Forest Service and housed at the National Weather Service office in Seattle. NWAC is funded cooperatively, with contributions from entities including the U.S. Forest Service, National Park Service, state and local governments, and private organizations.

NWAC's annual budget approaches \$300,000. For 2006, Washington State agencies provided about 45 percent of NWAC's funding. The State Parks and Recreation Commission provided \$89,000, and the Department of Transportation provided \$45,000.

Summary: The State Parks and Recreation Commission (Commission) must invite the United States Forest Service, the National Weather Service, and the National Park Service to develop an intergovernmental plan and recommendations that seek to ensure that the NWAC has the resources to continue operating at its current level of service into the future. The Commission and participating agencies may invite other public and private entities to participate in the development of the plan and recommendations.

In developing the plan and recommendations, the Commission must seek to address issues including

administrative control over the NWAC and ensuring cooperative long-term funding for the NWAC.

No state agency may assume administrative control over the NWAC without legislative authorization.

The Commission must provide the Legislature with updates on the status of the plan and recommendations in December 2007 and 2008.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 46 | 0 |
| House | 98 | 0 |

Effective: July 22, 2007

SSB 5224

C 444 L 07

Concerning the governor's salmon recovery office.

By Senate Committee on Natural Resources, Ocean & Recreation (originally sponsored by Senators Jacobsen, Rockefeller and Kilmer; by request of Office of Financial Management).

Senate Committee on Natural Resources, Ocean & Recreation

Senate Committee on Ways & Means

House Committee on Agriculture & Natural Resources

House Committee on Appropriations

Background: The Governor's Salmon Recovery Office (GSRO) was created in the Governor's office in 1998. The purpose of the GSRO is to coordinate and assist the development of regional salmon recovery plans for evolutionary significant units (ESU), and to gather and submit those plans to federal agencies in response to the Endangered Species Act. The GSRO is scheduled to sunset on June 30, 2007.

Five regional organizations have formed to address salmon recovery on an ESU scale. The Lower Columbia Fish Recovery Board is currently the only regional recovery organization created in statute. The other four regional entities include: the Puget Sound Shared Strategy, the Yakima Sub-basin Fish and Wildlife Planning Board, The Snake River Salmon Recovery Board, and the Upper Columbia Salmon Board. Regional recovery groups are in the process of completing salmon recovery plans and submitting those plans for federal approval.

Summary: The expiration date for the GSRO is changed to June 30, 2015.

The primary purpose of the GSRO is expanded to provide coordination and assistance for the implementation and revision of regional salmon recovery plans.

The GSRO is required to work with regional salmon recovery organizations to ensure a coordinated and consistent statewide approach to salmon recovery. The GSRO is also required to review agency budget requests related to the salmon recovery and watershed health and make recommendations to the Governor and the Legisla-

ture in order to prioritize and integrate budget requests across agencies.

The Governor's Monitoring Forum is codified and is renamed the Forum on Monitoring Salmon Recovery and Watershed Health. An expiration date of June 30, 2015, is provided for the Forum.

The Department of Fish and Wildlife, Department of Ecology, Department of Natural Resources, State Conservation Commission, and the Forum on Monitoring Salmon Recovery and Watershed Health are required to provide to the GSRO requested information necessary to prepare the state of the salmon report and other reports produced by the office.

References to the Independent Science Panel are removed and replaced with the Washington Academy of Sciences, and the Governor is authorized to request that the academy impanel an independent science panel on salmon recovery to respond to requests for review made by the GSRO.

The GSRO is authorized to prepare a time line and implementation plan that identifies specific actions in regional recovery plans for state agency action and the necessary level of assistance to implement local and regional recovery plans.

Votes on Final Passage:

| | | | |
|--------|----|---|----------------------------|
| Senate | 44 | 2 | |
| House | 89 | 9 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 97 | 0 | (House amended) |
| Senate | 44 | 0 | (Senate concurred) |

Effective: June 30, 2007 (Section 3)

July 22, 2007

SSB 5225

C 142 L 07

Modifying gas and hazardous liquid pipeline provisions.

By Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Oemig, Poulsen, Honeyford and Spanel; by request of Utilities & Transportation Commission).

Senate Committee on Water, Energy & Telecommunications

House Committee on Technology, Energy & Communications

Background: According to the Washington Utilities and Transportation Commission (WUTC), there are 28 pipelines in Washington that carry natural gas and hazardous liquids, such as gasoline and jet fuel. Seven of the pipelines are interstate. In addition, there are numerous small gas pipeline systems called "master meters," which are typically distribution systems owned by residential complexes, such as apartment buildings, and commercial complexes where the gas is resold to tenants.

The WUTC currently regulates intrastate pipelines, while the federal Office of Pipeline Safety (OPS) regulates interstate pipelines. Since 2003, the WUTC has been the lead inspector of all interstate pipelines in the state, certified by OPS to make inspections based on federal regulations.

Pipeline Safety Act of 2000: Passed in response to a tragic pipeline accident in Bellingham, Washington, this state act originally assigned the WUTC to regulate gas pipelines and the Department of Ecology to eventually regulate hazardous liquid pipelines. When the act was codified, the sections dealing with gas and hazardous liquids were placed in two separate RCW chapters. The definitions in the act, which were designed to apply to the entire act, were codified only in the chapter for hazardous liquid pipelines.

In 2001, the Legislature assigned the WUTC to regulate both gas and hazardous liquid pipelines. However, the definitions in the 2000 act were kept in the chapter for hazardous liquid pipelines, while the WUTC enforcement provisions for gas pipelines were kept in the chapter that regulates utility companies. This split authority has created numerous regulatory hurdles for WUTC. For example, different definitions of "gas pipeline company" and "gas company" in two different RCW chapters effectively means the WUTC must apply different levels of penalties depending on whether an intrastate pipeline operates as a public utility or a private company.

The Pipeline Safety Improvement Act of 2002: This federal act applies to interstate and some intrastate pipeline facilities which transport gas or hazardous liquids. The federal law has spawned numerous federal regulations, which the state must track in its laws if the WUTC is to maintain its federal certification to inspect interstate pipelines and to enforce state standards on intrastate pipelines.

One condition of federal certification, for example, is that state penalty provisions must be consistent with federal penalty provisions. Under current state law, the WUTC may levy a civil penalty of \$25,000 per violation up to a maximum \$500,000 for a series of violations. The current federal penalty is \$100,000 per violation up to \$1 million for a series of violations.

Another example of inconsistent state and federal rules concerns master meters. Federal regulations apply to all master meters, while state law only grants the WUTC jurisdiction over privately owned natural gas master meters and natural gas master meters owned by cities and towns.

Summary: Penalty provisions for pipeline safety violations are changed, allowing the WUTC to match federal penalty limits by rule.

WUTC jurisdiction is extended to all publicly-owned "master meters" and to all "gas" pipelines, consistent with federal definitions. Among other things, this latter change will allow the WUTC to regulate propane

master meter systems without requiring rate regulation of such systems.

The definitions applying to gas and hazardous liquid pipelines are consolidated into one chapter. Terms are redefined and new terms are created as consistent with federal law. Obsolete references and definitions are removed.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 48 | 0 |
| House | 98 | 0 |

Effective: July 22, 2007

SSB 5227

C 376 L 07

Increasing the penalty for animal abandonment.

By Senate Committee on Judiciary (originally sponsored by Senators Tom, Kline, Carrell, Rasmussen, Stevens, Shin, Roach, McAuliffe, Weinstein, Jacobsen, Kohl-Welles and Kilmer).

Senate Committee on Judiciary
House Committee on Judiciary

Background: Animal abandonment is included within the general crime of animal cruelty in the second degree. There is currently no definition provided in statute for the word abandonment. Animal cruelty in the second degree is currently a misdemeanor offense punishable by up to 90 days in jail and a \$1,000 fine. Proponents of the bill feel that it is necessary to differentiate between two areas in the crime of animal cruelty in the second degree; those of neglect versus abandonment.

Summary: The crime of second-degree animal cruelty, if committed by an owner who abandons the animal, is a gross misdemeanor offense. If the abandonment results in bodily harm to the animal or creates an imminent and substantial risk of substantial bodily harm to the animal, the affirmative defense of economic distress does not apply to second degree animal cruelty when committed by abandoning the animal.

"Abandons" is defined as the knowing or reckless desertion of an animal by its owner or the causing of the animal to be abandoned by its owner, in any place, without making provision for the animal's adequate care.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 47 | 1 | |
| House | 98 | 0 | (House amended) |
| Senate | 47 | 1 | (Senate concurred) |

Effective: July 22, 2007

SSB 5228

C 66 L 07

Revising provisions concerning actions under the consumer protection act.

By Senate Committee on Judiciary (originally sponsored by Senators Kline, McCaslin and Weinstein; by request of Attorney General).

Senate Committee on Judiciary
House Committee on Judiciary

Background: Under the state's Unfair Business Practices - Consumer Protection Act (CPA), various business practices are declared unlawful. These practices include engaging in monopoly, and the restraint of trade or competition.

The Attorney General may bring an action to restrain a person from violating the CPA. An action by the Attorney General may seek to prevent violations of the act and may seek relief for persons injured by violation of the CPA. As a result of a federal court ruling, a question has arisen as to whether the Attorney General is authorized to bring an action for a CPA violation on behalf of persons who are "indirect purchasers" of goods or services. An example of an indirect purchaser might be the ultimate consumer of a product that was bought from a retailer who bought from a producer who violated the act. The retailer would be the direct purchaser, and the consumer would be the indirect purchaser of the product.

Many states have enacted laws that allow an indirect purchaser to bring a suit directly, while others allow such suits only when brought by the Attorney General on behalf of the indirect purchasers. Washington has not enacted either type of law. However, based in part on the state court of appeals decision in *Blewett v. Abbott Laboratories*, 86 Wn. App 782 (1997), the state Attorney General has brought suits on behalf of indirect purchasers under the common law doctrine of *parens patriae*, which permits the state (literally as "parent of the country") to bring legal actions on behalf of individuals in order to protect them from harm. The Attorney General reports, however, that in at least one multi-state case, a federal judge has rejected the Attorney General's attempts to sue on behalf of indirect purchasers.

Summary: The Attorney General is given explicit authority to bring *parens patriae* actions under the CPA on behalf of persons residing in the state. In cases in which the Attorney General has brought an action under the CPA for antitrust violations, the court is authorized to order restoration for an injured party regardless of whether the injury was the result of a direct or indirect purchase of goods or services. The ability of the state itself to sue for damages under the CPA is expressly made applicable to cases in which the state is indirectly injured by a violation of the act's antitrust provisions.

Courts are required to: (1) exclude from the amount of monetary relief awarded in antitrust actions brought by the Attorney General any amount already awarded for the same violation; and (2) consider consolidating or coordinating related actions to avoid duplicate recovery.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 2 |
| House | 95 | 0 |

Effective: April 17, 2007

SSB 5231

C 31 L 07

Revising provisions relating to water-sewer districts.

By Senate Committee on Government Operations & Elections (originally sponsored by Senators Berkey, Roach, Fairley, Pridemore and Shin).

Senate Committee on Government Operations & Elections

House Committee on Local Government

Background: Water-sewer districts are limited purpose local governments with the authority to purchase, construct, maintain, and supply waterworks to furnish water and operate sewer systems.

Water-sewer districts are authorized to increase their territory through annexation processes. There are two primary methods of annexation available to water-sewer districts: a petition/election method and a petition method. The petition/election method involves an initial petition submitted to voters in the district, approval by the district commissioners and county legislative authority, and a special election. The petition method involves submission of a petition by property owners in the district, a public hearing on the petition, and adoption of a resolution to effectuate the annexation.

Counties and the state can move the location of utility facilities where reasonably necessary in order to construct, alter, or improve a road or highway. The costs associated with moving the utility's facilities are generally borne by the utility.

Sewer facilities operated by water-sewer districts may include facilities which result in sewage disposal or treatment and the generation of electricity. The electricity is characterized as a byproduct of sewage treatment and can be used by the district or sold.

A district may lease out real property which it owns if the property is not immediately necessary for district purposes. The term of any such lease may not exceed 25 years.

Summary: A number of provisions relating to water sewer districts are created or amended as follows:

Annexation: As an alternative to the petition/election and petition methods of annexation, a district that acquires water and/or sewer facilities from a city may

enter into an agreement whereby the district will seek to annex territory within that city. The annexation must be accomplished according to the following procedures:

- District commissioners must adopt a resolution calling for the annexation to be voted on by the voters in the territory to be annexed to the district.
- The resolution must be filed with the county legislative authority.
- The county legislative authority must have a public hearing on the resolution. Following the final hearing, the county legislative authority may adjust the proposed boundary lines, provided the adjustment does not include territory located outside of the territory originally described for annexation in the resolution.
- If the county authority finds that the annexation is conducive to public health, welfare, and convenience, and will be of special benefit to the land included within the boundaries of the proposed annexation, then a special election must be held on the annexation.
- Qualified voters residing within the territory proposed for annexation must vote on the annexation, and if a majority of the votes cast are for annexation, the territory must be deemed annexed to the district.

City and County Construction Consultation: Cities and counties must consult with public utilities operating water-sewer systems during the predesign phase of construction projects that involve relocation of sewer and/or water facilities.

Executive and Legislative Reporting Requirements: A state association of water/wastewater districts is removed from the coverage of a statute requiring associations of municipal corporations to submit biennial reports to the Governor and Legislature regarding changes which would affect the efficiency of the municipal corporations.

Methane: Water-sewer districts may include facilities which result in methane gas generation as a byproduct of the sewer system. Methane gas may be sold or distributed to any entity authorized by law to distribute methane gas. Methane gas is deemed a byproduct when the generation of methane gas is subordinate to the primary purpose of sewage disposal or treatment.

Water/Sewer District Leases: The maximum term for district leases of unused property is increased from 25 to 50 years.

Votes on Final Passage:

Senate 49 0
House 97 0

Effective: July 22, 2007

SSB 5236

C 247 L 07

Concerning the management of public lands.

By Senate Committee on Natural Resources, Ocean & Recreation (originally sponsored by Senators Parlette, Fraser and Rockefeller).

Senate Committee on Natural Resources, Ocean & Recreation

House Committee on Agriculture & Natural Resources

Background: The Interagency Committee for Outdoor Recreation (IAC) submitted a report to the Legislature in 2005. The report fulfilled the IAC's responsibilities under an act passed in 2004 that requires, among other things, that the IAC propose recommendations to the Legislature for a statewide strategy for coordination of land acquisitions by state agencies.

Summary: The habitat and recreation lands coordinating group (Group) is created. The Group must include representatives from the IAC, the State Parks and Recreation Commission, the Department of Natural Resources and the Department of Fish and Wildlife. Representatives of appropriate stakeholder organizations and local government must also be considered for participation in the Group, and invited to participate by the Director of the IAC.

The Group must address nine specific tasks that implement the recommendations of the 2005 report. The tasks focus on agency land acquisition and disposal plans and policies to ensure statewide coordination of habitat and recreation land acquisitions and disposals. The direction of the tasks is toward achieving best practices for inclusion, transparency, coordination, cost savings and communication. The Director of the IAC must submit yearly progress reports to the Office of Financial Management.

The Group must consider two options for centralizing coordination of habitat and recreation land acquisition made with federal funds.

The Group's authority expires in 2012, with a recommendation to the Legislature required prior to expiration for improvements to the enabling legislation.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 46 | 0 | |
| House | 96 | 1 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5242

C 92 L 07

Establishing an internship program for wounded combat veterans.

By Senate Committee on Transportation (originally sponsored by Senators Hobbs, Hewitt, Haugen, Kastama, Fairley, Shin, Kline, Clements, Kohl-Welles, Keiser, Tom, Brandland, Murray, Roach, Spanel, Kauffman, Rockefeller, Regala, Jacobsen, McAuliffe, Berkey, Carrell, Sheldon, Kilmer, Rasmussen, Holmquist and Honeyford).

Senate Committee on Transportation
House Committee on Transportation

Background: Veterans returning from combat may face challenges finding employment and transitioning military skills into civilian careers. The Virginia Department of Transportation (VDOT) has recently implemented a program to assist with this transition. VDOT's Wounded Veteran Internship Program is designed to provide veterans with full-time temporary positions that match their military skills, or teach them new skills. VDOT's program is able to take advantage of the similarity between transportation jobs that require skills common to military personnel, such as mapping, planning, procurement, and quality control. Positions are for six months to two years and may result in permanent placement with VDOT or other businesses that work with VDOT.

Summary: The Washington State Department of Transportation (WSDOT) must establish an internship program for returning wounded combat veterans. Positions may include, but are not limited to, engineering, construction trades, logistics, and project planning. The emphasis of the program should be to assist veterans who served in southern or central Asia (Operation Enduring Freedom) and the Persian Gulf (Operation Iraqi Freedom). WSDOT may adopt rules to implement this program.

Placement of veterans as apprentices under existing apprenticeship programs is encouraged.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

SSB 5243

C 203 L 07

Increasing the length of confinement for a parole violation committed by certain juvenile sex offenders.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Brandland, Hargrove, McAuliffe, Stevens, Rasmussen, Shin and Roach; by request of Department of Social and Health Services).

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

Background: After a juvenile offender is released from the custody of the Juvenile Rehabilitation Administration (JRA), the Secretary of the Department of Social and Health Services (DSHS) may require that juvenile to comply with a program of parole in his or her community. The period of the juvenile's parole can last for up to 18 months, unless the juvenile has committed certain sex offenses, in which case the parole can last for up to 24 months, or unless the Secretary of the DSHS finds that an additional period of parole is necessary for reasons of public safety or to meet the needs of the juvenile, in which case parole may last for up to 36 months.

If the juvenile violates the conditions of his or her parole, the Secretary of the DSHS has a number of options, including increasing the juvenile's reporting obligations, imposing additional conditions of supervision, or imposing a period of confinement up to 30 days. If the juvenile was committed to the JRA for the commission of certain sex offenses and later violates his or her conditions of parole, the Secretary of the DSHS may return the juvenile to confinement for the remainder of his or her sentencing range.

Summary: Under certain circumstances, a juvenile confined for committing a "sex offense," as defined by RCW 9A.44.130, who violates parole, may be returned to confinement by the Secretary of the DSHS for a period of up to 24 weeks, not to exceed the remainder of his or her disposition. Confinement beyond 30 days for a youth's parole violation is intended only when other graduated sanctions or interventions have not been effective or the behavior is so egregious that it warrants the use of more intensive intervention and the violation meets certain criteria, such as fitting a known pattern of behavior consistent with a previous sex offense that puts the youth at high risk to re-offend sexually.

The total number of days of confinement for parole violations must not exceed the maximum sentence imposed by the disposition in the case, and multiple parole violations occurring before the revocation hearing cannot be stacked as consecutive 24-week terms of confinement.

The DSHS is authorized to engage in rule-making to implement this subsection.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 48 | 0 | |
| House | 96 | 0 | (House amended) |
| Senate | 48 | 0 | (Senate concurred) |

Effective: October 1, 2007

SSB 5244

C 143 L 07

Implementing the deficit reduction act.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Hargrove, Stevens and Brandland; by request of Department of Social and Health Services).

Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means
House Committee on Judiciary
House Committee on Appropriations

Background: Federal law requires states to have a child support enforcement program that complies with federal requirements as a condition of receiving federal funds for child support enforcement and Temporary Aid to Needy Families (TANF) programs. The Deficit Reduction Act of 2005 (DRA) was passed by Congress and signed by President Bush on February 6, 2006. The new law includes provisions affecting Washington's child support program and TANF.

Mandatory Parental Fees: In providing child support services, states are required to impose an annual fee of \$25 on families who have never received TANF assistance and who have child support collections of at least \$500. States have four options in implementing this fee: (1) retain the fee from collected support; (2) charge the individual applying for services; (3) recover the fee from the absent parent; or (4) pay the fee out of state funds.

Assignment of Child Support Rights: As a condition of receiving TANF cash benefits, a family must assign its child support rights to the state. The child support assignment covers any child support that accrues while the family receives cash TANF benefits as well as any child support that accrued before the family started receiving TANF benefits. Assigned child support collections are not paid to families; rather, this revenue is kept by states and the federal government as partial reimbursement for welfare benefits. The date of the assignment (pre- or post-1997) determines whether child support arrearages that accrued prior to when the family started receiving TANF benefits is "permanently assigned" to the state or "temporarily assigned" only during the time period the family is receiving TANF.

Under the DRA, only child support that accrues while the family receives TANF benefits is assigned to

the state effective October 1, 2009. States have the option of implementing this provision anytime between October 1, 2008, and October 1, 2009.

Pass-Through of Child Support: While a family receives TANF cash benefits, the state and federal government retain any current support and any assigned arrearages collected up to the cumulative amount of TANF benefits that has been paid to the family. While the state has been authorized to pay its share of collections to the family, it was still required to pay the federal government its share of child support collections. Therefore, any pass-through amount to the family was required to be financed completely from state funds.

DRA allows the state to pass-through child support collections to the family up to \$100 per month or \$200 per month for a family with two or more children and does not require the state to pay the federal government the federal share of those payments effective October 1, 2008. The state must disregard the child support collection paid to the family in determining the family's cash TANF benefit.

Medical Support: Since 1984, federal law has required states to petition for inclusion of health care coverage in a child support order when the coverage is available through the noncustodial parent's employment. In 1996, provisions were amended to require all child support orders (whether initiated by the child support program or by a private party) to contain a provision addressing health care coverage.

DRA and associated federal regulations require all new and modified child support orders to include a provision requiring either or both parents to provide medical support and require the state to pursue enforcement of these provisions against either or both of them. The definition of medical support is also expanded to include health coverage, premiums, co-pays or the payment of non-covered medical expenses. The expanded definition contemplates that if health care coverage is not available, each parent will, nonetheless, be contributing to the medical support of the child.

In Washington, any support order being enforced by the Department of Social and Health Services (DSHS) must require the obligated parent to provide health care coverage if it is available through the parent's employment or union and the cost does not exceed 25 percent of the obligated parent's basic child support obligation. If the obligated parent fails to provide coverage as ordered, the department may require the parent's employer to enroll the child in the parent's health insurance plan.

Deductibles, co-pays, and uninsured medical expenses are presumed to be included in the basic child support obligation and must be paid by the custodial parent up to 5 percent of the basic child support amount. Amounts in excess of 5 percent must be paid by both parents in proportion to their relative incomes.

Summary: DSHS is required to charge a custodial parent receiving child support services a \$25 annual fee after \$500 has been collected and when the family has never received TANF. The fee is to be retained from support collected on behalf of the individual.

Effective October 1, 2008, families receiving TANF are only required to assign child support owed to them during the months they receive TANF.

Effective October 1, 2008, DSHS is required to pass-through to TANF families up to \$100 per month in collected child support for one child and up to \$200 per month in child support for two or more children.

As part of a child support order, either or both parents must be ordered to provide health insurance coverage for the child. Health insurance coverage for the child may be enforced against either or both parents.

Medical support enforced against a parent may include co-pays, deductibles, and uninsured medical expenses paid on behalf of a child. DSHS may reduce the amount of medical expenses due from the obligated parent to a fixed dollar amount by providing the parents with a notice of the amount due and giving both parents an opportunity to object.

In several sections of the bill, DSHS is given rule-making authority to enact rules consistent with federal law, including the Deficit Reduction Act of 2005.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 93 | 5 |

Effective: July 22, 2007

SB 5247
C 95 L 07

Modifying provisions relating to superior court judicial positions.

By Senators Spanel and Haugen; by request of Board For Judicial Administration.

Senate Committee on Judiciary
House Committee on Judiciary
House Committee on Appropriations

Background: The Legislature sets by statute the number of superior court judges in each county. The state and the counties share the costs of the superior courts. Benefits and one-half of the salary of a superior court judge are paid by the state. The other half of the judge's salary and all other costs associated with a judicial position, such as capital and support staff costs, are borne by the county. There are currently two superior court judges in the counties of San Juan and Island jointly.

Periodically, the Administrative Office of the Courts (AOC) does a workload analysis of the superior courts to determine if additional judicial positions are needed.

Summary: In the county of San Juan, there is one superior court judge and, in the county of Island, there are two judges of the superior court. The additional judicial position created by this act becomes effective only if: (1) the legislative authority of San Juan county documents its approval of the additional position and its agreement to pay the expenses of the position out of county funds, without reimbursement from the state; and (2) the legislative authority of Island county documents its approval and its agreement to pay, out of county funds, the expenses of the two judicial positions currently serving San Juan and Island counties jointly, without reimbursement from the state.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 42 | 0 |
| House | 94 | 1 |

Effective: July 22, 2007

SSB 5248
C 353 L 07

Preserving the viability of agricultural lands.

By Senate Committee on Agriculture & Rural Economic Development (originally sponsored by Senators Hatfield, Schoesler, Rasmussen, Morton, Honeyford, Haugen, Shin and Holmquist).

Senate Committee on Agriculture & Rural Economic Development
House Committee on Local Government

Background: The Growth Management Act (GMA) was enacted in 1990. Local jurisdictions that are required, or choose to plan, are to adopt development regulations.

Generally, agricultural lands are either designated as "agricultural lands of long-term commercial significance" or as "rural" lands. Agricultural lands of long-term commercial significance are those that are not already characterized by urban growth and have long-term significance for the commercial production of food or other agricultural products. With a few exceptions, such as the one acre accessory use provision enacted in 2006, conversion of this category of agricultural land to non-agricultural uses is not allowed. The restrictions on the conversion of agricultural lands in areas zoned as rural are less and depend on the local ordinance.

The GMA requires local jurisdictions to protect critical areas. Local governments have adopted critical area ordinances and are required to update these based on a schedule. In 1995, counties and cities were required to include best available science in designating and protecting critical areas. In 2003, the Department of Ecology and the Department of Fish and Wildlife developed a version of "best available science" which has not been adopted as a rule nor been subject to public hearings.

The result is that local governments are proposing larger buffers than previously existed which is meeting with resistance from local landowners.

In 2002, provisions were added to the Shoreline Management Act that specified that the contents of guidelines adopted by the Department of Ecology and master plans adopted by local governments may not require modification of, or limit agricultural activities on, agricultural land. However, they must include provisions addressing new agricultural activities on land not meeting the definition of agricultural activities, conversion of agricultural land to other uses, and development not meeting the definition of agricultural activities.

Summary: Counties and cities may not amend or adopt critical areas ordinances (CAOs) as they specifically apply to agricultural activities until July 1, 2010. This does not limit obligations of a county or city to comply with requirements pertaining to critical areas not associated with agricultural activities nor limit the ability of a county or city to adopt or employ voluntary measures or programs to protect or enhance critical areas associated with agricultural activities.

Counties and cities subject to deferral requirements should implement voluntary programs to enhance public resources and the viability of agriculture, and must include measures to evaluate their success. By December 1, 2011, counties and cities subject to deferral are to review and revise CAOs to comply with the requirements of this chapter.

Subject to the availability of funds, the Ruckelshaus Center (Center) is directed to commence, by July 1, 2007, a two-phase examination of the conflicts between agricultural activities and CAOs. The first phase is to conduct fact-finding and stakeholder discussions, and the second phase is to facilitate discussions to identify policy and financial options or opportunities to address issues and desired outcomes. The stakeholders must examine innovative solutions that include outcome-based approaches that incorporate, to the maximum extent practicable, voluntary programs or approaches. Additionally, stakeholders must examine ways to modify statutory provisions to ensure that regulatory constraints on agricultural activities are used as a last resort if the desired outcomes are not achieved through voluntary programs or approaches.

The Center is to issue two reports of its fact-finding efforts and stakeholder discussions to the Governor and the appropriate legislative committees by December 1, 2007, and December 1, 2008. A report on the second phase including findings and legislative recommendations is to be issued to the Governor and to the Legislature by September 1, 2009.

The Center is to work to achieve agreement among participating stakeholders and to develop a coalition that can be used to support agreed upon changes or new

approaches to protecting critical areas during the 2010 Legislative Session.

The act expires on December 1, 2011.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 32 | 17 | |
| House | 82 | 15 | (House amended) |
| Senate | 45 | 2 | (Senate concurred) |

Effective: May 8, 2007

SSB 5250

C 96 L 07

Regarding the transfer of motor vehicle ownership.

By Senate Committee on Transportation (originally sponsored by Senators Swecker, Haugen, Kilmer, Kline, Rockefeller and Shin).

Senate Committee on Transportation

House Committee on Transportation

Background: When selling a vehicle that has a lien on it, the lien must be removed and the certificate of ownership reissued before the registered owner can release his interest.

Summary: When selling a vehicle that has a lien on it, the financial institution's and the registered owner's interest may be released at the same time. The Department of Licensing (DOL) is required to provide instructions on the release of interest forms regarding the appropriate process.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 48 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

ESB 5251

C 75 L 07

Establishing the term of existence of a collective bargaining agreement.

By Senators Kohl-Welles, Clements, Hobbs, Parlette, Pridemore and Hatfield.

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: The Public Employees' Collective Bargaining Act (PECBA) covers employees of cities, counties, municipal corporations, and other political subdivisions of the state for purposes of bargaining wages and working conditions.

Various other public employees also bargain under the PECBA, including: Washington State Patrol officers and other specified "uniformed personnel;" classified

employees at school districts and technical colleges; teaching assistants at the University of Washington; individual providers; and family child care providers.

Under the PECBA, the employer and exclusive bargaining representative must negotiate in good faith and execute a written agreement over specified mandatory subjects of bargaining. A collective bargaining agreement is not valid if it provides for a term of more than three years.

Summary: Under the PECBA, the maximum allowable term for collective bargaining agreements between cities, counties, municipal corporations, and school districts and their respective employees is increased from three to six years.

Votes on Final Passage:

Senate 47 0
House 70 26

Effective: July 22, 2007

SB 5253
C 11 L 07

Creating a list of and decal for veteran-owned businesses.

By Senators Kilmer, Swecker, Hobbs, Shin, Kohl-Welles, Regala, Marr, Hatfield, Murray, Weinstein, Rockefeller, Keiser, Sheldon, McAuliffe, Clements, Kauffman, Franklin, Eide, Jacobsen, Rasmussen and Honeyford.

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: The Washington Department of Veterans Affairs (Department) provides a range of services to the state's 670,000 veterans and their families. The Department provides benefits counseling to help veterans access assistance programs available to them, including education assistance and low-interest home loans. The Department also operates three veterans homes.

Summary: The Department is directed to create and maintain a list of veteran-owned businesses and to post the list on the Department's public web site. The Department must distribute decals to list-members that identify their businesses as veteran-owned.

To be eligible, a business must be at least 51 percent owned and controlled by a veteran as defined in RCW 41.04.007. Businesses may apply to the Department to be included on the list.

Votes on Final Passage:

Senate 48 0
House 94 0

Effective: July 22, 2007

SB 5258
C 144 L 07

Concerning members of the Washington council for the prevention of child abuse and neglect.

By Senators Regala, Stevens and Shin.

Senate Committee on Human Services & Corrections
House Committee on Early Learning & Children's Services

Background: The Legislature established the Washington Council on the Prevention of Child Abuse and Neglect (Council) in 1982. The Council comprises 14 members who are charged with contracting with organizations or individuals for the establishment of programs designed to reduce the occurrence of child abuse and neglect and promote good parenting skills. Members include designees of the Secretary of the Department of Social and Health Services, the Superintendent of Public Instruction, and the Secretary of the Department of Health, as well as other persons selected for their interest and expertise in the prevention of child abuse. Four legislative members serve as ex officio members of the Council.

Summary: The Director of the Department of Early Learning, or the Director's designee, is added to the Council.

Votes on Final Passage:

Senate 48 0
House 98 0

Effective: July 22, 2007

SB 5259
C 145 L 07

Modifying provisions governing the sale of unneeded park land.

By Senators Jacobsen and Morton; by request of Parks and Recreation Commission.

Senate Committee on Natural Resources, Ocean & Recreation

House Committee on Agriculture & Natural Resources

Background: The State Parks and Recreation Commission (Commission) is authorized to dispose of land under its control whenever the Commission finds that such land cannot advantageously be used for park purposes.

Specific procedures are mandated where the Commission seeks to dispose of property by deed to a local government or other entity, to dispose of school or granted lands, or to dispose of lands acquired under restrictive conveyances limiting their use to park purposes. All other lands may be either sold to the highest bidder or exchanged for other lands of equal value.

The Commission is only authorized to sell land through a sealed bid process. Such bids must be solicited at least 20 days in advance of the sale. Solicitation must occur by advertisement, at least once a week for two consecutive weeks, in a newspaper of general circulation in the county in which the land to be sold is located.

Summary: The bill authorizes the State Parks and Recreation Commission to sell property using sealed bids, electronic bids, and oral bids at auction.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 46 | 0 |
| House | 94 | 0 |

Effective: July 22, 2007

SSB 5263
C 32 L 07

Modifying medical malpractice closed claim reporting requirements.

By Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Franklin, Hobbs, Berkey and Hatfield; by request of Insurance Commissioner).

Senate Committee on Financial Institutions & Insurance
House Committee on Insurance, Financial Services & Consumer Protection

Background: Risk retention groups (RRGs) were created by the federal Liability Risk Retention Act of 1986. RRGs are captive insurance companies, owned by their members, to provide third-party liability coverage such as medical malpractice insurance. Other examples are professional liability, errors and omissions, and directors and officers insurance.

RRGs must be chartered and licensed as liability insurance companies under the laws of one of the 50 states. This includes a feasibility study approved by the chartering state. Washington law, when implementing the federal law, requires that every policy RRG issues state, in large type, that RRGs may not be subject to all of the insurance laws and regulations of the state. RRGs are not allowed to join or contribute to any insurance insolvency guaranty fund. Once state-chartered and licensed, they may conduct interstate operations.

In 2006, a comprehensive Health Care Liability Reform Act was enacted in Washington. It imposes reporting requirements for closed medical malpractice claims beginning January 1, 2008. The information required from the insuring entities is that which helps the insurance commissioner monitor losses and claim development patterns in the medical malpractice insurance market. The insuring entities required to report include RRGs. Reported information is protected and exempt from public disclosure.

If a claim is not covered by insurance, the health care provider or facility named in the malpractice claim must make the report to the insurance commissioner. RRGs may not make this report on behalf of their insured clients because their clients are insured and an RRG may interpret the law such that federal law preempts this state requirement.

Summary: When a medical malpractice claim is not reported by the insuring entity, the health care provider or facility named in the malpractice claim must make the required reporting to the insurance commissioner. This captures reporting of the closed claim when that claim is insured by an RRG and when the insuring entity is an unauthorized insurer asserting some other legal reason why it is not required to report to the insurance commissioner.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

SB 5264
C 33 L 07

Authorizing the transportation commission to name or rename state transportation facilities.

By Senators Haugen and Swecker; by request of Transportation Commission.

Senate Committee on Transportation
House Committee on Transportation

Background: Historically, the Washington Transportation Commission (Commission) has named various transportation facilities throughout the state. Typically, the Legislature, through a joint memorial, will submit a request to the Commission that a particular facility be named after an individual who has had some significant impact on the state transportation system. However, no specific legal authority exists in statute allowing the Commission to name transportation facilities.

Summary: The Commission may name or rename state transportation facilities, such as state highways, bridges, rest areas, and roadside viewpoints. The Washington State Department of Transportation, state and local governmental entities, citizen organizations, and any person may initiate the naming or renaming process. The requesting entity or person must provide sufficient evidence, as determined by the Commission, indicating community support and acceptance of the proposal.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 45 | 4 |
| House | 95 | 2 |

Effective: July 22, 2007

ESSB 5269

C 319 L 07

Establishing the first peoples' language, culture, and oral tribal traditions teacher certification program.

By Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators McAuliffe, Delvin, Kauffman, Roach, Franklin, Rasmussen, Kohl-Welles, Sheldon, Marr, Murray, Oemig, Jacobsen, Rockefeller, Shin and Kilmer).

Senate Committee on Early Learning & K-12 Education House Committee on State Government & Tribal Affairs

Background: In 2003, the Washington State Board of Education (SBE) adopted a rule establishing a three-year First Peoples' Language/Culture Certification pilot program. SBE's stated purpose for establishing the program included contributing to the preservation, recovery, revitalization, and promotion of First Peoples' languages and providing the opportunity for tribal children to learn and share their language at a public school.

In 2005, the Legislature passed legislation transferring authority for educator preparation and certification from SBE to the Professional Educator Standards Board (PESB). The First Peoples' Language/Culture Certification pilot program was to conclude at the end of the 2005-06 school year. However, in May 2006, the PESB provided a one-year extension of the First Peoples' Language/Culture Certification pilot program. At the January 2007 meeting of PESB, PESB voted to make the pilot program a permanent program.

To date, 11 tribal governments have participated in the pilot program. Twenty First Peoples' Language/Culture teacher certificates were awarded addressing eight different tribal languages.

Summary: The First Peoples' language, culture, and oral tribal traditions teacher certification program is established in statute. The act may be known as the "First Peoples' language/culture teacher certification act: Honoring our ancestors."

PESB will adopt rules to implement the program in collaboration with sovereign tribal governments that choose to participate. Participating tribal governments may certify individuals who meet the tribe's criteria. The tribal law enforcement agencies and the Washington State Patrol (WSP) will enter into government-to-government negotiations regarding the exchange of background information on applicants for certification. The tribal government will submit information necessary for the issuance of a state teaching certificate to the Office of the Superintendent of Public Instruction (OSPI). OSPI must conduct a background check through the WSP and the Federal Bureau of Investigation before awarding a state certificate. The individual must be certified by both the tribal government and OSPI. The certificated individuals may only teach First Peoples' language and

culture, and no other subjects (unless the individual has a state teaching certificate and an endorsement in another subject).

Individuals with this certification meet the definition of a "highly qualified teacher" of the federal No Child Left Behind act when teaching First Peoples' language and culture, subject to approval by the federal Department of Education. Teaching certificates awarded under the pilot language/culture program remain valid. Schools and school districts are encouraged to contract with tribal governments for approved in-service training or continuing education training in First Peoples' languages and cultures.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 48 | 0 | |
| House | 70 | 24 | (House amended) |
| Senate | 32 | 15 | (Senate concurred) |

Effective: July 22, 2007

SB 5272

PARTIAL VETO

C 515 L 07

Modifying the administration of fuel taxes.

By Senators Haugen and Sheldon; by request of Department of Licensing.

Senate Committee on Transportation House Committee on Transportation

Background: Washington's fuel tax statutes declare that motor vehicle and special fuel taxes are imposed on the end user. Statute also directs fuel taxes be collected at the time the fuel is removed from the terminal rack, with those in the chain of distribution above the retailer being allowed certain credits and required to keep records showing the tax has been passed down the distribution chain. However, retailers are not allowed those same credits, and are not required to pass on the tax to the consumer, or required to show receipts indicating the tax has been paid. Also, there is no enforcement at the user level for motor vehicle fuels to determine if the tax was paid by the end user.

Under federal law, absent explicit Congressional authorization, states are prohibited from imposing taxes on a tribe or its members for sales made on tribal lands. On January 4, 2006, the U.S. District Court for the Western District of Washington entered an order in favor of two plaintiff tribes, the Squaxin and Swinomish, declaring that the legal incidence of Washington's motor vehicle fuel tax is on the retailer. The order states that Washington's motor vehicle fuel taxes may not be applied to motor vehicle fuels delivered to, received by, or sold by any retail fuel station that is owned by a tribe, tribal enterprise, or tribal member and located on tribal lands. Because the court found that the Squaxin and

Swinomish meet the above criteria, the court entered an injunction against the collection of Washington's motor vehicle fuel taxes for fuels delivered to, received by, or sold by the plaintiffs' retail stations.

In June 2006, the Department of Licensing (DOL) and the two plaintiff tribes signed short-term intergovernmental agreements that are structured so the tribes charge their customers a fuel tax equivalent to the state motor vehicle fuel tax, with the tribes receiving 75 percent of the tax revenue collected and the state receiving 25 percent.

Summary: Current statutory language declaring that motor vehicle and special fuel taxes are imposed on the end user are eliminated from state motor vehicle and special fuel tax statutes. References to retailers, as well as refunds and credits available to, or tax liability of, licensed fuel distributors are also removed. Amendatory language is included to define licensees as fuel suppliers, importers, exporters, blenders, distributors, or international fuel tax agreement (IFTA) license holders; and explicitly states that the incidence of taxation be borne exclusively by all these licensees except fuel distributors.

New sections are added to the motor fuel and special fuel tax chapters authorizing the Governor (or the Department of Licensing as their designee) to enter into fuel tax compact agreements with federally recognized tribes operating or licensing retail stations on reservation or trust lands. Existing state/tribal fuel tax agreements are unaffected by the legislation. Any future compact agreement requires the tribal entity to: (1) acquire fuel only from lawful entities; (2) spend fuel tax proceeds, or equivalent amounts, only on transportation planning, construction, and maintenance of roads, bridges, boat ramps, transit services and facilities, police services, and other highway-related purposes; and (3) allow for audits or other means of ensuring compliance to certify the number of gallons of fuel purchased for resale by the tribe and the use of fuel tax proceeds. Information from the tribal entity provided to the state is deemed personal information and exempt from public inspection or copying. DOL is required to prepare and submit an annual report to the Legislature on the status of existing compact agreements and ongoing negotiations with the tribes. New sections are also added to the motor fuel and special fuel tax chapters requiring tribal licensees and retailers to pass the tax through to end users as part of the selling price.

Various administrative changes are also addressed including: (1) moving the racing fuel exemption from the special fuels to the motor fuels chapter; (2) inserting IFTA provisions; and (3) moving compliance language to more appropriate subsections of the two fuel tax chapters.

Votes on Final Passage:

| | | | |
|--------|----|----|----------------------------|
| Senate | 34 | 14 | |
| House | 83 | 11 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 88 | 10 | (House amended) |
| Senate | 33 | 2 | (Senate concurred) |

Effective: May 15, 2007

Partial Veto Summary: The Governor's section veto retains the handling loss allowance currently available to fuel distributors.

VETO MESSAGE ON SB 5272

May 15, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Section 7, Senate Bill 5272 entitled:

"AN ACT Relating to the administration of fuel taxes."

This bill eliminates current statutory language from state motor vehicle and special fuel tax statutes declaring that motor vehicle and special fuel taxes are imposed on the end user. It also authorizes the Governor, or the gubernatorial designee, to enter into fuel tax compact agreements with federally recognized tribes operating or licensing retail stations on reservations or trust lands.

Section 7 of the bill limits the handling loss for fuel to licensed suppliers and licensed importers. Without Section 7, fuel distributors retain the handling loss that had been available to them prior to the passage of this legislation. The handling loss allowance is provided as an offset for evaporation and shrinkage that occurs in the transfer of fuel from the terminal racks to fuel tank trucks.

For these reasons, I have vetoed Section 7 of Senate Bill 5272. With the exception of Section 7, Senate Bill 5272 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SB 5273

C 97 L 07

Modifying motorcycle driver's license endorsement and education provisions.

By Senators Swecker, Murray and Keiser; by request of Department of Licensing, Washington Traffic Safety Commission and Washington State Patrol.

Senate Committee on Transportation
House Committee on Transportation

Background: When applying for a special endorsement for a motorcycle, there is a \$5 application fee which goes to the Highway Safety Account.

Washington residents under age 18 are required to take a driver training class in order to obtain a driver's license, except under very limited circumstances.

Courses may be offered at both high schools and commercial driver training schools. The Superintendent of Public Instruction sets the basic course requirements for traffic safety education courses offered in high schools. The Driver's Instructors' Advisory Committee is required to create a basic minimum curriculum for courses offered at commercial driver training schools. Both the Superintendent and the Advisory Committee are required to include, among other things, information in driver education courses on the effects of alcohol and drug use on motor vehicle operators, the proper use of the left hand lane, and information on motorcycle awareness. The information on motorcycle awareness must be approved by the Motorcycle Safety Foundation.

In 1982, legislation passed requiring the Department of Licensing (DOL) 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. DOL may waive all or a portion of the motorcycle endorsement examination for people who satisfactorily complete the motorcycle operator training and education program. Persons taking the motorcycle safety education class offered by DOL must pay no more than \$100 and persons under the age of 18 must pay no more than \$50.

Summary: The \$5 special endorsement fee is directed to the Motorcycle Safety Education Account.

The information on motorcycle awareness required to be provided in driver training courses must be approved by the Department of Licensing Director, rather than the Motorcycle Safety Foundation.

The requirement that the DOL motorcycle safety education class encourage the use of radio- or intercom-equipped helmets is removed.

The maximum fee that may be charged to persons taking the motorcycle safety education class is increased to \$125.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 48 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

SSB 5288
C 407 L 07

Requiring cyberbullying to be included in school district harassment prevention policies.

By Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators Kohl-Welles, Murray, McAuliffe, Weinstein, Shin and Rasmussen).

Senate Committee on Early Learning & K-12 Education
House Committee on Education

Background: In 2002, anti-bullying legislation was passed by the Washington Legislature. As a result,

school districts are required to adopt their own policy prohibiting the harassment, intimidation, or bullying of any student. Under current law, the definition of "harassment, intimidation, or bullying" includes written, verbal, or physical acts, and the act must have a negative impact on the student or the educational environment.

Summary: The Washington State School Directors' Association (WSSDA) and the Office of the Superintendent of Public Instruction (OSPI) must convene an advisory committee to develop a model policy prohibiting acts of harassment, intimidation, or bullying conducted via electronic means by a student while on school grounds during the school day. The policy must include a requirement that information be given to parents or made available via the district's web site regarding the seriousness of cyberbullying. The advisory committee must also develop sample materials, which include information on safe internet use and the options available if a student is being bullied via electronic means, for school districts to disseminate to parents.

WSSDA must submit the model policy, the sample materials, and a recommendation for local adoption to the Governor and the Legislature and post the information on its web site by January 1, 2008. Each school board must have its own policy by August 1, 2008. The terms "electronic" and "electronic means" are defined.

Votes on Final Passage:

| | | | |
|--------|----|----|----------------------------|
| Senate | 42 | 6 | |
| House | 70 | 26 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 75 | 20 | (House amended) |
| Senate | 40 | 8 | (Senate concurred) |

Effective: July 22, 2007

ESSB 5290
C 282 L 07

Establishing industrial insurance medical and chiropractic advisory committees.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Keiser, Kohl-Welles and Clements; by request of Department of Labor & Industries).

Senate Committee on Labor, Commerce, Research & Development
House Committee on Commerce & Labor

Background: The Department of Labor and Industries (L&I) Medical Director's staff periodically gather evidence and information about emerging medical techniques and devices that might be helpful for injured workers. After this review, the Medical Director decides whether or not a technique or device will be paid through the worker's compensation system for an injured worker.

WAC 296-20-01001 requires the Washington State Medical Association to appoint an advisory and utilization review committee to assist the Medical Director in making the above decisions and advise L&I regarding policies affecting medical care and rehabilitation, quality control and supervision of medical care, and the establishment of rules. The committee is to meet monthly and L&I can reimburse members for each meeting. This group has disbanded because L&I cannot sufficiently reimburse the members for their time on this committee.

WAC 296-20-100 requires the Director of L&I to appoint a chiropractic advisory committee to advise L&I on policies affecting chiropractic care, quality assurance, clinical management of cases, utilization review and the establishment of rules. The committee is to meet on a monthly basis and L&I may reimburse the members for travel and incidental expenses.

Summary: L&I must establish two separate advisory committees: the Industrial Insurance Medical Advisory Committee and the Industrial Insurance Chiropractic Advisory Committee.

Industrial Insurance Medical Advisory Committee (MAC): The MAC is to advise L&I on matters related to providing safe, effective and cost-effective treatments for injured workers. These matters can include the development of practice guidelines and coverage criteria, review of coverage decisions and technology assessments, review of medical programs, and review of rules pertaining to health care issues. The MAC may also provide peer-review and advise and assist L&I in resolving controversies, disputes, and problems between L&I and medical care providers. In advising L&I, MAC must consider the best available scientific evidence and the expert opinion of the MAC members.

MAC is comprised of up to 14 members appointed by the L&I Director. In making the appointments, the L&I Director must select 12 members from the nominations received from statewide clinical groups, specialties, and associations. At least two members must be physicians recognized for their expertise in evidence-based medicine. The Director may choose up to two additional members, not necessarily from the nominations submitted, who are experts in occupational medicine. The MAC must choose its chair from among its members. No member of MAC can be an L&I employee.

The Worker's Compensation Advisory Committee (WCAC) may ask the MAC to consider specific medical issues that have arisen multiple times in WCAC meetings. The MAC is not required to act on the request. The Chair and Ranking Minority Member of the House Commerce & Labor Committee or the Senate Labor, Commerce, Research & Development Committee may request a report from MAC on a medical issue related to workers' compensation and provide a report to the legislative committees on the request. The MAC is not required to respond.

Industrial Insurance Chiropractic Advisory Committee (CAC): The CAC is to advise L&I on matters related to providing safe, effective, and cost-effective chiropractic treatments for injured workers. The CAC may also provide peer-review and advise and assist L&I in resolving controversies, disputes, and problems between L&I and chiropractic care providers.

The CAC is comprised of nine members appointed by the L&I Director. The Director must consider nominations from recognized statewide chiropractic groups such as the Washington State Chiropractic Association. At least two members must be chiropractors recognized for their expertise in evidence-based practice or occupational health. The CAC must choose its chair from among its members. No member of CAC can be a current L&I employee.

The Chair and Ranking Minority Member of the House Commerce & Labor Committee or the Chair and Ranking Minority Member of the Senate Labor, Commerce, Research & Development Committee may ask the CAC to review a medical issue related to industrial insurance and provide a report to the legislative committees. The CAC is not required to act on the request.

Provisions Applicable to Both Committees: MAC and CAC members are immune from liability for official acts performed in good faith for the committees and may be compensated for their participation on the committees pursuant to a personal services contract entered into between the member and L&I.

MAC and CAC members must disclose all potential financial conflicts of interest. As a condition of appointment, each member must agree to abide by the terms and conditions regarding conflicts of interest as determined by the L&I Director.

The L&I Director must determine when and how often the committees will meet. MAC and CAC meetings are subject to the Open Public Meetings Act.

As necessary, MAC and CAC must coordinate with the State Health Technology Assessment Program and the State Prescription Drug Program. Decisions of these two programs hold greater weight than decisions by either MAC or CAC.

L&I will staff both committees.

L&I and the MAC and CAC committees are to report to the Legislature on specific items by June 30, 2011, including whether the committees in their current configuration should continue.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 49 | 0 | |
| House | 97 | 0 | (House amended) |
| Senate | 47 | 0 | (Senate concurred) |

Effective: July 22, 2007

ESSB 5292

C 98 L 07

Requiring the licensing of physical therapist assistants.

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Fairley, Roach, Kohl-Welles, Keiser and Parlette).

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

Background: Physical therapists are licensed by the State of Washington to examine, evaluate, and test individuals with mechanical, physiological, and functional impairments. They are licensed to use a variety of therapeutic interventions to alleviate these impairments. Some examples are the design of therapeutic exercise, massage, or training relating to posture or movement. Physical therapists must pass an exam administered by the State Board of Physical Therapy in order to receive a license.

Current law defines a physical therapist assistant as a person who has successfully completed a board of physical therapy approved physical therapist assistant program. A physical therapist assistant is not required to be licensed.

Summary: A physical therapy assistant is defined as one who performs physical therapy procedures and tasks delegated by a supervising physical therapist. A physical therapy assistant must be of good moral character, have successfully completed a board-approved physical therapist assistant program, and pass a board-approved physical therapist assistant examination in order to be licensed.

The State Board of Physical Therapy must include a licensed physical therapist assistant as a member. Provisions are made for licensure of those physical therapist assistants who are licensed in another state if the qualification for the applicant were substantially equal to qualifications under this chapter. Provisions are made for license renewal, inactive status, use of the title "physical therapist assistant," and exemption from licensure.

A new section is added that clarifies that insurers are not required to contract with physical therapist assistants; the requirements that health carriers permit every category of provider do not apply to physical therapist assistants. A definition is provided for indirect supervision. The word "assistive" replaces "supportive." Instead of taking effect 90 days after session, Section 2 takes effect December 1, 2008, and the remainder of the bill takes effect July 1, 2008.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 44 | 3 |
| House | 94 | 1 |

Effective: July 1, 2008

December 01, 2008 (Section 2)

ESSB 5297

C 265 L 07

Regarding providing medically and scientifically accurate sexual health education in schools.

By Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators Haugen, Tom, Prentice, Keiser, Pridemore, Murray, Regala, Fraser, Kilmer, Rockefeller, McAuliffe, Shin, Weinstein, Kline, Marr, Kohl-Welles and Oemig).

Senate Committee on Early Learning & K-12 Education
House Committee on Health Care & Wellness
House Committee on Appropriations

Background: By statute, public schools must stress the minimum requisites for good health, including methods to prevent exposure to and transmission of sexually transmitted diseases. Beginning in the fifth grade, public schools must annually teach about the life-threatening dangers of acquired immunodeficiency syndrome (AIDS) and its prevention. However, under the State Board of Education rules, local school boards may decide whether or not to have sex education or human sexuality courses in their districts and to permit parents to excuse their children from such classes.

The No Child Left Behind Act of 2001 permits the use of federal funds to provide sex education or HIV prevention education in schools as long as the instruction is age appropriate and the health benefits of abstinence are part of the curriculum.

In January 2005, the Washington State Department of Health (DOH) and the Office of the Superintendent of Public Instruction (OSPI) released Guidelines for Sexual Health Information and Disease Prevention. The purpose of the guidelines is to describe effective sex education and its outcomes; provide a tool for evaluating programs, curricula, or policies; enhance and strengthen sex education programs; and educate organizations involved in educating youth.

Summary: By September 1, 2008, every public school that offers sexual health education must assure that it is medically and scientifically accurate; age appropriate; appropriate for students regardless of gender, race, disability status, or sexual orientation; and includes information about abstinence; however, abstinence may not be taught to the exclusion of instruction on other methods of preventing unintended pregnancy and sexually transmitted disease prevention. A school may use outside speakers or curriculum to teach units within a sexual health program as long as they are in compliance with this act. "Medically and scientifically accurate" is defined. Sexual health education must be consistent with the Guidelines for Sexual Health Information and Disease Prevention (Guidelines). OSPI and DOH must make the Guidelines and any model policies or curricula

related to sexual health education available on their web sites.

The Superintendent of Public Instruction (SPI), in consultation with DOH, must develop a list of sexual health education curricula, consistent with the Guidelines, to serve as resources for schools, teachers, or other organizations. The list must be updated annually and posted on the agencies' web sites. Public schools are encouraged to review their sexual health curricula and choose from the list, or they may choose or develop other curriculum if it complies with the requirements of this legislation.

Any parent or guardian may have his or her child excused from planned instruction in sexual health education by filing a written request with the school board or principal. In addition, any parent may review the sexual health curriculum offered by filing a written request with the school board or the principal.

OSPI, through an existing reporting mechanism, must ask public schools to identify any curricula used to provide sexual health education and report the results to the Legislature biennially, beginning with the 2008-09 school year. The requirement to report harassment, intimidation or bullying under RCW 28A.600.480 applies to this bill.

This act may be known as the "Healthy Youth Act."

Votes on Final Passage:

Senate 30 19
House 63 34

Effective: July 22, 2007

ESSB 5311
C 484 L 07

Creating the budget stabilization account.

By Senate Committee on Ways & Means (originally sponsored by Senators Brown, Zarelli, Prentice, Marr, Tom, McAuliffe and Kilmer; by request of Governor Gregoire).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Initiative 601, adopted by the voters in 1993, established by statute a state General Fund expenditure limit and created the Emergency Reserve Fund. The Emergency Reserve Fund receives all state General Fund revenues in excess of the state expenditure limit. Appropriations may be made from the Emergency Reserve Fund only by a two-thirds vote of the Legislature.

"General state revenues" is defined in the state Constitution as being all state revenues that are not dedicated to a particular purpose. Thus, general state revenues consist of all revenues to the state General Fund, with the

exception of property tax revenues, which are dedicated to the common school system.

Summary: Legislation is adopted to implement 2007 Senate Joint Resolution 8206, amending the state Constitution to establish a Budget Stabilization Account.

The Budget Stabilization Account is established, subject to appropriation. Each fiscal year, 1 percent of general state revenues are deposited to the Budget Stabilization Account.

The Budget Stabilization Account is managed and invested by the State Investment Board. Net investment earnings are retained by the account.

Employment forecasts and revenue estimates for the Budget Stabilization Account are made by the Economic and Revenue Forecast Council.

Transfers to, and expenditures from, the Budget Stabilization Account do not affect the state expenditure limit.

The Emergency Reserve Fund is abolished.

Votes on Final Passage:

Senate 48 0
House 75 22

Effective: May 15, 2007 (Section 1)
July 1, 2008 (Sections 2-8)

ESSB 5312
C 377 L 07

Addressing the issue of stolen metal property.

By Senate Committee on Judiciary (originally sponsored by Senators Tom, Holmquist, Kline, Roach, Kilmer, Marr, Sheldon, Morton, Pridemore, McCaslin, Berkey, Delvin, Shin, Rasmussen, Parlette and Stevens).

Senate Committee on Judiciary
House Committee on Public Safety & Emergency Preparedness

Background: Authorities have seen a substantial increase in the theft of scrap metal. Items such as catalytic converters on vehicles, cases from headstones and mausoleums, wire from construction sites, and manhole covers are stolen or damaged by thieves who remove scrap metal. In many cases, the scrap metal is melted down to facilitate its sale. Law enforcement has linked these thefts to those seeking money for drugs and other illegal activities.

It is currently a gross misdemeanor for any person to remove, alter, or obliterate a manufacturer's make, model, serial number, personal identification number, or identifying marks engraved upon an item of personal property. An item cannot be accepted for second-hand purchase where these markings have been removed, altered, or obliterated. It is a gross misdemeanor for a

person to knowingly make, cause, or allow any false entry or misstatement of material information to be entered into any book, record, or writing required to be kept by law. This applies to pawnbrokers and second-dealers, not necessarily to recyclers.

Unfortunately, these crimes are not being pursued because the current statutes do not provide law enforcement the tools they need to investigate. Furthermore, those involved in the business of recycling, as opposed to pawnbrokers or second-hand dealers, do not necessarily fit within chapter 19 involving pawnbrokers and second-hand dealers. Rather, one statute, RCW 19.91.110, refers to "metal buyers" but provides very little guidance or regulation. It merely states that it is unlawful for any person or business engaged in buying or obtaining new or used metals without maintaining a permanent record of the transaction. This does not include those purchases made by or from a manufacturer of such metals. The statute defines "metals" as copper, copper wire, copper cable, copper pipe, copper sheets and tubing, copper bus, aluminum wire, brass pipe, lead, electrolytic nickel, and zinc. It requires the permanent record of the transaction to contain: a general description of the property; the type and quantity or weight; the name, address, driver's license number, and signature of the seller or person making delivery; and a description of any motor vehicle and the license number used in the delivery of the metal. This record must be retained by the purchaser for at least one year. A violation of this section is punishable by up to a \$500 fine and up to six months in jail. There is no classification for this crime.

Summary: The term "recycler" is defined. Recyclers doing business in this state must produce an accurate and legible record of information pertaining to the parties and items involved in the transaction. The records must be open to inspection by law enforcement at all times during regular business hours and these records must be maintained for up to one year after the date of transaction.

Recyclers must require the party with whom a transaction is made to sign a declaration if the property involved is worth more than \$100.

Transactions involving metal property worth more than \$30 must be paid by nontransferable check no sooner than ten days after the transaction. Transactions involving metal property worth less than \$30 may be made in cash.

Once law enforcement notifies a recycler that they reasonably believe an item of metal property has been stolen, the recycler is required to hold that property for no more than ten business days from the date of notification.

It is a gross misdemeanor for any person to: (1) remove or alter a make, model, or serial number, personal identification number, or identifying marks engraved or etched upon metal property purchased or

received in pledge; (2) accept for purchase any metal property where someone has removed or altered a make, model, or serial number, personal identification number, or identifying marks have been engraved or etched; (3) knowingly make or allow for a false entry to be made in any record required to be kept under this chapter; (4) receive metal property from someone under the age of 18 or under the influence of intoxicating liquor or drugs; (5) receive metal property from someone who is known to the recycler to have been convicted of burglary, robbery, theft, or possession of receiving stolen property, manufacturing, delivering, or possessing with intent to deliver methamphetamine, or possession of ephedrine or any of its salts or isomers or salts of isomers, pseudoephedrine or any of its salts or isomers or salts of isomers, or anhydrous ammonia with intent to manufacture methamphetamine within the past ten years, whether the person is acting in his or her own behalf or as the agent of another; (6) sign the declaration required knowing that the metal property is stolen; (7) possess metal property not lawfully purchased or received; or (8) engage in a series of transaction valued at less than \$30 with the same seller to avoid record keeping requirements.

Civil penalties are imposed for violations not subject to the criminal penalties. The first violation carries a penalty of not more than \$1,000. Each subsequent violation, within a two year period, carries a fine of not more than \$2,000.

The provisions of this chapter do not apply to: motor vehicle dealers; vehicle wreckers or hulk haulers; automotive repair businesses; and those in the business of buying or selling empty food and beverage containers; including metal food and beverage containers, or non-metal junk.

Votes on Final Passage:

| | | | |
|--------|----|---|----------------------------|
| Senate | 48 | 0 | |
| House | 94 | 0 | (House amended) |
| Senate | | | (Senate refused to concur) |

Conference Committee

| | | |
|--------|----|---|
| House | 98 | 0 |
| Senate | 46 | 0 |

Effective: July 22, 2007

SB 5313
PARTIAL VETO
C 87 L 07

Establishing the retirement age for members of the Washington state patrol retirement system.

By Senators Haugen, Schoesler, Kilmer, Hatfield, Shin and Rasmussen.

Senate Committee on Ways & Means
Senate Committee on Transportation
House Committee on Appropriations

Background: Current law requires members of the Washington State Patrol Retirement System (WSPRS), other than a member serving as Chief of the Washington State Patrol, to retire as of the first day of the calendar month following the member's 60th birthday.

Summary: Beginning July 1, 2007, an active member of the WSPRS, other than a member serving as Chief of the Washington State Patrol, must retire as of the first day of the calendar month following the member's 65th birthday.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 95 | 0 |

Effective: July 22, 2007

Partial Veto Summary: The emergency clause is removed.

VETO MESSAGE ON SB 5313

April 18, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Section 2, Senate Bill No. 5313 entitled:

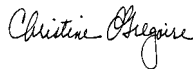
“AN ACT Relating to establishing the retirement age for members of the Washington state patrol retirement system.”

This bill will help the Washington State Patrol retain its experienced troopers. When the bill was moving through the legislature, they were concerned that a trooper may turn 60 years old between July 1, 2007 the first day this bill could be effective, and the standard effective date, which is 90 days after a bill is signed into law. The Washington State Patrol has since determined that no troopers will turn 60 years old during this period of time, and that no trooper will face the mandatory retirement age prior to the effective date of this bill. The emergency clause is therefore unnecessary.

For these reasons, I have vetoed Section 2 of Senate Bill No. 5313.

With the exception of Sections 2, Senate Bill No. 5313 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SSB 5315

C 252 L 07

Regarding access to property during a forest fire.

By Senate Committee on Natural Resources, Ocean & Recreation (originally sponsored by Senators Schoesler, Rasmussen, Holmquist, Sheldon, Honeyford, Stevens, Clements, Morton, Delvin, Hatfield, Kilmer, Shin and Roach).

Senate Committee on Natural Resources, Ocean & Recreation

House Committee on Agriculture & Natural Resources

Background: The Legislature has designated the Department of Natural Resources (DNR) as the state's manager for the purposes of forest fire prevention and suppression activities. In this role, DNR must take charge of and supervise all matters pertaining to the forest fire service of the state.

By statute, the primary fire-related mission of DNR is, first, to save lives and, second, to protect forest resources and suppress forest fires. DNR must focus on forest fire protection and suppression, allowing rural fire districts and municipal fire departments to protect structures and fight structural fires. In exercising its fire protection and suppression responsibilities, DNR carries out duties owed to the public in general and not to any individual person or class of persons.

The Department of Transportation, Washington State Patrol, and county and city governments each have the authority to close specified types of roads where vehicle travel will damage the road or be dangerous to traffic.

Summary: The Washington Association of Sheriffs and Police Chiefs must convene a model policy work group to develop a model policy regarding residents, landowners, and others in lawful possession and control of land in the state during a forest fire or wildfire. The model policy must be designed, first and foremost, to protect life and safety. The model policy must also include guidance on allowing access to lands, when safe and appropriate, during a forest fire or wildfire.

Each county sheriff may, until the model policy is developed and implemented in the county, establish and maintain a registry of persons authorized to access their land during a forest fire or wildfire. Upon request, the sheriff must include in the registry persons who demonstrate ownership of agriculture or forest land and who possess equipment that may be used for fire prevention or suppression activities. Persons included in the registry must be allowed to access their property to conduct fire prevention or suppression activities despite a road closure.

Federal, state, and local agencies are provided immunity when facilitating access under these provisions. Private landowners are provided immunity for

injuries or loss suffered by persons entering upon, or passing through, their land under these provisions.

Votes on Final Passage:

Senate 46 0
House 98 0 (House amended)
Senate 49 0 (Senate concurred)

Effective: July 22, 2007

ESSB 5317
C 415 L 07

Creating additional safeguards for child care.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Kohl-Welles, Brandland, Hargrove, Stevens, Regala and McAuliffe).

Senate Committee on Human Services & Corrections
House Committee on Early Learning & Children's Services

Background: The Department of Early Learning (DEL) investigates the conviction record and pending charges of day-care providers and their staff as part of its licensing function. Most of these criminal history checks are performed by running the name and date of birth of a person through the criminal history database maintained by the Washington State Patrol (WSP). However, if a person will have unsupervised access to children and has not been a resident of the state of Washington during the three-year period before the criminal history check, then that person is subject to a fingerprint check through the WSP and the Federal Bureau of Investigation. The day-care provider must pay for the criminal history check.

The DEL must also determine whether a particular day-care provider (or person associated with a provider who is expected to be directly responsible for the care of children) has the appropriate character, suitability, and competence to work with very young children. The DEL checks records concerning allegations of child abuse and neglect against providers and their staff. No unfounded allegations of abuse or neglect may be disclosed to a provider.

Summary: The DEL and a child care provider must notify parents at the first opportunity, but in all cases within 48 hours, of any report of sexual misconduct or abuse by any employee of the provider.

When determining a person is of appropriate character, suitability, and competence to provide child care services, the DEL is authorized to consider certain child abuse and neglect history information or criminal history information.

Rather than requiring the DEL to disclose information about complaints upon request, as under current law, information must be posted on a web site or in a physical location that is easily accessible by parents and potential employers.

Licensed day care centers must provide proof of insurance to the DEL. Family day care providers must provide proof of insurance or meet certain requirements for informing parents of their insurance status.

Votes on Final Passage:

Senate 47 0
House 98 0 (House amended)
Senate (Senate refused to concur)
House 97 0 (House amended)
Senate 49 0 (Senate concurred)

Effective: July 22, 2007

SSB 5320
PARTIAL VETO
C 364 L 07

Creating an office of public guardianship within the administrative office of the courts.

By Senate Committee on Judiciary (originally sponsored by Senators Franklin, McCaslin, Kline, Stevens, Prentice, Parlette, Regala, Hargrove, Rasmussen, Murray, Jacobsen, Hewitt, Keiser and Roach).

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

Background: Guardianship is a legal process through which a guardian is given the power to make decisions for a person who is determined to be "incapacitated" and therefore unable to exercise his or her rights or provide for his or her basic needs without the help of a guardian. 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. A guardian of an incapacitated person's estate is responsible for managing the person's property and finances. A guardian of the person is responsible for assessing and meeting the person's physical, mental, and emotional needs. The court may also establish a limited guardianship for persons who need protection or assistance because of an incapacity, but who are capable of managing some of their affairs.

Any adult person residing in Washington may serve as a guardian unless the person is of unsound mind, has been convicted of a crime of moral turpitude, or is found unsuitable by the court. Often the court will appoint a family member or close family friend to serve as a guardian. If there are no suitable family members or friends who are able or willing to serve as the guardian, the court may appoint a professional guardian.

Professional guardians must be certified by the Certified Professional Guardian Board (Board) and must meet certain education, experience, and training requirements established by the Board.

The Elder Law Section of the Washington State Bar Association formed a Public Guardianship Task Force to develop recommendations on the issue of residents who need the help of a guardian but are unable to pay for the guardian's services. The Task Force estimated that there are approximately 4,500 people in Washington who are in need of, but lack, guardianship services because they have neither volunteers able to provide those services nor the resources to pay for them. The Task Force recommended that the Legislature establish an Office of Public Guardianship to address this need.

Summary: An office of public guardianship (Office) is created within the Administrative Office of the Courts. The Supreme Court is directed to appoint a public guardianship administrator to establish and administer a public guardianship program within the Office.

The Office will contract with public or private entities or individuals to provide public guardianship services to people age 18 or older whose income does not exceed 200 percent of the federal poverty level or who are receiving long-term care through the Department of Social and Health Services. The administrator and Office are prohibited from acting as public guardian or limited guardian for any individual.

The initial implementation of the public guardianship services are on a pilot basis in at least two geographical areas, one that is urban and one that is rural. Eligibility criteria must be adopted by the Office to enable it to serve people with the greatest need when it is unable to provide public guardianship services to all persons determined by a court to need a public guardian. The courts are directed to waive court costs and filing fees in any proceeding in which an incapacitated person is receiving public guardianship services under this act.

Minimum standards of practice for public guardians must be adopted by the Office and any public guardian providing services must be certified by the Certified Professional Guardian Board. The Office must develop a monitoring system for the performance of public guardians, including making in-home visits to randomly-selected public guardianship clients, and must adopt a process for receiving, considering, investigating, and responding to complaints.

A public guardian is required to visit each incapacitated person the guardian is serving at least once a month in order to be eligible for compensation from the Office. In addition, an entity providing professional guardianship services may not be compensated for services if the entity is serving more than 20 incapacitated persons per certified professional guardian. The Office may not petition for appointment of a public guardian for any person. Public guardianship providers must annually certify

that, for each person they serve, they have reviewed the need for continued public guardianship services and evaluated whether it is appropriate to limit, modify, or terminate the guardian's authority. In any cases where termination or modification appears warranted, they are required to certify that the court has been asked for such a modification or termination.

The Office is required to issue an annual report of its activities, track and report cost savings to the Legislature and Governor every two years, and contract with the Institute for Public Policy for a study to analyze costs and savings to the state from the public guardianship program.

A Public Guardianship Advisory Committee is created to review the activities of the Office and the performance of the Public Guardianship Administrator. The Advisory Committee will make recommendations on issues relating to the provision of public guardianship services.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 44 | 0 | |
| House | 98 | 0 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: July 22, 2007

Partial Veto Summary: The section creating a Public Guardianship Advisory Committee is removed.

VETO MESSAGE ON SSB 5320

May 8, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Section 5, Substitute Senate Bill 5320 entitled:

“AN ACT Relating to creating an office of public guardianship as an independent agency of the judiciary.”

I am a strong proponent of government management accountability and performance. To this extent, I believe we must be judicious in the creation of new boards and commissions. This bill calls for the creation of a 17 member advisory committee to the new Office of Public Guardianship.

The creation of the Office of Public Guardianship does not necessitate creating a 17 member Advisory Committee. The Office is created within the Administrative Offices of the Courts and the director is selected by, and serves at the pleasure of, the Supreme Court. These entities are capable of providing adequate oversight of the Office and performing the duties outlined in the bill for the advisory committee.

For these reasons, I have vetoed Section 5 of Substitute Senate Bill 5320.

With the exception of Section 5, Substitute Senate Bill 5320 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SSB 5321

C 220 L 07

Addressing child welfare.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Carrell, Regala, Stevens, Schoesler, Clements and Rasmussen).

Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means
House Committee on Early Learning & Children's Services
House Committee on Appropriations

Background: The Department of Social & Health Services (DSHS) is required to investigate allegations of child abuse or neglect. Upon receipt of a report of child abuse or neglect, DSHS determines whether the report is credible. If the report is not credible, the report is "screened-out" and is not investigated.

If the report is credible, DSHS will conduct an investigation and make a determination as to whether the report is founded, unfounded, or inconclusive. A "founded" report of child abuse or neglect means that, based upon available information, it is more likely than not that child abuse or neglect did occur. Conversely, an "unfounded" report of child abuse or neglect means that, based on available information, it is more likely than not that child abuse or neglect did not occur. A report is determined to be "inconclusive" when DSHS has insufficient evidence to conclude that child abuse or neglect occurred.

Founded and inconclusive reports of child abuse and neglect may be considered by DSHS in licensing child care providers, considering employees by a licensed child care agency, or otherwise authorized by DSHS to care for children.

Current law requires DSHS to purge information related to unfounded referrals in files or reports of child abuse or neglect, over six years old, unless an additional report has been received in the intervening period. Unfounded reports may not be used in licensing and adoption decisions.

In 2006, the Legislature passed 2SHB 3115, which required DSHS to review its policies and make recommendations for improvements to its current practices including the terminology related to referrals and investigative findings, timelines for investigation of referrals and destruction of records related to those investigations, and the disclosure to foster parents of known behavioral issues of children placed in their care.

In response to this charge, DSHS has recommended definitions related to referrals and investigative findings, proposed changes to their practice to ensure information about a child's history is provided to a foster parent, and implementation of a discretionary review process for inconclusive findings of child abuse or neglect.

Summary: Screened-out, inconclusive, and founded reports of child abuse and neglect are defined, and the definition of an unfounded report is amended. A report of child abuse or neglect may no longer be designated as inconclusive. If there is insufficient evidence to determine that child abuse or neglect occurred, the report is unfounded. The definitions section is reorganized in alphabetical order.

DSHS must conduct an investigation of an alleged report of child abuse or neglect within 90 days. At the completion of an investigation, DSHS must make a finding that the report was founded or unfounded.

Time frames are established for the expungement of records, depending on the classification of the report. Records pertaining to an unfounded report of child abuse or neglect or a report designated as inconclusive prior to the effective date of this act must be destroyed within six years of completion of the investigation, unless a prior or subsequent founded report has been received regarding the child who is the subject of the report, a sibling or half-sibling of the child, or a parent, guardian, or legal custodian of the child. A screened-out report must be expunged within three years. An unfounded, screened-out, or inconclusive report of child abuse or neglect may not be disclosed to a child-placing agency, private adoption agency, or any other provider licensed by DSHS and may not be used to deny employment or a license to a foster parent.

A person who is the subject of a report of child abuse or neglect may seek relief from the court if the information is not expunged as required by law. If information is improperly disclosed, the court may award a penalty up to \$1,000.

The court is authorized in dependency fact-finding hearings to consider the history of past involvement with child protective services or law enforcement agencies for the purpose of establishing a pattern of conduct, behavior, or inaction with regard to the health, safety, or welfare of the child, or for the purpose of establishing that reasonable efforts have been made to prevent or eliminate the need for removing the child from the home.

DSHS must disclose information about a child to a foster parent including whether the child is a sexually reactive child, has high-risk behaviors, or is physically assaultive or physically aggressive. The terms sexually reactive child, high-risk behavior, and physically assaultive or aggressive are defined.

A foster parent may not be found to have abused or neglected a child or be denied a foster care license if the child was not within the reasonable control of the foster parent at the time of the incident or if prior known conduct of the child was not disclosed to the foster parent and the allegations arise from the child's conduct that is substantially similar to prior conduct of the child.

Votes on Final Passage:

Senate 43 0
 House 97 0 (House amended)
 Senate 46 0 (Senate concurred)

Effective: July 22, 2007

October 1, 2008 (Sections 1-3)

SB 5332

C 204 L 07

Creating a statewide automated victim information and notification system.

By Senators Roach, Prentice and Rasmussen.

Senate Committee on Human Services & Corrections
 Senate Committee on Ways & Means
 House Committee on Public Safety & Emergency Preparedness
 House Committee on Appropriations

Background: The Washington Association of Sheriffs and Police Chiefs (WASPC) implements and operates a statewide central booking and reporting system. The system contains the following:

- charging information;
- descriptive information regarding persons who are arrested, such as names, vital statistics, addresses, and photographs;
- information regarding the medical conditions and behavior problems of incarcerated individuals; and
- statistical data on jails and prisons in the state.

The system is part of the Washington Justice Information Network and is capable of communicating electronically with all criminal justice agencies located in Washington. Pierce, King, and Snohomish counties have implemented a local automated victim notification system. WASPC has applied for a federal grant to implement the victim notification technology.

Summary: WASPC must integrate a victim notification system into its electronic statewide central booking and reporting system. Crime victims may subscribe to the system and indicate whether they would like to receive notice by e-mail, telephone, or post.

The system must provide victims of crime, who have made a notification request, notification of the release, transfer, discharge, or escape of the person convicted in their case. The system would verify service of protective orders if requested by the victim. These provisions apply when the person convicted of a crime against a person who has requested notification is detained in any Washington State, county, or city jail or prison.

The system would also be required to provide notice of upcoming court hearings at which the victim may be present, such as parole or pardon hearings. A change in parole or probation status, a change in supervision status,

and a change in the offender's address are also information that is to be made available to the victims of crime. Victims of sex offenses would receive notification of updated profile information in the sex offender registry or non-compliance with the registry.

WASPC must provide 24-hour live operator assistance, the ability to register online or via an 800 number, and frequent updates to ensure the reliability of the posted information. Immunity from civil liability is provided for government officers and employees who release or fail to release information in error, so long as the release was without gross negligence. In order to facilitate technology improvements, the Department of Corrections is not required to provide information until January 10, 2010.

Votes on Final Passage:

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

Effective: July 22, 2007**SSB 5336**

C 156 L 07

Protecting individuals in domestic partnerships by granting certain rights and benefits.

By Senate Committee on Government Operations & Elections (originally sponsored by Senators Murray, Kohl-Welles, Fairley, Prentice, Regala, Oemig, Tom, Kline, Hobbs, Pridemore, Keiser, Berkey, Franklin, Brown, Weinstein, Rockefeller, Poulsen, Fraser, Jacobsen, Spanel and McAuliffe).

Senate Committee on Government Operations & Elections

House Committee on Judiciary

Background: A number of state laws provide automatic rights and powers to spouses. In the health care context, health care providers can secure informed consent for a patient who is not competent from the patient's spouse, and disclose information about a patient without the patient's authorization to immediate family members of the patient and other individuals with whom the patient is known to have a close personal relationship.

Upon dissolution or invalidation of a marriage, the designation of a spouse as the beneficiary for various nonprobate assets is automatically revoked. Similarly, when a person has granted his or her spouse power of attorney, that power is revoked upon dissolution, legal separation, or invalidation of the marriage.

Spouses have the authority to consent to autopsies and make anatomical gifts. Spouses enjoy protections regarding the title to cemetery plots and rights of interment. If an individual dies intestate, or without a will,

his or her spouse has certain inheritance rights and rights to administer the decedent's estate.

Same-sex domestic partners of public employees are eligible to participate in Public Employees Benefits Board (PEBB) insurance coverage. In order to qualify, same-sex domestic partners must meet PEBB eligibility rules and submit a declaration of same-sex domestic partnership.

Summary: The state domestic partnership registry is created in the Office of the Secretary of State (OSOS). The OSOS is directed to prepare separate forms for the declaration and the termination of a state registered domestic partnership. The forms must contain statements that registration and termination may affect property and inheritance rights and that rights conferred by registration may be superseded by a will, deed, or other instrument.

Individuals seeking to enter into a state registered domestic partnership must:

- share a common residence;
- be at least 18 years of age;
- not be married to, nor be in a state registered domestic partnership with, someone other than the person with whom they are entering into a domestic partnership;
- be capable of consenting to the partnership;
- not be nearer of kin than second cousins nor be a sibling, child, grandchild, aunt, uncle, niece, or nephew to the other person; and
- be members of the same sex, or one of the persons must be at least 62 years of age.

Domestic partnerships created by subdivisions of the state are not state registered domestic partnerships.

Registration: Declarations of state registered domestic partnerships are filed with the OSOS along with a filing fee as set by the OSOS to cover costs, provided the fee does not exceed fifty dollars. The declarations must be notarized and signed by both parties. The OSOS must provide a certificate of state registered domestic partnership to each party on the declaration, maintain a permanent record of each declaration, and submit a record of the declaration and certificate to the state registrar of vital statistics.

The OSOS is required to maintain a list of jurisdictions that have notified the OSOS that the jurisdiction is using the definition of domestic partnership created in the bill in order to provide benefits to its employees. The OSOS is required to post this list on the web page and send a copy of the list to partners along with the certificate of domestic partnership.

Termination: State registered domestic partnerships can be terminated by either party filing a notice of termination with the OSOS and paying the accompanying filing fee. The termination notice must be notarized and signed by at least one party. If the notice is not signed by both parties, the party seeking termination must file an

affidavit stating that the other party has been served notice of the termination, or that the other party could not be located after a reasonable effort including publication of the termination notice in a newspaper of general circulation in the county where the residence most recently shared by the partners is located. The effective date of the termination is 90 days after the date the notice was filed.

Partnerships are automatically terminated if either or both parties enter into a marriage that is recognized as valid in this state. The OSOS must provide a certificate of termination to each party, maintain a record of each termination, and submit a record of the certificate of termination to the state registrar of vital statistics.

Extension of Rights to Domestic Partners: Certain powers and rights granted to spouses are granted to domestic partners as follows:

- health care facility visitation rights;
- ability to grant informed consent for health care for a patient who is not competent;
- authority of health care providers to disclose information about a patient without the patient's authorization to the patient's state registered domestic partner;
- automatic revocation of the designation of a domestic partner as the beneficiary for nonprobate assets upon termination of the partnership;
- automatic revocation of power of attorney granted to domestic partner upon termination of the partnership;
- title and rights to cemetery plots and rights of interment;
- ability to authorize autopsies and request copies of autopsy reports and records;
- right to control the disposition of the remains of a deceased person;
- ability to consent to removal of human remains from a cemetery plot;
- ability to make anatomical gifts;
- inheritance rights when the domestic partner dies without a will;
- administration of an estate if the domestic partner died without a will or if the representative named in the will declined or was unable to serve;
- beneficiary rights in wrongful death actions; and
- ability to designate a partner's physician as the attorney-in-fact.

PEBB Benefits: A certificate of domestic partnership issued to a same sex couple by the OSOS fulfills eligibility requirements for the same sex partner of the public employee to receive benefits.

Information recorded on death certificates must include domestic partnership status and the surviving partner's information to the same extent that such information is recorded for marital status and the surviving spouse's information.

Votes on Final Passage:

Senate 28 19
House 63 35

Effective: July 22, 2007

ESSB 5339

C 476 L 07

Authorizing the acquisition and operation of tourism-related facilities by port districts.

By Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Kilmer, Kastama, Rockefeller and Rasmussen).

Senate Committee on Economic Development, Trade & Management

House Committee on Local Government

Background: Port districts may expend monies and conduct promotion of resources and facilities in the district or general area by advertising, publicizing, or otherwise distributing information to attract visitors and encourage tourist expansion.

Ports may: acquire land, property, leases, and easements; condemn property and exercise the power of eminent domain; develop lands for industrial and commercial purposes; impose taxes; and construct and maintain specified types of park and recreation facilities.

Summary: Port districts are authorized to acquire and operate tourism-related facilities either individually or in conjunction with any other municipality, port district, or person. The term "municipality" includes a port district.

Port districts are granted land use, bond issuance, and leasing authority related to the acquisition and operation of tourism-related facilities. A port district is not authorized to levy any lodging or special excise taxes related to its tourism-related activities.

Port districts may not use the new authority described above as the authority for the exercise of the power of eminent domain.

A port district and any municipality or other entity involved in a joint venture or project with a port district under certain statutory requirements must comply with prevailing wage law. Nothing in specified provisions should be interpreted as a legislative intent to expand the application of prevailing wage law.

Votes on Final Passage:

Senate 46 2
House 89 7 (House amended)
Senate (Senate refused to concur)
House (House refused to recede)

Conference Committee

House 83 14
Senate 46 1

Effective: July 22, 2007

SSB 5340

C 317 L 07

Defining disability in the Washington law against discrimination.

By Senate Committee on Judiciary (originally sponsored by Senators Kline, Swecker, Fairley, Kohl-Welles, Shin, Pridemore, McAuliffe, Regala, Murray, Spanel, Franklin, Rockefeller, Kauffman and Keiser).

Senate Committee on Judiciary

House Committee on Judiciary

Background: Washington's antidiscrimination law prohibits discrimination based on the presence of any sensory, mental, or physical disability. The "presence of any sensory, mental, or physical disability" is not defined by statute, but is defined in an administrative regulation to include a sensory, mental, or physical condition that is medically cognizable or diagnosable, exists as a record or history, or is perceived to exist, whether or not it actually exists. The regulation regards a condition as a "sensory, mental, or physical disability" if it is an abnormality and is a reason why the affected person suffered discrimination.

In *McClarty v. Totem Electric*, 157 Wn.2d 214, 137 P.2d 844 (2006), a majority of the Washington Supreme Court rejected this definition, and adopted the definition of "disability" as set forth in the federal Americans with Disabilities Act. The federal definition provides that a "disability" is a physical or mental impairment that substantially limits one or more major life activities, where a record of such impairment exists, or where the affected individual is regarded as having such impairment.

Summary: The Legislature finds that the *McClarty* decision failed to recognize that Washington's antidiscrimination law provides protections independent of federal law.

"Disability" is defined as a sensory, mental, or physical impairment that is medically cognizable or diagnosable, or exists as a record or history, or is perceived to exist, whether or not it actually exists. The "disability" exists whether it is temporary or permanent, common or uncommon, mitigated or unmitigated, or whether it limits the ability to work or engage in any other activity encompassed within Washington's anti-discrimination law. "Impairment" includes a physiological disorder, cosmetic disfigurement, anatomical loss affecting one or more of several specified body systems, and mental, developmental, traumatic, and psychological disorders.

For purposes of qualifying for reasonable accommodation in employment, the employee's impairment must be known by the employer, or be shown through an interactive process to exist in fact. The impairment must either have: (1) a substantially limiting effect upon the individual's ability to perform his or her job, to apply or be considered for a job, or to access equal benefits,

privileges, or terms of employment; or (2) the reasonable likelihood that engaging in job functions without accommodation would aggravate the impairment to the extent that it would create a substantially limiting effect. If the proposed basis for accommodation is the reasonable likelihood that without the accommodation the impairment would be aggravated, the employee must have notified the employer of the impairment. Also, medical documentation must establish this basis. A limitation is not substantial if it has only a trivial effect.

This act is retroactive, and applies to causes of action occurring before issuance of the *McClarty* decision on July 6, 2006, and to causes of action occurring on or after the effective date of this act.

Votes on Final Passage:

| | | | |
|--------|----|----|----------------------------|
| Senate | 42 | 6 | |
| House | 66 | 32 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 62 | 35 | (House amended) |
| Senate | 46 | 2 | (Senate concurred) |

Effective: July 22, 2007

SB 5351
C 34 L 07

Changing travel reimbursement provisions affecting judges of the court of appeals.

By Senators Kline and Spanel; by request of Court Of Appeals.

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

Background: The state Court of Appeals contains three divisions, each serving a defined geographic area of the state, headquartered in Seattle, Tacoma, and Spokane. Each of the divisions contains three distinct geographic districts, and a specific number of judges must be elected from each district. At the time of election, the judge must reside from that specific district and have lived there for at least a year.

Statute prevents Court of Appeals judges from receiving per diem or mileage for services performed at the judge's legal residence or the headquarters of the division of the court the judge serves.

Superior court judges serving a district comprising more than one county receive reimbursement for travel expenses in connection with business of the court. The travel includes going from the residence of the judge to the other county or counties in his or her district and the return trip.

District court judges, judges pro tempore, court commissioners, and district court employees receive reimbursement for reasonable traveling expenses when engaged in the business of the court.

A judge of the Court of Appeals or of the Superior Court serving as a judge pro tempore of the Supreme Court is entitled to receive reimbursement for travel required by the position.

Summary: Rules may be adopted by the Court of Appeals to provide reimbursement to a judge of the Court of Appeals for work-related travel expenses from the judge's customary residence to the division headquarters of the court and back. If the judge is elected from or residing in the county in which the division is headquartered, he or she is not eligible for reimbursement for work-related travel expenses.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

ESSB 5372
C 341 L 07

Creating the Puget Sound partnership.

By Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Rockefeller, Swecker, Poulsen, Marr, Keiser, Shin, Kline, McAuliffe, Fraser, Kilmer and Murray; by request of Governor Gregoire).

Senate Committee on Water, Energy & Telecommunications
Senate Committee on Ways & Means
House Committee on Select Committee on Puget Sound
House Committee on Appropriations

Background: The Legislature created the Puget Sound Action Team (PSAT) in 1996 to define, coordinate, and implement the state's agenda for restoring the environmental health of Puget Sound. PSAT develops a biennial work plan and budget, oversees research and monitoring programs, updates a Puget Sound management plan, and coordinates restoration efforts of government entities.

The Puget Sound Partnership (Partnership), a gubernatorial advisory body created in 2005, worked for a year to develop a new strategy to protect and restore the health of Puget Sound by the year 2020. Among other recommendations, the Partnership proposed creating a new, ongoing Puget Sound Partnership to actively manage that task.

Summary: A new state agency, the Puget Sound Partnership (Partnership), is created to oversee restoration of the environmental health of Puget Sound by the year 2020. PSAT is abolished and most of its authority is transferred to the Partnership. An emergency clause provides that the bill takes effect July 1, 2007.

Puget Sound is defined as Puget Sound and related inland marine waters, including all salt waters inside the international boundary and east of the junction of the

Pacific Ocean and Strait of Juan de Fuca, and rivers and streams draining to Puget Sound in Water Resource Inventory Areas 1-19 (which are set forth in administrative rules and encompass extensive upland areas in the Puget Sound basin).

The Partnership will include a Leadership Council (Council), an Executive Director, an Ecosystem Coordination Board (Board), and a Puget Sound Science Panel (Science Panel).

Leadership Council: The seven-member Council will lead the Partnership. Members will be appointed by the Governor to four-year terms with the advice and consent of the Washington State Senate, and will be compensated on a per diem basis and reimbursed for travel expenses. The Council's powers and duties will include:

- adopting and implementing an Action Agenda (see below); the Council must adopt the Action Agenda by September 1, 2008, revise it as needed, and biennially revise implementation strategies;
- allocating Puget Sound recovery funds and making grants;
- providing progress and other reports, including biennial budget requests (see Funding, below), the State of the Sound Report and a State Program Review (see Reports, Programs, Plans, and Audits, below);
- setting strategic priorities and benchmarks;
- adopting and applying Accountability measures (see Accountability, below), including performance measures and interagency agreements regarding expenditure of funds appropriated for implementing the Action Agenda (see Funding Conditions under Funding, below);
- appointing members of the Board and Science Panel (see below);
- contracting with individuals, corporations, and research institutions;
- promoting public awareness, education, and participation;
- creating a private nonprofit entity to assist in restoring Puget Sound;
- delineating regional Action Areas (see below);
- adopting a Strategic Science Program (see Reports, Programs, Plans, and Audits, below).
- providing a forum for conflict resolution and suggesting solutions (see Conflict Resolution, below); and
- acting as the new regional organization for Puget Sound salmon recovery.

Executive Director: The Executive Director will administer the Partnership, subject to Council guidance. He or she will be appointed by the Governor in consultation with the Council and serves at the pleasure of the Governor. The Executive Director's powers and duties will include:

- serving as a communication link between all levels of government, the private sector, tribes, nongovern-

mental organizations, the Council, the Board, and the Science Panel;

- employing a staff; the Partnership's professional staff are exempted from state civil service provisions;
- working with the Board to compile and assess ecosystem-scale management, restoration, and protection plans; and
- integrating and presenting proposed elements from watershed programs and ecosystem-level plans to the Council for inclusion in the Action Agenda.

Ecosystem Coordination Board: The 23-member Board will advise the Council on carrying out its responsibilities. The Board will include 14 members appointed by the Council: one representative from each of seven designated regional Action Areas (see below); two representatives of general business interests; two representatives of environmental interests; and one representative each of counties, cities, and port districts. The Board will also include three representatives of state agencies with Puget Sound environmental management responsibilities, one of whom will be the Commissioner of Public Lands. The Board will also include six members invited by the Governor: three representatives of Puget Sound tribes and three representatives of federal agencies. An additional four legislators, one representing each major caucus, will be appointed by the President of the Senate and the Speaker of the House of Representatives as legislative liaisons to the Board. Some members will be reimbursed for travel expenses. The Board's powers and duties will include:

- advising and assisting the Council in developing and implementing the Action Agenda;
- assisting participating entities in compiling local programs for inclusion in the Action Agenda;
- seeking public and private funding;
- assisting the Council in conducting public education activities;
- recruiting involvement of and communication and collaborative efforts among governmental and private-sector entities;
- compiling and assessing ecosystem-scale management projects and programs for inclusion in the Action Agenda; and
- identifying conflicts and disputes among projects and programs; the Board may convene agency managers to reconcile those conflicts.

Puget Sound Science Panel: The nine-member Science Panel will provide independent scientific advice to the Council. Members will be selected and appointed by the Council to four-year terms from 15 nominees submitted by the Washington Academy of Sciences. The Executive Director will designate a lead staff scientist to coordinate Science Panel actions and staff. Members will be reimbursed for travel expenses, and the Council may contract for their services. The Science Panel's powers and duties will include:

- assisting the Council, Board and Executive Director in developing, preparing, and revising the Action Agenda;
- developing and providing oversight of a process for soliciting, prioritizing and funding research and modeling projects;
- identifying environmental indicators and recommending benchmarks to meet Action Agenda goals;
- assisting the Partnership in developing an ecosystem-level Strategic Science Program (see Reports, Programs, Plans, and Audits, below);
- developing a Puget Sound Science Update and a Biennial Science Work Plan (see Reports, Programs, Plans, and Audits, below); and
- guiding implementation and coordination of a Puget Sound assessment and monitoring program.

Action Agenda: The Action Agenda will:

- be the comprehensive schedule of projects, programs, and other activities designed to achieve a healthy Puget Sound ecosystem;
- be developed in part upon existing watershed programs compiled by local groups in seven regional Action Areas (see below) delineated by the Council;
- be based upon several goals and objectives. Goals include achieving healthy and sustaining native species populations, an ecosystem supported by adequate groundwater and stream-flow levels, and fresh and marine waters safe for human uses and not harmful to native species. Objectives include protecting existing habitat and preventing further losses, restoring habitat, reducing toxics and nutrients, managing stormwater runoff, and protecting ecosystem biodiversity;
- be science-based, address all geographic areas of Puget Sound, describe problems, set measurable outcomes and benchmarks, identify and prioritize strategies and actions, identify responsible entities, and incorporate appropriate actions to carry out the Biennial Science Work Plan (see Reports, Programs, Plans, and Audits, below);
- incorporate, as appropriate, existing recovery plans;
- replace the existing Puget Sound management plan and the 2007-09 Puget Sound Biennial Plan, which will remain in effect until the Action Agenda is adopted; and
- be adopted by the Council by September 1, 2008, and revised as needed. The Council will biennially revise implementation strategies.

Action Areas: The Partnership will organize subregional work into seven geographic Action Areas. The Council will delineate these areas according to physical structure, water flows, and common issues and interests of participating entities.

The Executive Director will invite appropriate tribes, local governments, and watershed groups to convene to compile existing watershed programs relating to the

health of Puget Sound. Participants should work to identify applicable local plan elements, projects, and programs, together with estimated budgets, timelines, and proposed funding sources, suitable for adoption in the Action Agenda. This may include prioritizing plan elements, projects, and programs. The Partnership may provide assistance.

By July 1, 2008, the Executive Director will integrate and present proposed elements from watershed programs and ecosystem-level plans to the Council for consideration for inclusion in the Action Agenda.

Funding:

- *Biennial Budget Requests:* State agencies responsible for implementing Action Agenda elements must submit their implementation cost estimates to the Partnership by June 1 of each even-numbered year, and work with the Partnership in developing an Action Agenda biennial budget request. The Council will provide an Action Agenda biennial budget request to the Governor and Legislature by September 1 of every even-numbered year beginning in 2008. The budget request will identify funding by Action Agenda elements, by responsibilities among participating entities, and by Partnership administrative requirements. The initial request will include recommendations for projected funding needed through 2020 and identify potential funding methods and sources.
- *Puget Sound Recovery Account:* The Puget Sound Recovery Account is created, funds from which can only be spent after appropriation and used for protection and recovery of Puget Sound. Any funding made available directly to the Partnership from the Puget Sound Recovery Account, and used by the Partnership for loans, grants, or funding transfers to other entities, must be prioritized according to the Action Agenda.
- *Funding Conditions:* The Partnership must condition, with interagency agreements, any grants or funding transfers to other entities from the Puget Sound Recovery Account to ensure accountability in the expenditure of the funds and to ensure that the funds are used consistently with Action Agenda priorities. If the Partnership finds that provided funding was not used as instructed in an interagency agreement, it may suspend or further condition future funding to the recipient. The Partnership must require any entity receiving funds for implementing the Action Agenda to publicly disclose and account for expenditure of those funds. In addition, the Council must adopt measures to ensure that funds appropriated for implementing the Action Agenda, and identified by proviso in omnibus appropriations acts, are expended in a manner that will achieve intended results. The Council must establish performance measures and require reporting and tracking

of expended funds. The Council may also adopt interagency agreements regarding expenditure of those funds. Any entity receiving state funds to implement the Action Agenda must report biennially to the Council on progress in completing and implementing actions, and whether expected results have been achieved.

- *Grant and Loan Preferences and Prohibitions:* The Partnership will designate entities that consistently achieve outstanding progress in implementing the Action Agenda as Puget Sound Partners, and work with other state agencies to create grant and loan preferences for those entities. The Partnership will also work with other state agencies to establish grant and loan program criteria prohibiting funding to projects and activities that conflict with the Action Agenda. In prioritizing project funding requests, agencies administering state grant and loan programs must consider whether a project is referenced in the Action Agenda and give preferences to Puget Sound Partners over other entities eligible to be designated as Partners.

After January 1, 2010, certain projects may be funded only if they do not conflict with the Action Agenda. These requirements apply to:

- (1) the Public Works Board, with respect to public works projects;
- (2) the Department of Ecology, with respect to water pollution control facilities, toxics control funding, and projects funded from the water pollution control revolving fund;
- (3) the State Conservation Commission, with respect to projects to improve water quality and protect habitat;
- (4) the Interagency Committee for Outdoor Recreation, with respect to aquatic lands enhancement projects, and acquisition and development of critical habitat, natural areas, and urban wildlife habitat; and
- (5) the Salmon Recovery Funding Board, with respect to salmon habitat protection and restoration.

Accountability: The Council is accountable for achieving the Action Agenda. The Partnership will determine whether implementing entities are acting consistently with and achieving outcomes identified in the Action Agenda, and may hold management conferences with implementing entities to review and assess their performance. Where the Council identifies an inconsistency with the Action Agenda, it will offer assistance to remedy the inconsistency. Conference results will be included in the State of the Sound Report (see Reports, Programs, Plans, and Audits, below). The Council will publicly meet with noncomplying entities to develop corrective action. If substantial noncompliance continues, the Council may recommend to the Governor that noncomplying entities be ineligible for state financial assistance until noncompliance is remedied. Noncompliance will be included in the State of the Sound Report.

When a local government proposes to take an action inconsistent with the Action Agenda, it must inform the Council and identify reasons for taking the action.

Conflict Resolution: The Council will provide a forum for addressing and resolving problems, conflicts, or a substantial lack of progress. Where the parties and the Council are unable to resolve a conflict that significantly impairs implementation of the Action Agenda, the Council must provide its analysis and recommended resolution to the Governor, Legislature, and entities with authority to resolve the conflict. The Council will review statutes, rules, ordinances, or policies that conflict with or impede implementation of the Action Agenda and make recommendations to the Legislature, Governor, agency, local government, or other appropriate entity for addressing and resolving the conflict. The Council may make recommendations to the Governor and Legislature to address barriers it has identified to successful implementation of the Action Agenda.

Limitations on Authority: The Partnership does not have regulatory authority or authority to transfer responsibility for any state regulatory program unless specifically authorized by the Legislature. The Action Agenda may not create a legally enforceable duty to review or approve permits or adopt plans or regulations, and may not authorize adoption of rules creating a duty to do so. Legal authority of local governments is not altered, and legally enforceable duties upon local governments are not created.

Reports, Programs, Plans, and Audits:

- *State of the Sound Report:* The Council will produce a State of the Sound Report by November 1 of each odd-numbered year beginning in 2009. The report will assess participating entities' progress, actions inconsistent with the Action Agenda, Science Panel comments and findings, citizen concerns, funding expenditures to state agencies, and how future expenditures could better match Action Agenda priorities.
- *State Program Review:* By November 1, 2010, the Council will review state programs that fund facilities and activities contributing to Action Agenda implementation, and provide final recommended program changes to the Governor and Legislature. Recommendations may include proposed legislation, funding levels, changes in funding criteria, and strategic Action Agenda funding.
- *Basin-Wide Restoration Progress Report:* By December 1, 2010, the Washington Academy of Sciences will conduct an assessment of basin-wide restoration progress, including whether environmental indicators and benchmarks accurately measure and reflect progress toward Action Agenda goals.
- *Strategic Science Program:* The Science Panel will develop a Strategic Science Program, which may address assessment and monitoring, modeling, data

management, and research. The Program will not become official until a majority of Council members vote to adopt it.

- *Puget Sound Science Update:* The Science Panel will develop a Puget Sound Science Update that describes current scientific understanding of physical attributes of Puget Sound and serves as the scientific basis for selecting environmental indicators and status and trends of those indicators.
- *Biennial Science Work Plan:* The Science Panel will develop a Biennial Science Work Plan that identifies recommendations from scientific and technical reports, describes science-related activities, and recommends actions to fill gaps and improve ongoing science work.
- *Performance Audit:* The Joint Legislative Audit and Review Committee will conduct two performance audits of the Partnership, the first due December 1, 2011, and the second due December 1, 2016. Audits will determine the extent to which Partnership-expended funds, or appropriated funds for implementing the Action Agenda, have contributed to meeting Action Agenda goals, determine efficiency and effectiveness of Partnership oversight, and include recommendations for improving Partnership performance and structure.

Other: PSAT's authority regarding the Shellfish On-site Sewage Grant Program is transferred to the Department of Health (DOH). DOH may use unexpended and unobligated funds from the Oyster Reserve Land Account to fund research projects related to oyster reserves.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 41 | 5 | |
| House | 86 | 12 | (House amended) |
| Senate | 43 | 4 | (Senate concurred) |

Effective: July 1, 2007

ESSB 5373

C 146 L 07

Regarding reporting, penalty, and corporate officer provisions of the unemployment insurance system.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Prentice, Keiser, Franklin and Kline; by request of Employment Security Department).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: When unemployment insurance (UI) benefit overpayments are caused by a redetermination of benefits, those benefits paid cannot be collected from the claimant. Those benefit amounts are also not charged to

the employer, so benefits paid that should not have been paid are deemed an administrative overpayment and the cost of those benefits is socialized to all employers.

Any employer who fails to file a timely tax and wage report is subject to a penalty to be determined by the Commissioner of the Employment Security Department (ESD) but not to exceed \$250 or 10 percent of the employer's quarterly contributions for each failure.

Corporations may elect not to cover their officers for purposes of UI. If the corporation elects not to cover its officers, it must notify those officers in writing that they are ineligible for unemployment compensation benefits. If the employer fails to notify the officers of its decision not to cover them, those officers are eligible to receive UI benefits.

If an employer fails to report the number of hours worked by employees during a reporting period, the number of hours will be computed by ESD based upon a formula.

A claimant is disqualified to receive benefits for any week he or she has knowingly made a false statement or representation involving a material fact or knowingly failed to report a material fact, the result of which is the claimant received benefits. The disqualification must last for 26 weeks.

A professional employer organization (PEO) generally provides human resource management functions, including employment benefits, payroll administration, workers' compensation, and unemployment insurance services to businesses. When the business contracts with the PEO for these kinds of services, the unemployment taxes paid are based on the PEO's experience rating rather than that of the client company.

Summary: Reports: Employers must include the full names and social security numbers of, and total hours worked by, each of their employees in reports to ESD. Any benefits paid using computed hours are not considered an overpayment of benefits and are not subject to collection if the correction of computed hours results in an invalid or reduced claim. However, the experience rating account of an employer who fails to report the number of hours its employees worked will be charged for all benefits paid based on computed hours. Furthermore, a reimbursable employer who fails to report the number of hours worked must reimburse the trust fund for all benefits paid that are based on computed hours.

If a UI benefit claim by an employee is later determined to be invalid because the employer failed to report or inaccurately reported the hours an employee worked, that claim will be charged to the experience rating account of the employer. A reimbursable employer who fails to report or inaccurately reported the hours an employee worked must reimburse the trust fund for all benefits paid as a result of the erroneous report.

An employer who fails to file a timely and accurate tax and wage report will receive a warning letter offering

technical assistance for the first occurrence. For subsequent occurrences the following applies: if no contributions are due, the fine is \$75 for the second occurrence, \$150 for the third occurrence, and \$250 for the fourth and subsequent occurrences; when contributions are due, for the second occurrence, the penalty is 10 percent of the quarterly contributions due but not less than \$75 and not more than \$250; for the third occurrence, the penalty is 10 percent of the quarterly contributions due, but not less than \$150 and not more than \$250; and for the fourth and any subsequent occurrences, the penalty is \$250. The Commissioner may waive any penalties if he or she determines that the employer's failure to file timely, complete, and correctly formatted reports or pay timely contributions was not the employer's fault.

Corporate Officers: The provision allowing a company to elect not to cover its officers for purposes of unemployment compensation is retained as long as the officers agree in writing.

An officer of a corporation who owns 10 percent or more of the outstanding stock of the corporation or the officer's family member, whose claim for UI benefits is based upon wages received from that corporation, is not considered unemployed for any week during the officer's term of office or ownership. He or she is considered unemployed if the corporation dissolves and the officer permanently resigns or is permanently removed from his or her appointment and responsibilities with the corporation.

A bone fide corporate officer may be exempt from UI coverage if he or she: (1) is voluntarily elected or appointed; (2) is a shareholder of the corporation; (3) exercises substantial control in the daily management of the corporation; and (4) whose primary duties do not include performance of manual labor.

A corporation that is not a public company may exempt from coverage eight or fewer officers who voluntarily agree to be exempted; are voluntarily elected or appointed; exercise substantial control in the daily management if the exempted officer is a shareholder of the corporation. A corporation may also exempt from coverage any number of officers if all exempted officers are related by blood within the third degree or marriage.

Upon the termination, dissolution, or abandonment of a corporation or limited liability company, any officer, member, manager or another having control or supervision of the payment of UI taxes or responsibility for filing UI reports or payments may be personally liable for unpaid UI taxes. The person is personally liable only if he or she willfully fails to pay, or cause to be paid, any taxes owing. These persons are not liable if the failure to pay taxes was beyond their control as determined by ESD in rule or all the assets of the company have been applied to its debts through bankruptcy or receivership.

Corporate officers are liable for unpaid taxes if the officer willfully evades any contributions imposed by

Title 50, willfully destroys records, willfully fails to truthfully account for or makes under oath any false statement relating to the financial condition of the company.

Employer Registration: Every employer must register with ESD and obtain an employment security account number. To register, the employer must provide the following information: the names and social security numbers of the owners, partners, members or corporate officers of the business along with their mailing addresses, telephone numbers, and other information required by ESD by rule. If the owners, partners, members, or officers change, the employer must notify ESD of this fact within 30 days

Fraud: For decisions mailed after January 1, 2008, the penalties for claimant fraud are increased for the second and third time a claimant has fraudulently claimed benefits. The second time fraud occurs, the claimant is ineligible to receive benefits for 52 weeks and is also assessed a monetary penalty of 25 percent of the benefits improperly paid. For the third and subsequent offenses, the claimant is ineligible to receive benefits for 104 weeks and is assessed a monetary penalty of 50 percent of the overpaid benefits.

Professional Employer Organizations (PEOs): All PEOs must register with ESD and provide the names, addresses, and employment security account numbers of its client companies. PEOs must also notify ESD within 30 days each time a client is added or deleted. The definition of PEO recognizes a co-employment relationship with its clients.

Before a PEO can act on behalf of a client company for UI purposes, it must enter into a power of attorney or confidential information authorization. PEOs must also file separate quarterly wage and contribution reports for each client company as well as maintain accurate payroll records for each client company. The PEO can file either a single electronic report containing separate and distinct information for each employer or separate paper reports for each client employer. PEOs must make these records available for inspection by ESD.

The client company, not the PEO, is the employer for unemployment tax liability and the experience rating of the client company follows the client when they enter or leave a contractual relationship with the PEO. The client employer is liable for any taxes, interest or penalties due. The PEO may collect and pay taxes due to ESD from its client employers. If the payments have been made to the PEO, ESD is to first try to collect the payments from the PEO. If the PEO has not paid the taxes, penalty or interest within ten days, the collection procedures contained in RCW 50.24 must be followed. After the ten-day period, if the PEO has not paid the total amount owing, the Commissioner may also pursue the client company to collect.

PEOs may not have joint accounts.

ESD is to report on the implementation of the portions of the bill dealing with PEOs and its impacts on PEOs, small businesses, and the integrity and operations of the UI system. ESD is to report its findings to the Unemployment Insurance Advisory Committee and the Legislature no later than December 1, 2010.

Votes on Final Passage:

Senate 36 11
House 64 30

Effective: July 22, 2007

January 01, 2008 (Sections 5, 6, 10, 11, and 12)

January 01, 2009 (Section 4)

SB 5382

C 35 L 07

Authorizing record checks for employees and applicants for employment at bureau of Indian affairs-funded schools.

By Senators Kauffman, Prentice, McAuliffe, Marr, Hobbs, Rasmussen, Regala, Franklin, Keiser, Shin and Kohl-Welles.

Senate Committee on Early Learning & K-12 Education
House Committee on State Government & Tribal Affairs

Background: Washington State Patrol and Federal Bureau of Investigation background checks: When school districts, educational service districts, other state schools, and their contractors plan on hiring employees who will have regularly scheduled unsupervised access to children, then such entities are required to perform record checks through the Washington State Patrol criminal identification system and through the Federal Bureau of Investigation before hiring such employees. Fingerprint checks are also required using a complete Washington State criminal identification fingerprint card.

Under the federal Criminal Records Privacy Act, any person may request a record of convictions. These records are released without restriction and without notice to the subject of the record. The records released include all state of Washington convictions and any arrests within the past year if the arrest's disposition is still pending.

Under the federal Child and Adult Abuse Information Act, only certain entities may request information. These agencies include: (1) businesses or organizations licensed in the state of Washington; (2) state agencies; and (3) any other government entities that, among other things, educate children under 16 years of age. Public and private schools are allowed access to records under both this act and the Criminal Records Privacy Act.

Background check requirements for tribally controlled schools: In 1990, Congress passed the Federal Indian Child Protection and Family Violence Prevention Act (Act) to protect children on Indian reservations. Under the Act, every tribally controlled school that receives federal funding must conduct background investigations of each employee or volunteer who has regular contact with or control over Indian children. The background investigation must cover at least the immediately preceding five year period. Every tribal school employee who has regular contact with or control over Indian children must be reinvestigated every five years. The tribal school may conduct its own investigations, contract with a private firm, or request that the United States Office of Personnel Management conduct the investigation.

The tribal school must deny employment or dismiss any employee with control over or contact with children if the employee has been found guilty of or entered a plea of guilty or nolo contendere to any federal, state, or tribal offense involving a crime of: (1) violence; (2) sexual assault; (3) sexual molestation; (4) child exploitation; (5) sexual contact; (6) prostitution; or (7) crimes against persons.

Currently, Washington tribal schools check records of prospective employees in various ways. Some contract with local public school districts to run the tribal school's checks. Others have historically asked the Office of the Superintendent of Public Instruction to run their background checks.

Summary: Washington State Patrol and Federal Bureau of Investigation record checks are authorized for Federal Bureau of Indian Affairs-funded school employees and applicants for employment using the same processes as used by school districts and Educational Service Districts.

Votes on Final Passage:

Senate 47 0
House 97 0

Effective: July 22, 2007

ESB 5385

C 36 L 07

Providing the Washington higher education facilities authority the ability to originate and purchase educational loans and to issue student loan revenue bonds.

By Senators Shin, Jacobsen, Schoesler, Rockefeller, Delvin, Tom and Kohl-Welles; by request of Washington State Higher Education Facilities Authority.

Senate Committee on Higher Education
House Committee on Higher Education

Background: The Washington Higher Education Facilities Authority (Authority) was created in 1983. The stat-

tory purpose of the Authority is to "enable the building, providing, and utilization of modern, well-equipped, efficient, and reasonably priced higher educational facilities, as well as the improvement, expansion, and modernization of such facilities." The Authority accomplishes this by the issuance of tax-exempt, nonrecourse revenue bonds for the independent qualified institutions of higher education in Washington State.

In late 2005, the non-profit Student Loan Finance Association (SLFA) was sold to Sallie Mae (a for-profit corporation). Based on the terms of the sale, SLFA was prohibited from issuing tax exempt bonds under the Federal Revenue Code (SS 150(d)) and Washington law. The state Department of Community, Trade and Economic Development (CTED) assessed the options for replacing SLFA. CTED found that 23 states have federal student loan backed bond programs administered by state agencies or authorities. The Authority was identified as a state authority with experience in bond financing.

Summary: The Authority is authorized to originate and purchase educational loans and to issue student loan revenue bonds. The Authority has the power to form non-profit special purpose corporations or may contract with non-profit corporations to accomplish these purposes. State educational loans are not guaranteed by the state and the proceeds from loan repayment may be used to make required payments to bondholders.

It still takes four of the seven members to constitute a quorum at meetings of the Authority. However, members who participate by a means of communication that allows all members to hear each other during a meeting are deemed to be present in person at the meeting for all purposes.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

SB 5389

C 100 L 07

Approving the importing of one simulcast race of regional or national interest on horse race days.

By Senator Hewitt.

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: Simulcasting is the process of conducting wagering on a horse race that is broadcast live on television from a race track. Imported simulcast signals are simulcast signals that originate at racetracks outside the state. Class 1 racetracks are allowed to show simulcast

signals from, and conduct wagering on, imported simulcast signals.

In 2004, the Legislature passed ESSB 6481 which governed class 1 racing associations' authority to participate in parimutuel wagering. ESSB 6481 inadvertently removed the authority for a licensed racing association to import one simulcast race of regional or national interest on each live race day.

The Horse Racing Commission (Commission) may license race meets that are nonprofit in nature, of 10 days or less, and which have an average daily handle of \$120,000 or less. A nonprofit racing association is a person or entity licensed by the Commission to hold race meets that are nonprofit in nature.

Summary: A nonprofit racing association may, with Commission approval, import one simulcast race of regional or national interest on each live race day.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 40 | 8 |
| House | 95 | 0 |

Effective: April 18, 2007

SSB 5391

C 101 L 07

Modifying photo enforcement of traffic infraction provisions.

By Senate Committee on Transportation (originally sponsored by Senators Kilmer, Swecker, Haugen and Rockefeller; by request of Board For Judicial Administration).

Senate Committee on Transportation

House Committee on Transportation

Background: Under current law, refusing to pay a toll at a tolled facility is a traffic infraction. Since the passage of SHB 2475 in 2004, toll violations may be detected through the use of a photo enforcement system. Photo enforcement systems may take recorded images (e.g., photographs) of vehicles and vehicle license plates only. Additionally, infractions detected through the use of photo enforcement systems are not part of registered owners' driving records.

During the 2005 Legislative Session, ESSB 5060 was enacted allowing local governments to use "automated traffic safety cameras" to detect stoplight, railroad crossing, or school speed zone violations. Infractions detected through the use of the cameras must be processed in the same manner as parking infractions.

Summary: The photo enforcement system statute for toll violations is changed to conform with the administrative provisions found in ESSB 5060, enacted in 2005. Toll violations detected through the use of photo enforcement systems must be processed in the same

manner as parking infractions and the penalty is set at \$40 plus three times the toll. The \$40 penalty remains with the local jurisdiction processing the violation, and the "three times the toll" penalty must be deposited into the statewide account in which tolls are deposited for the respective tolling facility.

Votes on Final Passage:

Senate 39 8
House 65 30

Effective: July 22, 2007

SB 5398
C 102 L 07

Licensing specialty hospitals.

By Senators Marr, Brandland and Keiser.

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

Background: The federal Medicare Modernization Act of 2003 (MMA) prohibits a physician from referring a patient to certain specialty hospitals in which the physician has an ownership or investment interest, and prohibits the hospitals from billing Medicare or any other entity for services provided as a result of a prohibited referral. Effective December 2003 through June 2005, this prohibition applied to hospitals that were primarily or exclusively engaged in the care and treatment of patients with cardiac or orthopedic conditions and patients receiving surgical procedures.

This moratorium has now expired. However, the Centers for Medicare and Medicaid Services (CMS) have extended it administratively to further study related issues. Further congressional action is pending. Although specializing in specific types of treatment can improve the quality of care to patients, specialty hospitals have been a concern for several reasons, including: (1) potential financial conflict of interest for physicians who stand to gain from referrals to specialty hospitals in which they hold an interest; (2) "skimming" of more profitable cases; and (3) financial impact on community hospitals which provide emergency care and treat under-insured or uninsured patients.

Until 2005, there were no state restrictions for specialty hospitals. The Department of Health regulates the establishment, operation, and licensing of hospitals generally. Substitute Senate Bill 5178 was enacted in 2005 and barred the Department of Health (for the period from January 1, 2005, until July 1, 2006) from granting a license to any specialty hospital in which a physician has an ownership or investment interest.

Specialty hospitals are defined to include any hospital that is primarily or exclusively engaged in the care and treatment of: (1) patients with a cardiac condition; (2) patients with an orthopedic condition; (3) patients

receiving a surgical procedure; and (4) other specialized category of services that the Secretary of Health and Human Services designates as a specialty hospital.

Summary: Specialty hospital is defined as a subclass of hospital that is primarily or exclusively engaged in the care and treatment of patients with cardiac or orthopedic conditions, patients receiving surgical procedures or any other specialized category of service that the Secretary of Health and Human Services designates as a specialty hospital.

The Legislature establishes specific requirements in order for specialty hospitals to be licensed. These requirements include compliance with minimum participation rates for providing services to Medicare and Medicaid beneficiaries as well as a percentage of charity care provided by a general hospital in the same health service area. Specialty hospitals must also provide emergency services 24 hours per day, seven days a week. Provisions must be made to accommodate patients needing emergency services not available at the specialty hospital and include maintenance of a transfer agreement with a general hospital. Physician owners are required to disclose their financial interests in the specialty hospital to patients and provide a list of alternative hospitals. The specialty hospital is required to accept transfer of patients requiring the category of care they provide, from general hospitals.

These requirements do not pertain to specialty hospitals which provide psychiatric, pediatric, long-term acute care, cancer or rehabilitative services, or hospitals licensed before January 1, 2007.

Votes on Final Passage:

Senate 42 2
House 66 31

Effective: July 22, 2007

ESB 5401
C 335 L 07

Licensing Christmas tree growers.

By Senators Rasmussen, Swecker, Shin, Schoesler and Hatfield.

Senate Committee on Agriculture & Rural Economic Development

House Committee on Agriculture & Natural Resources

Background: The Department of Agriculture administers the horticultural plant inspection and licensing program. There is interest in expanding the current program to include Christmas trees.

Summary: The definition of horticultural facilities is expanded to include premises where Christmas trees are grown. Authority is provided for the department to inspect and issue a certificate of inspection for Christmas trees. "Christmas trees" are defined as a cut evergreen

tree of a marketable species that is managed to meet federal standards of the United States Department of Agriculture and that has been grown using periodic maintenance practices including shearing or culturing, weed and brush control, and has been grown using at least one of the following practices: basal pruning, fertilization, insect and disease control, stump culture, soil cultivation or irrigation.

Authority is provided for the Department of Agriculture to adopt rules for the inspection and/or certification of any Christmas tree as to freedom from infestation by plant pests. Also, authority is provided for rules to be adopted to establish fees for Christmas tree grower licenses and for inspection and methods of fee collection. Access to Christmas tree farms for inspection by the department is provided on the same basis as other horticultural facilities. Denial of access to the department to perform inspections may subject the Christmas tree grower to license revocation.

Christmas tree growers who grow trees on one acre or less, or who harvest by U-cut or otherwise less than 400 trees per year, and whose business consists solely of retail sales to the ultimate consumer is exempt from licensing requirements. All other growers of Christmas trees are required to obtain a license from the department. The annual licensing fee may not exceed a basic charge of \$40 plus up to \$4 per acre as determined by rule adopted by the department. The information required to be provided by the grower in the license application includes names, address, and acreage of Christmas trees for each location, the names of persons which are to receive legal notices and summons, and other information required by the department.

An advisory committee appointed by the Director of Agriculture is established to consist of at least five members and is to include representatives of licensed Christmas tree growers, industry, and the department. Explicit authority is provided for Christmas tree growers or other persons with a financial interest to request inspection and/or certification services by the department.

It is unlawful for any person to sell or to transport Christmas trees in this state unless it meets standards established in rule for freedom from infestation by plant pests and other requirements of this chapter. The Director may require by rule that any or all Christmas trees delivered or shipped into this state be inspected. The department may issue a hold order for Christmas trees that are damaged or infested and the order may prescribe conditions under which the damaged or infested material must be held to prevent the spread of the infestation. The Director shall condemn any Christmas trees shipped or sold if they are found to be diseased, infected, or infested to the extent that treatment is not practical.

Of the list of unlawful acts for nursery dealers, Christmas tree growers are included in the following: to falsely claim to be an agent or representative; altering an

official certificate or document; and to substitute trees covered by an inspection certificate. Christmas tree growers are not included in the prohibition against other actions.

Fees collected from Christmas tree growers are to be deposited in the Christmas tree account within the agricultural local fund. These funds may only be used for the Christmas tree program which may include market surveys and research related to Christmas trees. The act expires on July 1, 2014.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 45 | 1 | |
| House | 96 | 0 | (House amended) |
| Senate | 47 | 2 | (Senate concurred) |

Effective: July 22, 2007

SB 5402

C 462 L 07

Establishing additional requirements for private vocational schools.

By Senators Kilmer, Delvin, Shin and Rockefeller; by request of Workforce Training and Education Coordinating Board.

Senate Committee on Higher Education
House Committee on Higher Education
House Committee on Appropriations

Background: The private Vocational School Act authorizes the Workforce Training and Education Coordinating Board (WTECB) to license private vocational schools operating within the state. The WTECB adopts rules establishing minimum standards requiring: disclosure of financial resources, refund policies, information aiding in enrollment decisions, disclosure of enrollment prerequisites and requirements, assessments of potential students basic skills, and discussions with potential students about the enrollment contracts.

There is a tuition recovery trust fund established for the purpose of settlement of claims related to school closures and losses of tuition and fees paid by students. The fund is maintained through fees collected from private vocational school operators.

Summary: It is clarified that private vocational schools must meet the minimum requirements to obtain and maintain an operating license. Private vocational schools must demonstrate their financial viability and responsibility to the WTECB. If any of the requirements are not met, the WTECB may deny the private vocational school's license application.

Before enrolling students for whom English is a second language, the schools must administer an English as a second language examination, unless the student graduated from a United States high school or passes a General Educational Development test or other approved

assessment in English. The school must comply with the requirements related to the qualifications of administrators and instructors.

If the WTECB determines that a private vocational school is at risk for closure or termination, the school may be required to take corrective action. In making the determination, the WTECB considers whether there is a pattern or history of substantiated student complaints or whether there is a present and historical pattern of failing to meet minimum requirements. If a school closes without providing adequate student notice, the WTECB provides transition assistance to the students including information regarding: transfer options, financial aid discharge procedures, labor market and job placement assistance, and other available support services.

Votes on Final Passage:

Senate 48 0
House 92 3 (House amended)
Senate 45 0 (Senate concurred)

Effective: July 22, 2007

ESSB 5403
C 70 L 07

Certifying animal massage practitioners.

By Senate Committee on Agriculture & Rural Economic Development (originally sponsored by Senators Rasmussen, Brandland and Jacobsen).

Senate Committee on Agriculture & Rural Economic Development

House Committee on Agriculture & Natural Resources
House Committee on Appropriations

Background: In 2001, Washington enacted a program whereby licensed massage practitioners could receive an additional endorsement on their licenses to also perform massage on animals. To receive this license endorsement, a person who is already licensed to perform massage on humans would be required to take an additional 100 hours of training in animal massage. To obtain a license as a human massage practitioner, the State Board of Massage requires 500 hours of training that is to be completed over at least a six month period. Schools that offer these classes are required to receive prior approval from the Department of Health (DOH). Graduates are required to pass a written examination and a practical demonstration of massage therapy.

There is an interest in the development of an animal massage certification program that would allow persons to take training in animal massage without first having to be licensed as a human massage therapist.

Summary: Persons who wish to practice massage only on animals may obtain certification from the DOH by taking 300 hours of training in either small or large animal massage in courses approved by the DOH. Certi-

fication and renewal fees to support the program will be adopted by rule. For persons who have had training in animal massage in other states, the DOH will determine whether the training is substantially equivalent to that required in this state and whether additional training is needed before taking the examination.

The Uniform Disciplinary Act applies to this category of certified animal massage practitioner and will be administered by the DOH. Nothing in the act prohibits or restricts: (1) the practice of veterinary medicine; (2) the practice of animal massage by persons who have the additional endorsement under their human massage license; (3) students performing massage in the regular course of instruction; (4) animal owners or their employees that perform massage on the owner's animal; or (5) performing massage for free.

Votes on Final Passage:

Senate 48 0
House 95 2

Effective: July 22, 2007

SSB 5405
C 37 L 07

Providing procedures for judicial orders concerning distraint of personal property.

By Senate Committee on Judiciary (originally sponsored by Senators Carrell, Kline and McCaslin).

Senate Committee on Judiciary
House Committee on Judiciary

Background: Replevin is a personal action taken to recover possession of goods unlawfully taken. In a replevin action, a judge has the authority to issue an order awarding possession of the property being contested to the plaintiff and directing the sheriff to put the plaintiff in possession of the property. The order also contains a notice to the defendant that, if deemed necessary, the sheriff is directed to break and enter a building or enclosure to obtain possession of the property if it is concealed in the building or enclosure.

A party, in whose favor a judgment of a court has been rendered, may have an execution, garnishment, or other legal process issued for the collection or enforcement of the judgment at any time within 10 years from entry of the judgment or the filing of the judgment in Washington state. When any judgment of a court of this state requires the payment of money or the delivery of real or personal property, it may be enforced by execution. All property, real and personal, of the judgment debtor, that is not exempted by law, is liable to execution. The writ of execution must be issued in the name of the state of Washington, and among other things, be directed to the sheriff of the county in which the property is situated. When the writ of execution is against the

property of the judgment debtor, the sheriff will set the date of sale and serve notice of this on the debtor.

There is concern that the statutes governing execution of judgments do not contain language similar to the replevin statutes directing the sheriff, if deemed necessary, to break and enter a building or enclosure to obtain possession of the property. In one example, an attorney had an order which allowed the sheriff to break and enter in the same manner as a replevin. A lawsuit ensued in federal court in Seattle and Judge Dwyer ruled against King County, finding that there is no statutory authority for a judge to order a break and enter in the statutes governing the execution of judgments.

Summary: The sheriff, to whom a writ of execution is directed and delivered, has discretion to execute the writ without delay. If the property at issue is personal property that is concealed in a building or enclosure, the sheriff has the authority to publicly demand delivery of the property. If the property is not relinquished and if the order of execution states, the sheriff has the authority to cause the building or enclosure to be broken open and to take possession of the property.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 95 | 2 |

Effective: July 22, 2007

SB 5408
C 38 L 07

Modifying provisions on primary election ballots.

By Senators Fairley, Roach, Kohl-Welles, Oemig, Hobbs, Swecker, Kline and Hatfield; by request of Secretary of State.

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: Under Washington's current pick-a-party primary election, county auditors may use either a consolidated ballot or physically separate ballots. Consolidated ballots include all major political party candidates, separated by party, with a check-off box that allows a voter to affiliate with a major party for the purpose of participating in the primary. If a voter fails to select a major political party on the consolidated ballot, any votes cast for a party candidate will not be counted.

If physically separate ballots are used for the primary, the auditor must prepare a ballot for each major political party and a nonpartisan ballot. Party ballots must be specific to a particular party and may include only the partisan offices to be voted on at that primary. Nonpartisan offices and measures are included on the nonpartisan ballot. A voter seeking to vote for both

partisan and nonpartisan races must vote a party ballot and a nonpartisan ballot.

During the recent election, the Office of the Secretary of State received reports that primary votes could not be counted because voters using a consolidated ballot failed to check the box indicating party affiliation.

Summary: If a voter fails to select a major party in the check-off box on a consolidated ballot, the votes will be counted if the voter votes only for candidates of one political party in partisan races.

Nonpartisan races and ballot measures must be included on physically separate major party ballots.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 48 | 0 |
| House | 96 | 1 |

Effective: July 22, 2007

SSB 5412
C 516 L 07

Clarifying goals, objectives, and responsibilities of certain transportation agencies.

By Senate Committee on Transportation (originally sponsored by Senators Murray, Swecker, Marr, Clements and Haugen).

Senate Committee on Transportation

House Committee on Transportation

Background: Various detailed goals and benchmarks exist in current law applicable to the state's transportation system. A recently completed report commissioned by the Joint Transportation Committee recommended revising and streamlining various existing state transportation system goals, objectives, and responsibilities, and the process by which these elements are measured and reported on.

Summary: The state's policy goals for the planning, operation, performance of, and investment in, the state's transportation system are streamlined to include the following five goals:

Preservation: to maintain, preserve, and extend the life and utility of prior investments in transportation systems and services;

Safety: to provide for and improve the safety and security of transportation customers and the transportation system;

Mobility: to improve the predictable movement of goods and people throughout Washington State;

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

Stewardship: to continually improve the quality, effectiveness, and efficiency of the transportation system.

The revised policy goals are intended to be the basis for establishing detailed and measurable objectives and related performance measures. The Legislature intends that the Office of Financial Management (OFM) will establish objectives and performance measures for state transportation agencies to assure that transportation system performance attains the five policy goals established in statute. OFM is directed to submit the objectives and performance measures to the Legislature on a biennial basis. OFM must submit to the Legislature and the Governor a biennial report regarding the attainment by state transportation agencies of the policy goals and objectives prescribed by law and Governor directive. The report must include the degree to which state transportation projects and programs attained the policy goals. Various duties applicable to certain transportation agencies are revised to ensure they are performed consistent with the revised policy goals, objectives, and performance measures. Additionally, provisions regarding the establishment of the state's proposed ten-year investment program are revised, and are placed under OFM.

The state Department of Transportation must perform new duties as follows: (1) maintain an inventory of the condition of structures and corridors in most urgent need of retrofit or rehabilitation; (2) develop long-term financing tools that reliably support ongoing maintenance and preservation of the transportation infrastructure; (3) balance system safety and convenience through all phases of a project to accommodate all users of the transportation system; (4) develop strategies to gradually reduce the per capita vehicle miles traveled; (5) consider efficiency tools; (6) promote integrated multimodal planning; and (7) consider engineers and architects to design environmentally sustainable, context-sensitive transportation systems.

A statutory process is enacted that dissolves the Seattle Popular Monorail Authority and formally closes out its operations.

Votes on Final Passage:

| | | | |
|--------|----|---|----------------------------|
| Senate | 49 | 0 | |
| House | 97 | 1 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 97 | 1 | (House amended) |
| Senate | 45 | 0 | (Senate concurred) |

Effective: July 22, 2007

SB 5421

C 104 L 07

Concerning environmental covenants.

By Senators Fraser, Morton, Poulsen, Swecker, Marr, Regala, Rockefeller, Pridemore, Oemig, Honeyford, Rasmussen, Shin, Kohl-Welles and Kline.

Senate Committee on Water, Energy & Telecommunications

Senate Committee on Ways & Means

House Committee on Judiciary

House Committee on Appropriations

Background: Following cleanup operations, federal and state toxic cleanup agencies sometimes impose "institutional controls" upon contaminated land to protect people and the environment from exposure to residual contamination. One type of institutional control, an "environmental covenant," is a legally-enforceable land use restriction that is intended to "run with the land"—i.e., apply to the original covenanting landowner and all succeeding landowners. The Department of Ecology (DOE) has imposed environmental covenants in its cleanups of contaminated land pursuant to the state Model Toxics Control Act.

Concern has been raised that certain common law restrictions may invalidate environmental covenants when contaminated land is sold. Other concerns have been raised about enforcement of environmental covenants.

In 2003, the National Conference of Commissioners on Uniform State Laws (NCCUSL), an advisory body made up of legal experts in various fields, proposed a uniform state law, the Uniform Environmental Covenants Act (UECA), to address these concerns and clarify current law. As of January 2007, 15 states have enacted UECA.

Summary: The Uniform Environmental Covenants Act (UECA) is enacted, with modifications and adaptations to Washington law. UECA establishes requirements for a land use restriction or control, an "environmental covenant," to control future use of contaminated land.

Under UECA, environmental covenants:

- are defined as restrictions under environmental response projects that impose activity and use limitations;
- must include property descriptions, use limitations, and parties with enforcement authority, and be recorded in county recording offices;
- must be signed by DOE or the federal Environmental Protection Agency (EPA), whichever has jurisdiction;
- will "run with the land" and remain valid, protected from possible invalidation under common law doctrines;

- may not allow uses prohibited by zoning or other land use laws—they may, however, impose more stringent restraints;
- are perpetual in duration unless otherwise stated in the covenant, or unless terminated or modified pursuant to specified procedures;
- may be enforced by DOE or EPA (whichever has jurisdiction), parties to the covenant and other specified parties;
- will be individually identified in an on-line covenant registry maintained by DOE, with information about where to find complete texts in county recording offices.

DOE will periodically review and, if necessary, enforce the environmental covenants it imposes as part of its cleanups of contaminated land under the state Model Toxics Control Act.

Votes on Final Passage:

Senate 46 1
House 84 13

Effective: July 22, 2007

SB 5429
C 365 L 07

Concerning deductions from moneys received by an inmate.

By Senators Franklin and Kohl-Welles.

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

Background: When an inmate receives funds while incarcerated, those funds are subject to the deductions and priorities provided in statute. With the exception of inmates sentenced to life imprisonment or death, the deductions from funds received by an inmate from sources other than wages or legal awards or settlements, are as follows:

- 5 percent to the public safety and education account for crime victims' compensation;
- 10 percent to Department of Corrections (DOC) for the personal inmate savings account;
- 20 percent to DOC for the cost of incarceration;
- 20 percent for the payment of legal financial obligations; and
- 15 percent for any child support owed under a support order.

The Department of Social and Health Services, Division of Child Support (DCS) is specifically given authority to take independent collection action against an inmate's money, assets, or property. If an inmate is entitled to receive funds from a specific source, such as an inheritance, DCS can take collection action before the funds are received by DOC. In this event, the entire amount of the funds could be collected for child support.

Summary: The statutory deduction for child support is increased from 15 percent to 20 percent of the funds received by an inmate from sources other than wages or legal awards or settlements.

The order of priority for distribution of funds deducted from funds received by an inmate from sources other than wages or as a result of a legal action is changed so that payment to the state is after the payment of legal financial obligations and the payment of child support.

When an inmate who has a child support obligation receives funds from an inheritance, amounts will be deducted to pay the cost of incarceration only after the child support obligation has been paid in full.

Votes on Final Passage:

Senate 46 0
House 96 0 (House amended)
Senate 45 0 (Senate concurred)

Effective: July 22, 2007

SB 5434
C 477 L 07

Regarding excise taxation of sales of tangible personal property originating from or destined to foreign countries.

By Senators Poulsen, Schoesler, Kastama, Zarelli, Prentice, Regala, Benton and Rasmussen; by request of Department of Revenue.

Senate Committee on Economic Development, Trade & Management
Senate Committee on Ways & Means
House Committee on Finance

Background: The Import-Export Clause of the United States Constitution prohibits any imposts or duties from being levied on imports or exports. The Supreme Court has narrowed the scope of the Import-Export Clause in recent decades and Washington State Supreme Court decisions have cast doubt on the Department of Revenue's (DOR) ability to implement any rule that expands tax immunity beyond that found in statute.

There is currently no statutory provision regarding taxation of import and export sales of tangible personal property. Under DOR rules, goods in the process of being imported or exported from this state are exempt from the business and occupation (B&O) and retail sales taxes.

Summary: A statutory exemption from B&O and retail sales taxation is created for the sale of tangible personal property in import or export commerce.

Property is in import commerce when it is in the process of import transportation or when it is flowing through Washington on its way to another destination. The property is no longer in the process of import

transportation if the property is: put to actual use; resold after the property has arrived in this state or any other state; or processed in any way not related to shipping.

Property is in export commerce when the seller delivers the property to: the buyer at a destination in a foreign country; a carrier for transportation to a foreign country; the buyer at shipside or aboard the buyer's vessel, or any other vehicle of transportation where it is clear that the process of exportation of the property has begun; or the buyer in this state if the property is capable of being transported to a foreign destination under its own power, the seller files a shipper's export declaration, and the property is directly transported to a destination in a foreign country.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 45 | 0 |
| House | 97 | 1 |

Effective: July 22, 2007

SSB 5435
C 198 L 07

Creating the public records exemptions accountability committee.

By Senate Committee on Government Operations & Elections (originally sponsored by Senators Kauffman, Pflug, Swecker and Keiser; by request of Attorney General).

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: In 1972, Washington voters approved the Public Disclosure Act (Act) by initiative. At the time of approval, the Act contained ten exemptions from disclosure. As of 2006, there are approximately 300 exemptions.

Currently, there is no formal review process for exemptions once they are passed into law.

Summary: The Public Records Exemption Accountability Committee (Committee) is created. The 13-member Committee is charged with reviewing all exemptions from public disclosure.

Members must include two representatives appointed by the Governor, two appointed by the Attorney General, four members of the public, and four members of the Legislature. Terms of the members must be four years and must be staggered beginning August 1, 2007. The Committee must meet no later than September 1, 2007, and each quarter following, to discuss the exemptions and recommend the repeal or amendment of any exemption.

By August 1, 2007, and each year following, the code reviser must provide the Committee with a list of all exemptions from public disclosure.

The purpose of the Committee is to review public disclosure exemptions and provide recommendations. The Committee must develop and publish criteria for review of public exemptions.

The Committee must develop a schedule to accomplish a review of each public disclosure exemption. The Committee must publish the schedule and publish any revisions made to the schedule.

For each public disclosure exemption, the Committee must provide a recommendation as to whether the exemption should be continued without modification, modified, scheduled for sunset review at a future date, or terminated. By November 15 of each year, the Committee must transmit its recommendations to the Governor, the Attorney General, and the appropriate committees of the Legislature.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 48 | 0 | |
| House | 92 | 1 | (House amended) |
| Senate | 47 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5443
C 77 L 07

Suppressing workers' compensation claims.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles and Keiser; by request of Department of Labor & Industries).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: Under the workers' compensation system, when a worker is injured, the worker, or someone on his or her behalf, must report the accident and any ensuing injury, to his or her employer. If the worker is entitled to receive workers' compensation benefits, the worker must file a claim with the Department of Labor & Industries (L&I) within one year of the date of injury.

When an employer has notice or knowledge of an injury or occupational disease sustained by a worker during the course of employment, the employer must report the injury or occupational disease to L&I. An employer who fails or refuses to file a report is subject to a penalty of up to \$250 for each offense.

Summary: Employers are prohibited from engaging in claim suppression. "Claim suppression" is defined as intentionally inducing employees to fail to report injuries; inducing employees to treat injuries in the course of employment as off-the-job injuries; or otherwise acting to suppress legitimate workers' compensation insurance claims.

Claim suppression does not include bona fide workplace safety and accident prevention programs, and L&I is given authority to adopt rules defining a bona fide workplace safety and accident program and first aid.

Employers who engage in claim suppression are subject to a penalty of at least \$250, but no more than \$2,500, for each offense. These employers are also prohibited from engaging in the retrospective rating program or if self-insured, will have their self-insurance certification withdrawn.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 34 | 12 |
| House | 63 | 33 |

Effective: July 22, 2007

SSB 5445

C 188 L 07

Regarding cost-reimbursement agreements.

By Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Jacobsen, Morton and Rasmussen).

Senate Committee on Water, Energy & Telecommunications

House Committee on Technology, Energy & Communications

Background: The Department of Natural Resources (Department) issues permits for oil and gas exploration in Washington. The cost of a permit is set in statute and ranges from \$250 to \$1,000 depending on the depth of the drilling. Revenues from permits go into the State General Fund.

The Department may seek cost reimbursements for pre-drilling regulatory activities, such as the preparation of environmental impact statements. But the Department lacks such authority for post-discovery activities, such as engineering analysis for reservoir size; locating and spacing of wells and operations; and reclamation and clean up of all well sites. Consequently, the Department's post-discovery regulatory activities have been funded out the State General Fund, which were adequate when annual drilling applications numbered one or two a year.

Renewed exploration and drilling over the past year has increased. The Department reports that it is currently processing 14 applications for drilling permits, with at least five more expected before the end of the fiscal year. Three wells are actively drilling, and another five to ten are expected to be drilled or drilling before the end of fiscal year 2007. Lacking the authority for post-discovery cost reimbursements, and without adequate state general fund monies, the Department asserts it can no longer adequately regulate post-discovery drilling activities.

Mindful of the increase in drilling applications, in 2006 the Legislature directed the Department to study and to make recommendations improving the existing legislation affecting the oil and natural gas industry. The study results were submitted to the Legislature in January 2007. Among the recommendations was one authorizing cost-reimbursement agreements for all the stages of oil and gas drilling, from exploration through production.

Summary: The Department of Natural Resources may enter into cost reimbursement agreements for activities needed to establish oil and gas development units and pooling agreements, including monitoring for permit compliance. The current prohibition that the Department may not enter into cost reimbursement agreements after July 1, 2007, is removed.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 46 | 0 |
| House | 98 | 0 |

Effective: July 22, 2007

SSB 5447

C 479 L 07

Regarding the coastal Dungeness crab fishery.

By Senate Committee on Natural Resources, Ocean & Recreation (originally sponsored by Senators Hatfield, Jacobsen, Honeyford, Hargrove, Poulsen, Benton and Rasmussen).

Senate Committee on Natural Resources, Ocean & Recreation

House Committee on Agriculture & Natural Resources

House Committee on Appropriations

Background: Dungeness crab exists in commercial quantities from Alaska to central California. These crabs live in waters from the intertidal zone out to a depth of 170 meters. The coastal Dungeness crab fishery is one of the most valuable commercial fisheries in Washington State. The 2004-2005 season saw a record catch of 21 million pounds, with an ex-vessel value of over \$30 million.

Unlike many coastal fisheries which are operated under federal management plans, Congress has authorized Washington, Oregon, and California to manage, with some limitations, the coastal crab fishery in federal waters.

The Legislature and Department of Fish and Wildlife (DFW) have taken measures to limit the growth of this fishery, including limiting entry into the fishery, imposing limitations on the number of pots that may be fished, limiting vessel size and transfers, and pursuing interstate agreements.

Summary: DFW must develop a proposed coastal crab fishery buyback program (program). The proposed

program must provide for the purchase and permanent retirement of coastal Dungeness crab licenses. DFW must design this portion of the program with the goal of purchasing between 80 and 100 licenses. The proposed program may also provide for the purchase or retirement of vessels.

The proposed program must explore funding alternatives that involve federal funding, state funding, industry funding, and combinations of these sources. The proposed program must also include elements necessary for the administration of the program.

The proposed program must be designed to have a neutral impact on crab harvests off the coasts of Oregon and California. The proposed program must assume that participation by license holders would be voluntary. DFW must consult with license holders when designing the proposed program, and may contract for assistance in developing the proposed program.

DFW must provide a report to the Legislature detailing the proposed program by December 1, 2007. The proposed program may not be implemented, and state funds may not be expended, without specific legislative authorization.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 47 | 0 | |
| House | 97 | 0 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5461
C 109 L 07

Improving forest health on state trust lands by continuing the use of contract harvesting for silvicultural treatments.

By Senate Committee on Natural Resources, Ocean & Recreation (originally sponsored by Senators Morton, Jacobsen, Fraser, Hatfield, Hargrove, Benton, Sheldon and Rasmussen; by request of Department of Natural Resources).

Senate Committee on Natural Resources, Ocean & Recreation

House Committee on Agriculture & Natural Resources
House Committee on Appropriations

Background: Historically, the Department of Natural Resources (DNR) has sold timber by identifying the timber stand to be sold, appraising the timber, and detailing the terms and conditions of the sale. The successful bidder at auction then has the right to harvest and remove the timber within a specified period.

In 2003, the Legislature directed DNR to create a contract harvest program, where DNR contracts with an individual to harvest timber and process that timber into logs sorted to DNR's specifications. DNR cannot use contract harvesting for more than 10 percent of the

annual timber volume offered for sale. The Legislature created a revolving account to accept proceeds from contract harvest log sales and to pay the costs of such sales.

In 2004, the Legislature authorized DNR to conduct contract harvest timber sales, or other silvicultural treatments, in areas of trust forestland where DNR has identified forest health deficiencies. DNR must tailor harvesting and silvicultural treatments to improve the health of forestland and must follow applicable management plans, agreements, and laws pertaining to timber harvests. The Legislature exempted timber removed primarily to address forest health issues from the volume restriction on contract harvesting.

DNR's specific authority to conduct contract harvest timber sales for forest health purposes expires December 31, 2007.

According to information from the Forest Health Work Group, Washington state contains approximately 21 million acres of forestland. By 2005, over 2.5 million of those forested acres contained elevated levels of tree mortality, defoliation, or foliage disease. The western spruce budworm and bark beetle have caused significant tree damage in the state. The work group cites overcrowded forests as contributing to these elevated forest health and fire risks.

Summary: The bill makes permanent DNR's authority to conduct contract harvest timber sales, or other silvicultural treatments, in areas of trust forestland where DNR has identified forest health deficiencies. DNR must prioritize forest health treatments, if no management or landscape plan exists, in order to protect public health and safety, public resources, and the long-term asset value of the trust.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 45 | 0 |
| House | 95 | 0 |

Effective: July 22, 2007

SSB 5463
C 110 L 07

Modifying forest fire protection assessments.

By Senate Committee on Natural Resources, Ocean & Recreation (originally sponsored by Senators Jacobsen, Rockefeller, Morton, Shin and Rasmussen; by request of Department of Natural Resources).

Senate Committee on Natural Resources, Ocean & Recreation

Senate Committee on Ways & Means
House Committee on Agriculture & Natural Resources
House Committee on Appropriations

Background: Forest landowners in Washington must furnish adequate protection against the spread of fire on their forestland. The Department of Natural Resources

(DNR) provides fire protection for forestlands whenever a landowner does not do so. Statute defines "forestland" as unimproved land with enough trees or flammable material to create a fire menace to life or property. Sagebrush and grass areas east of the Cascade mountains may be considered forestland if such lands are adjacent to, or intermingled with, tree growth.

Forest Fire Protection Assessment Rate: DNR imposes a forest fire protection assessment on those lands it protects. The assessment rate is: (1) a flat fee of \$14.50 for each parcel; and (2) \$.25 on each acre exceeding 50 acres.

Assessment Refunds: An owner who has paid assessments on two or more parcels, each less than 50 acres and located in the same county, may obtain a partial refund from DNR. If all parcels together are less than 50 acres, the refund equals the flat fee assessments paid reduced by the total of: (1) \$14; and (2) the total amounts retained by the county to defray collection costs. If the parcels total 50 or more acres, the refund equals the flat fee assessments paid reduced by the total of: (1) \$14; (2) \$.25 for each acre exceeding 50 acres; and (3) the total amounts retained by the county.

Summary: The bill increases the current forest fire protection assessment rate from: (1) \$14.50 to \$17.50 for each parcel; and (2) \$.25 to \$.27 on each acre exceeding 50 acres.

The bill also adjusts the refund formula for eligible landowners consistent with the \$3 per parcel and two cent per acre assessment rate increase. If all parcels together are less than 50 acres, the refund equals the flat fee assessments paid reduced by the total of: (1) \$17; and (2) the total amounts retained by the county. If the parcels total more than 50 or more acres, the refund equals the flat fee assessments paid reduced by the total of: (1) \$17; (2) \$.27 for each acre exceeding 50 acres; and (3) the total amounts retained by the county.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 46 | 1 |
| House | 91 | 4 |

Effective: July 22, 2007

2SSB 5467
C 283 L 07

Creating the individual and family services program for people with developmental disabilities.

By Senate Committee on Ways & Means (originally sponsored by Senators Keiser, Pflug, Parlette, Kastama, Franklin, Fairley, Weinstein, Marr, Tom, Brown, Hargrove, Zarelli, McAuliffe, Regala, Clements, Kilmer, Oemig, Pridemore, Rasmussen, Kohl-Welles, Benton, Kline and Roach).

Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means
House Committee on Human Services
House Committee on Appropriations

Background: Most people with developmental disabilities who receive state services live with their families. Subject to appropriation, the Department of Social and Health Services Division of Developmental Disabilities (DSHS DDD) provides limited funding to families for contracted services such as respite care, therapies, adaptive equipment, counseling, and training. These services are administered through multiple programs administered by DSHS DDD, and are commonly known as "family support." Although DSHS is authorized to administer family support services in statute, the descriptions of the programs themselves and criteria for the programs are not in statute. The current family support programs administered by DSHS DDD have varying criteria for who is eligible and do not use consistent assessment processes. Approximately 4,300 families currently receive family support. Another 10,000 families are on a waiting list for family support services, 4,200 of whom are documented as receiving some other service from DSHS DDD.

The 2005 Legislature, through the operating budget, provided funding for a family support pilot limited to families with gross incomes below 400 percent of Federal Poverty Level and a documented need for services. In January 2007, DSHS released a report on family support as required by the budget. The report made a number of recommendations, including consolidating the existing family support programs into one, using a new assessment tool to determine service need, and prioritizing the program based on financial need.

Summary: The bill is to be known as the Lance Morehouse, Jr. Individual and Family Services Act (Act) and it creates the Individual and Family Services Program (Program). The Program replaces Family Support Opportunities, Traditional Family Support, and the Flexible Family Support Pilot Program. The Department is required to adopt rules for the Program including the following:

Eligibility: Eligibility to receive services is to be determined based solely on an assessment of individual need.

Service Priority: Service priority levels are to be established by the Department that specify a maximum amount of dollars for each person per level per year.

Adjustments to Service Caps: The dollar caps at each service priority must be adjusted by the vendor rate increases authorized by the Legislature.

Allowable Services: Services available under the program include:

- respite care;
- therapies;
- architectural and vehicular modifications;

- equipment and supplies;
- specialized nutrition and clothing;
- excess medical costs not covered by another source;
- copays for medical and therapeutic services;
- transportation;
- training;
- counseling;
- behavior management;
- parent/sibling education;
- recreational opportunities; and
- community services grants.

Funding for one-time exceptional needs and emergencies is also available for individuals and families not receiving the annual grants. Respite care is available to a parent who provides personal care in the home to his or her adult son or daughter with developmental disabilities.

If a person has more complex needs, the family is experiencing a prolonged crisis, or a person needs additional services, the Department must assess the individual to determine if placement in a waiver program would be appropriate.

No entitlement or judicial authority to order services is created by the Act.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 46 | 0 | |
| House | 97 | 0 | (House amended) |
| Senate | 48 | 0 | (Senate concurred) |

Effective: July 22, 2007

SB 5468

C 111 L 07

Regarding the administration of tax programs administered by the department of revenue.

By Senators Oemig, Zarelli, Regala and Schoesler; by request of Department of Revenue.

Senate Committee on Ways & Means
House Committee on Finance

Background: Electronic Taxpayer Notification: The Department of Revenue (DOR) allows taxpayers to register with the state electronically and to remit taxes and other information electronically. For the purposes of communication, the DOR has established a secure messaging system that allows for secure transmission of information between the DOR and the taxpayer. However, current law requires that certain notices be sent via mail.

Centrally-Assessed Utility Reporting Requirements: In general, the properties of inter-county and inter-state utility companies are valued by the DOR rather than by the county assessor. This process is called central assessment. Centrally-assessed utilities must file with the DOR annual reports that contain the company

profile and a statement of all of the company's property. Reports must be submitted by March 15 each year for non-rail utilities and by May 1 for rail companies. In addition to the property reports, non-rail utilities must provide the DOR with copies of annual reports to company shareholders and reports filed with federal and state regulatory agencies. For the purposes of calculating property tax due, the DOR must increase the value of the company by 5 percent for each month or partial month that the utility does not meet the reporting requirements, up to a maximum of 10 percent. No exception is provided in statute if the reporting requirements are not met.

Reporting Requirements for Nonprofit Organizations Seeking Property Tax Exemptions: In general, nonprofit organizations that have been authorized to receive an exemption from property tax on property that they own or use must submit an application and then renewal declarations of exempt status on an annual basis with the DOR. In addition, such organizations must provide a report as to the use of the organization's funds. By statute, a filing fee of \$35 is required with each application. The renewal requires a fee of \$8.75. Before ruling on an application by a nonprofit for a property tax exemption, the DOR is required to make a physical inspection of the property for which the exemption is sought. The DOR is required to regularly inspect the property thereafter to ensure compliance with the exemption requirements.

Summary: Electronic Taxpayer Notification: In instances in which the DOR is required to notify or has otherwise customarily notified taxpayers by mail of assessments or other information, the DOR is authorized to send notification electronically. This authorization is provided only when the taxpayer first authorizes the DOR to do so. Taxpayer authorization may be a blanket authorization for all communication or may be specific to particular items of information. If the communication concerns taxpayer information that is subject to statutory confidentiality requirements, the DOR must transmit the information in a way that protects the confidentiality of the taxpayer information, unless the taxpayer provides a waiver. Information sent electronically by the DOR is deemed, for statutory deadline purposes, to be received on the date that the DOR sends the information or notifies the person that the information is available to be accessed.

Centrally-Assessed Utility Reporting Requirements: If good cause is shown, the DOR must waive or cancel the penalty that is otherwise imposed if a centrally-assessed utility fails to comply with reporting requirements. Additionally, if good cause is not demonstrated, the DOR must still waive or cancel the penalty if the utility fully complies with the reporting requirements within 30 days of the due date and if the utility has timely complied with the reporting requirements in the previous two years.

Reporting Requirements for Nonprofit Organizations Seeking Property Tax Exemptions: An option to submit information electronically to the DOR is provided to nonprofit organizations that are subject to application, renewal, and other reporting requirements with respect to property tax exemptions. Application and renewal fees are eliminated. The requirement for the DOR to inspect the property of nonprofit organizations which seek or have been granted property tax exemptions is made non-mandatory.

Votes on Final Passage:

Senate 47 0
House 95 0

Effective: July 22, 2007

2SSB 5470

C 496 L 07

Revising provisions concerning dissolution proceedings.

By Senate Committee on Ways & Means (originally sponsored by Senators Hargrove, Stevens, McAuliffe, Brown and Regala).

Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means
House Committee on Judiciary
House Committee on Appropriations

Background: In 1987, the Legislature enacted Substitute House Bill 48, the Dissolution of Marriage and Legal Separation Act. The act includes a legislative finding that the "best interest of the child is ordinarily served when the existing pattern of interaction between a parent and child is altered only to the extent necessitated by the changed relationship of the parents or as required to protect the child from physical, mental, or emotional harm."

In an action for dissolution of marriage (divorce) when minor children are involved, a permanent parenting plan must be incorporated into the final decree. The permanent parenting plan addresses parenting functions such as maintaining a nurturing relationship with the child, attending to the child's daily needs, education, and financial support. The court uses the best interests of the child as the policy standard by which parental responsibilities are allocated. In establishing the child's residential schedule, the court is to consider the following seven factors [Factor 1 must be given the greatest weight]:

- (1) the relative strength, nature, and stability of the child's relationship with each parent, including whether a parent has taken the greater responsibility for performing parenting functions relating to the daily needs of the child;
- (2) the agreements of the parties, provided they were entered into knowingly and voluntarily;

- (3) each parent's past and potential for future performance of parenting functions;
- (4) the emotional needs and developmental level of the child;
- (5) the child's relationship with siblings and with other significant adults, as well as the child's involvement with his or her physical surroundings, school, or other significant activities;
- (6) the wishes of the parents and the wishes of a child who is sufficiently mature to express reasoned and independent preferences as to his or her residential schedule; and
- (7) each parent's employment schedule, and must make accommodations consistent with those schedules.

The Dissolution of Marriage chapter defines "Parenting functions" as those aspects of the parent-child relationship in which the parent makes decisions and performs functions necessary for the care and growth of the child. Parenting functions include:

- (1) maintaining a loving, stable, consistent, and nurturing relationship with the child;
- (2) attending to the daily needs of the child, such as feeding, clothing, physical care and grooming, supervision, health care, and day care, and engaging in other activities which are appropriate to the developmental level of the child and that are within the social and economic circumstances of the particular family;
- (3) attending to adequate education for the child, including remedial or other education essential to the best interests of the child;
- (4) assisting the child in developing and maintaining appropriate interpersonal relationships;
- (5) exercising appropriate judgment regarding the child's welfare, consistent with the child's developmental level and the family's social and economic circumstances; and
- (6) providing for the financial support of the child.

In establishing a parenting plan, the court may limit decision-making authority and limit or preclude residential time if the court finds that there has been physical, sexual or a pattern of emotional abuse of the child, neglect, abandonment, or a history of domestic violence. The court may also limit or preclude residential time if the parent's conduct may have an adverse effect on the child. Factors to be considered include: neglect or substantial nonperformance of parenting functions; the parent's long-term emotional or physical impairment; the parent's long-term substance abuse; the absence of emotional ties; an abusive use of conflict which creates a danger to the child's psychological development; a parent's withholding the child from the other parent without good cause; and any other factor the court finds adverse to the child's best interest.

The parties involved in a dissolution with children may use mediation to resolve contested issues. The

superior court may make a mediator available. The mediator may be a staff member of the court or may be a person or agency designated by the court.

A city, county, or nonprofit may create a dispute resolution center to provide mediation and dispute settlement services. Services are to be provided without charge or based upon the participant's ability to pay. To fund the center, a county may impose a surcharge of up to \$10 on each civil filing fee in district court. The county may also impose a surcharge of up to \$15 for the filing of a small claims action.

Counties may create a courthouse facilitator program to provide basic services to self-represented litigants in family law cases. The counties may fund these facilitator programs through user fees, a surcharge of up to \$20 on family law cases filed in superior court, or both. Thirty-five of the state's 39 counties have created a facilitator program.

The Administrative Office of the Courts (AOC) produces a family law handbook to explain the state's laws regarding the rights and responsibilities of marital partners to each other and to any children during a marriage and a dissolution of marriage. County auditors provide a copy to any individuals applying for a marriage license.

In Washington State, interpreter services for legal proceedings may be paid by the government or the individual, depending on the party initiating the proceedings and the person requiring the services. For non-English speaking persons, the government pays for interpreter services when it initiated the legal proceeding. For any other legal proceeding, the non-English speaking person pays for the interpreter services unless found to be indigent. For hearing or speech impaired persons, the state pays for interpreter services when the person is a party or witness at any stage of a judicial or quasi-judicial proceeding in the state.

Summary: Dissolution/Parenting Plans: All presumptions regarding the residential provisions of the Dissolution of Marriage and Legal Separation Act are eliminated. The daily needs factor may be considered but not as a weighted factor. The ability of the court to order that a child frequently alternate between residences if in the best interest of a child is emphasized. Limitations placed on visitation should be reasonably calculated to protect the child and the parents. Prior to entering a permanent parenting plan, the court must determine the existence of any information and proceedings available in the judicial information system relevant to the child's placement. A safety plan may be filed with the court. The court may order supervised visitation and safe exchange centers or alternative safe neutral locations for visitation for cases with a history of high conflict or for parties without a satisfactory history of cooperation. Both parties are to be screened if there are allegations of certain limiting factors.

Initial Point of Contact Program: Starting July 1, 2009, and no later than November 1, 2009, counties may create a first point of contact program for parties filing petitions for dissolution or legal separation, and if state funding is provided, counties must create such a program. A party is required to meet and confer with the program prior to filing. The program will provide information about facilitation programs, orientations, alternatives to petitions for dissolution, alternatives to litigation, and screen for referral for services in the areas of domestic violence, child abuse, substance abuse, and mental health. To fund the liaison program, a county may impose user fees, impose a surcharge of up to \$20 on the superior court family law cases, or both.

Mediation: Pre-decree and post-decree mediation may be provided to parties for issues involving the residential time or other matters related to the parenting plan. It is limited to within one year of filing the dissolution petition. Pre-decree and post-decree mediation may be provided by the county at a reduced or waived fee. If state funding is provided, then the mediation must be provided by the county at a reduced or waived fee. Each superior court must make a mediator available and must use the most cost-effective mediation service available. The effective date for the mediation section is January 1, 2009.

Family Law Handbook: The family law handbook must be made available to both parties when a dissolution is filed. AOC must annually reimburse the counties for the cost of the family law handbook distributed to parties involved in dissolution cases.

Guardian Ad Litem: AOC is required to include domestic violence training in the curriculum for Guardian Ad Litem training. AOC must annually reimburse the counties for the cost of the family law handbook distributed to parties involved in dissolution cases. Guardian Ad Litem for the indigent may be provided by the county at a reduced or waived fee. If state funding is provided, then the services must be provided by the county at a reduced or waived fee.

Dissolution Proceedings: Qualified interpreters must be made available to parties and witnesses who require assistance. Within available resources, interpreters must be made available in dissolution-related proceedings. Those needing literacy assistance are referred to multipurpose service centers. Parties may participate via video-conference as well as telephonically where available.

Task Force: A task force on dissolution, dispute resolution, and domestic violence is to be convened and supported by the Supreme Court. The task force expires June 30, 2009. The section creating the task force is null and void if specific funding is not provided in the operating budget by June 30, 2007.

Data Tracking: AOC will consult with the Department of Social and Health Services' Division of Child

Support (DCS) and develop a residential time summary report. The parties involved in the dissolution must complete the form. DCS must compile and electronically transmit the information to AOC. AOC must report the information annually by county, and itemized by quarter.

Votes on Final Passage:

| | | | |
|--------|----|---|----------------------------|
| Senate | 47 | 0 | |
| House | 98 | 0 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 95 | 0 | (House amended) |
| Senate | 44 | 0 | (Senate concurred) |

Effective: July 22, 2007

January 1, 2008 (Section 202)

January 1, 2009 (Section 501)

July 1, 2009 (Sections 201 and 204)

SSB 5475

C 147 L 07

Modifying provisions affecting underground storage tanks.

By Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Poulsen, Honeyford, Regala and Kohl-Welles; by request of Department of Ecology).

Senate Committee on Water, Energy & Telecommunications

Senate Committee on Ways & Means

House Committee on Agriculture & Natural Resources

House Committee on Appropriations

Background: The U.S. Energy Policy Act of 2005 created the federal Underground Storage Tank (UST) Compliance Act. This law amended the underground storage tank regulatory program, which was created to reduce leaks into the environment from USTs.

Until 1985, most USTs were made of bare steel, which over time would corrode and leak their contents into the environment. The greatest concern was underground storage tanks would leak petroleum or other hazardous substances into ground water, potentially contaminating the source of drinking water.

The U.S. Environmental Protection Agency delegated its authority for the underground storage tank program to Washington State, where the Department of Ecology (department) implements the program. The UST Compliance Act adds new requirements for state and federal underground storage tank programs.

Summary: The department must adopt rules to implement statewide requirements for underground storage tanks that are consistent with and no less stringent than the federal UST Compliance Act of 2005.

To meet federal Energy Policy Act requirements the department must ensure ground water protection measures include secondary containment and monitoring for

new installation or replacement of all underground storage tanks systems or components; implement a "red tag" program to prevent delivery of regulated substances to USTs that have significant violations; and develop a program for owner and operator training.

The tank inspection fee is raised from \$100 to \$160 over three years at \$20 increments. If the department receives additional federal grant funding, there will be no fee increase for the third year.

Owners and operators may appeal financial penalties to the department instead of the Pollution Control Hearings Board.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 37 | 8 |
|--------|----|---|

| | | |
|-------|----|---|
| House | 98 | 0 |
|-------|----|---|

Effective: July 22, 2007

SSB 5481

C 39 L 07

Including conservation measures in performance-based contracting.

By Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Oemig, Delvin, Rockefeller, Fraser and Regala).

Senate Committee on Water, Energy & Telecommunications

House Committee on Technology, Energy & Communications

Background: Municipalities and the Department of General Administration (GA) use "energy saving performance contracting" to identify and implement cost-effective conservation improvements in public buildings. In this process, a municipality or GA may hire a company to conduct an energy audit, complete the design work, provide financing, and serve as the general contractor to install any energy efficiency measures. Payments to the company are conditioned on energy cost savings.

Water conservation opportunities are often identified in the course of the energy audits. In August 2005, GA was advised by its attorney that water conservation projects could not be completed using energy saving performance contracting. Because of this opinion, GA has stopped pursuing water conservation projects.

Summary: The provisions concerning energy saving performance contracting are amended to allow for measures to conserve water and to reduce wastewater and solid waste.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 48 | 0 |
|--------|----|---|

| | | |
|-------|----|---|
| House | 96 | 0 |
|-------|----|---|

Effective: July 22, 2007

SSB 5483

C 148 L 07

Retaining the distribution of city hardship assistance program funds to cities and towns for street maintenance.

By Senate Committee on Transportation (originally sponsored by Senators Kauffman, Holmquist, Haugen, Clements, Rasmussen and Shin; by request of Transportation Improvement Board).

Senate Committee on Transportation
House Committee on Transportation

Background: The City Hardship Assistance Program (CHAP) is a special maintenance program for cities with populations of less than 20,000 that take over state routes. There are currently 15 cities eligible to receive CHAP funds. CHAP funds total about \$1.6 million a biennium. Residual CHAP funding, if any, is ratably returned to cities based on population. A total of \$1.5 million in CHAP funds have been returned to cities since 1998.

The Small City Preservation and Sidewalk Account was created and funded at a level of \$2 million a biennium by the Legislature in 2006 for the purpose of funding preservation programs in cities with populations of less than 5,000.

Summary: CHAP funds are moved from the Urban Arterial Trust Account to the Small City Preservation and Sidewalk Account. CHAP eligible projects would continue to be funded first, and any remaining CHAP funds would be used to fund additional small city preservation projects instead of being ratably returned to cities.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 46 | 1 |
| House | 98 | 0 |

Effective: July 22, 2007

SB 5490

C 40 L 07

Adding a law enforcement representative to the adult family home advisory committee.

By Senator Brandland.

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

Background: The adult family home advisory committee was established in 2002 to provide recommendations to the Department of Social and Health Services on matters pertaining to the industry. Specifically, they are required to convene at least four times a year, and review issues related to inspection, enforcement, and quality improvement. Currently, the committee includes adult family home providers, the long term care ombudsman,

and representatives from the resident council program, families, and consumers.

Summary: A representative from a general authority Washington law enforcement agency is added to the adult family home advisory committee.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

ESB 5498

C 380 L 07

Revising voter-approved funding sources for local taxing districts.

By Senators Regala, Clements, Morton, Brandland, Pridemore, Delvin, Prentice, Hatfield and Rasmussen.

Senate Committee on Government Operations & Elections
Senate Committee on Ways & Means
House Committee on Finance

Background: In addition to the constitutional 1 percent limit on increase to the total rate of tax per parcel of property, there is a statutory 1 percent limit on the amount of revenue that any taxing district can collect compared to what it collected in prior years. Under this revenue "lid," the amount of revenue collected from a regular (i.e., non-voter-approved) property tax levy can not be more than 1 percent above the highest one year amount collected in the past three years. The only exception is if the voters in the district approve a "lid lift," which allows voters in a district to agree to tax themselves above the lid. Prior to 2003, such a "lid lift" could be for only one year.

In 2003, voters in counties, cities, and towns were allowed to approve by majority vote in a primary or general election a resolution for a levy lid lift for up to six consecutive years. Each year's maximum legal levy is the base for the following year. The resolution must state the dollar rate of the increase for the first year. For the following years, the resolution must state the limit factor of the increase, or the index for determining a limit factor, such as the consumer price index. Funds raised under this levy cannot supplant existing funds used for the same purpose.

County voters may also approve by majority vote in a primary or general election a county sales and use tax. That tax cannot exceed three-tenths of 1 percent of the sale price, and the funds raised may not supplant existing funds used for the same purpose.

Summary: Authority for a levy lid lift that lasts up to six years is available to any taxing district. For levy lid lifts and the county sales and use tax, the definition of "existing funds" is modified to exclude losses due to lost

grants or loans, extraordinary events, certain changes in contract terms, or major nonrecurring capital expenditures.

Votes on Final Passage:

Senate 46 0
House 74 23

Effective: July 22, 2007

SSB 5503

C 253 L 07

Licensing persons who offer athletic training services.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Marr, Keiser, Brown, Brandland, Fairley, Schoesler, Berkey, Shin, Delvin, Kohl-Welles and McAuliffe).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Health Care & Wellness

House Committee on Appropriations

Background: Currently, athletic trainers are not regulated by state statute. Athletic training licensing or regulation exists in 44 states. Generally athletic trainers must hold a bachelors degree and many hold graduate level degrees.

According to the national Bureau of Labor Statistics, in 2004, there were more than 300 accredited education programs for athletic trainers.

The Department of Health (DOH) conducted a sunrise review in 1993 and again in 2002. Both reviews found that proposals to regulate athletic trainers did not meet the sunrise criteria.

Summary: Athletic trainers are created as a new health profession to be regulated by DOH. An athletic trainer must hold a license issued by DOH in order to practice athletic training.

Athletic trainers provide services relating to the prevention, immediate care, evaluation, treatment, rehabilitation, reconditioning, and management of athletic injuries. Athletic training services do not include spinal adjustment or manipulation; orthotic or prosthetic services; occupational therapy; medical diagnosis; acupuncture; or prescribing legend drugs or controlled substances; or surgery.

If a patient's condition does not improve in 15 days, the athletic trainer must refer the patient to a licensed health care provider. If the patient's condition requires more than 45 days of care, the athletic trainer must either consult a licensed health care provider or refer the patient to such a provider.

DOH has the authority to develop rules and establish licensing, examination, and renewal fees. DOH may issue a license to an applicant who has met the education, training, and examination requirements. DOH may

also determine which states have credentialing requirements substantially equivalent to this state and issue licenses to individuals credentialed in those states.

An applicant for an athletic training license must have received a bachelor's degree from a four-year institution approved by DOH; pass an examination and pay a license fee as required by DOH.

DOH may discipline licensed members of the profession based on unprofessional conduct or impaired practice as governed by the Uniform Disciplinary Act. A person cannot practice or offer to practice as an athletic trainer or represent themselves or other persons to be legally able to provide services as an athletic trainer unless the person is licensed under the provisions of this act.

Exemptions from licensing requirements apply to credentialed health care providers performing services within their scope of practice; individuals employed by the federal government; students in an athletic training educational program; individuals with a limited practice in Washington for no more than 90 days per year; school teachers or coaches; and personal trainers employed by an athletic club or fitness center.

Athletic trainers are exempt from the requirement that health carriers cover every category of provider.

Votes on Final Passage:

Senate 39 8
House 91 6 (House amended)
Senate 41 4 (Senate concurred)

Effective: July 1, 2008

ESB 5508

C 231 L 07

Providing for economic development project permitting.

By Senators Kilmer, Zarelli, Hatfield, Schoesler, Holmquist, Kastama, Tom, Sheldon, Shin and Rasmussen.

Senate Committee on Economic Development, Trade & Management

House Committee on State Government & Tribal Affairs

House Committee on Appropriations

Background: Uncertainty in permit activity is undesirable and erodes confidence in government. The Office of Regulatory Assistance (ORA), in the Office of Financial Management, was created to provide citizens with information on regulations, permit requirements, and rule-making processes in the state. ORA is required to operate on the principle that state citizens should receive a date and time for a decision on a permit, the information required to make a decision on a permit, and an estimate of the maximum amount of costs in fees, studies, or public processes that will be incurred by the applicant.

The duties of the ORA include providing information, project facilitation, coordination of agency permit processing, and working to develop informal processes for dispute resolution between agencies and project applicants. ORA is to give priority to furnishing assistance to small projects with its general fund allocations. The termination date for the ORA is June 30, 2007.

Summary: The Legislature recommends that permit applicants receive information from city, county, or state agencies on the time an agency will need to make a permit decision and the minimum amount of information required for a decision. Applicants should also receive information on when an application is complete, the expected fees, and, in writing, the reasons for denial of a permit. Permitting agencies are encouraged to report annually on success in providing this information.

When a local government applies for Public Works Board funding, Community Economic Revitalization Board funding, or Job Development Fund Program funding, the criteria to be considered will include whether the applicant has developed and adhered to guidelines regarding its permitting process for those applying for development permits.

ORA is to help local jurisdictions by providing information about best practices in complying with permit timeline requirements and by providing technical assistance in reducing the turnaround time between submittal and issuance of a development permit. The termination date for the ORA is extended to June 30, 2011.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 47 | 0 | |
| House | 94 | 4 | (House amended) |
| Senate | 47 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5511

C 112 L 07

Requiring state agencies to allow volunteer firefighters to respond when called to duty.

By Senate Committee on Government Operations & Elections (originally sponsored by Senators Sheldon, Kastama, Clements, Rasmussen and Shin).

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: The Director of the Department of Personnel determines when a state employee must be granted leave with pay, and when the employer has discretion whether or not to grant leave with pay. Employers have discretion over whether to grant leave with pay to state employees volunteering in firefighting and search and rescue efforts, and donating blood.

Private sector employers may not discharge or discipline a volunteer firefighter or reserve officer who has taken leave to respond to an alarm of fire or an emergency call.

Summary: An agency must allow an employee who is a volunteer firefighter to respond to a fire, natural disaster, or medical emergency when called to duty. The agency may choose whether to grant the leave with pay or without pay.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 95 | 0 |

Effective: July 22, 2007

SB 5512

C 266 L 07

Modifying financing provisions for hospital benefit zones.

By Senators Kilmer, Regala, Hobbs, Eide, Pridemore and Rasmussen.

Senate Committee on Ways & Means

House Committee on Finance

Background: Sales and Use Taxes: 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 items and services that are otherwise taxable under the sales tax, but for which the sales tax has not been paid. The state sales tax rate is 6.5 percent of the selling price. The rate of the state use tax is also 6.5 percent. Cities, counties, and other taxing districts may impose sales and use taxes at various rates. The combined state and local rate for both sales and use taxes varies from 7 percent to 8.9 percent, depending on the location.

Tax Increment Financing: In general, tax increment financing is a method of redistributing increased tax revenues within a geographic area resulting from a public investment to pay for the bonds required to construct the project. Several tax increment financing programs are already authorized by state law: local property tax receipts derived from community revitalization projects (Chapter 39.89 RCW), and local sales tax receipts from downtown or neighborhood commercial district revitalization projects (Chapter 35.100 RCW).

Hospital Benefit Zones: In 2006, the Legislature authorized counties, cities and towns to finance public improvements in a defined area with a new form of tax increment financing. The defined area, called a benefit zone, must include a hospital that has received a certificate of need. Local governments may establish a hospital benefit zone (HBZ) to finance public infrastructure improvements. Revenue for the projects is generated through a new local sales and use tax, up to \$2 million

per project per year, credited against the state sales and use tax, and matched with an equivalent amount of local resources. Eligible public improvement projects include streets, water and sewer systems, parking facilities, sidewalks and street lighting, and parks.

Excess Excise Tax: A local government that creates a HBZ may allocate excess excise taxes received from taxable activity within the zone for the purposes of financing public improvements. The excess excise tax is the amount of local sales and use taxes received by a local government within the zone over and above the amount received there during the base year. The base year is the calendar year immediately after the creation of the zone and the measurement year is a calendar year, beginning with the calendar year following the base year, that is used annually to measure the amount of excess excise taxes to be used to finance the public improvement costs.

New Local Tax: The new local tax rate can be as high as the state sales and use tax rate (6.5 percent), and the receipts are credited against the state tax. Thus, this mechanism shifts the state tax derived from the investment and the increased retail activity within the zone to the local jurisdiction for use in financing public improvements. The local sales and use tax does not increase the rate of tax paid by consumers but instead shifts the state sales and use tax to the local government.

Money from the new local tax must be used for the sole purpose of principal and interest payments on revenue bonds issued for an eligible public improvement within the zone and must be matched with an amount from local public sources. Local public sources can include private monetary contributions as well as excess excise taxes.

Maximum Credit Against the State Tax: A local government that utilizes HBZ financing and receives approval from the Department of Revenue (DOR) may impose a new local sales and use tax. DOR must approve the amount of the sales and use tax that an applicant may impose, but no more than \$2 million per applicant. The aggregate statewide limit for credit against the state sales and use tax is \$2 million per year.

The tax must be suspended each fiscal year when the amount collected during the fiscal year equals either the amount of local excess excise taxes, and after local matching funds, the amount of state sales and use taxes collected in the measurement year over and above the amount in the base year, or \$2 million. State money is contributed for no more than thirty years from the date the local tax is first imposed or until the bonds are paid off, whichever is sooner.

Annual Report: The local government utilizing the new sales and use tax must file an annual report with DOR by March 1 of each year. The report must include an accounting of revenues allocated for the purposes of the program, as well as business, employment, and wage

information pertaining to the benefit zone. DOR must make a report available to the public and the Legislature by June 1 of each year, based on information received from participating local governments.

Summary: Changes are made to clarify the legislative intent, to allow additional flexibility for the use of revenues, to add boundary requirements, and to provide technical corrections.

Intent Section: The legislative intent section explains that the new tax is credited against the state portion of the sales and use tax, rather than an increase in the rate of the state and local sales and use tax that consumers pay.

Use of Revenue: A local government with an approved HBZ may use tax increment financing revenues for payment of other bonds used to pay for public improvements within the HBZ (issued under separate local authority) and also to pay the cost of public improvements directly (pay-as-you-go), rather than limiting revenues to payment of the principal and interest on the revenue bonds.

Boundary Formation and Requirements: Any challenge to the formation of a HBZ must be brought within sixty days of its formation or July 1, 2007, whichever is later. A local government cannot create a new HBZ within a geographic area of an existing HBZ or a revenue development area (Chapter 39.102 RCW). Further, the boundaries of a HBZ must not change for the life of the program.

Changes related to the Tax Rate and the Credit Against the State Tax: The rate of local tax imposed must be no higher than what is reasonably necessary for the local government to receive its entire annual state contribution. Local public sources do not include funds derived from state loans, state grants, other local taxes credited against state taxes, and any other state funds. No more than \$2 million in local tax under RCW 82.14.465 can be credited against the state in any fiscal year. It is clarified that the \$2 million dollar annual state contribution limit is measured on a fiscal year basis. DOR will cease to distribute the local tax when it has reached the state contribution limit. The expiration of the new tax authority is modified to provide that the tax expires the earlier of the date when: (1) tax allocation revenues are no longer needed for public improvements in the HBZ; (2) the bonds issued under the authority of the HBZ program (if issued at all) are retired; or (3) thirty years after the tax is first imposed.

Annual Report: A local government does not need to make detailed employment information as part of the requisite annual HBZ report. A local government must provide a copy of its HBZ annual report to the State Auditor. In addition, technical changes are made.

Votes on Final Passage:

Senate 48 0
 House 96 0 (House amended)
 Senate 49 0 (Senate concurred)

Effective: July 1, 2007

ESB 5513

C 41 L 07

Establishing a state government efficiency hotline.

By Senators Kilmer, Holmquist, Hobbs, Marr, Oemig, Hatfield, McAuliffe and Rasmussen.

Senate Committee on Economic Development, Trade & Management

House Committee on State Government & Tribal Affairs

Background: The State Auditor's duties include investigating improper governmental activity. Currently, the State Auditor operates the constituent referral program which allows the public to phone a general 1-800 phone number with complaints about the government, such as waste and inefficiency. The public is also able to file complaints through the State Auditor's website.

Summary: Within existing funds, the State Auditor is required to establish a toll-free telephone line for public employees and members of the public to recommend measures to improve efficiency in state and local government and to report waste, inefficiency, abuse, efficiency or outstanding achievement by state and local agencies, public employees, or persons under contract with state and local agencies.

The State Auditor is required to: prepare and make available information explaining the purpose of the hotline; designate staff to be responsible for processing the recommendations from the hotline; conduct an initial review of each recommendation; decide which recommendations require further examination; prepare a written determination of the results of the investigation; make public the conclusions of this determination and distribute the conclusions to the affected agencies; and provide an annual overview and update of hotline investigations to the appropriate legislative committees.

The identity of the person making the recommendation is confidential, unless that person signs a written waiver or until the investigation is complete. All documents related to the report and investigation must also be kept confidential until the completion of the investigation.

Votes on Final Passage:

Senate 46 0
 House 96 0

Effective: July 22, 2007

SB 5525

C 42 L 07

Adding city officials to the list of public agencies eligible for medical insurance coverage outside of compensation.

By Senators Oemig, Swecker and Regala.

Senate Committee on Government Operations & Elections

House Committee on Local Government

Background: Article II, Section 25, of the State Constitution, prohibits any increase or reduction in the "compensation" paid to any elected public official during his or her term in office.

For public employees and specified elected officials, the cost incurred by a public entity in providing employment-related medical insurance is not deemed to be "additional compensation" to such officials or employees. This provision does not currently apply to the elected officials of cities and towns, but does apply to the following categories of elected officials:

- county officials;
- fire protection district commissioners;
- port district commissioners;
- public utility district commissioners;
- water-sewer district commissioners;
- public hospital district commissioners; and
- irrigation district commissioners.

Summary: The cost of medical insurance provided to elected officials in specified categories of municipalities is not deemed to be "additional compensation" to such officials.

The municipal officials subject to the provisions of the act are those holding office in the following categories of municipality:

- cities with a commission form of government;
- first class cities;
- second class cities;
- towns;
- cities with a mayor-council plan of government; and
- cities with a council-manager plan of government.

Votes on Final Passage:

Senate 41 6
 House 96 0

Effective: July 22, 2007

SSB 5533

C 375 L 07

Revising procedures for individuals who are mentally ill and engaged in acts constituting criminal behavior.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Pflug, Hargrove, Kline, Swecker, Delvin, Stevens, Holmquist, Parlette and Hewitt).

Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means
House Committee on Human Services

Background: Under current law, an individual can stand trial for a crime only when competent. A person who is competent is one who is capable of understanding his or her position as a criminal defendant and the nature of the criminal proceedings, and able to assist counsel in his or her defense. Competency evaluations and competency restoration treatments can be ordered by the court if mental illness is an issue. In general, individuals who commit acts constituting misdemeanor crimes which are not serious crimes generally spend a maximum of 30 days in jail facilities. However, jail officials report that individuals with mental disorders who commit the same type of crimes spend an average of 60 - 90 days in jail.

In September 2006, the Washington Association of Sheriffs and Police Chiefs (WASPC) and the Washington affiliate of the National Alliance on Mental Illness (NAMI) held a summit to address the increasing numbers, recidivism rates, and longer jail terms of offenders who suffer from mental illness.

Law enforcement-based crisis intervention teams and training to address increasing contacts with individuals with mental illness exist in some of the larger communities of Washington State. Some communities have crisis triage facilities or receiving centers for individuals with mental illness. Jail-based mental health services, including medications and stabilization, Mental Health Courts, and Drug Courts that can accommodate co-occurring disorders, have developed in communities across the state to address the issues presented by individuals with severe mental illness in the criminal justice system.

Summary: The legislative intent section of this bill states that the needs of individuals with mental illness and the public safety needs of society are better served when individuals with mental illness are provided with an opportunity to obtain treatment and support.

Police officers are permitted to divert individuals with mental illness who have been alleged to have committed misdemeanor crimes, which are not serious crimes, to mental health treatment. The general statutory provisions regarding competency evaluation and restoration of individuals with mental disorders are consolidated into one new section. New sections are created to

address specific procedures in misdemeanor and felony restoration cases. Mental health professionals are permitted to return individuals to court at any time during the restoration period if they determine that the individual will not regain competency. Only individuals who have been alleged to have committed misdemeanor crimes that are serious in nature may be referred for competency restoration.

A crisis stabilization unit is defined as a short-term facility for individuals who require only stabilization and intervention. The Department of Social and Health Services is required to certify and to establish minimum standards for crisis stabilization units, such as:

- (1) physical separation from the general offender population if in a jail;
- (2) administering treatment by mental health professionals; and
- (3) securing appropriately, given the nature of the crime involved.

The procedure for non-emergent detentions is modified and a definition of imminent is added. The summons process and 24-hour reporting period in non-emergent Involuntary Treatment Act cases is eliminated and replaced with an "order to detain" process. The individual who poses a likelihood of serious harm or grave disability may be detained if a judicial officer makes a probable cause finding based on the sworn statement of a mental health professional. It is expressly stated that no jail or correctional facility may be considered a less restrictive alternative.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 49 | 0 | |
| House | 98 | 0 | (House amended) |
| Senate | 47 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5534

C 366 L 07

Creating an exemption from unemployment compensation for certain small performing arts industries.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Clements and Keiser).

Senate Committee on Labor, Commerce, Research & Development
House Committee on Commerce & Labor

Background: Generally, most employers are required to pay unemployment insurance taxes on their employees unless the employer can demonstrate that the workers are volunteers or independent contractors. In the performing arts area, some theaters and performing arts groups are very small and while they do not pay wages to most of their performers, they sometimes pay them a stipend as

reimbursement for travel, child care, and food expenses. The Employment Security Department (ESD) considers these stipends to constitute wages on which unemployment taxes must be paid unless the performing arts company or theater has a paper trail showing that the stipend was reimbursement for expenses incurred in participating in the performances.

Summary: The term "employment," as used throughout the unemployment insurance statutes, does not include any person engaged in activities related to a performance sponsored by a theater company, dinner theater, dance company, museum, musical groups and artists as long as the person receives no pay for the activities other than a nominal stipend. A stipend is a fixed amount of money periodically paid to defray expenses. The stipend is presumed to defray the person's incidental expenses incurred in the activities, including meals, transportation, lodging, costumes, supplies, child care, and related expenses. Employers who employ more than three persons during any portion of the day in a calendar year must pay unemployment taxes.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 47 | 0 | |
| House | 95 | 1 | (House amended) |
| Senate | 47 | 0 | (Senate concurred) |

Effective: July 22, 2007

SB 5551
C 221 L 07

Enhancing enforcement of liquor and tobacco laws.

By Senators Prentice, Kohl-Welles, Clements and Rasmussen; by request of Liquor Control Board.

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

House Committee on Finance

Background: The Liquor Control Board (LCB) has inspection authority to obtain information from licensees and common carriers about any matter related to the administration and enforcement of the state liquor laws. The LCB also enforces the tax laws pertaining to cigarettes and other tobacco products. The LCB may inspect the books and records of common carriers when enforcing the tax laws related to tobacco products but not to cigarettes. The LCB also has no authority to inspect books and records of vehicle rental agencies.

The LCB has no authority to issue administrative subpoenas to obtain books and records relating to the transportation and importation of contraband cigarettes and tobacco products or to determine whether liquor violations have occurred.

Summary: The LCB has authority to inspect the books and records of common carriers in enforcing the cigarette tax law, and to inspect books and records of vehicle rental agencies used to transport cigarettes and other tobacco products. The LCB also has authority to issue subpoenas to compel the production of books and records during an investigation of alleged violations of both the liquor and tobacco tax laws.

Licensed cigarette wholesalers and retailers are allowed a business and occupation tax exemption for the stamping allowance. This exemption is provided for their services in affixing cigarette tax stamps. A credit is provided for other tobacco products tax paid for tobacco products sold to the United States or its agencies or to federally recognized Indian tribes and tribal entities.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 48 | 0 | |
| House | 98 | 0 | (House amended) |
| Senate | 46 | 0 | (Senate concurred) |

Effective: July 22, 2007

SB 5552
C 347 L 07

Changing compensation and penalties for oil spills.

By Senators Rockefeller, Spanel, Regala, Kohl-Welles, Kline and Oemig.

Senate Committee on Water, Energy & Telecommunications

House Committee on Agriculture & Natural Resources

Background: Persons discharging oil into state waters are potentially subject to penalties imposed by the state. For every violation and for each day a spill poses risks to the environment, as determined by the Department of Ecology (DOE), persons negligently discharging oil incur a penalty of up to \$20,000, and persons intentionally or recklessly discharging oil incur a penalty of up to \$100,000.

DOE determines penalty amounts after considering the gravity of the violation, previous compliance with the state Water Pollution Control Act, speed and thoroughness of oil collection and removal, and other considerations deemed appropriate. Other state agencies assessing penalties in other contexts—including the Utilities & Transportation Commission when it assesses a penalty against a gas pipeline company for violating pipeline safety regulations—may consider the size of a company in determining penalty amounts.

Persons discharging oil into state waters must potentially pay compensation for cleanup and damage costs. Compensation under an oil spill compensation schedule is limited to \$50 per gallon of oil spilled.

Damage assessment after oil spills is conducted by a resource damage assessment committee that may consist

of representatives of DOE and the Departments of Fish and Wildlife, Natural Resources, Social and Health Services (DSHS), Archaeology and Historic Preservation, and the Emergency Management Division and Parks and Recreation Commission.

Summary: Oil spill penalty limits are increased to up to \$100,000 per day for a negligent discharge and up to \$500,000 per day for an intentional or reckless discharge. DOE must consider the size of the violator's business when assessing penalties, in addition to other currently specified factors.

The compensation limit in the oil spill compensation schedule is raised from \$50 to \$100 per gallon of oil spilled.

The definition of "oil" in provisions concerning oil spill prevention and response is changed to include biological oils and blends.

Suggested membership of the resource damage assessment committee is revised to delete the Emergency Management Division representative and change the DSHS representative to a Department of Health representative. State authority to conduct resource damage assessments for oil spills occurring in non-navigable waters of the state is clarified.

Agency names are updated and outdated rulemaking language is deleted.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 40 | 8 | |
| House | 69 | 28 | (House amended) |
| Senate | 35 | 12 | (Senate concurred) |

Effective: July 22, 2007

SSB 5554

C 113 L 07

Concerning self-service storage facilities.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators McAuliffe, Clements and Kohl-Welles).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: When rent for a self-storage facility unit is more than 14 days past due, the storage facility owner may terminate the rental or lease agreement and place a lien on the personal property stored in the unit. The owner must notify the renter in writing, by first class mail, of the amount due and that a lien may be placed on the stored property if the amount due remains unpaid for another 14 days or more.

If the rent remains unpaid after the date specified in the first notice, the owner must notify the renter, by certified mail, that the stored property, other than personal papers and effects, will be sold or disposed of on a date

at least 14 days later, but not less than 42 days after the date rent was first past due.

The owner must allow the renter at least six months to reclaim personal papers and effects, and any excess amount received from the sale of the renter's personal property. If the property has a value of \$300 or more, a lien sale must be conducted in a commercially reasonable manner. Property having a value of less than \$300, and unclaimed personal papers and effects, must be disposed of in a reasonable manner. The owner must provide an accounting of the property's disposition to the renter at his or her last known address.

A person claiming a right to the property may stop the sale or disposition by paying the amount needed to satisfy the lien, and the owner's costs of complying with this statute. The owner must then retain the property, pending a court order directing the disposition of the property.

Summary: The statute is clarified to refer to the first notice as a preliminary lien notice. The second notice is identified as a notice of final lien sale or final notice of disposition.

All references to "personal effects" are changed to "personal photographs" so that the owner of a facility is required to allow the renter at least six months to reclaim personal papers and personal photographs before disposing of these in a reasonable manner. New definitions are added for "reasonable manner," which means to dispose of personal property by donation to a not-for-profit charitable organization, removal of the personal property from the self-service storage facility by a trash hauler or recycler, or any other method that in the discretion of the owner is reasonable under the circumstances.

"Commercially reasonable manner" means a public sale of the personal property in the self-storage space. The personal property may be sold at the owner's discretion on or off the self-service storage facility site as a single lot or in parcels. If five or more bidders are in attendance at a public sale of the personal property, the proceeds received are deemed to be commercially reasonable.

"Cost of the sale" means reasonable costs directly incurred by delivering or sending notices, advertising, assessing, inventorying, auctioning, conducting a public sale, removing, and disposing of property stored in a self-service storage facility.

The order of expenses to which the proceeds of a lien sale are applied is clarified so that the proceeds are applied first to the costs of the sale and then to the amount of the lien.

A person claiming a right to the property to be sold or disposed of may stop the sale or disposition by paying the amount needed to satisfy the lien, and one month's rent. If the court order is not obtained within 30 days, the claimant must pay the monthly charge.

The owner has no liability to a claimant who fails to secure a court order in a timely manner or pay the required rental charge for any sale or other disposition of the personal property.

Votes on Final Passage:

Senate 48 0
House 97 0

Effective: July 22, 2007

E2SSB 5557

C 478 L 07

Concerning public facilities for economic development purposes.

By Senate Committee on Ways & Means (originally sponsored by Senators Hargrove, Prentice, Zarelli, Hatfield, Brandland, Brown, Poulsen, Pridemore and McAuliffe).

Senate Committee on Economic Development, Trade & Management

Senate Committee on Ways & Means

House Committee on Finance

Background: Sales tax is imposed on retail sales of most items of tangible personal property and some services, including construction and repair services. Sales and use taxes are imposed by the state, counties, and cities. Sales and use tax rates vary between 7 and 8.9 percent, depending on location.

Rural counties may impose a local option sales and use tax of 0.08 percent. The tax is deducted from the state's 6.5 percent sales and use tax and, thus, the consumer does not see an increase in the amount of the tax paid. Revenues from this local option tax may only be used to finance public facilities serving economic development purposes.

"Rural counties" are defined, for purposes of the tax credit, as a county with a population density of less than 100 persons per square mile, or smaller than 225 square miles.

Summary: The 0.08 percent rural county sales and use tax used for economic development is increased to 0.09 percent. Counties collecting the tax are required to provide yearly reports to the State Auditor within 150 days after the close of each fiscal year. The reports will include information on expenditures made on projects begun in prior years. Monies from the credit may not be used to fund judicial system facilities.

Votes on Final Passage:

Senate 46 0
House 97 1 (House amended)
Senate 47 0 (Senate concurred)

Effective: August 1, 2007

SSB 5568

C 189 L 07

Extending the date when counties east of the crest of the Cascade mountains that pledged lodging tax revenue for payment of bonds prior to June 26, 1975, must allow a credit for city lodging taxes.

By Senate Committee on Agriculture & Rural Economic Development (originally sponsored by Senators Rasmussen, Clements, Shin, Schoesler, Jacobsen, Morton, Holmquist and Honeyford).

Senate Committee on Agriculture & Rural Economic Development

Senate Committee on Ways & Means

House Committee on Finance

Background: Both cities and counties may impose a hotel-motel tax, but a county imposing a hotel-motel tax must allow a credit for any hotel-motel tax imposed by a city. Accordingly, both city and county hotel-motel taxes may not be imposed in the same lodging transaction. An exemption permits Yakima County to impose a hotel-motel tax simultaneously with the City of Yakima in the same lodging transaction. This exemption ends January 1, 2013.

The City of Yakima and Yakima County used revenue from hotel-motel taxes they imposed to finance an arena, the SunDome, at the Central Washington State Fair. Yakima County now proposes to use hotel-motel tax revenue to finance a fair multipurpose facility and to renovate aging fair buildings. To do so, advocates request legislation extending the exemption to the hotel-motel tax credit requirement to 2021.

Summary: The exemption to the requirement that a city hotel-motel tax be credited against a county hotel-motel tax in any county east of the crest of the Cascades that has, prior to June 26, 1975, pledged the tax revenue for payment of city bonds (i.e., Yakima County) is extended from January 1, 2013, to January 1, 2021. The county may only use hotel-motel tax revenue for constructing or improving county-owned facilities for agricultural promotion or (after January 1, 2009) other authorized tourism-related facilities. The county must perform an annual financial audit of organizations receiving hotel-motel tax revenue on the use of the revenue.

Votes on Final Passage:

Senate 46 0
House 97 0

Effective: July 22, 2007

SB 5572

C 381 L 07

Providing excise tax relief for certain limited purpose public corporations, commissions, and authorities.

By Senators Murray and Weinstein.

Senate Committee on Government Operations & Elections

Senate Committee on Ways & Means

House Committee on Finance

Background: Business and Occupation Tax: Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts from all business activities conducted within the state without any deduction for the costs of doing business. A business may have more than one B&O tax rate, depending on the types of activities conducted. The tax rate for most types of businesses that provide services is 1.5 percent.

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user.

Public Development Authorities: Public development authorities (PDAs) are authorized to improve the administration of authorized federal grants or programs, to improve governmental efficiency and services, and to improve the general living conditions in the urban areas of the state. The PDA legislation was initially enacted to authorize counties, cities, and towns a mechanism to participate in and implement federally-assisted programs, including revenue sharing, without creating potential conflict with respect to constitutional restrictions regarding the lending of credit.

Many local governments have established public corporations for a variety of public purposes, such as the implementation of community and affordable housing programs.

PDAs are provided immunity from property taxation, but in general are subject to leasehold excise taxes on leases of property to private entities. Amounts received by PDAs from non-governmental entities for the provision of services, depending on how the PDA is organized, may be taxable under the B&O tax.

Summary: An exemption from the B&O tax is provided for amounts received by a PDA for providing services to a limited liability company—if the PDA is the managing member; a limited partnership—if the PDA is the general partner; or a single asset entity required under a governmental housing assistance program—if the entity is controlled by the PDA.

An exemption from sales and use tax for amounts received by a PDA for the provision of services subject to sales and use tax if the amounts received are exempt from B&O tax under this act.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 49 | 0 | |
| House | 97 | 0 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: July 22, 2007

2SSB 5597

C 502 L 07

Concerning contracts with chiropractors.

By Senate Committee on Ways & Means (originally sponsored by Senators Franklin, Benton, Zarelli, Kauffman, Kline, Carrell, Poulsen, Keiser, Kohl-Welles, Delvin and Roach).

Senate Committee on Health & Long-Term Care

Senate Committee on Ways & Means

House Committee on Health Care & Wellness

House Committee on Appropriations

Background: Under current law, administrators of health care provider networks may refuse to reimburse a chiropractor for services that are provided to a patient by an employee of the chiropractor rather than provided by the chiropractor directly.

Summary: Health carriers are required to reimburse chiropractors for medically necessary services if the service is covered chiropractic health care and it is provided by the chiropractor or an employee who works at the same location. Violations of the participating provider agreement by an employee of the chiropractor are deemed to have been committed by the chiropractor. Participating provider agreements provided to a chiropractor within a sole proprietorship, partnership, or corporation must be offered to any other chiropractor within that practice at the same location.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 39 | 10 | |
| House | 84 | 10 | (House amended) |
| Senate | 41 | 6 | (Senate concurred) |

Effective: January 1, 2008

SB 5607
C 90 L 07

Modifying provisions regarding the leasehold excise taxation of historical property owned by the United States government.

By Senator Pridemore.

Senate Committee on Ways & Means
House Committee on Finance

Background: All real and personal property is subject to property tax, unless a specific exemption is provided by law. Property owned by the United States, the State of Washington, counties, cities, and other local governments is exempt from property tax by the State Constitution.

The leasehold excise tax applies when persons or businesses use or lease publicly owned property. Because property tax is not levied on public property, leasehold excise tax is imposed in lieu of the property tax to ensure equity in taxation of all property.

The rate of leasehold excise tax is 12.84 percent. Cities and counties may levy a local leasehold excise tax on leasehold interests in public property within their jurisdictions at a rate up to a maximum of 6 percent, thus reducing the state rate on such property to 6.84 percent. The maximum city rate is 4 percent and it is credited against the county tax. Thus, the maximum county rate is 6 percent in unincorporated areas and 2 percent in cities which levy the maximum city rate. In general, the tax is measured by the contract rent (the amount paid for the use of the public property).

The Legislature has exempted a number of different types of leases from leasehold excise tax. One of these exemptions is for leases of historical property that is owned by a municipality, listed on federal or state historical registries, and is wholly contained within a national historic reserve. In 2006, the Legislature removed the requirement that such historical property must also be controlled by a public development authority to be exempt from leasehold excise tax.

Federal law has created a number of national historic reserves throughout the country. There are two national historic reserves located in Washington: Ebey's Landing on Whidbey Island and the Vancouver National Historic Reserve.

Summary: Leasehold interests in historic property that is owned by the United States government are also exempt from leasehold excise tax, if the property is listed on any federal or state register of historical sites, and is wholly contained within a national historic reserve.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 48 | 0 |
| House | 96 | 0 |

Effective: July 22, 2007

SB 5613
C 149 L 07

Concerning entrepreneurial training opportunities.

By Senators Kilmer, Kastama, Kauffman, Shin, Delvin, Brown and McAuliffe.

Senate Committee on Economic Development, Trade & Management
House Committee on Higher Education

Background: The Workforce Training and Education Coordinating Board (WTECB) was created by the Legislature in 1991 in an effort to make the state's workforce education and training system better coordinated, more efficient, more responsive to the needs of business, workers and local communities, and more accountable for its performance. Among the current responsibilities of the board is the development of coordination criteria for activities under the federal Job Training Partnership Act. This federal law was replaced with the Workforce Investment Act (WIA) in 1998.

On February 23, 2005, the U.S. Department of Labor issued a memo titled "Training and Employment Guidance Letter No. 16-04." This memo requested that states "encourage local workforce investment boards to consider entrepreneurial training programs for WIA customers as part of their menu of services and to explore the appropriate partnerships to support these training programs."

There is no mention of entrepreneurial training or education among the WTECB's current list of duties. Entrepreneurial training is a permitted training service under WIA, and self-employment is an allowable employment outcome. There are a number of entrepreneurial and microenterprise training programs in the state.

Summary: The WTECB is to develop policy objectives for WIA in the state and ensure that entrepreneurial training opportunities are available through programs of each local work force investment board in the state. The WTECB is also to facilitate the development of programs for school-to-work transition that include entrepreneurial education and training.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 49 | 0 |
| House | 81 | 17 |

Effective: July 22, 2007

SB 5620

C 12 L 07

Clarifying the authority of the civil service commissions for sheriffs' offices.

By Senator Fairley.

Senate Committee on Government Operations & Elections

House Committee on Local Government

Background: The civil service commission (Commission) for sheriffs' offices is a three person commission appointed by the board of county commissioners for the county within which the sheriffs' office is located. Civil service commissioners serve six-year terms. Each Commission has multiple duties and responsibilities, including the duty to:

- make suitable rules and regulations providing in detail the manner in which examinations may be held, and promotions, appointments, suspensions, and discharges must be made;
- inspect all offices, departments, places, positions, and employments under the Commission's jurisdiction;
- hear and determine appeals or complaints respecting the allocation of positions or the rejection of an examinee;
- provide for, formulate, and hold competitive tests to determine the relative qualifications of a person who seeks employment in any class or position under the Commission's jurisdiction.

The Commission must meet at least once per month. Each Commission is required to elect a chief examiner who also serves as Secretary of the Commission. The chief examiner is required to keep the records for the Commission, preserve all reports made, superintend and keep record of all examinations held under the Commission's direction, and perform such other duties as the Commission may prescribe.

Summary: The Commission for sheriffs' offices has supervisory responsibility over the chief examiner.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 48 | 0 |
| House | 94 | 0 |

Effective: July 22, 2007

SSB 5625

C 13 L 07

Authorizing counties and cities to contract for jail services with counties and cities in adjacent states.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Hargrove and Pridemore).

Senate Committee on Human Services & Corrections
House Committee on Public Safety & Emergency Preparedness

Background: State law establishes the requirements for contracting between cities and counties for jail services.

Summary: Cities or counties are permitted to contract with the authorities of adjacent cities or counties across state borders for jail services, in order to send prisoners convicted in the courts of this state to complete their terms of confinement in the jails of the adjacent cities or counties.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 44 | 0 |
| House | 92 | 2 |

Effective: July 22, 2007

E2SSB 5627

C 399 L 07

Requiring a review and development of basic education funding.

By Senate Committee on Ways & Means (originally sponsored by Senators McAuliffe, Clements, Tom, Weinstein, Rockefeller, Oemig, Kastama, Hobbs, Pridemore, Eide, Franklin, Shin, Regala, Marr, Murray, Spanel, Hargrove, Kline, Kilmer, Haugen, Kohl-Welles and Rasmussen).

Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means
House Committee on Education
House Committee on Appropriations

Background: In 2005, the Legislature created a comprehensive education study steering committee (Washington Learns) comprised of legislators, the Governor, and others, and three sector advisory committees on which legislators and others served. The Washington Learns steering and advisory committees were directed to conduct a comprehensive study of early learning, K-12, and higher education; to develop recommendations on how the state can best provide stable funding for early learning, public schools, and public colleges and universities; and to develop recommendations on specified policy issues. The steering committee submitted an interim and a final report with recommendations to the Legislature.

Summary: A joint task force is created to review the current basic education definition and funding formulas and develop a new definition and funding structure that aligns with the final report of the Washington Learns steering committee and the basic education provisions in current law. The joint task force consists of 14 members: eight legislators, the Superintendent of Public Instruction, a representative of the Governor's Office or the Office of Financial Management, and four members appointed by the Governor (a chair with experience in finance and knowledge of the K-12 funding formulas, and three members with significant experience with K-12 finance issues). Each of the caucuses may submit names to the Governor for appointment consideration. The Washington Institute for Public Policy (WSIPP) will provide research support and must consult with stakeholders and experts in the field. The WSIPP may request assistance from specified state agencies.

WSIPP must provide an initial, second, and final report to the task force. The initial report must be provided by September 15, 2007, and must include a plan of action with timelines, reporting deadlines, and a timeline that does not exceed six years for implementation of a new funding system. The second report is due by December 1, 2007, and must provide at least two, but not more than four, options for allocating school employee compensation, with one option that is a redirection and prioritization within existing resources based on research-proven education programs. Additionally, the second report must provide a finalized timeline and plan for addressing the remaining components of a new funding system. The final report is due by September 15, 2008, and must include recommendations for at least two, but not more than four, options for revising the rest of the K-12 funding structure, with one option that is a redirection and prioritization within existing resources based on research-proven education programs. The final report must include a timeline for phasing in the new funding structure and a projection of the expected effect of the investment made under the new funding structure.

The alternative funding models must consider specified priorities, should reflect the most effective instructional strategies and service delivery models, and be research-based with demonstrated cost benefits. The task force must consider several specified issues. Additionally, the recommendations should provide maximum transparency of the funding system and the structure should be linked to accountability for student outcomes and performance.

Votes on Final Passage:

| | | | |
|--------|----|----|----------------------------|
| Senate | 43 | 5 | |
| House | 62 | 36 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 64 | 34 | (House amended) |
| Senate | 27 | 17 | (Senate concurred) |

Effective: May 9, 2007

SSB 5634

C 382 L 07

Revising corrections personnel training provisions.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Brandland, Kline, McCaslin and Delvin; by request of Criminal Justice Training Commission).

Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means
House Committee on Public Safety & Emergency Preparedness

Background: The Corrections Reform Act of 1981 (CRA) established the Department of Corrections as a separate department of state government, with a secretary appointed by the Governor and confirmed by the Senate. The CRA also included provisions designed to reform inmate work programs and establish correctional standards.

The CRA required mandatory minimum staff training for corrections personnel of the state and all counties employed on or after January 1, 1982, and all corrections personnel promoted to supervisory or management positions after that date. The basic corrections training required by the CRA was to be adopted by the Criminal Justice Training Commission (CJTC).

Summary: Corrections personnel who receive core training must complete certification requirements, prescribed by rule of the Criminal Justice Training Commission, within a year of completing core training. The supervisory and management training requirement for corrections personnel is moved to a section of the statutes concerning law enforcement supervisory and management training requirements.

A reference to a section of the statutes that has been repealed is eliminated.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 49 | 0 | |
| House | 97 | 0 | (House amended) |
| Senate | 46 | 0 | (Senate concurred) |

Effective: July 22, 2007

SB 5635

C 14 L 07

Revising provisions relating to limitations on polygraph tests.

By Senators Brandland, Kline and Delvin; by request of Criminal Justice Training Commission.

Senate Committee on Judiciary
House Committee on Commerce & Labor

Background: Under current law, law enforcement agencies and juvenile court services agencies are

authorized to require those who apply for employment to be subjected to a lie detector, or similar test, as a condition of employment. The test is allowed to be administered only at the time of the initial application.

Summary: Law enforcement agencies and juvenile court services agencies can require those who apply for employment or return after a break of more than 24 consecutive months in service as a fully commissioned law enforcement officer to be subjected to a lie detector or similar test.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 94 | 0 |

Effective: July 22, 2007

SSB 5639

C 222 L 07

Authorizing a caterer's endorsement for licensed micro-breweries.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Spanel, Clements, Pflug, Kohl-Welles, Jacobsen, Rasmussen, Poulsen, Regala and Kline).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: The Liquor Control Board (LCB) issues licenses to microbreweries which are defined as breweries producing less than 60,000 barrels of beer per year. Many microbreweries also hold either a spirits, beer, and wine restaurant license or a beer and/or wine restaurant license. Until recently, the LCB has issued caterer's endorsements to some microbreweries holding one of these licenses. Based upon concerns with the tied house laws, the LCB is no longer issuing caterer's endorsements to microbreweries and, in some cases, has revoked those endorsements previously issued.

Summary: It is clarified that a microbrewery holding a spirits, beer, and wine restaurant license or a beer and/or wine restaurant license is also eligible to hold all other privileges and endorsements, including a caterer's endorsement, that are permitted to those licensees.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 48 | 0 | |
| House | 94 | 0 | (House amended) |
| Senate | 45 | 0 | (Senate concurred) |

Effective: July 22, 2007

June 30, 2008 (Section 2)

SB 5640

C 114 L 07

Authorizing tribal governments to participate in public employees' benefits board programs.

By Senators Kauffman, Fairley, Prentice, Swecker, Rockefeller, Fraser, Kohl-Welles, Shin, Rasmussen and Kline; by request of Health Care Authority.

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: The state of Washington, through the Public Employees Benefit Board (PEBB) program, provides medical, dental, life, and long-term disability coverage through private health insurance plans to eligible state and higher-education employees as a benefit of employment. Counties, municipalities, and other political subdivisions, known as employer groups, may also choose to provide PEBB coverage to their employees. Eligibility requirements are established by PEBB, which also approves employee premium contributions and the benefits of all participating health care organizations. Employer groups seeking to participate in the PEBB program must apply to the Health Care Authority, and if approved, are charged a premium that covers the full cost of providing PEBB benefits to its employees.

Summary: Tribal governments may apply to participate in PEBB health care and other benefits under the same conditions and requirements as political subdivisions.

Tribal government means an Indian tribal government as defined by federal law.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 45 | 2 |
| House | 59 | 37 |

Effective: January 1, 2009.

SSB 5647

C 497 L 07

Clarifying the use of existing lodging tax revenues for tourism promotion.

By Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Fraser, Morton, McAuliffe, Fairley, Swecker, Regala, Hatfield, Spanel, Rockefeller, Kohl-Welles and Rasmussen).

Senate Committee on Economic Development, Trade & Management

House Committee on Community & Economic Development & Trade

Background: Lodging tax revenues can be used for activities and expenditures designed to increase tourism, including tourism related facilities. Tourism related

facilities are defined as real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor, and used to support tourism, performing arts, or to accommodate tourist activities.

In 2006, the Attorney General's Office (AGO) released an opinion entitled "AGO 2006 No. 4" that concluded: there must be some governmental interest in facilities receiving lodging tax funds; the lodging statute expressly limits the use of lodging taxes on special events and festivals designed to attract tourists to marketing activities only; and advance payment of lodging tax revenues to tourist promotion agencies for tourist promotion activities is prohibited.

Summary: The definition of "tourism promotion" includes operations. This allows lodging tax revenues to be used for operations expenditures for tourism promotion as well as to fund and operate special events and festivals. Lodging tax funds may go towards the marketing or the operation of special events and festivals designed to attract tourists.

The definition of "tourism-related facility" includes property that is owned by a public entity or a nonprofit organization. This authorizes local lodging tax revenues to be used for tourism-related facilities owned by a public entity or a nonprofit organization, including 501(c)(6) organizations such as business organizations, destination marketing organizations, main street organizations, lodging associations, and chambers of commerce.

Annual accountability reports on the use of funds for festivals, special events, and tourism-related facilities owned by a 501(c)(3) or 501(c)(6) nonprofit are required.

A report by the Joint Legislative Audit and Review Committee to the Legislature and Governor by September 1, 2012, regarding the expenditures and economic impact of the festivals, special events, and tourism-related facilities owned by a 501(c)(3) or 501(c)(6) nonprofit organization are required.

This bill expires on June 30, 2013.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 35 | 12 | |
| House | 73 | 25 | (House amended) |
| Senate | 41 | 8 | (Senate concurred) |

Effective: July 22, 2007

2SSB 5652

C 322 L 07

Establishing the microenterprise development program.

By Senate Committee on Ways & Means (originally sponsored by Senators Kauffman, Kastama, Kilmer, Brown, Berkey, Rockefeller, Keiser and Shin).

Senate Committee on Economic Development, Trade & Management

Senate Committee on Ways & Means

House Committee on Community & Economic Development & Trade

House Committee on Appropriations

Background: A microenterprise is commonly understood to be a business with five or fewer employees, with start-up capital needs of \$35,000 or less, and without access to traditional commercial loans. Most microenterprises are sole-proprietorships, creating employment for the owner and often other family members. Some grow large enough to employ other members of the community.

Microenterprise development refers to the process by which entrepreneurs start and grow their businesses. Microenterprise development programs provide business development services to individuals currently operating or interested in starting a microenterprise.

Approximately 20 organizations operate microenterprise development programs in Washington; they offer a variety of microenterprise services and are at various stages of sophistication and organizational development. Governmental funding for microenterprise development programs is available in most states.

Summary: The Microenterprise Development Program is established in the Department of Community, Trade and Economic Development. The department is to provide organizational support to a statewide microenterprise association and contract with it for the delivery of capacity building services to microenterprise development organizations as well as grants for technical assistance and training to microentrepreneurs. The department is also to identify other sources of funds for microenterprise development and develop criteria for the distribution of grants.

The statewide microenterprise assistance association and microenterprise development organizations receiving funds must garner matching funds from foundations, financial institutions, or other sources. The statewide microenterprise assistance association may use no greater than 10 percent of state funds to cover administrative expenses and must provide the department with an annual accounting and report on outcomes. The Joint Legislative Audit and Review Committee is to use outcome data to evaluate the program's effectiveness by January 1, 2012.

Votes on Final Passage:

Senate 49 0
 House 83 15 (House amended)
 Senate 45 0 (Senate concurred)

Effective: July 22, 2007

SSB 5653

C 248 L 07

Authorizing the development of self-employment assistance programs.

By Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Kauffman, Kastama, Brown, Berkey, Rockefeller, Keiser, Franklin, Kohl-Welles and Shin).

Senate Committee on Economic Development, Trade & Management

Senate Committee on Ways & Means
 House Committee on Commerce & Labor
 House Committee on Appropriations

Background: The U.S. Department of Labor (USDOL) funded pilot projects in Washington and Massachusetts from 1989 to 1991, providing self-employment assistance to unemployed workers. The results showed that self-employment assistance efforts for those who self-select as wanting to start a business were cost effective for the participant, the federal government, and society as a whole.

Congress enacted legislation in 1993, permitting states to adopt self-employment allowance provisions as part of their state unemployment insurance laws.

A number of states have implemented self-employment assistance programs consistent with the guidelines established by the USDOL. These programs essentially allow individuals receiving unemployment benefits, who have been identified as likely to be unemployed long term, the opportunity to establish a microenterprise. Participants receive benefit payments during their unemployment insurance eligibility period while engaged in business training and the startup of a business.

Summary: Individuals enrolled in self-employment assistance programs approved by the Commissioner of Department of Employment Security (ESD) are eligible to continue receiving regular unemployment insurance benefits if they have been identified by the ESD as likely to exhaust their regular unemployment insurance benefits. Enrollment in a self-employment assistance program satisfies the weekly work search requirement that an individual must meet to be eligible to receive weekly benefits.

Enrollment in a self-employment assistance program does not entitle the enrollee to any additional benefit payments. The Commissioner of ESD must approve the self-employment assistance programs. ESD is not

obligated to expend any funds on providing the self-employment assistance programs. Persons completing a self-employment program may not directly compete with their former employer. The effective date of the act is January 1, 2008. The act expires July 1, 2012.

By December 1, 2011, ESD is to report on the performance of the self-employment assistance program.

Votes on Final Passage:

Senate 46 0
 House 68 26 (House amended)
 Senate 44 2 (Senate concurred)

Effective: January 1, 2008

E2SSB 5659

C 357 L 07

Establishing family and medical leave insurance.

By Senate Committee on Ways & Means (originally sponsored by Senators Keiser, Kohl-Welles, Fairley, Franklin, Brown and Kline).

Senate Committee on Labor, Commerce, Research & Development

Senate Committee on Ways & Means
 House Committee on Commerce & Labor
 House Committee on Appropriations

Background: Federal and state laws provide that certain employees are entitled to unpaid family and medical leave.

Federal Law: Under the federal Family and Medical Leave Act, eligible employees are entitled to take up to 12 weeks of unpaid leave in a 12-month period for specified family and medical reasons, and to be reinstated to their original jobs or equivalent jobs. An eligible employee is one who: (1) works for a covered employer; and (2) has worked for the same employer for at least 12 months, and for at least 1,250 hours over the previous 12 months. An eligible employee is not one who works at a location at which the employer employs less than 50 employees if the total number employed within 75 miles of that worksite is less than 50. A covered employer is a private employer that had 50 or more employees in at least 20 weeks of the current or preceding year. Leave may be taken for: (1) the birth and care of a child of the employee; (2) the placement of a child with the employee for adoption or foster care; (3) the care of an immediate family member who has a serious health condition; or (4) the serious health condition of the employee that makes the employee unable to work.

State Law: The state Family Leave Law generally conforms to federal law and related regulations, with certain exceptions. Upon returning from leave, eligible employees are entitled to be returned to workplaces within 20 miles of their original workplaces. Employees are also entitled to leave for sickness or temporary

disability related to pregnancy or childbirth in addition to leave under federal law. Employers must allow employees to continue their health coverage at their own expense during leave.

Summary: Task Force: A joint legislative task force on family leave insurance is created. The task force is required to study: financing for benefits and administrative costs; program implementation and administration; government efficiencies which improve program administration and reduce program costs; and impacts, if any, on the unemployment compensation system and options for mitigating such impacts. The task force must report its findings and recommendations, including recommendations as to the specific manner in which benefits and administrative costs should be financed, as well as proposed legislation, to the Legislature by January 1, 2008. The provision creating the task force expires July 1, 2009.

The 13-member task force consists of: four legislative members who are the chairs and the ranking members of the Senate Labor, Commerce, Research, and Development Committee and the House Commerce and Labor Committee; four legislative members who are one member of each of the largest caucuses in the Senate, appointed by the majority leader of the Senate, and one member of each of the largest caucuses in the House of Representatives, appointed by the speaker of the House of Representatives; four nonlegislative members who are one large business representative, one small business representative, one labor representative, and one representative of advocates for family leave; and one gubernatorial appointee. Both the Department of Labor and Industries (L&I) and the Employment Security Department must maintain nonvoting liaison representatives to the task force.

Family Leave Insurance: A new partial wage replacement program is established. Beginning on October 1, 2009, benefits of \$250 per week for up to five weeks are paid to individuals who are unable to perform their regular or customary work because they are on family leave. "Family leave" means leave for the birth of a child or the placement of a child for adoption. "Child" means a biological child or an adopted child. "Department" means the state agency to be directed to administer the program.

Eligibility: An individual is eligible to receive benefits if he or she has worked 680 hours in employment covered by unemployment compensation during either the first four of the last five calendar quarters or the last four calendar quarters completed before beginning family leave. An employer or a self-employed person not mandatorily covered may elect coverage.

Other Requirements: If leave is foreseeable, the individual is required to provide notice of leave in the same manner required under the state Family Leave Law.

Disqualification: An individual is disqualified from receiving benefits if the individual made false statements to obtain benefits.

Other Leave and/or Compensation: Leave must be taken concurrently with leave taken under other laws. Employers may require that leave be taken concurrently or otherwise coordinated with leave under collective bargaining agreements or employer policies.

Amount: The amount of the weekly benefit is \$250 for an individual who was regularly working 35 or more hours per week and is on leave for the same number of hours. Benefits are prorated for an individual who was regularly working less than 35 hours per week, and for an individual who is on leave for fewer hours per week than he or she was regularly working.

Duration: An individual is entitled to receive benefits for a maximum of five weeks in an application year. If spouses or state registered domestic partners are employed by the same employer, the employer may require that they not take leave concurrently.

Reinstatement: An individual is entitled to be restored to a position of employment in the same manner as an employee entitled to leave under the state Family Leave Law is restored to a position of employment. However, the individual must have worked for an employer with more than 25 employees for at least 12 months, and for at least 1,250 hours over the previous 12 months.

Confidentiality: Information in an employee's record is not subject to public disclosure, but an employer may review the records of its employee in connection with a pending claim. Information obtained from employers' records for administration of the program is not subject to public disclosure.

Discrimination: An employer or other person may not discriminate against a person for filing a claim for benefits, communicating an intent to file a claim, or testifying or assisting in a proceeding related to a family leave insurance claim.

Reports: Beginning on September 1, 2010, and annually thereafter, reports on program participation, premium rates, fund balances, and outreach efforts must be submitted to the Legislature.

Account: A dedicated account, the Family Leave Insurance Account, is established. The account may be used only for the program's purposes, including initial administrative expenses. The State Investment Board may invest funds in the account in excess of the amount deemed by the Board to be sufficient to meet current expenditures. The account retains its interest earnings.

Loan: If necessary, the Director of L&I may, from time to time before July 1, 2009, lend funds from the Supplemental Pension Fund to the Family Leave Insurance Account. The loaned funds are solely initial administrative expenses. The loaned funds must be repaid, with interest, from the Family Leave Insurance Account

to the Supplemental Pension Fund within two years of the loan. The authority to make loans expires October 1, 2011.

Contracting Authority: L&I may contract or enter into interagency agreements with other state agencies for initial administration of the program. The authority to enter into such agreements expires October 1, 2011.

For the 2007-09 Biennium, \$18 million is appropriated from the Family Leave Insurance Account to L&I for initial administrative expenses.

Votes on Final Passage:

| | | | |
|--------|----|----|-------------------------------|
| Senate | 32 | 17 | |
| House | 61 | 36 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 57 | 41 | (House receded/House amended) |
| Senate | 26 | 21 | (Senate concurred) |

Effective: May 8, 2007 (Sections 2 and 19-25)
 July 22, 2007
 July 1, 2008 (Sections 3-18 and 26)

ESB 5669
 C 308 L 07

Requiring agencies to expedite decisions regarding the implementation of renewable fuel standards.

By Senators Holmquist, Poulsen, Rasmussen, Pflug, Oemig, Swecker, Clements, Schoesler, Roach, Rockefeller and Kilmer.

Senate Committee on Water, Energy & Telecommunications

House Committee on Technology, Energy & Communications

Background: In 2006, Washington enacted renewable fuel standards requiring certain fuel licensees to meet minimum biodiesel sale requirements and obligating state agencies to meet minimum biodiesel use requirements. Facilities implementing renewable fuel standards are subject to several permitting requirements.

Summary: State agencies processing applications and decisions implementing renewable fuel standards must do so in a manner designed to minimize processing and review times. Pertinent information must be made easily accessible to the public.

These requirements apply to:

- installing new storage tanks and pumps;
- increasing refining and blending capacity;
- adding efficiency improvements for refiners, blenders, or bulk plant operators;
- modifying off- or on-loading racks;
- adding equipment to biodiesel storage tanks or tanks holding blended fuel; and
- replacing under- and above-ground fuel storage tanks, pumps, and large bulk tanks.

The requirements do not apply to biodiesel or ethanol production facilities. The requirements expire on December 31, 2009.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 47 | 0 | |
| House | 96 | 0 | (House amended) |
| Senate | 46 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5674
 C 383 L 07

Authorizing registered voters meeting land ownership requirements to file for and serve as water-sewer district commissioners when voids in candidacy occur.

By Senate Committee on Government Operations & Elections (originally sponsored by Senators Haugen, Fairley and Kline).

Senate Committee on Government Operations & Elections

House Committee on Local Government

Background: The board of commissioners of a water-sewer district, with a majority vote, may decide that subsequent commissioners be elected from commissioner districts. In such commissioner districts, only registered voters who reside in the commissioner district may be a candidate for, or serve as, commissioner of the district. Candidates for commissioner of a commissioner district are nominated at the primary by voters of the commissioner district, but voters of the entire water-sewer district elect the candidates at the general election.

In nonpartisan races, the filing period will be reopened for three days if no candidates have filed for office, if all candidates who have filed are disqualified, or if a vacancy occurs leaving an unexpired term to be filled by an election for which filings have not been held.

Summary: In water-sewer districts with fewer than one hundred residents, if the filing period is reopened for a district commissioner, any registered voter who resides or holds title or evidence of title to land in the district may file as a district commissioner candidate.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 46 | 1 | |
| House | 90 | 4 | (House amended) |
| Senate | 46 | 0 | (Senate concurred) |

Effective: July 22, 2007

ESB 5675

C 284 L 07

Increasing minimum industrial insurance benefits.

By Senators Franklin, Kohl-Welles, Keiser, Murray and Kline.

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

House Committee on Appropriations

Background: Workers injured in the course of employment may receive various benefits under the Industrial Insurance Act. Compensatory benefits are based on the monthly wages that the worker was receiving from all employment at the time of injury.

Death benefits are calculated as follows:

- the worker's monthly wage at injury is multiplied by a percentage ranging from 60 to 70 percent, depending on the number of children;
- the minimum monthly benefit ranges from \$185 to \$322, depending on the number of children; and
- the maximum benefit is 120 percent of the state average monthly wage.

Temporary or permanent total disability benefits are calculated as follows:

- the worker's monthly wage at injury is multiplied by a percentage ranging from 60 to 75 percent, depending on the worker's marital status and number of children;
- the minimum monthly benefit ranges from \$185 to \$352, depending on the worker's marital status and number of children; and
- the maximum benefit is 120 percent of the state average monthly wage.

Monthly compensatory benefits that are being paid are revised annually for a cost-of-living adjustment based on changes in the state average monthly wage. The state average monthly wage is derived from the Employment Security Department's calculation of the state average annual wage.

Summary: The statutorily-set minimum monthly benefit amounts are deleted. For dates of injury or disease manifestation after June 30, 2007, the minimum monthly benefit is set at 15 percent of the state average monthly wage plus an additional \$10 per month if a worker is married and an additional \$10 per month for each child of the worker up to a maximum of five children. The minimum monthly benefit may not exceed 100 percent of the worker's wages, but may not be less than the benefit amount currently received by the worker.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 37 | 8 | |
| House | 68 | 29 | (House amended) |
| Senate | 37 | 10 | (Senate concurred) |

Effective: July 1, 2008

SSB 5676

C 190 L 07

Revising provision for receipt of temporary total disability.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Keiser, Kohl-Welles, Murray, Prentice, Hatfield and Kline).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: Loss of Earning Power: The Industrial Insurance Act allows an employer to provide a light or modified job to an injured worker while the worker is recovering from his or her injury. The light duty job must be approved by the worker's physician. If the worker returns to a job paying less than 95 percent of the worker's earning power, the worker is entitled to partial benefits paid in proportion to the worker's loss of earning power.

The loss of earning power calculation is different in situations when a claim has been closed and then reopened. If a claim is reopened, the worker is not entitled to loss of earning power benefits in the reopening unless the worker shows that he or she has suffered a decrease in earning power proximately resulting from the injury's aggravation. If the worker is entitled to loss of earning power in a reopening, loss of earning power benefits are determined by comparing the worker's current earning power to the worker's earning power at the time the claim was last closed.

Kept-on-Salary: If a worker suffers a temporary total disability, an employer may choose to continue paying the worker wages that he or she was earning at the time of injury. In these situations, the worker is not entitled to temporary total disability benefits (time-loss benefits) during the period in which the employer continues to pay wages.

Summary: The prior closure of the claim or the receipt of permanent partial disability benefits does not affect the rate at which loss of earning power benefits are calculated upon reopening the claim. If an employer continues to pay a worker, during a period of temporary total disability, wages that the worker was earning at the time of injury, holiday pay, vacation pay, sick leave, or other similar benefits, are not considered payments by the employer.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 31 | 15 |
| House | 69 | 29 |

Effective: July 22, 2007

SSB 5688

C 78 L 07

Modifying who may receive industrial insurance claimants' notices, orders, or warrants.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Keiser and Kline).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: Written notices, orders or warrants for claims under the Industrial Insurance Act may only be forwarded to the industrial insurance claimant and may not be forwarded to any representative of the claimant until an order on the claim has been entered and is appealable to the Board of Industrial Insurance Appeals.

Summary: Industrial insurance claimants' written notices, orders, or warrants may be forwarded to the claimant in care of a representative before an order has been entered on the claim if the claimant designates this representative in writing.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 96 | 0 |

Effective: July 22, 2007

SSB 5702

C 386 L 07

Requiring notice to certain employees of a claim of exemption from paying unemployment insurance taxes.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Benton, Keiser, Swecker, Kohl-Welles and Roach).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: A church, or convention or association of churches, or an organization that is operated primarily for religious purposes and which is operated, supervised, controlled, or principally supported by a church, convention, or association is exempt from paying unemployment insurance taxes. As a result, the employees of these organizations generally will not be eligible for unemployment compensation.

Summary: A church, convention, association of churches, or an organization that is operated primarily for religious purposes and which is operated, supervised, controlled, or principally supported by a church, convention, or association must inform its employees that they may not be eligible to receive unemployment insurance based on their work for the church, convention, or

association. The employer must provide written notice to every employee at the time of hire. The employer must display a poster in a conspicuous place giving notice of this exclusion. The Employment Security Department must provide these notices free of charge.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 46 | 0 | |
| House | 96 | 0 | (House amended) |
| Senate | 46 | 1 | (Senate concurred) |

Effective: July 22, 2007

SB 5711

C 116 L 07

Expanding the offender score to include offenses concerning the influence of intoxicating liquor or any drug.

By Senators Parlette, Delvin and Shin.

Senate Committee on Judiciary

House Committee on Judiciary

Background: An offender's criminal history includes his or her prior adult convictions and juvenile court felony dispositions. Felony dispositions in juvenile court are counted as criminal history for purposes of adult sentencing, except under general "wash-out" provisions. The criminal history portion of an offender score may be calculated once prior convictions are determined. The rules for scoring prior convictions are contained in RCW 9.94A.525.

A serious traffic offense includes driving or actual physical control while under the influence of intoxicating liquor or any drug, reckless driving, or hit-and-run attended vehicle. In order to calculate the offender score of a person whose present conviction is for a felony traffic offense, one point is counted for each prior adult serious traffic conviction and a 1/2 point for each juvenile prior serious traffic conviction. Felony traffic offenses include vehicular homicide, vehicular assault, hit and run injury accident, and attempting to elude a pursuing police vehicle.

The crime of homicide by watercraft occurs when the death of any person ensues within three years as a proximate result of injury proximately caused by the operating of any vessel by any person. The operator of the vessel is guilty of homicide by watercraft if he or she was operating the vessel while under the influence of intoxicating liquor or any drug, in a reckless manner, or with disregard for the safety of others. If the homicide by watercraft occurs while the operator is under the influence of liquor or any drug, it is a class A felony, ranked at seriousness level IX.

Assault by watercraft occurs when a person operates any vessel in a reckless manner or while under the influence of intoxicating liquor or any drug and this conduct is the proximate cause of serious bodily injury to another.

It is a class B felony and is ranked at seriousness level IV.

Summary: The criminal history portion of a person's offender score, if the present conviction is for a felony traffic offense, requires counting one point for each adult and 1/2 point for each juvenile prior conviction for operation of a vessel while under the influence of intoxicating liquor or any drug. If the present conviction is for homicide by watercraft or assault by watercraft, the criminal history portion of the offender's score includes two points for each adult or juvenile prior conviction for homicide by watercraft or assault by watercraft. If the present conviction is for homicide by watercraft or assault by watercraft, one point is counted for each adult and 1/2 point for each juvenile prior felony offense. A present conviction of homicide by watercraft or assault by watercraft necessitates counting one point for each adult and 1/2 point for each juvenile prior conviction for driving or actual physical control of a motor vehicle while under the influence of intoxicating liquor or any drug, or operation of a vessel while under the influence of intoxicating liquor or any drug.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 48 | 0 |
| House | 96 | 0 |

Effective: July 1, 2007

SSB 5715
C 117 L 07

Concerning persons selling, soliciting, or negotiating insurance.

By Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Benton, Berkey, Hobbs, Prentice, Hatfield, Franklin and Shin; by request of Insurance Commissioner).

Senate Committee on Financial Institutions & Insurance
House Committee on Insurance, Financial Services & Consumer Protection

Background: An insurance agent is appointed and paid by an insurance company to place the insured's insurance with that company. The insurance agent is under a contract of agency with the insurance company. An insurance broker is paid a fee by the insured to place that person's insurance with insurance companies.

Both agents and brokers must be licensed and are regulated by the Office of Insurance Commissioner (OIC). A licensee may be both an agent and a broker. An agent licensed as a broker for property and casualty insurance may receive a commission payment from the insurer or a fee payment from the insured, or both. If both are received, the full amount of compensation must be disclosed in writing to the insured by the agent-broker.

Both agents and brokers must submit fingerprints during the licensing process.

Laws applying to insurance agents and to insurance brokers are different in some respects. The differences include the requirement for agents to be appointed by insurance companies. The agent's license is valid until suspended or revoked or until the appointment ceases.

Brokers differ from agents in that brokers must have at least two years of experience as an agent, or other position in the insurance industry. A broker's scope of licensing is either all lines, casualty-property, or life and disability. A broker must maintain a bond in favor of the people of the state of Washington in the amount of \$20,000. The broker's license is valid until suspended or revoked or until a period of time elapses, as determined by the OIC.

The OIC may issue a temporary license to surviving next of kin of a deceased licensee, if the survivor is otherwise qualified except for experience or the taking of the examination.

Reciprocity between licensees of Washington and those of other states applies subject to the same obligations, limitations and supervision as though the foreign licensee were a resident of this state.

The license application fee and the fee required every two years to renew a license is \$50.

The National Association of Insurance Commissioners (NAIC) has developed a model called producer licensing. This model has been adopted by 38 states. The model replaces the name of licensees as agents and brokers with the term, producers, and has other provisions that vary from Washington law.

Summary: The terms agent and broker are replaced by the term producer. The term producer does not include title insurance agents. Applications for licenses must be on the uniform application forms. Nonresident title insurance agents who are licensed in their home states, but not in Washington, may participate in closing real estate transactions on Washington property.

A producer may not act as an agent of an insurance company unless the producer is appointed as an agent of that insurance company. If this relationship is terminated for reasons that would be grounds for the OIC to revoke, or otherwise limit, the producer's license, a formal procedure is instituted.

The formal procedure requires that the OIC keep a file on the terminated producer. This file must include the producer's comments on the termination. The file is confidential and cannot be made subject to disclosure by a public records request. The OIC may share the file with the NAIC and other regulatory and law enforcement jurisdictions, subject to confidentiality protections.

The producer also has a duty to report to the OIC any administrative or criminal actions against him or her.

Probation of a producer is introduced as a choice the OIC may make as an alternative to revocation, suspension, or refusal to renew the license.

A producer may be licensed in one or more of eight lines of authority. These lines of authority are life; disability; property; casualty; variable life and variable annuity products; personal lines; limited lines; and specialty lines. Limited lines consist of surety; limited line of credit insurance; and travel. Specialty lines consist of communications equipment or services; rental car; or any other line permitted under state law.

Provisions for the temporary license are altered by providing a 180-day term for the license. The OIC may require a suitable sponsor to assume responsibility for the temporary licensee. A temporary licence may be given to the designee of a producer who enters active service in the armed forces.

The bonding requirements are altered. Producers who are not appointed as agents of an insurance company are required to have a bond in the amount of \$2,500 or 5 percent of the brokered premiums in the last calendar year, whichever is greater, up to \$100,000. The bonding requirement can be met with bonding in the name of an association.

Producers must disclose their receipt of both fees and commissions when selling all types of insurance.

Reciprocity must be granted to the licensees of other states in the form of a nonresident producer license, so long as the other states' nonresident licensing provisions operate on the same basis for residents of our state. The requirement to furnish information about the identity of the nonresident includes the requirement to furnish fingerprints. However, the OIC must waive the fingerprinting requirement if the home state also requires fingerprinting.

The license application fee and the fee required every two years to renew a license are raised \$5. The new fee is \$55.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 46 | 0 |
| House | 97 | 0 |

Effective: July 1, 2009

ESSB 5717

C 82 L 07

Establishing a program of market conduct oversight within the office of the insurance commissioner.

By Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Berkey, Hobbs, Prentice, Hatfield and Franklin; by request of Insurance Commissioner).

Senate Committee on Financial Institutions & Insurance
House Committee on Insurance, Financial Services & Consumer Protection

Background: The Office of Insurance Commissioner (OIC) has authority to conduct financial examinations of insurance companies that it regulates. The examinations must be conducted at least every five years for each insurance company and are in a form that is applied uniformly to each company. Market examinations are conducted under the same authority. These examinations include consideration of the company's conduct in the marketplace.

Since statutory authority to conduct examinations was first granted in 1947 and last partially updated in 1993, the National Association of Insurance Commissioners (NAIC) has developed a market analysis program. Part of that program includes the submission of annual statements to the NAIC from participating states. As of 2007, twenty-five states participate in this annual statement process that contributes to the NAIC's database.

In the NAIC model, market analysis is used to create a baseline understanding of the insurance marketplace to which individual companies can be compared. Only those companies, and only to the extent warranted, that exhibit outlier status to some degree are subjected to the market examination, or some lesser examination.

Summary: Financial examinations are differentiated from market conduct examinations. Market conduct examinations are conducted on an as-needed basis and consider market activities from the past, to the present and into the future.

The OIC must gather data from insurance companies and elsewhere to establish a baseline understanding of the marketplace's patterns and practices. The OIC must use this baseline to identify and prioritize the seriousness of any insurers' marketplace activities that deviate significantly from the norm or that may pose a potential risk to the insurance consumer.

Insurers must file market conduct statements annually on NAIC forms. An insurer may voluntarily conduct an internal insurance compliance self-evaluation audit. The purpose of this self-evaluation audit is for the insurance company to identify or prevent noncompliance or to promote compliance.

The OIC has a range of responses that can be tailored to the individual insurance company's needs. The OIC determines the frequency and timing of market conduct actions. The OIC must select the least intrusive and most cost-effective market conduct action that provides the necessary protections for the consumer. The range of responses runs, in eight graduated steps, from correspondence with the insurer to examinations. Examinations include the comprehensive market conduct examination, targeted examination, and on-site examination. The OIC need not use all these steps, or use them in the stated order. The OIC is not limited to just these steps.

The NAIC's existing mechanisms are used to communicate and coordinate market conduct actions among state insurance regulators. Market data is collected and reported to the NAIC's market information systems. The insurers' annual market conduct statement is made according to the time frames and on the forms of the NAIC. The OIC must use the NAIC standard data request for market conduct examinations and the announcement of the examination must be posted on the NAIC's examination tracking system.

The NAIC market regulation handbook is one resource used by the OIC in performing the analysis necessary to develop the baseline understanding of the marketplace. It must be followed in market conduct examinations. Exit conferences must also be conducted according to the NAIC handbook.

The OIC must use information collected by the NAIC in conducting market analysis and may receive documents, including otherwise confidential information, from the NAIC and its affiliates or subsidiaries.

If the continuum of graduated regulatory responses from the OIC has not sufficiently addressed the issues raised concerning the insurer's activities in Washington State, the OIC has discretion to conduct market conduct examinations according to the NAIC market conduct uniform examination procedures and the NAIC market regulation handbook. This decision is not subject to appeal. The market conduct examinations may be either comprehensive or targeted.

At the time that the OIC takes any action along the continuum, the insurance company must be given an opportunity to verify the data that triggered the response.

Market conduct examinations are conducted according to a process. This process includes notification, a work plan, provisions for questioning a conflict of interest of the assigned market conduct oversight personnel, preexamination conference, exit conference, full written report, a hearing to consider objections, a mediation form of alternative dispute resolution, and appeal of the hearing decision under the Administrative Procedure Act.

Rule making is required to establish the system of mediation and for the OIC to adopt procedures and documents substantially similar to the NAIC work products,

in accordance with which, market analysis, market conduct actions, and market conduct examinations must be performed.

The market conduct examination report is confidential and not filed for public inspection until after the hearing. Once adopted, the report is held private and confidential for five days and then the OIC may open the report for public inspection. The OIC may withhold any examination or investigation report for so long as it deems it advisable. No waiver of any privilege or confidentiality occurs as a result of the insurer's disclosure of information to the OIC. The OIC may share confidential and privileged documents with any regulatory agency, law enforcement authority, or the NAIC if that entity agrees to and asserts it has the legal authority to maintain the confidentiality and privilege.

The self-evaluation audit document is confidential and privileged, as are all documents in the possession of the OIC or NAIC in the course of any market conduct action or examination or market analysis. These same documents are exempt from disclosure under a public records request.

In making market conduct examinations, the OIC may contract with attorneys, appraisers, CPAs, actuaries, and others. The compensation and per diem paid to them must not exceed 125 percent of the NAIC guidelines, if possible. Certain contract terms are required. They include dispute resolution or arbitration to resolve conflicts with insurers, disclosure of fees and hourly rates, and that the OIC must review and affirmatively endorse detailed billings before the billings are sent to the insurer.

The work plan for a market conduct examination must include a budget for the examination if the cost is to be billed to the insurer. This budget must identify factors that will be included in the billing. One of the factors the OIC must consider in determining the personnel costs for employees examining insurers domiciled outside the state is the NAIC's recommended salary and expense schedule for zone examiners.

The company examined is liable to reimburse the state upon presentation of an itemized statement for travel, living expenses, per diem, salary and benefits for the employee doing the examination. The itemized bills are to be provided monthly for prior review by the insurance company. The OIC must maintain active management and oversight of examination costs.

Whistleblower protection is provided by the OIC for employees who report violations of laws or rules by their employers who are insurers. Information provided by the employees to the OIC is confidential and not open to public inspection.

Fines and penalties are to be consistent, reasonable, and justified. The OIC must take into consideration the insurers' membership in best practices organizations, its self-assessments, and reporting. Any insurer that fails to file its market conduct annual statement on time is sub-

ject to the penalty and enforcement provisions of the insurance code.

The OIC must report to the appropriate legislative policy committees after rules are adopted to implement NAIC provisions.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 96 | 1 |

Effective: July 22, 2007

SSB 5718
PARTIAL VETO
C 368 L 07

Imposing penalties for engaging in the commercial sexual abuse of minors.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Kohl-Welles, Hargrove, Regala, Stevens, Keiser and Rasmussen).

Senate Committee on Human Services & Corrections
House Committee on Public Safety & Emergency Preparedness

Background: A person is guilty of patronizing a juvenile prostitute if that person engages or agrees or offers to engage in sexual conduct with a minor in return for a fee and is guilty of a class C felony.

When engaged in juvenile prostitution, a person is guilty of promoting prostitution in the first degree if the person advances or profits from prostitution of a person less than 18 years old. Promoting prostitution in the first degree is a class B felony.

A person who patronizes a juvenile prostitute may also be charged with the rape of a child or child molestation. Rape of a child in the first and second degree and molestation of a child in the first degree are class A felonies; molestation of a child is a class B felony; and rape of a child in the third degree and molestation of a child in the third degree are class C felonies.

The Prostitution Prevention and Intervention Services grant program was established with the Department of Community, Trade, and Economic Development (CTED) in 1995. That fund was to provide prevention and intervention services to prostitutes or those seeking to leave prostitution, such as counseling, parenting, housing relief, education, and vocational training.

Summary: A person is guilty of commercial sexual abuse of a minor if the person pays a fee to engage in sexual conduct with a minor, pays or agrees to pay a fee pursuant to an understanding that the minor will engage in sexual conduct with him or her, or he or she solicits, offers, or requests to engage in sexual conduct with a minor. This crime is a class C felony.

A person is guilty of promoting commercial sexual abuse of a minor if he or she knowingly advances or profits from a minor engaged in sexual conduct. This crime is a class B felony.

A person commits the offense of promoting travel for commercial sexual abuse of a minor if he or she knowingly sells or offers to sell travel services to facilitate commercial sexual abuse of a minor. This crime is a class C felony.

A person is guilty of permitting commercial sexual abuse of a minor if the person has control of premises which he or she knows are being used for commercial sexual abuse of a minor. This crime is a gross misdemeanor.

Promoting commercial sexual abuse of a minor and promoting travel for the commercial sexual abuse of a minor are added to those crimes for which lack of knowledge as to the age of the victim is not a defense.

A one-year sentence enhancement for Rape of a Child and Child Molestation is imposed when the perpetrator engaged, agreed or offered to engage the victim in sexual conduct for a fee after the effective date of the act.

A special verdict process is created for the purpose of determining whether the defendant engaged, agreed, offered, attempted, solicited another, or conspired to engage the victim in sexual conduct in return for a fee in prosecutions for Rape of a Child in the first, second, and third degrees; Child Molestation in the first, second, and third degrees; and anticipatory crimes related to the offenses. The prosecution is required to prove the special verdict to a jury (or to the court if no jury is had) beyond a reasonable doubt.

A person who has entered into a statutory or nonstatutory diversion agreement for the commercial sexual abuse of a minor or the crimes of indecent exposure, prostitution, permitting prostitution, or patronizing a prostitute is subject to the same financial penalties as those that apply to a person who has been convicted of the crime.

If funds are appropriated to the prostitution prevention and intervention account, CTED must prioritize the funds to provide services to minors who have a history of engaging in sexual conduct for a fee or are victims of commercial sexual abuse of a minor as well as the training of law enforcement and community outreach and education on minors who have a history of engaging in sexual conduct for a fee or are victims of commercial sexual abuse of a minor.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 47 | 0 | |
| House | 96 | 0 | (House amended) |
| Senate | 47 | 0 | (Senate concurred) |

Effective: July 22, 2007

Partial Veto Summary: Provisions requiring that funds appropriated to the prostitution and intervention account be prioritized for services geared toward preventing the commercial sexual abuse of minors are removed.

VETO MESSAGE ON SSB 5718

May 8, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 15 and 16, Substitute Senate Bill 5718 entitled:

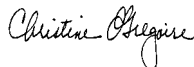
“AN ACT Relating to penalties for engaging in the commercial sexual abuse of minors.”

The language establishing funding priorities for the Prostitution Prevention and Intervention Account (Account) in sections 15 and 16 could present technical challenges if funding is ever appropriated for the specific purposes. The Account was created in 1995 and has had very little historical activity. Funding is not provided in either this legislation or in the legislative budget. The Legislature could provide specific direction when or if specific funding is ever provided.

For these reasons, I have vetoed sections Sections 15 and 16 of Substitute Senate Bill 5718.

With the exception of Sections 15 and 16, Substitute Senate Bill 5718 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SSB 5720

C 103 L 07

Conforming legal notice broadcast requirements to current practice.

By Senate Committee on Judiciary (originally sponsored by Senator Marr).

Senate Committee on Judiciary

House Committee on State Government & Tribal Affairs

Background: Radio or television may be used as a form of legal notice publication if a state or local official finds that the public interest would be served. Broadcasts of legal notices may only be made by personnel of the radio or television station. This form of publication is supplementary to legal publication in newspapers.

Any radio or television station broadcasting a legal notice must provide proof of publication, in the form of an affidavit, by the station's manager, assistant manager, or program director. The station must keep a copy of the text of the notice for public inspection for six months from the time of the broadcast.

Summary: Notices by political subdivisions may be made only by stations whose signal is received within the county of origin of the legal notice. It is no longer required that only radio or television personnel make the

broadcast of legal notices. Written proof, provided by the radio or television station broadcasting the notice, that legal notice was given is sufficient. Affidavits are no longer required.

Votes on Final Passage:

Senate 44 0

House 96 1

Effective: July 22, 2007

SSB 5721

C 369 L 07

Concerning financial arrangements involving sports/entertainment facility license holders.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senator Kohl-Welles).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: "Tied House" laws are intended to prevent inappropriate or coercive business practices among the various sectors of the liquor industry, either through domination of one tier over another or through exclusion of competitors' products. Washington's Tied House statute addresses the two fundamental aspects of tied house laws:

- the prohibition against manufacturers, importers, distributors, and authorized representatives from owning or having a financial interest in a retail license or owning property on which a retailer operates; and
- the prohibition against manufacturers, importers, distributors and authorized representatives from providing things of value ("money or money's worth") to licensees.

Washington's approach to changes in the business and social climate since the 1930s has been to carve out discrete, targeted legislative exceptions to these tied house prohibitions as the need arises.

The Liquor Control Board (LCB) can issue a license to a sports/entertainment facility. The license allows the facility to sell beer, wine, and spirits at retail for consumption only at the facility. The license is issued to the entity providing food and beverage service at a sports entertainment facility.

A sports entertainment facility includes a publicly or privately owned arena, coliseum, stadium, or facility where sporting events are presented for the price of admission.

Summary: A manufacturer, importer, or distributor can enter into an arrangement with a sports/entertainment facility licensee or an affiliated business for brand advertising at the licensed facility or promoting events

held at the facility with a capacity of 5,000 people or more.

This arrangement cannot be used as an inducement to purchase the manufacturer's, importer's or distributor's products. The arrangement cannot also result in the exclusion of brands or products of other companies.

The LCB has the authority to conduct audits. These audits may include product selection, purchase patterns, contracts, and the amount allocated or used for liquor advertising.

The LCB must monitor the impact of these arrangements and report to the Legislature by December 30, 2008, and biennially thereafter.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 46 | 0 | |
| House | 72 | 25 | (House amended) |
| Senate | 45 | 2 | (Senate concurred) |

Effective: July 22, 2007

ESSB 5726
C 498 L 07

Creating the insurance fair conduct act.

By Senate Committee on Consumer Protection & Housing (originally sponsored by Senators Weinstein, Kline and Franklin).

Senate Committee on Consumer Protection & Housing
House Committee on Insurance, Financial Services & Consumer Protection

Background: Insurance claims are governed by general principles of contract and tort law, statute, and regulations promulgated by the Insurance Commissioner. If an insurer denies a valid claim, the insured may sue to enforce the insurance contract and force the insurer to pay according to the policy.

An insured may also bring an action against an insurer for acting in bad faith. To succeed on a claim of bad faith, the insured must demonstrate that the insurer's denial of the claim was unreasonable, frivolous, or unfounded. Additionally, an insured may bring a claim under the Consumer Protection Act if the insurer's denial of a claim amounts to an unfair or deceptive trade practice.

By statute, the Insurance Commissioner has the authority to promulgate rules prohibiting unfair and deceptive business practices by the insurance industry. Current insurance regulations require an insurer to attempt in good faith to make a fair, prompt, and equitable settlement of a claim when liability is relatively clear and to generally observe standards of reasonableness in all aspects of its claim settlement practices. The Commissioner may fine an insurer for failure to comply with these regulations.

Summary: Insurers may not unreasonably deny insurance coverage of payment of benefits. First party claimants to an insurance policy may sue insurers for unreasonable denials of coverage or payments of benefits.

First party claimant is defined as an individual, corporation, association, partnership or any other legal entity who asserts the right to payment as a covered person under the insurance policy at issue.

Damages are available to plaintiffs upon a finding that the insurer unreasonably denied coverage or payment. A plaintiff may also recover damages upon a finding that the insurer violated one of five rules adopted by the Office of the Insurance Commissioner (OIC) and codified in chapter 284-30 of the Washington Administrative Code (WAC) or any additional rules that the OIC adopts that are intended to implement this act. The five WAC rules regulate insurers' actions in the following areas: (1) specific unfair claims practices; (2) misrepresentation of policy provisions; (3) failure to acknowledge pertinent communications; (4) standards for prompt investigation; and (5) standards for prompt fair, and equitable settlements.

Upon finding a violation of the act, the court must award: (1) the actual damages sustained; (2) reasonable attorney's fees; and (3) actual and statutory litigation costs, including expert witness fees. The court has the discretion to also increase the total award of damages to an amount that does not exceed three times the actual damages suffered by the plaintiff. A court's ability to make any other determination regarding unfair or deceptive practices or to provide any other available remedy is not limited.

Health plans offered by health carriers are exempt from this bill.

A claimant must provide 20 days written notice to both the insurer and the OIC before filing suit under this section. The notice must provide for the basis of the cause of action. If the insurer does not resolve the claim during that 20-day period, the claimant may then bring suit without any further notice to the insurer.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 30 | 17 | |
| House | 59 | 38 | (House amended) |
| Senate | 31 | 18 | (Senate concurred) |

Effective: July 22, 2007

SSB 5731
C 397 L 07

Creating a committee on the education of students in high demand fields.

By Senate Committee on Higher Education (originally sponsored by Senators Shin, Delvin, Berkey, Sheldon, Tom, Oemig, Rasmussen, Pridemore, Roach, Jacobsen and Kohl-Welles).

Senate Committee on Higher Education
House Committee on Higher Education

Background: The state of Washington leads the nation in providing employment for people with baccalaureate degrees, but only ranks 36th in the nation in the production of degrees. Beginning in 2007, it is estimated that for job openings in Washington that require a bachelor's degree, 47 percent will be in fields identified as high demand or high impact, but that only 14 percent of Washington students each year graduate with degrees in one of these fields.

Summary: A committee on the education of students in high demand fields is established. The committee consists of: (1) two members of the House of Representatives; (2) two members of the Senate; (3) one person representing the Higher Education Coordinating Board; (4) one person representing the State Board for Community and Technical Colleges; (5) one person representing the Workforce Training and Education Coordinating Board; (6) one person representing the Office of the Superintendent of Public Instruction; and (7) one person representing each of the following: the labor council; the council of presidents; the prosperity partnership; the council of faculty representatives; an employer; and a graduate student member of the Washington student lobby.

The committee: (1) develops a plan to increase the capacity of Washington institutions of higher education by 10,000 students per year by 2020 to produce degrees in high impact, high demand areas of study; (2) develops a marketing project to inform students, parents, and educators of opportunities in high demand fields; (3) investigates ways to motivate students to take more mathematics and science courses; and (4) identifies ways that the business community can enter into more partnerships with the state to ensure that Washington institutions of higher education produce graduates in high demand fields that are ready and able to find employment in Washington. The committee reports its findings and recommendations to the Legislature by December 1, 2007.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 48 | 0 | |
| House | 97 | 0 | (House amended) |
| Senate | 46 | 1 | (Senate concurred) |

Effective: July 22, 2007

SB 5732
C 105 L 07

Revising restrictions on the county treasurer regarding receipting current year taxes.

By Senators Fraser, Swecker, Fairley, Haugen and Clements.

Senate Committee on Government Operations & Elections
House Committee on Local Government

Background: County treasurers operate under the authority of various state statutes relating to the receipt, processing, and disbursement of funds. County treasurers are the custodians of the county's money and the administrator of the county's financial transactions. In addition to his or her duties relating to county functions, the county treasurers provide financial services to special purpose districts and other units of local government, including receipt, disbursement, investment, and accounting of the funds of each of the entities. County treasurers are responsible for the collection of various taxes including legal proceedings to collect past due amounts and other miscellaneous duties, such as conducting bond sales and sales of surplus county property. Among a county treasurer's duties in collecting taxes is the establishment of the county's tax rolls. The treasurer's establishment of the yearly tax rolls is the prerequisite to the treasurer having the authority to levy and receive taxes. However, state law currently prohibits the treasurer from receiving tax payments or issuing tax receipts prior to the fifteenth day of February in the year the taxes are due, even if the tax rolls for that year are legally established prior to this date.

Summary: A county treasurer is no longer prohibited from receiving tax payments or issuing tax receipts prior to the fifteenth day of February in the year the taxes are due. A county treasurer may accept tax payments and issue receipts for such payments once he or she has completed the tax roll for the current year's collection and provided the requisite notification of the completion of the tax roll. A treasurer has the option of providing such notification either electronically, by posting a notice in the office, or through other written communication.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 95 | 1 |

Effective: July 22, 2007

SB 5759

C 15 L 07

Including the boards of trustees of technical colleges in the definition of "executive state officer."

By Senators Schoesler, Delvin and Shin.

Senate Committee on Higher Education
House Committee on State Government & Tribal Affairs

Background: Each year, every executive state officer must file a statement of financial affairs for the preceding calendar year. Among others, the members of the boards of trustees of each four-year public institution of higher education and members of the boards of trustees for each public community college are defined as executive officers.

Summary: The boards of trustees for each public technical college are added to the list of executive state officers. These trustees must file yearly statements of financial affairs.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 41 | 0 |
| House | 93 | 1 |

Effective: July 22, 2007

ESSB 5770

C 495 L 07

Changing public works provisions for institutions of higher education.

By Senate Committee on Higher Education (originally sponsored by Senators Shin, Schoesler and Kilmer).

Senate Committee on Higher Education
House Committee on State Government & Tribal Affairs

Background: Currently, when the cost of any building, construction, renovation, remodeling, or demolition other than maintenance or repairs will equal or exceed \$35,000 at The Evergreen State College, regional universities, or state universities, complete plans and specifications for the work must be prepared, the work must be put out for public bids and the contract must be awarded to the lowest responsible bidder. However, if the work involves one trade or craft area and the estimated cost exceeds \$15,000 the public bid process must also be conducted. The public bid process does not apply when a contract is awarded by the small works roster procedure or under any other procedure authorized for an institution of higher education. The institutions may require a project to be put to public bid even when it is not required by statute.

Summary: Community college projects must also comply with the statutory public bid process. The threshold monetary values for determining whether building, construction, renovation, remodeling, or demolition must be put out for bid, are raised to \$55,000 generally and \$35,000 if the work involves one trade or craft area.

For The Evergreen State College and the regional and state universities, the dollar amounts for prevailing rate of wage and publication requirements are changed to conform to the new bid limits. Clarification is made that prevailing wage laws apply to any project that is publicly bid.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 48 | 1 | |
| House | 80 | 18 | (House amended) |
| Senate | 45 | 4 | (Senate concurred) |

Effective: July 22, 2007

SB 5773

C 191 L 07

Modifying treatment records provisions.

By Senators Hargrove, Parlette and Keiser; by request of Department of Social and Health Services.

Senate Committee on Human Services & Corrections
House Committee on Health Care & Wellness

Background: There are federal and state confidentiality laws regarding sharing medical billing information. Federal confidentiality laws permit sharing medical billing information for the purposes of care coordination. The state law prohibits sharing mental health drug and diagnosis information contained in a medical bill.

Summary: The Department of Social and Health Services is authorized to share drug, emergency room, and hospital information that may contain a mental health diagnosis with the client's prescribing providers for the purposes of care coordination.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

ESSB 5774
PARTIAL VETO
 C 387 L 07

Revising background check processes.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Hargrove, Kohl-Welles, Brandland and Shin; by request of Department of Social and Health Services).

Senate Committee on Human Services & Corrections
 Senate Committee on Ways & Means
 House Committee on Early Learning & Children's Services
 House Committee on Appropriations

Background: Background checks are conducted for employment and licensing decisions and many other purposes related to the security of persons and property. In recent years, reports of abuse of children and vulnerable adults have led to increased requirements for background checks for anyone who works with children or vulnerable adults. Background checks conducted through the Washington State Patrol include information regarding criminal adjudications. Background checks are also available through private data mining companies. The reports provided by private entities have come to include information regarding civil adjudications as well as criminal history record information.

The Joint Task Force on Criminal Background Check Processes was established in 2004 by ESHB 2556 (Chapter 41 of the Laws of 2004). This task force met for three years and considered how to improve the state's criminal background check processes. The task force discovered that there is variance in how authorized agencies, such as the Department of Social and Health Services (DSHS), the Department of Health, and the Department of Licensing, obtain criminal background records on their employees or on persons who contract or are licensed by them. The members of the task force received information regarding the federal and state laws regarding sharing confidential information of prospective employees of public and private entities which work with vulnerable adults or children. The task force recommended the establishment of a work group to explore ways which would ensure consistent and equivalent access to information for all background checks for non-criminal justice purposes.

DSHS requests background check information from the Washington State Patrol to aid in the investigation and litigation of cases of abuse and neglect that may have involved a child, persons with developmental disabilities, or a vulnerable adult. In addition, DSHS requests criminal background record information on prospective applicants who will have unsupervised access to individuals with a developmental disability, persons with mental illnesses, vulnerable adults, or children. Convic-

tion history record information obtained through the Washington State Patrol includes all available convictions, arrests under one year old without disposition, and sex and kidnapping offender registrations. DSHS is authorized by the Legislature to conduct national fingerprint-based background checks on individuals who have resided outside of the state of Washington in the past three years and will be providing services to people with disabilities, children, or vulnerable adults receiving in-home services.

In June 2006, the federal government enacted the Adam Walsh Act, which requires the state, prior to placing a child in a home, to conduct the following background checks on any prospective foster parent, adoptive parent, kinship care provider, and any other adult living in the home: (1) fingerprint criminal background check against the national crime information database; or (2) search in the state's child abuse and neglect registry, or if the adult resided in a different state(s) in the preceding five years, any other state's child abuse and neglect registry.

Summary: The state, prior to placing a child in a home, must conduct the following background checks on any prospective foster parent, adoptive parent, kinship care provider, and any other adult living in the home: (1) fingerprint criminal background check against the national crime information database; (2) search in the state's child abuse and neglect registry; and (3) if the adult resided in a different state in the preceding five years, that state's child abuse and neglect registry. DSHS is required to convene a work group to research state and federal laws regarding background checks. The work group is to include representatives of DSHS, the Department of Early Learning, the Office of the Superintendent of Public Instruction, the Department of Licensing, the Washington State Patrol, the Civil Rights Committee of the Washington State Bar Association, the Washington Association of Criminal Defense Attorneys, the Washington Association of Sheriffs and Police Chiefs, the Administrative Office of the Courts, and the Department of Information Services. The group must also include, as nonvoting ex officio members, representatives from the two largest caucuses in the House of Representatives and the Senate. The group is required to make recommendations to the Legislature and the Governor regarding improving processes for sharing confidential information. These recommendations will also include an analysis of the feasibility of creating a clearinghouse of information, and will analyze the need for and feasibility of verifying the citizenship or immigration status of persons for whom background checks are required, and analyze the way background check information is used in employment decisions. The report of the work group is due to the Legislature by November 30, 2008.

Votes on Final Passage:

Senate 45 0
 House 98 0 (House amended)
 Senate 49 0 (Senate concurred)

Effective: July 22, 2007

Partial Veto Summary: The requirement for DSHS to convene a work group and report to the Legislature is removed.

VETO MESSAGE ON ESSB 5774

May 8, 2007

To the Honorable President and Members,
 The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 6 and 7, Engrossed Substitute Senate Bill 5774 entitled:

“AN ACT Relating to revising background check processes.”

Sections 6 and 7 of this bill establishes a work group, to be convened by the Department of Social and Health Services. The work group's responsibilities include reviewing current laws, rules and practices with respect to sharing confidential information, analyzing how state agencies use background check information to make employment decisions, and examining the need for and feasibility of verifying citizenship or immigration status of persons for whom background checks are required. The work group is to complete an interim report by December 1, 2007, and provide a final report to the Legislature and the Governor by July 1, 2008. The duties of this work group would be redundant with the work completed by the Joint Task Force on Criminal Background Check Processes, which ended two and a half years of work last December. Furthermore, the 2007-2009 operating budget as passed by the Legislature does not contain funding to support the operations of the contemplated work group.

For these reasons, I have vetoed Sections 6 and 7 of Engrossed Substitute Senate Bill 5774.

With the exception of Sections 6 and 7, Engrossed Substitute Senate Bill 5774 is approved.

Respectfully submitted,



Christine O. Gregoire
 Governor

SB 5775
C 115 L 07

Changing special education provisions.

By Senators Kauffman, Rasmussen, Zarelli, Berkey, Oemig, McAuliffe, Shin and Kohl-Welles.

Senate Committee on Early Learning & K-12 Education
 House Committee on Education

Background: In 2004, the President signed the federal Individuals with Disabilities Education Improvement Act (IDEA) into law, re-authorizing the original IDEA and aligning it with the goals and purposes of No Child Left Behind. Part B of the law ensures that children between the ages of three and 21 receive special

education and related services. Washington State's special education laws follow the federal laws closely.

Summary: Some of the language and terms in Washington State's special education laws are changed to better align with the federal IDEA.

Votes on Final Passage:

Senate 48 0
 House 96 0

Effective: July 22, 2007

September 1, 2009 (Section 9)

SB 5778
C 150 L 07

Concerning shellfish protection programs.

By Senators Fraser, Rockefeller, Poulsen and Kline; by request of Department of Health.

Senate Committee on Natural Resources, Ocean & Recreation

Senate Committee on Water, Energy & Telecommunications

House Committee on Select Committee on Puget Sound

Background: A county with shellfish tidelands may create shellfish protection districts and adopt shellfish protection programs to address water quality issues affecting growing and harvesting shellfish. When the Department of Health (DOH) closes or downgrades a shellfish growing area, the county must create a shellfish protection district and establish a shellfish protection program within 180 days to address the causes of pollution.

Counties must coordinate and cooperate with cities, towns, and water-related special districts within their boundaries in establishing shellfish protection districts and carrying out shellfish protection programs. The county may finance shellfish protection programs through county tax revenues, inspection fees and other fees for provided services, rates specified in the protection program, or federal, state, or private grants.

Summary: When a county establishes a shellfish protection district, it must consult with the Departments of Health, Ecology, Agriculture, or the Conservation Commission about the elements of the shellfish protection program.

The shellfish protection program must address the causes or suspected causes of pollution affecting the water quality. The county must begin implementation within 60 days after the program is established. The county must provide a copy of the shellfish protection program to the Departments of Health, Ecology and Agriculture and provide a report to DOH annually. An agency with regulatory authority over nonpoint pollution sources must cooperate with the county in its implementation of the program.

Votes on Final Passage:

Senate 48 0
House 93 2

Effective: July 22, 2007

ESSB 5788

C 388 L 07

Studying the licensing of home inspectors.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Spanel, Brandland and Kohl-Welles).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: Home inspectors are not required to be registered, certified, or licensed in this state. Many home inspectors are licensed by the Washington State Department of Agriculture (WSDA) to perform structural pest inspections.

Summary: The Department of Licensing (DOL) is to conduct a study of the home inspector profession and recommend to the Legislature whether the profession should be regulated to protect the public as required under the statutes dealing with sunrise reviews. DOL is to consider the factors outlined in RCW 18.118.030 to the extent appropriate. DOL must hold public hearings as part of the study and must publish notice of these hearings in the Washington State Register. DOL must request the names of interested individuals and organizations from legislators and other identified and interested parties and send to those persons the notice that is published in the Register.

DOL must report on its findings and recommendations to the appropriate legislative committees by December 1, 2007.

Votes on Final Passage:

Senate 45 2
House 94 2 (House amended)
Senate 41 7 (Senate concurred)

Effective: July 22, 2007

2SSB 5790

PARTIAL VETO

C 463 L 07

Regarding skill centers.

By Senate Committee on Ways & Means (originally sponsored by Senators Hobbs, Rockefeller, Rasmussen, Fairley, McAuliffe, Kohl-Welles, Pridemore, Hatfield, Clements, Jacobsen and Shin).

Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means

House Committee on Education

House Committee on Appropriations

Background: About 7,000 students from 85 school districts attend one of the ten skill centers operating in the state. Many of the students attend part-time. Skill centers operate under cooperative agreements among participating school districts and primarily provide students with instruction in career and technical education. The superintendents of the participating school districts serve on an administrative council that governs the skill center. Skill centers receive state funding based on the number of full-time equivalent (FTE) students at an enhanced funding rate. However, no student can be counted as more than one FTE, even if the time actually spent by the student at the skill center and the sending district adds up to more than one FTE.

Last session, the Legislature directed the Workforce Training and Education Coordinating Board to conduct a study and make recommendations for increasing access to skill centers.

Summary: A new RCW chapter is created addressing skill centers. Beginning in the 2007-08 school year, students attending skill centers will be funded for all classes at the skill center and the sending district up to 1.6 full time equivalent (FTE) students, or as determined in the omnibus appropriations act. The Office of the Superintendent of Public Instruction (OSPI) must develop procedures for determining how to report the FTEs between the resident high school and the skill center.

OSPI must review and revise the guidelines for skill centers and create rules to encourage expansion of skill center programs including revising the threshold enrollment so that a program need not have a minimum of 70 percent of the students enrolled on the core campus, thereby encouraging satellite or branch campuses. Satellite and branch campuses are encouraged to address high-demand fields. OSPI must develop a ten-year capital plan for legislative review and, subject to funding, conduct additional feasibility studies and develop a master plan to connect skill centers to the K-20 network. Subject to funding, skill centers will provide access to late afternoon and evening sessions, and summer school programs. When possible, these programs will target school dropouts and students at risk of dropping out of

school. Skill centers that receive this funding must participate in an evaluation of the programs. OSPI must establish and support skill centers of excellence in key economic sectors of regional significance. Once established, OSPI must develop and seek funding for a grant program for Running Start for career and technical programs that is targeted to high-demand occupations. Grant recipients must assist in replicating the model career and technical education programs of study. OSPI must have at least one staff person to serve as the director of skill centers. OSPI must ensure the funds generated by skill center students under Initiative 728 are returned to the skill centers.

Votes on Final Passage:

| | | | |
|--------|----|---|----------------------------|
| Senate | 47 | 0 | |
| House | 96 | 0 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 97 | 0 | (House amended) |
| Senate | 44 | 0 | (Senate concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the requirement that OSPI ensure that the property tax funds generated by skill center students under Initiative 728 be returned to the skill centers.

VETO MESSAGE ON 2SSB 5790

May 14, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Section 8, Second Substitute Senate Bill 5790 entitled:

“AN ACT Relating to skill centers.”

Sections 1 through 7 of this bill provide for further development of skill center programs, program access for additional students, state level coordination of the skill center program, and a funding formula for the programs.

Section 8 of this bill amends RCW 84.52.068, which specifies the amount of property tax revenues deposited into the Student Achievement Account. The Superintendent of Public Instruction is directed to ensure that skill centers receive moneys generated by skill center students.

The Student Achievement Fund was created by Initiative 728 in 2000. School districts receive allocations from this fund based on the number of students enrolled in the district. The amount to be allocated per student is specified in RCW 28A.505.220. One source of funding for this allocation is a deposit of state property tax revenues. RCW 84.52.068 specifies the amount of property tax revenues per student to deposit into the Student Achievement Fund. Because the property tax deposit is less than the total per student allocation from the Student Achievement Fund, other sources of revenue are also used to ensure full funding for the allocations.

Although the intent of Section 8 is to ensure that skill centers receive their share of the total Student Achievement Fund allocation, the provision relates to the property tax deposit only. The language of the section therefore fails to accomplish its intended goal.

For this reason, I have vetoed Section 8 of Second Substitute Senate Bill 5790.

With the exception of Section 8, Second Substitute Senate Bill 5790 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SB 5798
C 152 L 07

Preserving the use of design-build construction on certain transportation projects.

By Senators Swecker and Haugen.

Senate Committee on Transportation
House Committee on Transportation

Background: Design-build construction is a contracting technique that allows the owner of a project to contract with a single entity for the design and construction of a project. Some construction work can often begin before final design is complete, providing opportunity for cost savings and expedited project delivery. The more common project contract, design-bid-build, requires design to be completed before the construction portion of the project is awarded.

Current law allows the Washington State Department of Transportation (WSDOT) to use design-build construction if construction activities are highly specialized, efficiency opportunities through the use of a single entity for design and construction are greater, or significant savings in project delivery time would be realized. A design-build project must be over ten million dollars, except that WSDOT may also use the design-build process on up to five pilot projects costing between two and ten million dollars.

Current law establishing the process for design-build construction is due to expire in 2008.

Summary: The design-build construction expiration date of April 30, 2008, is removed.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 96 | 0 |

Effective: July 22, 2007

2SSB 5806

C 151 L 07

Regarding tuition limits and billing disclosures.

By Senate Committee on Ways & Means (originally sponsored by Senators Schoesler, Shin, Berkey, Delvin, Murray and Kohl-Welles).

Senate Committee on Higher Education
Senate Committee on Ways & Means
House Committee on Higher Education
House Committee on Appropriations

Background: In 2005, the Legislature created a steering committee (Washington Learns) comprised of legislators, the Governor, and others, and three sector advisory committees on which legislators and others served. The steering and advisory committees were directed to conduct a comprehensive study of early learning, K-12, and higher education; to develop recommendations on how the state can best provide stable funding for early learning, public schools, and public colleges and universities; and to develop recommendations on specified policy issues. The steering committee submitted an interim and a final report with recommendations to the Legislature that included changes in tuition setting policy and funding of institutions of higher education to increase the state's global competitiveness.

Summary: Resident undergraduate tuition increases at each institution are limited to no more than 7 percent per year.

It is the goal of the state to increase funding at state colleges and universities, using state funds plus tuition combined, to at least the 60th percentile of comparable institutions in the Global Challenge States within ten years. The Office of Financial Management (OFM) reports on the progress made toward the state goal. In defining the 60th percentile goal, OFM controls for differences among the comparison institutions in cost-of-living, program and enrollment mix, and reporting and accounting practices. Decreasing student enrollment below 2007 budgeted levels is not allowed as a method of increasing per-student funding.

On billing statements to students, each institution must report the full cost of instruction, the amount collected from student tuition and fees, and the difference between the amounts for the full cost of instruction and student tuition and fees.

Votes on Final Passage:

Senate 48 0
House 96 1

Effective: July 22, 2007

SSB 5826

C 499 L 07

Modifying consumer credit report provisions.

By Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Berkey, Benton, Roach, Zarelli, Kauffman, Marr, Kilmer, Carrell, Hobbs, Schoesler, Franklin, Haugen and Shin).

Senate Committee on Financial Institutions & Insurance
House Committee on Insurance, Financial Services & Consumer Protection

Background: A victim of identity theft may elect to place a security freeze on his or her credit report by submitting a written request by certified mail to a consumer credit reporting agency. Subject to certain exceptions, within five business days of receipt of the written request, the consumer reporting agency must place the security freeze. Placement of a security freeze prohibits the consumer credit reporting agency from releasing the report or information from the report without the consumer's expressed permission. A victim of identity theft requesting a freeze is given a personal identification number to use when making a request for a temporary lifting or removal of the freeze.

The temporary lifting of a freeze and the removal of a freeze must occur within three business days after the consumer credit reporting agency receives the request. The request to temporarily lift a freeze may be made electronically and limited by the consumer to a period of time or a specific party.

"Victim of identity theft" means a victim of identity theft as defined in the statute criminalizing identity theft. In addition, a victim is a person who has been notified by an agency, person, or business that owns or licenses computerized data of a breach in a computerized data system which has resulted in the acquisition of that person's unencrypted personal information by an unauthorized person or entity. Submission of a police report is required in both instances.

A security freeze does not apply to the following entities or activities: persons or entities to whom the consumer owes money; affiliates or subsidiaries of entities with respect to whom the freeze has been lifted by the consumer; law enforcement, federal, state and local agencies, and courts; private collection agencies acting under court order; a child support agency acting under Title IV-D of the Social Security Act; the Department of Social and Health Services acting to fulfill any of its statutory responsibilities; the Internal Revenue Service (IRS); the use of credit information for purposes of pre-screening as provided by the Federal Fair Credit Reporting Act; a person administering credit file monitoring with respect to a subscription service to which a consumer has subscribed; and a request for which a consumer has lifted the freeze.

While a freeze is in effect, a consumer reporting agency must provide the consumer with notice before changing the name, date of birth, social security number, or address in the consumer's file. A reporting agency may advise third parties that a freeze is in effect. A reporting agency may also furnish to a government agency certain information such as the consumer's name, address, former address, place of employment, and former place of employment. Certain entities are not required to place a security freeze in a credit report, as follows: a check services or fraud prevention services company; and a deposit account information service company which issues reports regarding account closures and ATM abuse.

Summary: Any consumer who is a resident of Washington may place a security freeze on his or her credit report.

A security freeze is redefined to mean that the credit reporting agency is prohibited from furnishing the credit report to a third party who intends to use the credit report for determining the consumer's eligibility for credit.

Only the victim of the crime of identity theft, when requested to do so by the credit reporting agency, must produce a police report.

The federal Fair Credit Reporting Act definition applies to the definition of a credit report. In addition, the report must be for use as a factor in establishing the consumer's eligibility for personal, family or household credit.

The consumer may allow access for a specific period of time while the credit freeze is in place. The consumer's ability to allow access for a specific party is removed.

With some qualifications, the temporary lift of a security freeze must be accomplished by the credit reporting agency within 15 minutes of its receipt of the consumer's request made by electronic contact.

With the exception of victims of identity theft and those aged 65 or older, the fees required are \$10 to each credit reporting agency, for each action requested, as follows: placing the security freeze, temporarily lifting the security freeze, and removing the security freeze. There is no fee for victims of identity theft or those aged 65 or older to have a security freeze placed on their credit report.

Mortgage brokers, loan originators, and any person acting under the authority of a court order are added to the list of entities and purposes to which the security freeze on a credit report does not apply.

A credit reporting agency that mistakenly supplies credit report information to a person purporting to be a mortgage broker or loan originator but is not, is not subject to liability for that mistake.

There is no private right of action under the consumer protection act for violations of the 15-minute temporary lift provisions.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 49 | 0 | |
| House | 96 | 0 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: September 1, 2008

ESSB 5827
C 93 L 07

Regarding consumer privacy.

By Senate Committee on Consumer Protection & Housing (originally sponsored by Senators Hobbs, Weinstein, Oemig, Fairley, Pridemore, Keiser, Regala, Kohl-Welles, Prentice, Kline and Rasmussen).

Senate Committee on Consumer Protection & Housing
House Committee on Insurance, Financial Services & Consumer Protection

Background: A consumer credit report contains: (1) information on the consumer's identity, including current and previous addresses, number of dependents, marital status, date of birth, and social security number; (2) the consumer's employment history, including income information; (3) the consumer's credit history; and (4) public records regarding the consumer, including civil judgments and suits, bankruptcies, and other legal proceedings.

The disclosure of consumer credit reports by credit reporting agencies is governed by federal and state law. A consumer credit agency may disclose a consumer's credit report to any person or entity that has a legitimate business need involving a transaction with the consumer. Situations where an entity may have a legitimate business need for a consumer's credit report include: extension of credit, insurance underwriting, security clearances, and where a credit report is needed for employment purposes, including hiring.

An employer may only request a job applicant's credit report if the employer either: (1) conspicuously discloses to the applicant in writing that s/he will be requesting the applicant's credit report; or (2) the applicant authorizes the request.

An employer may only request an employee's credit report if the employee received written notice that the employer may use such credit reports for employment purposes.

If an employer takes any adverse action against an employee or job applicant based on a consumer credit report, the employee or applicant must be given an opportunity to respond and the employer must inform the employee or applicant how to obtain a free copy of his or her credit report.

Summary: An employer may not request a consumer credit report for employment purposes that contains information on the consumer's credit worthiness, credit

standing, or credit capacity unless: (1) that credit information is substantially job related; and (2) the employer discloses to the consumer in writing the reasons the employer is using that information. Employers may also request consumer reports that contain credit information about the consumer if such a request is required by other law.

Employers must disclose the following to both current employees and job applicants before taking adverse action based on the content of a consumer report: (1) contact information for the reporting agency that furnished the report; and (2) description of the consumer's rights under the state law regarding employment and consumer reports. Employers must also give both current employees and job applicants an opportunity to respond to information in the report that is disputed.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 43 | 3 |
| House | 60 | 37 |

Effective: July 22, 2007

E2SSB 5828
C 394 L 07

Regarding early child development and learning.

By Senate Committee on Ways & Means (originally sponsored by Senators Kauffman, McAuliffe, Tom, Rasmussen, Eide, Oemig, Clements, Hobbs, Weinstein, Rockefeller, Kline and Kohl-Welles).

Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means
House Committee on Early Learning & Children's Services
House Committee on Appropriations

Background: In 2005, the Washington Legislature created the Washington Early Learning Council (ELC) in the Office of the Governor to pull together previously disparate early learning programs and services and to help create a coherent, high quality early learning system for children from birth to five years. The Legislature also created a steering committee (Washington Learns) to conduct a comprehensive study and develop recommendations on early learning, K-12, and higher education. ELC served as the early learning advisory body for Washington Learns. The act authorizing ELC expires July 1, 2007.

In 2006, the Legislature created the Department of Early Learning (DEL) and directed the Director of DEL to participate in the creation and governance of a non-governmental private-public partnership (Thrive by Five) focused on supporting the government's investments in early learning and promoting school readiness and success.

Summary: An early learning advisory council (ELAC) is established to advise DEL on statewide early learning needs and to develop a statewide early learning plan. ELAC may include up to 25 members:

- one representative each from DEL, the Office of Financial Management, the Department of Social and Health Services, the Department of Health, the Higher Education Coordinating Board, and the State Board for Community and Technical Colleges, appointed by the Governor;
- one representative from the Office of the Superintendent of Public Instruction, appointed by the Superintendent of Public Instruction;
- at least seven leaders in early childhood education appointed by the Governor, with one representative having expertise on children with disabilities, one on the K-12 system, one on family day care providers, and one on child care centers;
- two members of the House of Representatives, one from each caucus, appointed by the Speaker of the House of Representatives, and two members of the Senate, one from each caucus, appointed by the President of the Senate;
- two parents, one of whom must serve on DEL's Parent Advisory Council, appointed by the Governor;
- one representative designated by sovereign tribal governments; and
- one representative from the Washington federation of independent schools.

After the initial year, each member must serve two-year terms and the terms will be staggered. ELAC must elect cochairs; one chair must represent a state agency and the other must be a nongovernmental member. DEL must provide staff to support ELAC.

Subject to the availability of funding, DEL must implement a Voluntary Quality Rating and Improvement System applicable to licensed or certified child care centers and homes and early education programs. The purpose of the rating system is to provide parents with clear and easily accessible information about the quality of child care and early education programs, support improvement of such programs, increase the readiness of children for school, and close the disparity in access to quality care. DEL must report to the Legislature prior to implementation of the rating system. When an early learning information system is developed, DEL must provide parents with timely inspection and licensing action information about child care and early learning programs.

DEL must work collaboratively with a private-public partner and actively seek public and private money for the partnership. The private-public partner must enhance parent education and support; accept and spend funds for quality improvement initiatives; help early learning private-public partnerships form statewide; and assist the

statewide movement to high quality early learning and the support of parents as a child's first and best teacher.

DEL must review and revise child care provider rules, to encourage mutual respect and to focus on keeping children safe and improving early learning outcomes for children. By July 2007, DEL must have a process and timeline for completing the rules review. A "non-governmental private-public partnership" is defined.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 47 | 0 | |
| House | 96 | 1 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5830

C 466 L 07

Providing home visitation services for families.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Kauffman, Brown, Rasmussen, Keiser, Kohl-Welles, McAuliffe and Shin).

Senate Committee on Human Services & Corrections
House Committee on Early Learning & Children's Services

House Committee on Appropriations

Background: The Legislature established the Washington Council on the Prevention of Child Abuse and Neglect (Council) in 1982. The Council comprises 14 members who are charged with contracting with organizations or individuals for the establishment of programs designed to reduce the occurrence of child abuse and neglect and promote good parenting skills. Members include designees of the Secretary of the Department of Social and Health Services, the Superintendent of Public Instruction, and the Secretary of the Department of Health, as well as other persons selected for their interest and expertise in the prevention of child abuse. Four legislative members serve as ex officio members of the Council.

Summary: The Washington Council on the Prevention of Child Abuse and Neglect is renamed the Children's Trust of Washington.

Within available funds, the Children's Trust of Washington must fund evidence-based and research-based home visitation programs for parents to improve parenting skills and improve outcomes for children. "Evidence-based program," "home visitation," and "research-based program" are all defined.

Votes on Final Passage:

| | | | |
|--------|----|---|----------------------------|
| Senate | 46 | 0 | |
| House | 95 | 2 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 97 | 1 | (House amended) |
| Senate | 45 | 0 | (Senate concurred) |

Effective: July 22, 2007

ESSB 5836

C 285 L 07

Regarding the determination of boundaries for taxing districts.

By Senate Committee on Government Operations & Elections (originally sponsored by Senators Fairley, Roach, Kline and Pridemore).

Senate Committee on Government Operations & Elections

House Committee on Local Government

Background: Cities are the primary provider of services, including fire protection and library services, to residents within the boundaries of the city. Counties are the primary provider for residents outside of the incorporated areas of the city. Cities and counties levy a general property tax in order to provide services.

Cities and counties may also annex into special purpose districts, which provide specific services including fire protection and library services. When territory within a city is included in a fire protection or library district and the district levies a property tax, the property tax levied by the city is reduced by the amount levied by the fire protection or library district.

With certain exceptions, the official boundaries of counties, cities, and all other taxing districts, for the purposes of property taxation, are established on the first day of March of the year in which the property tax levy is made. The boundaries of a fire protection or library district that include any territory that was annexed to a city are changed as of June 1.

Property tax is calculated on a calendar year basis and is generally due in April following the year in which the levy was made. Consequently, when territory is annexed into a city from a fire protection or library district, the property tax due on the annexed territory will not change until new tax calculations are made based on the city's levy at the beginning of the calendar year following the annexation. If the annexation occurs after June 1, the property tax due will not be based on the city's levy until the start of the second calendar year following the annexation. The effect of the annexation is that for a period of time, the annexed property will be receiving services from the city while paying property taxes to the fire protection or library district.

Summary: When territory that is part of a fire or library district is annexed to a city or town, any taxes on annexed property that were levied, but not collected, must be paid to the annexing city or town when collected at times required by the county, but no less frequently than July 10 and January 10 following the annexation. If the taxes on annexed property were delinquent at the time of annexation, the taxes must be paid to the fire or library district when collected.

If the property annexed by the city or town was in a fire or library district while there was an outstanding general obligation bond, the bonded indebtedness of the fire or library district remains an obligation of the taxable property annexed to the city or town.

Cities or towns annexing fire or library district property must notify the district of the annexation. The provisions of the bill do not apply if the city has been annexed to a fire or library district and the city is seeking to annex unincorporated county territory.

The date that official boundaries are established for counties, cities, and other taxing districts is changed from the first day of March to the first day of August.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 49 | 0 | |
| House | 97 | 0 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5839

C 118 L 07

Revising provisions relating to false reporting of child abuse or neglect.

By Senate Committee on Human Services & Corrections (originally sponsored by Senators Benton, Stevens and Hargrove).

Senate Committee on Human Services & Corrections
House Committee on Early Learning & Children's Services

Background: The Department of Social and Health Services (DSHS) administers Washington's Child Protective Services (CPS). CPS receives referrals from members of the public who suspect that a child is a victim of abuse or neglect. CPS provides services which include 24-hour intake, assessment, emergency intervention, and emergency medical services for accepted referrals.

The concept of mandatory reporting was first enacted in 1971 and required certain persons to report suspected child abuse and neglect. Initially, medical professionals, teachers, social workers, clergy, pharmacists, and DSHS employees were designated as mandatory reporters. Since then, the group of mandatory reporters has been expanded several times. In response to the

U.S. Child Abuse Prevention and Treatment Act of 1974, nearly every state established or expanded mandatory reporting. The Washington State Legislature added a category of permissive reporting in the 1975 Legislative Session.

Under current law, mandatory reporters include any practitioner, county coroner, medical examiner, law enforcement officer, professional school personnel, registered or licensed nurse, social service counselor, psychologist, pharmacist, licensed or certified child care provider or their employees, employee of the DSHS, juvenile probation officer, placement and liaison specialist, Responsible Living Skills program staff, HOPE center staff, or State Family and Children's Ombudsman or any volunteer in the Ombudsman's office.

Any other person, who has reasonable cause to believe that a child has suffered abuse and neglect, may report the abuse or neglect to CPS or to law enforcement. Reports may be oral or written. Oral reports must be followed up in writing if the investigator requests a written report.

Summary: The term "malicious" is eliminated from the false reporting statute. CPS is required to include a warning statement in any materials relating to the reporting of abuse or neglect. CPS is required to send a certified letter to individuals determined to have made a false report warning that a subsequent false report will be referred to law enforcement for investigation.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 96 | 0 |

Effective: July 22, 2007

E2SSB 5841

PARTIAL VETO

C 400 L 07

Enhancing student learning opportunities and achievement.

By Senate Committee on Ways & Means (originally sponsored by Senators Hobbs, McAuliffe, Rockefeller, Tom, Oemig, Kauffman, Regala, Kohl-Welles and Rasmussen).

Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means
House Committee on Education
House Committee on Appropriations

Background: In 2005, the Legislature created a steering committee (Washington Learns) comprised of legislators, the Governor, and others, and three sector advisory committees on which legislators and others served. The steering and advisory committees were directed to conduct a comprehensive study of early learning, K-12, and

higher education; to develop recommendations on how the state can best provide stable funding for early learning, public schools, and public colleges and universities; and to develop recommendations on specified policy issues. The steering committee submitted an interim and a final report with recommendations to the Legislature.

One of the recommendations of the Washington Learns report was for the Office of the Superintendent of Public Instruction (OSPI) to implement a regional best practices demonstration project for English language learners that coordinates curriculum, assessment, teacher training, and family involvement.

Another recommendation was to create a project to redesign classrooms in grades K through 3 where children are grouped based on their abilities rather than follow automatic grade-to-grade promotion and are provided more exposure to arts, science, music, foreign languages, and other subjects.

The Washington Learns report also recommended support for high school career academies to enable 11th and 12th grade students to focus their studies and training on a particular occupational field. Academies could be supported by public-private partnerships of employers, industry associations, higher education institutions, and school districts.

As currently stated in statute, the goal of the Basic Education Act for Washington's schools is to "provide students with the opportunity to become responsible citizens, to contribute to their own economic well-being and to that of their families and communities, and to enjoy productive and satisfying lives." The statute then describes the four student learning goals that form the basis of Washington's learning standards.

School districts can offer a full-day kindergarten program, but the state's basic education funding model allocates monies for kindergarten students only for 180 half-days of instruction. Districts offering full-day programs can supplement their basic education monies with local dollars, student achievement funds, tuition payments, or other resources.

Instruction in world languages is not a state high school graduation requirement in Washington, although students seeking admission to one of the state's public four-year institutions of higher education must take two years of the same foreign language, Native American language, or American Sign language. Washington's Essential Academic Learning Requirements do not cover world languages. OSPI does not currently have a staff position dedicated to world languages.

Safety net funding is available to school districts with a demonstrated need for special education funding in excess of state and federal funding otherwise provided. Actual awards are based upon the cumulative need demonstrated on individual high-need student's worksheets. A state oversight committee for the special

education safety net is established by rule and members are appointed by OSPI.

Summary: The Washington Learns' recommendations addressing the phase-in of voluntary all-day kindergarten programs, and demonstration projects in grades K-3 and English as a Second Language programs are modified and enacted. Additional expansion is made to the goal of the Basic Education Act; a tutoring program, a career pathway program, and a world languages supervisor is created. OSPI must streamline the special education safety net program.

The goal of the Basic Education Act is expanded to include references to students becoming respectful global citizens, exploring and understanding diverse perspectives, providing all students opportunities to achieve personal and academic success; and includes the development of a public school system that focuses on educational performance of students, which includes high expectations. The student learning goals are expanded to include references to different cultures and participation in representative government and finance.

Beginning in the 2007-08 school year, voluntary all-day kindergarten will be phased-in, beginning with the schools with the highest percentages of students qualifying for a free or reduced lunch. Program requirements are specified, including providing at least 1,000 instructional hours, providing a rich curriculum, and having connections with community early learning programs and parents. The all-day kindergarten program is not part of the Legislature's definition of "basic education." If funds are provided, OSPI must designate "lighthouse" all-day kindergarten programs to provide technical assistance to school districts.

Four demonstration projects, selected by OSPI based on criteria provided, will implement a comprehensive kindergarten through grade three foundation learning program. The resources provided for the program will be used to implement full-day kindergarten, class sizes of 18 students to one teacher, and the use of an instructional coach. At least two of the demonstration projects must be in schools participating in the Thrive-by-Five early learning partnerships in the Highline and Yakima School Districts, and one must be in the Spokane School District. The Northwest Regional Educational Laboratory (NWREL) will evaluate the projects; make recommendations regarding continued implementation and expansion of the program; and report to the Legislature and others by November 1, 2008, and December 1, 2009.

English as a Second Language demonstration projects will be used to develop recommendations regarding competencies for teachers to be included in teacher preparation programs, professional development, and in job-embedded practices. The NWREL will conduct a literature review, a field study, and a project. The field study will be of an ongoing project in schools and school districts where Spanish is the predominate

language other than English. The project will provide professional development and planning time in three schools, selected by OSPI, where there are many first languages among the students. NWREL must report to the Legislature and others by November 1, 2008, and December 1, 2009.

The Washington Community Learning Center Program is established, subject to funding, to provide students with tutoring and educational enrichment when school is not in session. If funding is provided, OSPI may provide grants or other support to schools and school districts. OSPI will evaluate the program and report to the Legislature by November 1, 2008, and December 1, 2009.

Subject to funding, OSPI will provide grants to support a nonprofit health organization and high school partnerships to create Career Pathways Programs in high-demand fields. Subject to funding, OSPI must assign at least one person to serve as a World Languages Supervisor, with specified duties. OSPI must streamline the application process to access special education safety net funds, provide technical assistance to school districts, and annually survey school districts regarding improvements to the process.

Votes on Final Passage:

| | | | |
|--------|----|----|----------------------------|
| Senate | 48 | 0 | |
| House | 60 | 38 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 62 | 36 | (House amended) |
| Senate | 34 | 14 | (Senate concurred) |

Effective: July 22, 2007

Partial Veto Summary: The creation of the Career Pathways Program in high-demand fields and the OSPI World Languages Supervisor were vetoed.

VETO MESSAGE ON E2SSB 5841

May 9, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 6 and 7, Engrossed Second Substitute Senate Bill 5841 entitled:

“AN ACT Relating to enhancing student learning opportunities and student achievement.”

Sections 1 through 5 of this bill addresses changes to the basic education act goals and authorizes new programs to further student learning opportunities. Specifically, all day kindergarten, primary grade foundational programs, English language learners, and community learning opportunities are addressed. Each of the new programs are provided with implementing resources in the biennial operating budget.

Sections 6 and 7 of the bill, however, cannot be implemented. Those sections create a new career pathways program and a world languages supervisor within the Office of the Superintendent of Public Instruction (OSPI). Neither the program nor the OSPI supervisor were provided with financial support in the biennial operating budget. Additionally, a proposed duty supervisor to implement memoranda of understanding with ministries of education in other countries and conduct other related activi-

ties raises concerns about proper international relations protocol.

For these reasons, I have vetoed Sections 6 and 7 of Engrossed Second Substitute Senate Bill 5841.

With the exception of Sections 6 and 7, Engrossed Second Substitute Senate Bill 5841 is approved.

Respectfully submitted,

Christine O. Gregoire
Governor

E2SSB 5843

C 401 L 07

Regarding educational data and data systems.

By Senate Committee on Ways & Means (originally sponsored by Senators Oemig, Tom, Rockefeller, Zarelli and Keiser).

Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means
House Committee on Education
House Committee on Appropriations

Background: In 2002, the Office of the Superintendent of Public Instruction (OSPI) began developing the Core Student Record System (CSRS), which assigns each student a unique student identification number and collects demographic and other information to comply with the federal No Child Left Behind Act (NCLB). In the 2006 supplemental budget, OSPI received a \$2.9 million appropriation along with a grant from the Bill and Melinda Gates Foundation, to begin developing a state-wide longitudinal data system.

CSRS is designed to reduce the number of data collections required annually and to respond to federal and state reporting requirements. OSPI annually collects various data from school districts through CSRS. The long-term goal of this system is for reliable information to be regularly submitted and available for analysis and use by school districts and others. The data will show student course-taking patterns, student transcripts, teacher qualifications and assignments, and other information. OSPI has completed a pilot phase of the new system with selected school districts and one Educational Service District (ESD).

Summary: To the extent funds are appropriated, OSPI is directed to conduct a feasibility study on expanding a longitudinal student-teacher data system. The stated intent of the data system is to establish better linking of data on students, teachers, and student achievement aimed at providing better information regarding effective programs and interventions. The feasibility study will involve a piloting component in two or more school districts to identify additional data elements under the state-wide student data system. Among the data elements to

be field tested will be course codes for a limited set of core high school mathematics courses, based on the classification of secondary school courses by the National Center for Education Statistics. In addition, the feasibility study must develop an implementation plan for coding secondary courses in addition to mathematics. OSPI must consult a variety of research and education organizations in conducting the study. OSPI must provide a final report to the Legislature by November 1, 2008.

OSPI is authorized to share data for educational purposes and studies under certain circumstances. The circumstances include: educational studies authorized or mandated by the Legislature; studies initiated by other state educational authorities and authorized by OSPI; and studies initiated by private study groups authorized by OSPI. The sharing must be consistent with the Federal Family Educational Rights Privacy Act and other relevant state laws.

An Education Data Center (Center) is created within the Office of Financial Management (OFM) and requires OFM to work jointly with the Legislative Education and Accountability Program (LEAP) Committee in conducting collaborative analyses of early learning, K-12, and higher education programs and issues. State education agencies must work with the Center in developing data-sharing and research agreements, consistent with applicable security confidentiality requirements. The Center is also required to develop a reporting format for districts to submit data on student demographics disaggregated by distinct ethnic categories within racial subgroups.

No later than the beginning of the 2008-09 school year, school districts must submit specified student-teacher data to OSPI. OSPI must develop technical standards for school data systems that focus on validation and verification and develop a reporting format for school districts. OSPI may accept applications for educator certification that are submitted using an electronic signature from the applicant.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 46 | 1 | |
| House | 98 | 0 | (House amended) |
| Senate | 30 | 18 | (Senate concurred) |

Effective: July 22, 2007

E2SSB 5859

C 370 L 07

Changing provisions for retail liquor licenses.

By Senate Committee on Ways & Means (originally sponsored by Senators Kohl-Welles, Prentice, Clements and Murray; by request of Liquor Control Board).

Senate Committee on Labor, Commerce, Research & Development

Senate Committee on Ways & Means

House Committee on Commerce & Labor

Background: The Liquor Control Board (LCB) currently issues a number of different licenses for premises that serve spirits, beer, and wine. It does not currently issue liquor licenses for nightclubs.

Summary: Number of Spirits, Beer, and Wine Restaurant Licenses: The formula to determine the number of spirits, beer, and wine restaurant licenses that can be issued statewide is increased from one for every 1,450 people to one for every 1,300 people in the state.

Summary Suspension of Liquor Licenses: An administrative law judge may extend the period for a summary suspension of a liquor license up to one calendar year if proceedings for revocation or other action cannot be completed during the initial 180 day period because of actions by the licensee or permittee.

Society or Organization: A local wine industry association registered under section 501(c)(6) of the Internal Revenue Code is a "society or organization" for purposes of a special occasion liquor license.

Hotel Liquor License: A new liquor retailer's license called a hotel license is created. The LCB may issue the hotel license to an applicant regardless of whether he or she already holds any other liquor licenses. The LCB may not issue a hotel license to any applicant offering rooms for guests on an hourly basis.

The holder of a hotel license may:

- sell spirits, beer, and wine by the individual glass, at retail, for consumption on the premises, at dining places in the hotel;
- sell at retail, from locked honor bars in individual units, spirits not to exceed 50 milliliters, beer of not more than 12 ounces, and wine in bottles of not more than 385 milliliters. The alcohol can be sold to registered guests for consumption in guest rooms. The hotel licensee must buy all spirits from the LCB. The licensee must also require proof of age of any guest renting a room and requesting use of the honor bar. The guest must execute an affidavit verifying that no one under 21 will have access to alcohol in the honor bar;
- provide alcohol, without additional charge to overnight guests, including wine by the bottle, and by individual serving for on-premises consumption at a specified regular date, time, and place. Self-service

of alcohol is prohibited and all alcohol beverages must be served by an alcohol server;

- sell beer or wine in the manufacturer's container or by individual drink to guests through room service or to occupants of private residential units managed by the hotel. The licensee may also sell beer at retail locations within the hotel;
- sell for on or off-premises consumption wine carrying a label exclusive to the hotel licensee; and
- place in guest rooms at check-in, a complimentary bottle of beer or wine, and refer to this service in promotional material.

The licensed facilities may be owned or leased and operated by the hotel or another party under a contract or joint venture agreement with the licensee. The facilities may also be operated by another party holding a contract or joint venture agreement with the licensee.

The license issued to the hotel is only valid upon the contiguous property of the hotel and where all facilities and grounds at the hotel are owned or leased by the same person or persons.

The hotel licensee may remove from the licensee's liquor stocks liquor for sale and service at event locations at a specified date and place not currently licensed by the LCB. If the event is open to the public, it must be sponsored by a charitable society or organization. Licensees may also cater events on domestic winery premises.

Minors may be allowed in all areas of the hotel where alcohol may be consumed; however, the consumption must be incidental to the primary use of the area. These areas include tennis courts, hotel lobbies, and swimming pool areas.

The annual fee for a hotel license is \$2,000.

Storing Alcohol on Another's Premises: The holder of a spirits, beer, and wine restaurant license with a caterer's endorsement may store liquor on another non-license holder's premises as long as there is a written agreement between the licensee and the other party to provide for ongoing catering services. There can be no exclusivity to the liquor served, and the agreement between the licensee and the other party must be filed with the LCB. The holder of the license may store liquor on other premises operated by the licensee as long as the licensee has a leasehold in trust in those premises. A duplicate license costing \$20 may be issued for each additional premises.

Microbrewery/Brewery Second Location: Microbreweries or domestic breweries holding either a spirits, beer, and wine restaurant license or a beer and/or wine restaurant license may hold a second retail license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant at a location that is separate from the microbrewery or brewery premises. Language is added to clarify that microbreweries and breweries may hold both

a brewery or microbrewery license as well as a retail license.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 45 | 3 | |
| House | 97 | 0 | (House amended) |
| Senate | 47 | 2 | (Senate concurred) |

Effective: June 30, 2008 (Sections 5 and 7)
July 1, 2008 (Sections 10-20)
July 22, 2007

E2SSB 5862

C 223 L 07

Regarding passenger-only ferry service.

By Senate Committee on Ways & Means (originally sponsored by Senators Kilmer, Rockefeller, Poulsen, Kohl-Welles and Kline).

Senate Committee on Transportation
Senate Committee on Ways & Means
House Committee on Transportation

Background: In general, fuel used for purposes other than for the propulsion of a motor vehicle on public highways is not subject to the state motor vehicle fuel tax or special fuel tax. However, such fuel is subject to the state retail sales and use tax. The Washington State Ferries System (WSF) currently pays the state retail sales and use tax on the fuel used for propelling ferries. Fuel used for urban passenger transportation systems are exempt from both the motor vehicle fuel tax and the state retail sales and use tax. Ferries do not meet the definition of urban passenger transportation systems and so are exempt from the motor vehicle fuel tax but not the state retail sales and use tax.

In 2006, the Department of Transportation (WSDOT) was directed to establish a grant program that provides operating or capital grants for passenger only ferries (POF). Priority is to be given to continuing existing POF routes if grant funding is used as matching funds. WSDOT is to sell two of its ferries, the Chinook and Snohomish once the Governor approves a business plan for a county ferry district to assume the Seattle/Vashon POF route.

WSF is directed to continue the Seattle/Vashon POF route until a county ferry district takes it over. A county ferry district proposing to provide a Seattle/Vashon POF route must submit a business plan to the Governor and Legislature by November 1, 2006. The proposal must include beginning operations on the Seattle/Vashon POF route no later than July 1, 2007.

A Public Transportation Benefit Area (PTBA) seeking grant funding for a Seattle/Kingston POF route must submit a business plan to the Governor and Legislature by November 1, 2006.

Current law prohibits the operation of any ferry operation within ten miles of a ferry crossing provided by WSF, unless the operator receives a waiver from the Washington Utilities and Transportation Commission (WUTC). Any ferry operator assuming the operation and maintenance of a ferry or ferry system by rent, lease, or charter from WSF is bound by WSF's contractual obligations. The WUTC is prohibited from considering any applications for waivers that include King County until July 1, 2007.

Summary: Fuel purchased by a PTBA or a County Ferry for POF services is exempt from the state sales and use tax.

Language directing WSDOT to give priority in the ferry grant program to continuing existing POF routes if grant funding is used as matching funds is removed. WSF is directed to make available for sale the POF vessels, Chinook and Snohomish, by June 1, 2007.

WSF is directed to continue the Seattle/Vashon POF route until another entity takes it over. The deadline for submitting a business plan to the Governor and the Legislature is extended from November 1, 2006, to November 1, 2007. The business plan must include beginning operations on the route by July 1, 2008, and may not include operations by state employees or agencies.

The deadline for a PTBA seeking grant funding for a Kingston/Seattle POF route to submit a business plan to the Governor and Legislature is extended to November 1, 2007.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 45 | 3 | |
| House | 96 | 2 | (House amended) |
| Senate | 45 | 3 | (Senate concurred) |

Effective: April 27, 2007

SB 5879

C 99 L 07

Authorizing payroll deductions for retiree organization dues.

By Senators Fairley, Roach, Benton, Kohl-Welles, Murray, Swecker, Kline, Keiser, Schoesler, Fraser, Jacobsen and Rockefeller.

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: State employees may have regular payments deducted from their paychecks for certain purposes. These include deductions for parking fees, banks and credit union payments, membership dues to professional organizations, and contributions to the Washington State Combined Fund Drive.

Labor and employee organization dues and contributions may be deducted under some circumstances. First,

the payroll deduction must not be provided for under a collective bargaining agreement. Second, payroll deductions to that organization must have been requested by either 25 people in one agency, or at least 100 people in several agencies. Deductions for employee benefit programs are also permitted to labor and employee organizations with 500 or more members in state government.

Summary: Payroll deductions are permitted for retiree organization dues under the same circumstances as deductions to labor and employee organizations.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

SSB 5881

C 286 L 07

Modifying water power license fees.

By Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Poulsen, Delvin, Regala and Fraser; by request of Department of Ecology).

Senate Committee on Water, Energy & Telecommunications

House Committee on Agriculture & Natural Resources

House Committee on Appropriations

Background: Most of the dams in Washington were built more than 50 years ago to provide electricity and flood control. Currently, 56 hydroelectric projects in Washington have licenses from the Federal Energy Regulatory Commission (FERC). In accordance with state law, owners of projects pay an annual hydropower fee, which the state uses to pay for its stream gauging program. Currently, the annual power license fee is based upon the theoretical water power claimed under each and every separate claim to water. The fees have not been updated since 1929.

The Department of Ecology's (DOE) stream gauging program is run cooperatively with the U.S. Geological Survey (USGS), and is used as a water management tool. DOE pays for half the cost to install and maintain these gauges. USGS owns and operates the gauges and provides the funding for the remaining half. The hydro-power fees fund gauges that collect information on stream flows at 36 locations. This information is used for decision-making about water supplies, water rights, drought, climate change, flooding, and setting and achieving of instream flows.

The Federal Power Act requires that owners of hydropower projects renew FERC licenses every 35 to 50 years. Many of the hydropower projects and dams were first licensed before adoption of the Clean Water Act. A major part of licensing involves addressing

environmental concerns, that were not previously considered. The licensing process takes a minimum of five years, and FERC requires that hydropower owners respond to new information throughout the life of the license, and manage the project accordingly. This approach requires oversight of license conditions by FERC, DOE, and Department of Fish & Wildlife (DFW). As part of the FERC license conditions, states must certify that hydropower projects meet state water quality standards.

Summary: DOE collects an annual fee on water power projects based upon the theoretical water power claimed under each and every separate claim to water. Annual license fees are due the first day of January of each year.

For projects in operation, the annual license fee rates apply:

- up to and including 1,000 horsepower, the rate is raised from ten cents per horsepower to the new rate of 18 cents per horsepower;
- in excess of 1,000 horsepower, up to and including 10,000 horsepower, the rate is increased from two cents to the new rate of 3.6 cents; and
- in excess of 10,000 horsepower, the fee is increased from one cent to the new rate of 1.8 cents.

For FERC projects in operation, the following rates also apply:

- up to and including 1,000 horsepower, the rate is raised from ten cents per horsepower to the new rate of 32 cents per horsepower;
- in excess of 1,000 horsepower, up to and including 10,000 horsepower, the rate is increased from two cents to the new rate of 6.4 cents; and
- in excess of 10,000 horsepower, the fee is increased from one cent per horsepower to the new rate of 3.2 cents per horsepower.

The fees for FERC projects expire June 30, 2017.

The fees do not apply to projects that generate 50 horsepower or less or to hydropower projects owned by the United States. Projects developed by an irrigation district in conjunction with the district's water conveyance system will have their fees reduced by 50 percent to reflect the portion of the year the project is not operable.

DOE must submit a biennial progress report to the Legislature beginning December 31, 2009. The progress report must describe how license fees were used in the FERC licensing process, expected workload, and include recommendations from DOE, DFW, hydropower project operators and interested parties, and recognize hydropower operators that exceed their environmental regulatory requirements.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 39 | 9 | |
| House | 65 | 33 | (House amended) |
| Senate | 37 | 12 | (Senate concurred) |

Effective: July 22, 2007

SSB 5882

C 523 L 07

Funding the Washington state heritage center.

By Senate Committee on Ways & Means (originally sponsored by Senators Fraser, Honeyford, Regala, Swecker, Rockefeller, Parlette, Kohl-Welles, Rasmussen and Kastama; by request of Secretary of State).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: The Secretary of State's office and county auditors charge fees for the filing and recording of various documents. Many of these documents are eventually stored in the State Archives. Documents filed with the Secretary of State include articles of incorporation, certificates for limited liability companies, and registration of limited liability partnerships. Documents recorded with county auditors include deeds, grants, transfers of real property, mortgages and releases of mortgages, and other instruments involving land and real property.

Funding was provided in the 2005-07 biennium for a pre-design to redevelop the north side of the capital campus including the development of a new Heritage Center that would house the State Library, State Archives, and other historical documents. The Heritage Center pre-design calls for the construction of a 226,000 square foot building at an estimated price of \$110.8 million.

Summary: Fees are authorized for the repayment of a certificate of participation (financing agreement) for the construction and maintenance of the Heritage Center and for various operating expenses. The Secretary of State must collect an additional fee of \$5 on: (1) articles of incorporation of domestic corporations or applications for certificates of authority for foreign corporations; (2) certificates of formation for domestic limited liability companies or registrations of foreign limited liability companies; (3) registration of foreign and domestic partnerships and limited liability partnerships; (4) certificates of limited partnerships and registration of foreign limited partnerships; and (5) registrations of trademarks. These additional fees are deposited into the Washington State Heritage Center Account. The Secretary of State can solicit gifts and grants for the development, construction, and operation of the Washington State Heritage Center. County auditors must collect an additional \$2 for recording documents to be deposited into the Washington State Heritage Center Account. The Washington State Heritage Center Account is created in the custody of the State Treasurer. Monies in the account can only be used for payments of the certificate of participation, capital maintenance, or program expenses of the Heritage Center, the State Archives, the State Library, or the Capital Museum. The account is non-appropriated but subject to allotment. Interest earnings remain in the

account rather than being deposited in the General Fund. The emergency clause is eliminated and fee increases are delayed until January 1, 2008, for recording instruments, and until January 1, 2009, for filings with the Secretary of State's Office. This corrects the assumptions for financing the Heritage Center.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 45 | 1 |
| House | 82 | 15 |

Effective: July 22, 2007

January 1, 2008 (Section 2)

January 1, 2009 (Section 1)

2SSB 5883

C 106 L 07

Concerning conversion of forest land to nonforestry uses.

By Senate Committee on Ways & Means (originally sponsored by Senators Fraser, Swecker, Hargrove, Stevens, Morton, Jacobsen, Rockefeller, Rasmussen and Franklin).

Senate Committee on Natural Resources, Ocean & Recreation

Senate Committee on Ways & Means

House Committee on Agriculture & Natural Resources

Background: Landowners seeking to conduct forest practices must, if their intent is not to convert the land to a non-forestry use, complete a statement of intent not to convert. Once this statement is made, the appropriate local government is prohibited, with few exceptions, from approving a building permit or subdivision application for six years after the forest practices application is filed. This prohibition on development is commonly referred to as the moratorium.

The Department of Natural Resources (DNR) must file the statement of intent not to convert with the local government, collect the recording fee, and reimburse the local government for the cost of filing the statement.

The moratorium does not apply in several situations. Local governments are required to develop a process for lifting the moratorium, which must include public notification, public hearings, and appeals. Local governments may develop an administrative process for lifting or waiving the moratorium for construction of a single family residence or outbuilding. Also, the moratorium does not apply where a landowner has entered into, and is in compliance with, a conversion option harvest plan approved by the local government.

Any owner of forest land who proposes to conduct a forest practice must pay an application fee and a recording fee. The fee for most forest practice applications is \$50. However, a fee of \$500 applies to forest practice

operations on lands located within an urban growth area or on lands not intended to be reforested.

Summary: The six-year building moratorium that applies to a landowner upon the filing of a statement of intent not to convert is removed. Instead, if a landowner begins conversion activities without an approved forest practices application, or fails to state in a forest practices application that the land subject to the application will be converted, then the DNR must send a notice of conversion to a non-forestry use (notice) to the Department of Ecology (DOE) and the local government where the land is located. The notice must accompany a copy of the applicable forest practices application, and the copies of any outstanding final orders or decisions.

If the owner of land that is subject to a notice sent by the DNR files a building permit or subdivision application with the local government, that local government must deny approval of the application for six years following the approval of the forest practice application that initiated the DNR's notice. The local government may approve a building or subdivision application prior to the tolling of the six-year period, but only if the DNR has confirmed to the local government that all outstanding forest practice issues have been resolved, full compliance with the State Environmental Policy Act (SEPA) has been completed, and the local government has made a determination that the current condition of the land is in full compliance with all local ordinances and regulations. If the condition of the land is not in full compliance with local standards, the local government must require that a mitigation plan be implemented by the landowner.

If the owner of land that conducted a forest practice without stating an intent to convert on the application changes his or her mind and decides to convert the land, the owner must stop all forest practice activities; withdraw all applications and permits with the DNR; and contact the DOE and the local government to begin the proper permitting processes. Once contacted, the local government must ensure that all forest practices issues have been resolved, conduct a full SEPA review, and make a determination as to whether or not the land's current condition satisfies local standards and ordinances. If the condition of the land is not in full compliance with local standards, then full implementation of a mitigation plan must be executed.

In either case, all applications under the Forest Practices Act must include an acknowledgment by the owner that he or she understands the potential impacts of conversion and, if sold, the owner must make the potential buyer aware of the obligations that come with a notice of conversion to a non-forestry use. Local governments that have adopted regulations governing class IV forest practices, those practices most associated with conversion, must adopt an ordinance that requires verification

for all development permits that the land is not subject to a notice of conversion to a non-forestry use.

Votes on Final Passage:

Senate 46 0
House 97 0

Effective: July 22, 2007

ESSB 5894
C 343 L 07

Clarifying the regulatory authority for on-site sewage systems.

By Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Rockefeller, Poulsen, Fraser, Oemig, Shin and Carrell; by request of Department of Health).

Senate Committee on Water, Energy & Telecommunications
Senate Committee on Ways & Means
House Committee on Select Committee on Environmental Health
House Committee on Appropriations

Background: On-site septic systems or on-site sewage systems (OSS) are the most common methods of wastewater treatment for homes, commercial establishments, and other places that are not connected to a public sewer system. An on-site sewage system consists of a network of pipes, a septic tank, and a drainfield, and provides subsurface soil treatment and dispersal of sewage. Properly functioning on-site sewage systems protect public health and the environment by preventing untreated wastewater from coming into contact with people, ground, or surface water.

On-site sewage systems are regulated and characterized by wastewater flows. Smaller on-site sewage systems are designed for flows up to 3,500 gallons per day (gpd). The State Board of Health promulgates rules for these systems and the local health jurisdictions have the authority for implementation and approval.

Large on-site sewage systems (LOSS) dispose of 3,500 to 100,000 gallons of wastewater per day. The Departments of Ecology (Ecology) and Health (DOH) have regulatory jurisdiction over large on-site sewage systems. Ecology and DOH have split jurisdiction over the management of LOSS disposing of 3,500 to 14,500 gpd; Ecology manages mechanical systems and DOH handles non-mechanical systems. Ecology has regulatory authority for all systems over 14,500 gpd.

Summary: The DOH is required to establish comprehensive state-wide regulations of large on-site sewage systems. Large on-site sewage systems are defined as systems disposing of 3,500 to 100,000 gpd of wastewater and may include mechanical treatment. The DOH is authorized to regulate LOSS through permitting and

oversight; establishing standards and rules for siting, design, construction, installation, operation, maintenance, and repair; and enforcing standards and rules. LOSS may not be used for treatment and disposal of industrial wastewater or combined sanitary sewer and storm water systems.

After July 1, 2009, an owner of a LOSS must have a permit issued by DOH. Prior to issuing a permit, DOH must ensure the system meets all applicable requirements. The permit must include conditions or requirements for system improvements and compliance schedules to ensure the LOSS is properly operated and maintained.

An owner of a LOSS permitted by Ecology must apply for an operating permit from DOH 180 days prior to the expiration date of the Ecology permit. All LOSS required to have an operator certified through Ecology must continue to do so.

The DOH must develop rules for large on-site sewage systems. The DOH is required to develop rules, in consultation with Ecology, to ensure that LOSS comply with the Clean Water Act requirements. The rules must ensure consistency with the Growth Management Act requirements for comprehensive plans and development regulations. In addition, the DOH must adopt rules to ensure adequate public notice and opportunity for review and comment on initial large on-site sewage system permit applications. A person who violates LOSS regulations is subject to penalties of not more than \$10,000 per day for each violation.

A person who is aggrieved by the issuance of an initial LOSS permit has the right to an adjudicative proceeding. The adjudicative proceeding is governed by the Administrative Procedures Act.

The State Board of Health authority for rulemaking regarding on-site sewage systems with flows less than 3,500 gpd is clarified. The local health officer may issue a maximum civil penalty of up to \$1,000 per day for each violation of on-site sewage rules.

Votes on Final Passage:

Senate 39 8
House 71 27 (House amended)
Senate 36 12 (Senate concurred)

Effective: July 22, 2007

SSB 5895

C 107 L 07

Regarding sellers' disclosures for residential real property sales.

By Senate Committee on Consumer Protection & Housing (originally sponsored by Senators Fraser, Swecker, Tom, Shin, Kline, McCaslin, Kilmer, Jacobsen, Delvin and Honeyford).

Senate Committee on Consumer Protection & Housing
House Committee on Commerce & Labor

Background: A seller of residential land must provide a buyer with a disclosure statement about the property unless the buyer waives the right to receive it. This disclosure requirement only applies to land with one to four dwelling units, condominiums and timeshares, and manufactured or mobile homes that are personal property.

This disclosure form is specified in statute. The seller must check "yes", "no" or "don't know" in response to questions and may be required to explain some answers. The disclosures concern title water, sewer/septic systems, structural matters, systems and fixtures, common interest matters, and general matters.

If the seller fails to provide the required disclosure, the buyer may rescind the transaction until the transfer has closed. If the disclosure statement is delivered late, the buyer's right to rescind expires three days after the receipt of the statement.

Unimproved vacant land zoned for residential use is not subject to the seller disclosure statement requirement.

Summary: Sellers of improved and unimproved residential real property zoned for single-family dwelling units must complete a seller disclosure statement, unless they are otherwise exempt.

The general disclosure section is renamed environmental and the seller is asked whether the property has been used for commercial or industrial purposes; if there is any soil or ground water contamination; whether there are any transmission poles installed, maintained, or buried on the property; and whether the property has ever been used as a dumping site (legally or illegally).

Sellers must disclose whether there is a private road or easement for access to the property; whether any water rights (domestic or irrigation) are associated with the property, and if so, whether such rights have been assigned, transferred, or changed; or if any portion of the water rights have not been used for five or more successive years.

Exemptions from the seller disclosure statement are revised. A bank that has foreclosed on a property must provide a buyer with a completed seller disclosure statement, and if any of the seller's answers are "yes" under the environmental section, the buyer may not waive

receipt of the environmental section of the seller disclosure statement.

Votes on Final Passage:

Senate 39 9

House 94 1

Effective: July 22, 2007**SSB 5898**

C 16 L 07

Authorizing the use of a common carrier for the shipment of wine.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Clements, Keiser, Murray, McAuliffe and Honeyford).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: Under current law, retailers may use common carriers to pick up wine or beer directly from the manufacturer. However, a manufacturer of beer or wine may not use a common carrier to deliver its product directly to the retailer.

Summary: An in-state or out-of-state winery may use a common carrier to deliver up to 100 cases of its production per month in the aggregate to a licensed Washington retailer. Neither an in-state nor an out-of-state winery may arrange for a common carrier to ship wine that they have not produced to licensed retailers.

Votes on Final Passage:

Senate 45 1

House 94 0

Effective: July 22, 2007**SSB 5910**

C 119 L 07

Modifying the notice requirement of intent to file a medical malpractice claim.

By Senate Committee on Judiciary (originally sponsored by Senators Brandland, Kline, Weinstein and Parlette).

Senate Committee on Judiciary

House Committee on Judiciary

Background: Current law provides that no cause of action against a health care provider for negligence may be commenced unless the defendant has been given at least 90 days notice of intent to commence the action. If the notice is served within 90 days of the expiration of the applicable statute of limitations, then the time for the

commencement of the action must be extended 90 days from the date of service of the notice.

Summary: Notice of intent to commence an action against a health care provider for negligence must be provided by regular mail, registered mail, or certified mail with return receipt requested. It may also be provided by depositing the notice, postage prepaid, in the post office addressed to the defendant. The notice may be addressed to the chief executive officer, administrator, office of risk management, or registered agent for service of process of the health care entity if the defendant is a health care provider entity or an agent or employee of the health care entity at the time of the alleged negligence. The notice for a claim against a local governmental entity must be filed with the agent appointed by the governing body of the local governmental entity, as detailed in RCW 4.96.020(2). Proof of notice by mail may be accomplished the same way as proof of service by mail. Specifically, proof of service of papers permitted to be mailed may be by written acknowledgment of service, by affidavit of the person who mailed the papers, or by certificate of an attorney.

If the notice of intent to commence an action against a health care provider is served within 90 days of the expiration of the applicable statute of limitations, the time for the commencement of the action will be extended 90 days from the date the notice was mailed. After the 90 day extension passes, the claimant has an additional five court days to commence the action.

Votes on Final Passage:

Senate 46 0
House 95 0

Effective: July 22, 2007

ESSB 5915

C 287 L 07

Providing unemployment and industrial insurance notices to employers.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Honeyford, Clements, Kohl-Welles and Roach).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: In 1997, the Legislature created the Business License Center, within the Department of Licensing, to provide a single location where businesses may apply for a master license.

Currently, an employer may file for a master application in person, or on-line. The employer is required to check a box on the form if he or she will be hiring employees. Checking this box triggers a notice to the Departments of Labor and Industries (L&I) and

Employment Security (ESD) to open an account for the employer, as well as send a packet of information on unemployment insurance tax and industrial insurance tax.

Summary: When an employer registers to pay unemployment taxes, the ESD is required to send to the employer any printed material the department requires the employer to post.

When an employer registers to pay industrial insurance taxes, L&I is required to send to the employer any printed material the department requires the employer to post.

Both L&I and ESD are required to send a copy to each employer anytime the printed material is substantively changed.

Votes on Final Passage:

Senate 46 0
House 95 0 (House amended)
Senate 48 0 (Senate concurred)

Effective: July 22, 2007

SB 5918

C 108 L 07

Revising retirement benefits for judges.

By Senators Fraser and Delvin; by request of Board For Judicial Administration.

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Since 1988, newly elected or appointed judges have been enrolled in the Public Employees' Retirement System (PERS). In addition to a PERS benefit, state-employed judges are eligible for a supplemental defined contribution benefit through the Judicial Retirement Account (JRA) program, which is managed by the Administrative Office of the Courts (AOC). The state and the employee each contribute 2.5 percent of the employee's gross pay to the JRA. Upon retirement, the JRA funds are distributed in addition to the member's PERS benefits.

The statutes governing the various retirement systems administered by the state include language authorizing the division of a member's benefits pursuant to a court-ordered division of marital property. The JRA program does not currently include provisions for such a division. Under current law, if a court were to divide a member's benefit as part of a divorce decree, the plan would not administer the division.

Summary: JRA distributions are subject to division pursuant to a divorce decree or judgment that awards part of a member's account balance to an ex-spouse. Distributions are also subject to state community property laws. Technical clarifications are made to the

statutes that govern the administration of other types of claims against a JRA, such as bankruptcy.

The total benefits payable from a member's account are not altered

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 97 | 0 |

Effective: July 22, 2007

SSB 5919

C 153 L 07

Providing relief from retaliatory taxes on insurance premium taxes.

By Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Hobbs, Benton, Berkey, Schoesler, Hatfield, Roach and Shin).

Senate Committee on Financial Institutions & Insurance
House Committee on Finance
House Committee on Insurance, Financial Services & Consumer Protection

Background: The premium tax is a gross receipts tax that is similar to the business and occupation tax. This tax is levied against an insurer's premium volume at 2 percent. Additionally, the Insurance Commissioner is authorized to charge a fee of up to 0.125 percent against an insurer's premium volume to finance the Insurance Commissioner's Office operations. Currently, that fee is at 0.10 percent.

Washington assesses retaliatory taxes on foreign (meaning out-of-state) insurers when the foreign insurer's state of domicile assesses higher aggregate taxes, fees, and assessments on insurance policies written by a Washington-domiciled insurer's than the State of Washington would otherwise assess on foreign insurers writing insurance in Washington. All states, except Hawaii, use this retaliatory tax system.

The purposes of the retaliatory tax system are to: (1) equalize taxation of insurers in Washington and other states when other states place an overall higher tax burden on Washington insurers than Washington places on foreign insurers; and (2) encourage more equal treatment of insurers by other states, thereby allowing Washington-domiciled insurers equal access to markets in other states.

Generally, in determining whether a retaliatory tax should apply to a foreign insurer, states aggregate all taxes, fees, and assessments charged by the other state. However, states may exclude some fees and assessments from the retaliatory tax calculation. States may be more likely to exclude fees from their retaliatory tax calculations if the fees are assessments for special purposes or are fees that insurers are permitted to recoup from policyholders.

Currently, other states take into account both the 2 percent premium tax and the 0.10 percent assessment charged by the insurance commissioner in calculating whether the retaliatory tax should apply to Washington-domiciled insurers.

Summary: The fee that the insurance commissioner is authorized to charge insurers to pay the operating costs of the Office of the Insurance Commissioner is called the "regulatory surcharge."

Insurers may collect the regulatory surcharge they paid in previous years through a policyholder surcharge on policy premiums. This fee must be listed separately on bills or policy declarations sent to the insured.

Neither the regulatory surcharge, nor the related policyholder surcharge, is to be considered part of a policy's premium for any purpose, including collection of premium taxes and calculation of an agent's commission.

If an insurer elects not to recover the regulatory surcharge through a policyholder surcharge, the insurer may recoup it through rates so long as the insurer remits the amount of the surcharge he or she elected not to collect and the surcharge was not considered a premium for any purpose.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 49 | 0 |
| House | 77 | 20 |

Effective: July 22, 2007

ESSB 5920

C 72 L 07

Establishing a pilot program for vocational rehabilitation services.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Keiser, Shin and Rasmussen; by request of Governor Gregoire).

Senate Committee on Labor, Commerce, Research & Development
House Committee on Commerce & Labor

Background: One of the primary purposes of Washington's Industrial Insurance Act (Act) is to assist the worker to become employable at gainful employment. The Department of Labor and Industries (L&I) pays, or directs self-insurers to pay, the costs of vocational rehabilitation services when these services are necessary and likely to enable the injured worker to become employable at gainful employment. Costs for vocational rehabilitation are chargeable to a state fund employer's cost experience. Under L&I rules, an injured worker is employable if the worker has skills and training necessary in the labor market to be capable of performing and obtaining gainful employment on a reasonably continuous basis, considering age, education, experience, and

preexisting limitations or limitations due to a workplace injury.

Under L&I rules, an ability-to-work assessment is used to determine if an injured worker should receive vocational rehabilitation services. An ability-to-work assessment report must recommend one of the following: (1) the injured worker is employable at gainful employment; (2) vocational rehabilitation services are necessary and likely to enable the injured worker to become employable at gainful employment; or (3) the injured worker is not likely to benefit from vocational services.

Costs for vocational services include the cost of books, tuition, fees, supplies, equipment, child or dependent care, and other necessary expenses. The cap for these costs is \$4,000 in any 52-week period. A worker may also receive transportation costs. L&I may extend the time frame for an additional 52 weeks. If a worker is required to reside away from his or her residence while undergoing vocational rehabilitation, the reasonable costs of board and lodging must also be paid. A worker undergoing vocational rehabilitation is entitled to continuing time-loss compensation while actively and successfully undergoing vocational rehabilitation.

Worksource is a joint venture to address employment needs in the state. Worksource partners include state and local government agencies as well as local community-based organizations that provide a wide range of employment and training-related services. Worksource Centers provide information, technology, and career services for job seekers.

Summary: L&I is required to create a vocational rehabilitation pilot program from January 1, 2008, until June 30, 2013. The elements of the pilot program apply to vocational plans approved between January 1, 2008, and June 20, 2013.

Vocational Initiative Project: L&I must establish a vocational initiative project that includes a partnership between L&I and WorkSource. L&I must place full-time vocational professionals at pilot WorkSource locations. L&I must refer some workers to the vocational professionals at pilot WorkSource locations.

L&I must work with employers in pilot WorkSource areas to market the benefits of on-the-job training programs. L&I also must work with community colleges to reserve slots in high demand programs that may be considered by L&I and private sector vocational professionals for vocational plan development.

L&I will also assist stakeholders in developing additional vocational training programs in various industries, including but not limited to agriculture and construction. These programs will expand the choices available to injured workers in developing their vocational training plans with the assistance of vocational professionals.

Vocational Rehabilitation Subcommittee: L&I must create a vocational rehabilitation subcommittee. Members must be appointed by L&I for at least the duration

of the pilot program. The subcommittee must report to L&I at least annually and recommend to L&I and the Legislature any additional statutory changes needed, including extension of the pilot program. The subcommittee must also provide recommendations for additional changes or incentives for injured workers to return to work with their employer of injury.

Vocational Referral, Plan Development, and Approval: When vocational rehabilitation is necessary and likely to enable the injured worker to become employable at gainful employment, the worker must be provided with services necessary to develop a vocational plan that, if completed, would render the worker employable. However, an injured worker may not participate in vocational rehabilitation if participation would result in payment of benefits by willful misrepresentation. Benefits paid because of willful misrepresentation may be recouped.

Some changes are made in the vocational plan development process. At the initial meeting with the worker, the vocational professional assigned to the claim must inform the worker of return-to-work priorities and of the worker's rights and responsibilities. L&I must provide tools to the vocational professional to communicate this and other information to the worker.

On the same date that the worker begins vocational plan development, L&I must also inform the employer, in writing, of the employer's right to make a valid return-to-work offer during the first 15 days of vocational plan development. A valid offer must be for bona fide employment with the employer of injury and must be consistent with any documented physical and mental restrictions of the worker. If a valid offer is made, vocational plan development services and time loss must be terminated effective the starting date of the job regardless of whether the worker accepts the offer. If an employer fails to make a valid return-to-work offer within 15 calendar days, the employer may still make an offer, but the worker may decline the offer and choose to remain in vocational plan development.

A vocational plan must be completed and submitted to L&I for approval within 90 days of beginning vocational plan development. L&I may extend the 90 days for good cause and criteria for good cause must be set forth in rule. Frequency and reasons for good cause extensions must be reported to the vocational rehabilitation subcommittee.

During vocational plan development, the worker must, with the assistance of a vocational professional, participate in vocational counseling and occupational exploration, including, but not limited to, identifying possible job goals, training needs, resources, and expenses, consistent with the worker's physical and mental status. A vocational rehabilitation plan must be developed by the worker and the vocational professional and submitted to L&I or self-insurer.

Vocational plans must contain an accountability agreement signed by the worker. The agreement must detail expectations related to progress and other factors that influence successful participation in the plan. Failure to abide by these expectations may result in suspension of vocational benefits.

Formal education included as part of the vocational plan must be for an accredited or licensed program or a non-accredited or unlicensed program approved by L&I. L&I must develop rules for the approval of non-accredited or unlicensed programs.

Vocational Costs and Time Frames: Allowable costs for vocational rehabilitation plans are set at \$12,000, but must be adjusted annually on July 1 of each year. The annual adjustment applies to plans approved on or after July 1 of the adjustment until the following June 30. The adjustment must be made based on the average percentage change in tuition for the next fall quarter for all Washington community colleges.

A vocational plan must not exceed two years. As under current law, if a worker is required to reside away from his or her customary residence while undergoing vocational rehabilitation, the reasonable costs of board and lodging must also be paid and a worker undergoing vocational rehabilitation is entitled to continuing time-loss compensation while actively and successfully undergoing vocational rehabilitation.

Worker Options: Following vocational plan development, a worker has two options. Option one is to participate in the vocational plan implemented by L&I or self-insurer. Option two is to decline to participate in the vocational plan and receive other benefits. The worker has 15 days after approval of the plan to select option two.

If the worker chooses option two and declines to participate ("makes an option two selection"), the worker is entitled to six months of time-loss, paid in bi-weekly payments. Payments do not include interest on the unpaid balance and L&I has the discretion to provide the entire amount in a lump sum payment.

If the worker makes an option two selection, the amount of tuition benefits or educational costs remain available to the worker for five years. The worker must apply to L&I or self-insurer to receive the tuition benefits or educational costs and may use them at an accredited institution or a program from the list approved by L&I for tuition, books, fees, and tools. The amount available for tuition must increase based on the average percentage change in tuition for the next fall quarter at all Washington State community colleges.

If the worker makes an option two selection, L&I must issue an order confirming the option two selection, setting a payment schedule, and terminating time loss payments. L&I must close the claim on the date the worker chooses not to participate.

Future Vocational Assistance: A worker who chooses option one or option two may be entitled to future vocational assistance if the claim is re-opened based on an aggravation or if the worker files a new claim.

Following successful completion of the vocational plan under option one, any subsequent assessment of whether vocational rehabilitation is necessary and likely to enable the injured worker to become employable at gainful employment must include consideration of transferable skills obtained in the vocational plan. If the claim is re-opened, the total amount available for vocational services is subject to the \$12,000 cost cap and the two-year time limit minus any amounts previously expended.

If the worker chooses option two, the worker is entitled to vocational assistance in a subsequent claim or a re-opening that occurs five years following the date the worker made the option two selection and the claim was closed. Future vocational assistance is limited to 18 months and in a re-opened claim, costs are limited to \$12,000 minus the amount expended by L&I or self-insurer for training at an accredited institution pursuant to the option two selection. Another option two selection is not available to the worker under the subsequent claim or reopening of the claim.

The Director of L&I (Director) has the discretion to provide the worker with vocational assistance not to exceed the \$12,000 and two year limits regardless of the worker's prior option selection or benefits expended, if the Director determines that vocational assistance would prevent permanent total disability.

Vocational Plan Interruption: Vocational plan interruption is defined as an occurrence that disrupts a vocational plan to the extent that the employability goal is no longer attainable within the cost and time limits detailed in the vocational plan. Institutionally scheduled breaks in educational programs or occasional absence due to illness are not vocational plan interruptions.

When vocational plan interruption is beyond the control of the worker, L&I or self-insurer must recommence vocational plan development. If necessary to complete vocational services, L&I or self-insurer may credit any time and money expended prior to the interruption. An interruption is beyond the control of the worker when it is due to closure of an accredited institution, death of an immediate family member, or documented changes in the worker's objective medical condition that prevent further participation in the vocational plan.

When vocational plan interruption is the result of the worker's actions, entitlement to benefits is suspended. If the vocational plan is recommenced, or a new plan is developed, time and money expended prior to interruption is not credited. Interruption is the result of the worker's actions when it is due to the failure to meet

attendance expectations set by the training or educational institution, failure to achieve passing grades or acceptable performance review, unaccepted or post-injury conditions that prevent further participation in the vocational plan, or the worker's failure to abide by the accountability agreement.

Costs to the Employer: Generally, vocational costs are chargeable to the employer's cost experience or must be paid by a self-insured employer. However, state fund vocational costs, including time-loss, may be paid from the medical aid fund at the discretion of L&I if:

- the worker previously participated in a vocational plan under the pilot program or made an option two selection under the pilot program;
- the date of injury or disease manifestation, for state fund employers, is within the period of time used to calculate the state fund employer's experience factor; and
- the subsequent claim is for an injury or occupational disease that resulted from employment and work-related activities beyond the worker's document restrictions.

When paid from the medical aid fund, vocational costs are not charged to an employer's cost experience.

Register: L&I must develop and maintain a register of workers who have been retrained or have chosen one of the vocational options during the pilot program. The register must be kept for at least the duration of the pilot program.

Study and Review: An independent review and study of the effects of the pilot program must be conducted to determine whether the pilot program has achieved appropriate outcomes at reasonable cost to the system. The review must include, at minimum, the following:

- a report on L&I's performance with regard to the provision of vocational services;
- the skills acquired by a worker who receives retraining services;
- the types of training programs approved;
- whether the workers are employed, at what jobs and wages after completion of the training program and at various times subsequent to their claim closure; and
- the number of demographics of workers who choose option two and their employment and earnings status at various times subsequent to claim closure.

L&I may adopt rules, in collaboration with the vocational rehabilitation subcommittee to further define the scope and elements of the study. The subcommittee must provide input and oversight with L&I with respect to the study.

Reports of the independent researcher are due on December 1, 2010; December 1, 2011; and December 1, 2012.

Department Report: L&I must develop an annual report on the vocational rehabilitation system. The first report must be provided to the Legislature and the vocational rehabilitation subcommittee by December 1, 2009. The report is due annually thereafter until December 1, 2012. The annual report must contain information about workers who have participated in more than one vocational training plan approved under the pilot project and information about the industries in which the workers were employed. The final report must include L&I's assessment and recommendations for further legislation, in collaboration with the vocational rehabilitation subcommittee.

L&I also must report all expenses to the medical fund that result from the discretionary decision to fund vocational costs from the medical aid fund. The expenditures must be separately documented as a medical aid fund expenditure and reported annually to the vocational rehabilitation subcommittee and the Legislature. The report must include the number of claims for which relief to the employer was provided, the average cost per claim, and whether the employers were state fund or self-insured.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 42 | 4 |
| House | 74 | 21 |

Effective: January 1, 2008

E2SSB 5923

PARTIAL VETO

C 350 L 07

Regarding aquatic invasive species enforcement and control.

By Senate Committee on Ways & Means (originally sponsored by Senators Swecker, Jacobsen and Sheldon).

Senate Committee on Natural Resources, Ocean & Recreation

Senate Committee on Ways & Means

House Committee on Agriculture & Natural Resources

Background: Invasive species are generally considered to be animal or plant species that are thriving in a geographical area to which they are not native. Washington Department of Fish and Wildlife (DFW) has authority to manage aquatic nuisance species and is charged with tracking and proposing solutions to manage these species.

The Aquatic Invasive Species Prevention Account and the Aquatic Invasive Species Enforcement Account were created by the Legislature in 2005. One dollar fifty cents of each annual vessel registration fee is deposited into the Prevention Account and fifty cents of each

annual vessel registration fee is deposited into the Enforcement Account.

Funds in the Prevention Account are appropriated to DFW to develop an Aquatic Invasive Species Prevention Program for recreational watercraft. Funds from the Enforcement Account are appropriated to the Washington State Patrol (WSP) to develop an aquatic invasive species enforcement program for recreational watercraft.

Under current law, all vessels involved in coastal traffic are required to exchange their ballast water at least 50 nautical miles offshore. Vessels are allowed to discharge non-exchanged ballast water under three circumstances: (1) when it is not safe to perform open ocean exchange, or when design limitations of the vessel or equipment malfunctions prevent exchange; (2) when a ship's ballast water originated in Washington and has not been mixed with water or sediments from outside designated areas; and (3) when an approved ballast water treatment system is utilized.

Beginning July 1, 2007, the discharge of improperly exchanged or treated ballast water into Washington waters is prohibited. A vessel that discharges improperly exchanged or treated ballast water without a valid exemption may result in a fine of up to \$5,000.

Currently, all vessels of 300 gross tons or more, except military vessels, must file a ballast water reporting form. Vessel operators that fail to comply with the reporting requirements may be subject to a \$500 fine per violation. Falsifying a ballast report may result in both a civil and criminal penalty.

Summary: Aquatic Invasive Species Enforcement and Prevention Program: Funds from the Aquatic Invasive Species Enforcement Account may also be appropriated to DFW to develop an aquatic invasive species enforcement program for recreational and commercial watercraft.

DFW is authorized to establish random check stations and require persons transporting recreational and commercial watercraft to stop at the check stations. Persons stopped at a check station who possess watercraft or equipment that is contaminated with an aquatic invasive species are exempted from certain criminal penalties if that person complies with all DFW directives for the proper decontamination of the watercraft or equipment. DFW will also provide inspection outside of check stations to persons requesting inspection and provide a receipt indicating the watercraft is not contaminated.

The new crime of unlawfully avoiding aquatic invasive species check stations is created. Persons who fail to obey check station signs, or who fail to stop and report at a check station if directed to do so by a uniformed fish and wildlife officer, are guilty of a gross misdemeanor.

DFW must post signs warning vessels of the threat of aquatic invasive species, the penalties associated with introduction of an invasive species, and proper contact information for obtaining a free vessel inspection. The

signs must be posted at all ports of entry and at all boat launches owned or leased by DFW. DFW must also provide signs to all port districts, privately or publicly owned marinas, state parks, and other state agencies or political subdivisions that own or lease boat launches.

DFW is directed to develop a plan for treatment and immediate response to the introduction of prohibited aquatic invasive species into Washington waters. This plan will be reviewed under the State Environmental Policy Act.

Ballast Water Management Program: The Ballast Water Work Group (work group) expiration date is repealed and the work group is codified.

The duties of the work group are changed to include: (1) working with Oregon to develop a consistent ballast water management program for the Columbia River; (2) providing assistance to DFW with the implementation of the ballast water management program and with various research and evaluations regarding the program; (3) working with the U.S. Coast Guard and Department of Ecology (DOE) to improve coordination and integration of vessel inspection procedures among agencies that board and inspect vessels; and (4) developing recommendations on the management of discharge of untreated or exchanged ballast water under the safety exemption and report back the Legislature.

DFW, in conjunction with the work group, is directed to adopt implementation time lines and standards for the discharge of ballast water into the waters of the state. The standards are intended to ensure that the discharge of ballast water poses minimal risk of introducing nonindigenous species.

The safety exemption is modified to allow discharge of untreated or unexchanged ballast water into Washington waters when weather conditions, vessel limitations, equipment failure, or other extraordinary conditions make ballast water exchange or treatment a threat to the safety of the vessel, passengers, or crew. Persons claiming a safety exemption must file documentation as required by DFW and pay a fee not to exceed \$5,000.

Representatives from the cruise ship industry, the Department of Natural Resources, and a representative from DOE are added to the work group.

DFW is authorized to develop a fee schedule for fees collected under the safety exemption and may also set a graduated penalty schedule for unauthorized discharge and violation of reporting requirements under the ballast water management program.

The Ballast Water Management Account (Ballast Account) is created for the collection of appropriations, gifts, grants, donations, penalties and mitigation fees. Funds deposited into the Ballast Account must be appropriated by the Legislature and may only be used to support the Ballast Water Management Program.

DFW is authorized to issue a special operating authorization for passenger vessels conducting or assisting in research and testing activities to determine the presence of invasive species in ballast water. The testing and research will be reviewed by the work group and the findings will be reported to the Legislature.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 49 | 0 | |
| House | 94 | 0 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the section which permanently established the Ballast Water Work Group and all of the duties assigned to the work group.

VETO MESSAGE ON E2SSB 5923

May 7, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Section 11, Engrossed Second Substitute Senate Bill 5923 entitled:

“AN ACT Relating to aquatic invasive species enforcement and control.”

Aquatic invasive species pose significant risks to the marine and freshwaters of the state. It is imperative that we continue to prevent their introduction, as they are extremely difficult and costly to eradicate once established. This bill provides the clear policy, the compliance programs and the necessary funding to ensure our success in this effort.

However, I am vetoing Section 11 of Engrossed Second Substitute Senate Bill 5923 which would permanently establish the Ballast Water Work Group and significantly expand its duties. The Work Group has been an excellent source of expertise and advice but it is not currently in the position to take on all of the responsibilities outlined in the bill. In addition, we have in place the Washington Invasive Species Council to provide policy direction, planning and coordination for addressing invasive species in the state.

I appreciate the need for cooperation and support from many stakeholders and agencies in order to succeed with this program. I understand that Director Koenings will establish advisory and technical groups, as needed, to implement this bill and will work closely with the Invasive Species Council to coordinate our state response to the threat of invasive species.

For these reasons, I have vetoed Section 11 of Engrossed Second Substitute Senate Bill 5923.

With the exception of Section 11, Engrossed Second Substitute Senate Bill 5923 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SB 5926

C 288 L 07

Creating a joint legislative task force to review the underground economy in the construction industry.

By Senators Kohl-Welles, Clements, Kastama, Weinstein, Fairley, Keiser, Marr, Tom, Murray, Oemig, Sheldon and Kline.

Senate Committee on Labor, Commerce, Research & Development

Senate Committee on Ways & Means

House Committee on Commerce & Labor

House Committee on Appropriations

Background: Some estimates place the percentage of unreported employment in Washington's construction industry at between 20 and 50 percent, although solid data on this phenomena is not readily available.

Summary: The joint legislative task force on the underground economy in the state's construction industry is created. The task force is to formulate a state policy to establish cohesion and transparency between state agencies so as to increase the oversight and regulation of the underground economy practices in the state.

The task force consists of the chairs and ranking minority members of the Senate Labor, Commerce, Research & Development and the House Commerce and Labor Committees; four members representing the construction business chosen from nominations submitted by statewide business construction organizations; and four members representing construction laborers chosen from nominations submitted by statewide labor organizations.

The Departments of Employment Security, Labor & Industries, and Revenue are to cooperate with the task force and will each maintain a nonvoting liaison representative to the task force.

The task force is to choose its chair or co-chairs from among its legislative members and the chairs of the two standing committees will convene the first meeting.

The task force is to contract with the Institute for Public Policy, or another entity if the Institute is unavailable, to assist it in determining the extent of and projected costs to the state and workers of the underground economy in the construction industry. Within available funding, the task force can hire additional staff with specific technical expertise if such expertise is needed to carry out the mandates of the study.

The expenses of the task force will be paid jointly by the Senate and House of Representatives.

The task force is to report its findings and recommendations to the Legislature by January 1, 2008.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 45 | 0 | |
| House | 98 | 0 | (House amended) |
| Senate | 49 | 0 | (Senate concurred) |

Effective: May 2, 2007

E2SSB 5930
PARTIAL VETO
C 259 L 07

Providing high quality, affordable health care to Washingtonians based on the recommendations of the blue ribbon commission on health care costs and access.

By Senate Committee on Ways & Means (originally sponsored by Senators Keiser, Kohl-Welles, Shin and Rasmussen; by request of Governor Gregoire).

Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means
House Committee on Health Care & Wellness
House Committee on Appropriations

Background: The 2006 Legislature established the Blue Ribbon Commission on Health Care Costs and Access and charged it with delivering a five-year plan for substantially improving access to affordable health care for all Washingtonians. The commission was co-chaired by Governor Gregoire and Senator Thibaudeau, and included 12 other legislative and state agency leaders. The commission met throughout the interim, and issued their recommendations in January 2007.

The recommendations encompass 16 main topic areas, with multiple action steps for each area. In brief, they are: use state purchasing to improve health care quality; become a leader in the prevention and management of chronic illness; provide cost and quality information for consumers and providers; deliver on the promise of health information technology; reduce unnecessary emergency room visits; reduce health care administrative costs; support community organizations that promote cost-effective care; give individuals and families more choice in selecting private insurance plans that work for them; partner with the federal government to improve coverage; organize the insurance market to make it more accessible to consumers; address the affordability of coverage for high-cost individuals; ensure the health of the next generation by linking insurance coverage with policies that improve children's health; initiate strategies to improve childhood nutrition and physical activity; pilot a health literacy program for parents and children; strengthen the public health system; and integrate prevention and health promotion into state health programs.

Summary: A wide variety of projects are initiated around health care quality, cost, and access, as follows.

Reimbursement Changes: The Department of Social and Health Services (DSHS) and the Health Care Authority (HCA) must develop a five-year plan by September 1, 2007, to change reimbursement to reward quality, incorporate evidence-based standards, direct enrollees to quality care systems, and develop reimbursement approaches that encourage primary care, and for telemedicine and other approaches that reduce the overall cost of care.

Patient Decision Aids: HCA must implement a shared decision making demonstration project at one or more multi-speciality practice sites providing state purchased health care. The project will incorporate decision aids for at least one preference-sensitive care area, and include an evaluation of the impact of using shared decision making.

Chronic Care Projects: DSHS must design and implement medical homes for their aged, blind, and disabled clients in conjunction with chronic care management programs, and evaluate chronic care management efforts for the medical and long-term care programs. Department of Health (DOH) will provide training and technical assistance for providers regarding care of people with chronic conditions. The HCA must design and implement a chronic care management program for state employees enrolled in the state's self-insured plan.

Quality Forum: The Washington State Quality Forum (Forum) is created within HCA to collect research and health care quality data to promote best practices and evidence-based medicine, in collaboration with the Puget Sound Health Alliance. DOH must report adverse events that occur in a hospital to the Forum to assist in its research on health care quality, evidence-based medicine, and patient safety. The Forum will report to the Legislature annually, beginning September 2007.

Health Technology and Information Projects: HCA must design a consumer-centric health information infrastructure with a health record bank, and implement pilot sites that promote electronic medical records and health information exchange, as funding allows. Access to the University of Washington Health Sciences Library is expanded for health professionals, with an increase to the licensing fees of up to \$25 annually. Nurse license fees will also support a central nursing resource center, until June 30, 2013.

Appropriate Care Settings: HCA and DSHS will report on unnecessary emergency room use by December 1, 2007, and partner with community organizations to develop reimbursement incentives and a pilot demonstration to reduce unnecessary emergency room visits. As sufficient funding is available, the departments will provide enrollees with access to a 24 hour, seven day a

week nurse hotline, and explore use of the 211 phone system.

Administrative Efficiency: The Office of Insurance Commissioner (OIC) must report on opportunities to reduce key health care administrative costs by December 1, 2007.

Coverage for Young Adults: All insurance carriers and the state employee programs must offer enrollees an opportunity to extend coverage for unmarried dependents up to age 25, effective January 1, 2009.

Public Coverage and Sustainability: DSHS must work with the federal government to explore opportunities to use waivers and state plan amendments to expand medical coverage in Medicaid and Basic Health and leverage all available funding, exploring alternative benefit designs, including the possibility for a health opportunity account demonstration for the transitional medical assistance program. DSHS must explore expanded enrollment in employer-sponsored insurance premium assistance for public enrollees, including the state's Children's Health Insurance Program (CHIP). DSHS & HCA must ensure enrollees are not simultaneously enrolled in the medical assistance program or CHIP, and the Basic Health program to provide coverage for the maximum number of people.

The Office of Financial Management (OFM), in collaboration with OIC, must evaluate options for a reinsurance program for the individual and small group insurance markets, and evaluate whether the Washington State Health Insurance Pool (WSHIP) should be retained. Evaluation efforts will be linked to other small group design efforts in the Health Insurance Partnership (Partnership) program created by E2SHB 1569. An interim report is due December 1, 2007, and a final report is due September 1, 2008.

Foster parents with incomes up to 300 percent of the federal poverty level are eligible for Basic Health coverage with a reduced premium. DOH may continue collecting \$3.50 for new born screening fees that are set to expire June 30, 2007. Medical services provided for jail inmates will be the responsibility of the unit of government that initiated the charges.

A nine-member health insurance partnership board (Board) is established to develop policies for enrollment in the newly formed Partnership program. The Board will designate health benefit plans offered in the small group market that will qualify for a premium assistance subsidy for the low-income enrollees; determine whether there should be a minimum employer premium contribution; examine health benefit plan rating methodologies within the context of the Partnership; conduct analyses and provide recommendations as requested by the Governor and the Legislature; and authorize one or more limited health care service plans for dental care services.

High Risk Pool Changes: Modifications are made to WSHIP including modifications to benefit limits to reflect inflationary changes, and an increase in the lifetime maximum to \$2 million to be effective immediately. All policies offered through WSHIP will be cancelled before December 31, 2007, and replaced with identical policies that allow for a guarantee of the continuity of coverage. Future policies can be replaced but must include the services covered under the replaced plan. Age restrictions for premium assistance for low-income enrollees are removed.

By December 1, 2007, the WSHIP Board must have an analysis of eligibility completed that will review eligibility for Medicaid enrollees, other publicly sponsored enrollees, and an assessment of the 8 percent eligibility threshold used for screening people out of the individual market and into the high risk pool. The standardized screening questionnaire used for the individual market and high risk pool will be required for individuals applying for unsubsidized Basic Health, and additional groups with creditable coverage, such as federal government or church sponsored coverage, will not be required to complete the screen. The enrollment limit linked to 2003 enrollment levels for Evergreen Health Insurance Program enrollees is removed. Immunity protections are provided for WSHIP employees and members of the Board.

Wellness Programs: DSHS, HCA, DOH, and the Department of Labor and Industries (L&I), must develop a five-year plan by September 1, 2007, to integrate disease and accident prevention and health promotion into all state health programs. HCA must implement employee wellness demonstration projects and evaluations of the projects, with reports to the Legislature December 2008 and December 2010.

Prescription Safety: When sufficient funding is available, DOH will implement a prescription drug monitoring program to monitor the prescribing and dispensing of all schedule II, III, IV, and V controlled substances. The program will be designed to improve quality and effectiveness by reducing abuse of controlled substances; reducing duplicative prescribing and over-prescribing of controlled substances; and improving prescribing practices, with the goal of creating an electronic database available in real time for all dispensers and prescribers of controlled substances. As funding becomes available, HCA will conduct a feasibility study to consider expansions for the program.

Strategic Health Planning: OFM must coordinate a state health planning process to create the statewide health resources strategy that will guide the certificate of need process. The first strategy is due January 1, 2010, and must be updated every two years.

Public Health Accountability: Outcome goals are established for any additional appropriations that may be provided for local health jurisdictions. By January 1, 2008, DOH must adopt a prioritized list of activities and services that qualify as core public health functions of statewide significance, and adopt performance measures for local health jurisdictions. Beginning November 15, 2009, DOH must report to the Legislature annually on the distribution of funds related to these functions and any impact the funding has had on local health performance and health status indicators.

Votes on Final Passage:

| | | | |
|--------|----|----|----------------------------|
| Senate | 48 | 0 | |
| House | 61 | 34 | (House amended) |
| Senate | | | (Senate refused to concur) |

Conference Committee

| | | |
|--------|----|----|
| House | 63 | 35 |
| Senate | 31 | 17 |

Effective: May 2, 2007 (Section 30)

July 22, 2007

January 1, 2009 (Sections 18-22)

Partial Veto Summary: The Governor vetoed sections 59 and 74. The nine-member health insurance partnership board (Board) was vetoed in favor of the seven-member Board created in E2SHB 1569, and the July 1 effective date for the Board was removed.

VETO MESSAGE ON E2SSB 5930

May 2, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 59 and 74, Engrossed Second Substitute Senate Bill 5930 entitled:

“AN ACT Relating to providing high quality, affordable health care to Washingtonians based on the recommendations of the blue ribbon commission on health care costs and access.”

I am pleased to support Engrossed Second Substitute Senate Bill 5930, an act relating to providing high quality, affordable health care to Washingtonians based on the recommendations of the Blue Ribbon Commission on Health Care Costs and Access.

Section 59 of this bill establishes a nine-member board charged with designing and managing the Washington Health Insurance Partnership (WHP). This section duplicates a comparable board established under Engrossed Second Substitute House Bill 1569, which passed during the 2007 legislative session. Section 74 of this bill of is an emergency clause, and would allow certain sections of the bill to become effective on July 1. Section 74 is not essential to the proper and timely implementation of the bill.

For these reasons, I have vetoed Sections 59 and 74 of Engrossed Second Substitute Senate Bill 5930.

With the exception of Sections 59 and 74, Engrossed Second Substitute Senate Bill 5930 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SSB 5937

C 424 L 07

Providing for additional patrols along high-accident corridors.

By Senate Committee on Transportation (originally sponsored by Senators Haugen, Swecker, Murray and Kauffman).

Senate Committee on Transportation

House Committee on Transportation

Background: The current fee for an abstract of driving record is five dollars. Revenue from the fee is deposited in the Highway Safety Account. Appropriations from the account fund the Department of Licensing's (DOL) Driver's Services Division.

Summary: The fee for an abstract of driving record is increased from five dollars to ten dollars. All revenue derived from the incremental increase in the cost of abstracts of driving records is deposited to the State Patrol Highway Account.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 46 | 2 | |
| House | 76 | 18 | (House amended) |
| Senate | 47 | 1 | (Senate concurred) |

Effective: August 1, 2007

SSB 5952

C 17 L 07

Correcting provisions for the department of early learning.

By Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators McAuliffe, Kohl-Welles and Rasmussen; by request of Department of Early Learning).

Senate Committee on Early Learning & K-12 Education
House Committee on Early Learning & Children's Services

Background: The Department of Early Learning (DEL) was established in 2006 as an executive branch agency, and chapter 43.215 for DEL was added to the Revised Code of Washington. The primary duties of DEL are to implement early learning policy and to coordinate, consolidate, and integrate child care and early learning

programs in order to administer programs and funds efficiently. Various powers, duties, and functions within the Department of Social and Health Services (DSHS) were transferred to DEL; however, some of the related authorities were not replicated in chapter 43.215 RCW.

Summary: DEL is authorized to charge agencies fees for licenses, but the Director may waive fees when they are not in the best interest of public health and safety or are a financial disadvantage to the state. The fees must be established by rule and based on the cost to DEL.

DEL is authorized to deny, suspend, revoke, modify, or not renew a license or assess a civil monetary penalty when an agency has failed or refused to comply with the licensing requirements. DEL must give written notice of a license denial, revocation, suspension, or modification. The action will take effect 28 days after notice is received, or longer if indicated by DEL. Action may occur sooner than 28 days if it is necessary to protect the public health, safety, or welfare. License suspension is effective immediately upon notice when the agency is not in compliance with a child support order. An agency has the right to request in writing an adjudicative proceeding within 28 days of receiving notice. If the appeal is filed before the effective date, DEL must not take action before a final order is entered. However, when DEL gives less than 28 days' notice, action may be taken on the effective date stated in the notice.

DEL also must give an agency written notice of a civil fine. The fine is due within 28 days of receiving notice, unless DEL indicates a later date. The agency has a right to request in writing an adjudicative proceeding within 28 days of receiving notice. If the appeal is timely and sufficient, DEL must not take action before a final order is entered.

The Washington State Patrol must provide DEL with conviction records upon written request.

DEL is included in the list of state agencies that may authorize access to individually identifiable personal records for research purposes.

DEL's authority to create local child care resource and referral organizations is recodified in chapter 43.215 RCW. One of the two statutes requiring licensed day care centers to provide notice of pesticide use is repealed.

The responsibility to certify a safe passenger loading area at a family day care provider's home facility is transferred from the Office of Child Care Policy to DEL.

The power to engage in negotiated rule making with the exclusive representative of the family child care licensees is transferred from the Secretary of DSHS to the Director of DEL. Additionally, the statute establishing the exclusive representative of family child care licensees was repealed and amended under chapter 43.215 RCW.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 45 | 0 |
| House | 94 | 0 |

Effective: July 22, 2007

SB 5953
C 79 L 07

Increasing penalties for acts of domestic violence involving strangulation.

By Senators Eide, Stevens, Delvin, Regala, Sheldon, Benton, Marr, Shin, Rasmussen and Holmquist; by request of Attorney General.

Senate Committee on Judiciary
House Committee on Public Safety & Emergency Preparedness

Background: Under current law, assault by strangulation is difficult to prove without significant medical evidence. The act of strangulation is generally charged under domestic violence statutes, carrying the punishment of a gross misdemeanor, which is up to 365 days in jail and/or a \$5,000 fine.

In the case of *In the Matter of Personal Restraint Petition of Shawn Andress*, 147 Wn.2d 602, 56 P.3d 981 (2002), the Court held that assault cannot serve as the predicate felony for second degree felony murder under RCW 9A.32.050. In 2003, the Legislature amended RCW 9A.32.050 to specifically include assault as an applicable predicate offense. (Majority: Madsen, Alexander, Smith, Johnson, and Sanders. Dissent: Ireland, Bridge, Chambers, and Owens.)

In *State v. Bingham*, 105 Wn.2d 820, 719 P.12d 109 (1986), the Supreme Court upheld that evidence of manual strangulation alone was insufficient to show premeditation required for a first degree murder conviction. (Majority: Goodloe, Dolliver, Utter, Brachtenbach, Pearson. Dissent: Callow, Dore, Andersen, and Durham.)

Proponents believe that strangulation is an intentional, potentially lethal, form of violence that inflicts physical and psychological effects upon the victim. They further believe that the cruelty of this offense merits its categorization as a ranked felony offense.

Summary: A person may be charged with assault in the second degree when, under circumstances not amounting to assault in the first degree, he or she assaults another by strangulation. Assault in the second degree is a class B felony. This crime is a level IV felony punishable by three to nine months of confinement for a first offense. "Strangulation" is defined as compressing a person's neck, thereby obstructing the person's blood flow or ability to breathe, or doing so with the intent to obstruct the person's blood flow or ability to breathe.

Votes on Final Passage:

Senate 44 0
House 97 0

Effective: July 22, 2007

2SSB 5955**PARTIAL VETO**

C 402 L 07

Regarding educator preparation, professional development, and compensation.

By Senate Committee on Ways & Means (originally sponsored by Senators Tom, McAuliffe, Kauffman, Oemig, Kilmer, Eide, Kohl-Welles and Rasmussen).

Senate Committee on Early Learning & K-12 Education
Senate Committee on Ways & Means
House Committee on Education
House Committee on Appropriations

Background: In 2005, the Legislature created a steering committee (Washington Learns) comprised of legislators, the Governor, and others, and three sector advisory committees on which legislators and others served. The steering and advisory committees were directed to conduct a comprehensive study of early learning, K-12, and higher education; to develop recommendations on how the state can best provide stable funding for early learning, public schools, and public colleges and universities; and to develop recommendations on specified policy issues. The steering committee submitted an interim and a final report with recommendations to the Legislature. The final report included recommendations addressing a state leadership academy, teacher preparation and certification programs, and teacher professional development programs.

Summary: Provisions addressing a state leadership academy, teacher preparation and certification programs, teacher professional development programs, and a teacher recruitment program are enacted.

A public-private partnership is established to develop, pilot, and implement the Washington State Leadership Academy to enhance leadership skills of school and district administrators. The partnership will include the Office of the Superintendent of Public Instruction (OSPI), the associations of school principals, the Professional Educator Standards Board (PESB), institutions of higher education, nonprofit foundations, the Educational Service Districts (ESDs), the state school business officers' association, and other entities identified by the partners. The partners must designate an independent organization to act as a fiscal agent and establish a board of directors. The board of directors of the academy must make recommendations for change superintendent and principal preparation programs, the

administrator licensure system, and continuing education requirements. Initial development of the courses and activities must be supported by private funds. The board of directors must report to OSPI semiannually on financial contributions and annually on services, participants, and plans for future development.

Within specified timelines, the PESB must complete the following tasks: adopt new math knowledge and skill standards for all individuals seeking an initial teaching certificate; adopt new teacher certification requirements addressing mathematics content for elementary or middle school teachers and high school mathematics teachers; set performance standards and develop a uniform, externally administered professional-level teacher certification assessment; and review and revise teacher preparation program requirements to focus on diversity in cultural knowledge and respect.

Subject to funds appropriated, an initiative is created to improve mathematics, science, and targeted secondary reading education through professional development delivered through a collaboration of OSPI and ESDs over a four-year period through a three-tiered system in the form of competitive grants, improvement agreements and intensive intervention, and support for specified targeted activities. The core services of the ESDs are expanded to include professional development identified in statute or the budget. Guidance and expected outcomes are provided for the professional development provided by the learning improvement days (LID) in the omnibus appropriations act.

The Recruiting Diverse Washington Teachers Program is established to recruit and provide training and support for diverse high school students to enter the teaching profession, including targeted recruitment; academic and community support services for students to help them overcome possible barriers, such as tutoring, advising, and mentoring; and camps and workshops on college campuses. The program will be administered by the PESB.

Votes on Final Passage:

Senate 40 8
House 98 0 (House amended)
Senate (Senate refused to concur)
House 94 1 (House amended)
Senate 34 11 (Senate concurred)

Effective: July 22, 2007

Partial Veto Summary: The three-tiered initiative to improve mathematics, science, and targeted secondary reading education through professional development is vetoed.

VETO MESSAGE ON 2SSB 5955

May 9, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 3 through 6, Second Substitute Senate Bill 5955 entitled:

“AN ACT Relating to educator preparation, professional development, and compensation.”

Sections 3 through 6 of this bill provide for the creation of a math, science and targeted secondary reading initiative. Section 3 describes the initiative’s tiered support system that provides resources and intervention to schools and districts on a grant basis depending on levels of need. Section 4 outlines specific activities. Section 5 addresses distribution of targeted assistance funds. And, Section 6 identifies certain duties of participating Education School Districts. While provisions for the initiative are well-meaning, no funding was provided for their implementation.

For these reasons, I have vetoed Sections 3 through 6 of Second Substitute Senate Bill 5955.

With the exception of Sections 3 through 6, Second Substitute Senate Bill 5955 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SB 5957
C 18 L 07

Revising provisions relating to administrative practices concerning the information processing and communications systems of the legislature overseen by the joint legislative systems committee.

By Senator Kohl-Welles; by request of Joint Legislative Systems Committee.

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: The Joint Legislative Systems Committee (JLSC) oversees the Legislature’s information systems and technology policy. JLSC consists of four legislative members, one from each of the two largest caucuses in each chamber of the Legislature. JLSC is advised by an administrative committee, the Joint Legislative Systems Administrative Committee (JLSAC), consisting of five members; two from Senate administration, two from House administration, and one from the Office of the Code Reviser.

Among other duties, JLSAC is responsible for adopting policies and standards regarding information processing and communications systems of the Legislature. JLSAC is also responsible for entering into contracts for the sale or acquisition of equipment, supplies, services, and facilities, and for the distribution of

legislative information. JLSAC also employs and fixes the compensation for personnel as required.

JLSC employs the Legislative Systems Coordinator, who is the executive head of the Legislative Service Center (LSC). LSC provides data processing services, equipment, training, and support to the Legislature.

Summary: The coordinator of LSC, rather than JLSAC, must employ or engage and fix the compensation for personnel as required in accordance with an adopted personnel plan. The coordinator, rather than JLSAC, must also enter into contracts for the sale or acquisition of equipment, supplies, services, and facilities, and for the distribution of legislative information.

JLSAC is required to approve strategic and tactical information technology plans and provide guidance in operational matters as required.

The authority of LSC to provide services to agencies of the judicial and executive branch, as well as provide public access to legislative information, is clarified.

JLSC, JLSAC, and LSC are exempted from Information Services Board and Department of Information Services oversight.

The legislative systems revolving fund is abolished. JLSC, JLSAC, and LSC will operate on funds appropriated by the Legislature.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 94 | 0 |

Effective: July 1, 2007

E2SSB 5958
C 267 L 07

Creating innovative primary health care delivery.

By Senate Committee on Ways & Means (originally sponsored by Senators Keiser, Parlette, Marr and Kohl-Welles).

Senate Committee on Health & Long-Term Care

Senate Committee on Ways & Means

House Committee on Health Care & Wellness

Background: Retainer health care, sometimes known as concierge medicine or direct patient-provider practices, is an approach to medical practice in which physicians charge their patients a fee or retainer in exchange for enhanced services or amenities. Retainer practices typically care for fewer patients than conventional practices and provide personalized health care services that may include same-day appointments, comprehensive annual physicals, home visits, immediate access to a physician via phone or pager, or other services.

A recent review by the U.S. Government Accountability Office indicates there are a small but growing number of retainer practices, and they are largely concentrated on the west and east coasts. A

disproportionate number are in Washington State, where the idea appears to have been initiated in 1996.

The Office of the Insurance Commissioner (OIC) has determined that health care providers engaged in direct patient billing or retainer health care are subject to current state law governing health care service contractors, but believes the full scope of regulation under this law is neither practical nor warranted.

Summary: Direct patient-provider primary care practices are explicitly exempted from the definition of health care service contractors in insurance law. Direct practices are defined as providers or entities furnishing primary health care services, as outlined in a direct agreement, for a monthly fee. Primary care means routine health care services, including screening, assessment, diagnosis, and treatment for the promotion of health, and detection and management of disease or injury. Services covered under the direct fee may not include hospitalization, major surgery, dialysis, high level radiology, rehabilitation services, procedures requiring general anesthesia, or similar advanced procedures, services, or supplies.

The direct fee must represent the total amount for services specified in the agreement, and providers may charge additional fees for supplies, medications, and specific vaccines that are not covered by the direct agreement. The direct fee schedule may not be increased more frequently than annually, and fees for comparable services must not vary from patient to patient. Providers may sign participating provider contracts with insurance carriers to ensure patients have access to referrals to other participating providers, but direct practice providers may not submit claims for services provided to direct patients.

Standards describing the direct practices are placed in Title 48 insurance laws; however, the direct practices are not insurance carriers, and they may not sell their product to groups like an insurance carrier. Direct practices must register annually with the Office of Insurance Commissioner (OIC), and the Commissioner will be the lead agency for consumer protection concerns. Beginning December 1, 2009, the OIC must report annually to the Legislature on direct care practices, including participation trends and complaints received. By December 1, 2012, the OIC must submit a study of direct care practices to the Legislature, including the impact on access to primary health care services, premium costs for traditional health insurance, and network adequacy.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 38 | 10 | |
| House | 90 | 5 | (House amended) |
| Senate | 48 | 0 | (Senate concurred) |

Effective: July 22, 2007

SSB 5972

C 192 L 07

Providing the department of natural resources with more consistent enforcement authority for protection against mining without a permit.

By Senate Committee on Natural Resources, Ocean & Recreation (originally sponsored by Senators Morton, Jacobsen, Swecker, Rockefeller, Poulsen, Rasmussen, Hargrove and Shin).

Senate Committee on Natural Resources, Ocean & Recreation

House Committee on Agriculture & Natural Resources

Background: Surface mining activities in Washington consist primarily of rock, sand, and gravel mining. The Legislature has designated the Department of Natural Resources (DNR) to regulate surface mine reclamation in Washington. Persons engaging in surface mining activities must have an approved reclamation plan and a reclamation permit issued by DNR. Along with these regulatory duties, DNR has the authority to take enforcement actions when the law, a reclamation plan, or a reclamation permit is violated.

Order to Rectify Deficiencies: DNR may issue an order to rectify deficiencies when a miner or permit holder conducts surface mining in any manner not authorized by statute, rule, a reclamation plan, or a reclamation permit. The order must specify the deficiencies and set a required time for compliance.

Order to Suspend Surface Mining: When a miner or permit holder fails to comply with an order to rectify deficiencies, DNR may order that surface mining, on all or part of the operation, be suspended. The suspension lasts until the violations have been mitigated to the satisfaction of DNR. When a miner or permit holder conducts unauthorized mining activities that create an imminent danger to health or public safety, DNR may issue an emergency order to rectify deficiencies and suspend mining.

Civil Penalties: DNR may impose a fine should the miner or permit holder fail to obey a DNR order. The amount of the civil penalty may not exceed \$10,000 for each violation, based on a penalty schedule set by rule. Each day an order is disobeyed constitutes a separate violation. DNR's penalty decisions are subject to appeal to the Pollution Control Hearings Board.

Summary: DNR is provided several new authorities with regards to enforcement, and several existing authorities are amended.

Notice of Correction: DNR may issue a notice of correction to a permit holder or other person violating statute, rules, a reclamation plan, or a reclamation permit. Issuance of a notice of correction does not limit DNR's use of other enforcement authorities. The notice must describe the corrections needed and provide

reasonable time for the corrections. A notice is not an enforcement action and is not subject to appeal.

Order to Rectify Deficiencies: DNR may issue an order to rectify deficiencies to a permit holder or other person violating statute, rules, a reclamation plan, or a reclamation permit. The order must describe the deficiencies and set a required time for compliance. The order becomes final and effective after completion of administrative and judicial review.

Order to Stop Surface Mining: DNR may issue an order to stop all surface mining to a permit holder or other person who engages in surface mining activities without a permit. DNR may issue an order to stop surface mining occurring outside of a permit area to a permit holder that does not have the legal right to occupy the area. When a permit holder operates outside of its permit boundary, but within land it has the right to occupy, DNR may issue an order to stop surface mining outside of the authorized area after the permit holder fails to comply with a notice of correction.

Permit Suspension: DNR may suspend a reclamation permit when a surface mine is out of compliance with a final order of DNR. A suspension is final and effective after completion of all administrative review proceedings. No surface mining or reclamation may occur while a permit is suspended.

Permit Cancellation: A permit holder may seek to cancel a reclamation permit in favor of a local development or construction permit when: (1) the permit holder has received a development or construction permit; (2) the local jurisdiction and landowner agree to the cancellation; and (3) the local jurisdiction assures that construction or development is being implemented.

Votes on Final Passage:

Senate 49 0
House 98 0

Effective: July 22, 2007

SSB 5984

C 193 L 07

Allowing only structural engineers to provide engineering services for significant structures.

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Murray and Clements).

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: A professional engineer is a person who, through professional education and practical experience, possesses special knowledge of the mathematical and physical sciences and the principles and methods of engineering analysis and design. A professional

engineer must register with the Board of Registration for Professional Engineers and Land Surveyors (Board) by meeting work experience or education requirements established in statute and by the Board.

Structural engineering is a specialized branch of professional engineering. To receive a certificate of registration in structural engineering, an applicant must meet registration requirements of professional engineers, have two years of structural engineering experience, and pass an examination prescribed by the Board.

Summary: An engineer must be registered as a structural engineer to provide structural engineering services for significant structures.

Significant structures are defined as:

- hazardous facilities that contain explosive substances that will endanger the public if released;
- essential facilities such as hospitals, fire and police stations, structures that hold water or fire suppression materials, emergency vehicle shelters and garages, standby power-generating equipment, government communications centers, aviation control towers, and buildings having critical national defense functions;
- structures exceeding 100 feet in height;
- buildings of five stories or more;
- bridges with a span of more than 200 feet;
- piers with a surface area of more than 10,000 square feet; and
- buildings where more than 300 people congregate in one area.

Votes on Final Passage:

Senate 36 11
House 98 0

Effective: July 1, 2008

SSB 5987

C 389 L 07

Convening a work group to evaluate gang-related crime.

By Senate Committee on Judiciary (originally sponsored by Senators Clements, Carrell, Marr, Holmquist, Schoesler and Rasmussen; by request of Attorney General).

Senate Committee on Judiciary

House Committee on Public Safety & Emergency Preparedness

Background: Graffiti is considered a gateway crime. It is a crime that is committed by those attempting to gain admission into or promotion within a gang. Currently, graffiti is charged under the category of malicious mischief; the degree depends on the amount of damage caused in dollars.

Malicious mischief in the first degree occurs if the damage exceeds \$1,500. It is a class B felony. Malicious mischief in the second degree occurs if the damage exceeds \$250. It is a class C felony. Malicious mischief in the third degree occurs if the damage equals \$50 or less. It is a gross misdemeanor.

Proponents believe that more serious gang-related offenses will be decreased by focusing on this type of gang-related property crime, usually committed by juveniles just beginning to involve themselves in criminal behavior.

Summary: The Washington Association of Sheriffs and Police Chiefs (WASPC) is directed to establish and convene a work group to evaluate the problem of gang-related crime in Washington State. The workgroup must include one member from each of the two largest caucuses in the House of Representatives, appointed by the Speaker of the House; one member from each of the two largest caucuses in the Senate, appointed by the President of the Senate; and representatives from the following groups, appointed jointly by the Speaker of the House and the President of the Senate: the Office of the Attorney General, local law enforcement, prosecutors and municipal attorneys, criminal defense attorneys, court administrators, prison or detention administrators and probation officers, and experts in gang or delinquency prevention.

The workgroup must evaluate and make recommendations regarding additional legislative measures to combat gang-related crime, the creation of a statewide gang information database, possible reforms to the juvenile justice system for gang-related juvenile offenses, best practices for prevention and intervention of youth gang membership, and the adoption of legislation authorizing a civil anti-gang injunction. Results of the evaluation must be reported to the Legislature on or before January 1, 2008.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 48 | 0 | |
| House | 95 | 1 | (House amended) |
| Senate | 46 | 0 | (Senate concurred) |

Effective: July 22, 2007

2SSB 5995

C 232 L 07

Providing for the role of the economic development commission in state government.

By Senate Committee on Ways & Means (originally sponsored by Senators Kastama, Zarelli, Kilmer, Clements, Kauffman, Shin, Pridemore, Regala, Fairley, Brown, Jacobsen and Rasmussen).

Senate Committee on Economic Development, Trade & Management

Senate Committee on Ways & Means

House Committee on Community & Economic Development & Trade

House Committee on Appropriations

Background: The Legislature established the Economic Development Commission in 2003 with the stated intent to have it develop and update the state's economic development strategy and performance measures and provide advice to and oversight of the Department of Community, Trade, and Economic Development (CTED).

Summary: It is the intent of the Legislature to create an economic development commission to provide planning, coordination, evaluation, monitoring, and policy analysis and development for the state economic development system as a whole.

The Washington State Economic Development Commission is to consist of 11 voting members and as ex officio non-voting members: the Director of the Department of Community, Trade, and Economic Development; the Director of the Workforce Training and Education Coordinating Board; the Commissioner of the Department of Employment Security; and the chairs and ranking minority members of the House and Senate economic development committees. The Executive Director of the commission is to serve as chief executive officer and is to employ such personnel as are necessary and use staff of existing operating agencies.

The commission is to develop and maintain a state comprehensive plan for economic development and review the state system for consistency with the plan; the plan is to be updated every two years. The commission is to establish and maintain an inventory of economic development programs, perform a biennial assessment of the economic development needs of the state, and assess whether the economic development system and programs are consistent, coordinated, and integrated. The commission is also to establish standards for data collection and program evaluation; administer scientifically-based outcome evaluations of the state economic development system; report to the Governor and the Legislature every two years on its progress; and make recommendations for statutory changes as needed.

The commission may review policies, plans, budget requests, and legislative proposals for consistency with the state comprehensive plan for economic development; provide for coordination at the state and regional level; and advocate for the state economic development system. The commission is to review the appropriate state role in economic development and the appropriate administrative and regional structure for the provision of economic development services by September 1, 2008. The Economic Climate Council is to consult with the commission when selecting economic benchmarks and the commission is to involve the public in the selection of benchmarks.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 49 | 0 | |
| House | 95 | 0 | (House amended) |
| Senate | 48 | 0 | (Senate concurred) |

Effective: July 22, 2007

ESSB 6001
PARTIAL VETO
C 307 L 07

Mitigating the impacts of climate change.

By Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Pridemore, Poulsen, Rockefeller, Brown, Eide, Oemig, Hargrove, Marr, Fraser, Kohl-Welles, Keiser, Regala, Franklin, Fairley, Jacobsen, Shin, Haugen, Berkey, Spanel, Kline and Weinstein).

Senate Committee on Water, Energy & Telecommunications

House Committee on Technology, Energy & Communications

House Committee on Appropriations

Background: *Climate Change and Greenhouse Gases (GHG):* The term "climate change" refers to any significant change in measures of climate, such as temperature, which last for decades or longer. Climate change may result from natural causes or human activities.

The National Academy of Sciences, the Inter-Governmental Panel on Climate Change, and the United States' Climate Change Science Program have concluded that human activities, such as GHG production, are the likely cause of climate change during the last several decades.

GHG Emissions Targets: According to the Pew Center on Global Climate Change, 12 states have set GHG emissions targets, including Arizona, California, New Mexico, and Oregon. Most of the targets have been set by agencies or by executive order and typically use a 1990 baseline to measure reductions. The targets are usually characterized as "goals."

Governor Gregoire's Executive Order Setting GHG Emissions Goals: On February 7, 2007, the Governor issued an executive order establishing goals for GHG emissions reductions, for increasing clean energy sector jobs, and for reducing expenditures on imported fuel. The executive order also directs the Department of Ecology (DOE) and the Department of Community, Trade, and Economic Development (CTED) to lead stakeholders in a process that will consider a full range of policies and strategies to achieve the emissions goals.

GHG Emission Performance Standards: In 2006, the California Legislature enacted a law to prevent long-term investments in power plants with GHG emissions in excess of those produced by a combined-cycle natural gas power plant. Among other things, the law prohibits electric utilities from making or renewing contracts of five years or longer for the purchase of baseload generation that does not comply with the GHG emissions performance standards to be established by the state Public Utilities Commission and the state Energy Commission.

Current Carbon Dioxide (CO2) Mitigation Requirements: In 2004, the Legislature established a policy to mitigate CO2 emissions from fossil-fueled thermal power plants with generating capacities of 25 megawatts or more. These power plants must mitigate 20 percent of their CO2 emissions over a period of 30 years. This requirement applies to: (1) existing plants that increase the production of CO2 emissions by 15 percent or more; or (2) new power plants seeking a site certificate through the Energy Facility Site Evaluation Council (EFSEC) or an order of approval under the Washington Clean Air Act.

Summary: I. Employment and GHG Emissions Goals: Establishing Goals to Reduce GHG Emissions: The following goals are established for statewide GHG emissions:

- by 2020, reduce emissions to 1990 levels;
- by 2035, reduce emissions to 25 percent below 1990 levels; and
- by 2050, reduce emissions to 50 percent below 1990 levels, or 70 percent below the state's expected emissions that year.

Establishing an Employment Goal: By 2020, increase the number of clean energy sector jobs to 25,000 from the 8,400 jobs the state had in 2004.

Requiring Emissions Reports: By December 31, 2007, DOE and CTED must report to the appropriate committees of the Legislature the total GHG emissions for 1990, and totals in each major sector for 1990. By December 31 of each even-numbered year beginning in 2010, DOE and CTED must report to the Governor and the Legislature the total GHG emissions for the preceding two years, and totals in each major source sector.

Requiring Policy Recommendations to Achieve GHG Emissions Reduction Goals: The Governor must develop policy recommendations on how the state can

achieve the specified GHG emissions reduction goals. The recommendations must include such issues as how market mechanisms would assist in achieving the goals. The recommendations must be submitted to the Legislature during the 2008 Legislative Session.

II. GHG Emissions Performance Standard: *Establishing a GHG Emissions Performance Standard:* Beginning July 1, 2008, the GHG emissions performance standard for all baseload electric generation for which electric utilities enter into long-term financial commitments on or after such date is the lower of:

- 1,100 pounds of GHG per megawatt-hour; or
- the average available GHG emissions output as updated by CTED.

In general, all baseload electric generation that begins operation after June 30, 2008, and is located in Washington, must comply with the performance standard. The following facilities are deemed to be in compliance with the performance standard:

- all baseload electric generation facilities in operation as of June 30, 2008, until they are the subject of long-term financial commitments;
- all electric generation facilities or power plants powered exclusively by renewable resources; and
- all cogeneration facilities in the state that are fueled by natural gas or waste gas in operation as of June 30, 2008, until they are the subject of a new ownership interest or are upgraded.

The following emissions produced by baseload electric generation do not count against the performance standard:

- emissions that are injected permanently in geological formations;
- emissions that are permanently sequestered by other means approved by DOE; and
- emissions sequestered or mitigated under a plan approved by the EFSEC, as specified in the act.

Requiring Agency Action: By June 30, 2008, DOE and EFSEC must coordinate and adopt rules to implement and enforce the GHG emissions performance standard, including the evaluation of sequestration and mitigation plans. In addition, CTED must consult with specified groups, such as the Bonneville Power Administration, and consider the effects of the standard on system reliability and the overall costs to electricity customers.

In order to update the standard, CTED must conduct a survey every five years of new combined-cycle natural gas thermal electric generation turbines commercially available and offered for sale by manufacturers and purchased in the United States. CTED must use the survey results to adopt by rule the average available GHG emissions output. The survey results must be reported to the Legislature every five years, beginning June 30, 2013.

Enforcing the GHG Emissions Performance Standard: Electric utilities may not enter into long-term

financial commitments for baseload electric generation unless the generation complies with the performance standard. For an investor-owned utility (IOU), the Washington Utilities and Transportation Commission (WUTC) must review a long-term financial commitment in a general rate case. The WUTC must also review an IOU's proposed decision to acquire electric generation or enter into a power purchase agreement for electricity, upon application of the utility. The process for reviewing proposed decisions must be specified in rule and conducted under the Administrative Procedures Act. The WUTC must consult with DOE when verifying compliance with the performance standard. The WUTC must adopt all implementing rules by December 31, 2008.

For a consumer-owned utility, the governing board must review a long-term financial commitment in consultation with DOE, after which the State Auditor is responsible for auditing compliance with the performance standard and the Attorney General is responsible for enforcing compliance.

The WUTC or the governing board of a consumer-owned utility, whichever is appropriate, may exempt a utility from the performance standard for unanticipated electric system reliability needs, catastrophic events, or threat of significant financial harm arising from unforeseen circumstances.

Allowing Cost Deferrals: An IOU may defer up to 24 months the costs associated with a long-term financial commitment for baseload electric generation.

Requiring Periodic Reviews of the GHG Emissions Performance Standard: DOE, in consultation with CTED, EFSEC, the WUTC, and the governing boards of consumer-owned utilities, must review the GHG emissions performance standard no less than every five years or upon the implementation of a federal or state law or rule regulating CO₂ emissions of electric utilities, and report to the Legislature.

Requiring a Tax Incentive Report: By December 31, 2007, the Governor must report to the Legislature the potential benefits of creating tax incentives to encourage baseload electric facilities to upgrade their equipment to reduce CO₂ emissions, the nature and level of tax incentives likely to produce the greatest benefits, and the cost of providing such incentives.

Definitions: Various terms are defined. For example, "baseload electric generation" means electric generation from a power plant that is designed and intended to provide electricity at an annualized plant capacity factor of at least 60 percent. "Electric utility" covers investor-owned and consumer-owned utilities. "Long-term financial commitment" means: (1) either a new ownership interest in baseload electric generation or an upgrade to a baseload electric generation facility; or (2) a new or renewed contract for baseload electric generation with a term of five or more years for the provision of retail power or wholesale power to end-use customers in this

state. "Renewable resources" means electricity generated from water, wind, and solar energy, among other things.

Findings: Various findings are made, including the vulnerability of the state to climate change, the evidence of the warming climate, and a recognition of Washington's pioneering efforts in adopting a carbon dioxide mitigation program for thermal power plants.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 35 | 13 | |
| House | 84 | 14 | (House amended) |
| Senate | 37 | 10 | (Senate concurred) |

Effective: July 22, 2007

Partial Veto Summary: An unnecessary section, Section 6, is removed.

VETO MESSAGE ON ESSB 6001

May 3, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Section 6, Engrossed Substitute Senate Bill 6001 entitled:

"AN ACT Relating to mitigating the impacts of climate change."

Section 6 of this bill is unnecessary. It was inserted when the bill contemplated minor adjustments to the Energy Facility Site Evaluation Council's permit process. But those adjustments were ultimately removed from the bill. The Governor currently has ample existing authority without Section 6.

For these reasons, I have vetoed Section 6 of Engrossed Substitute Senate Bill 6001.

With the exception of Section 6, Engrossed Substitute Senate Bill 6001 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SB 6014
C 194 L 07

Authorizing industrial development on reclaimed surface coal mine sites.

By Senators Swecker, Haugen, Keiser, Hatfield, Zarelli, Benton, Hewitt, Stevens, Shin, Marr, Rasmussen, Oemig and Sheldon.

Senate Committee on Government Operations & Elections

House Committee on Local Government

Background: Industrial development in counties and cities planning under the Growth Management Act (GMA) is generally only allowed in urban growth areas (UGAs). UGAs are areas within which urban growth is

encouraged, and outside of which, growth can only occur if it is not urban in nature.

In limited circumstances, the GMA allows industrial development in areas outside of UGAs. Under RCW 36.70A.365, a county may authorize the siting of a major industrial development (MID) outside UGAs, and under RCW 36.70A.367, a county may designate an industrial land bank of no more than two master planned locations for major industrial activity outside UGAs. The designation, siting, and approval of a MID or an industrial land bank is done through amendment to the county comprehensive plan, provided certain statutory requirements are met.

Summary: Certain qualified counties planning under the GMA may designate a master planned location for major industrial activity outside UGAs on lands formerly used or designated for surface coal mining and supporting uses. Counties authorized to designate major industrial development on former surface coal mining uses must have had a surface coal mining operation in excess of 3,000 acres that ceased operation after July 1, 2006, and that is located within 15 miles of the I-5 corridor.

Designation of a master planned location for major industrial activities is an amendment to the comprehensive plan of the county. The master planned location must be located on land formerly used or designated for surface coal mining and supporting uses, that consist of an aggregation of land of at least 1,000 acres, and that is suitable for manufacturing, industrial, or commercial business. The master planned location must include criteria for the provision of new infrastructure and an environmental review must be done at the programmatic level.

Approval of a specific major industrial activity is conducted through a local master plan process and does not require comprehensive plan amendment. The development regulations adopted must provide that the site consist of 100 or more acres of land formerly used or designated for surface coal mining; must prevent urban growth in the adjacent nonurban areas; and limit commercial development.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 98 | 0 |

Effective: July 22, 2007

2SSB 6016

C 289 L 07

Concerning good cause reasons for failure to participate in WorkFirst program components.

By Senate Committee on Ways & Means (originally sponsored by Senators Regala and Kohl-Welles).

Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means
House Committee on Early Learning & Children's Services
House Committee on Appropriations

Background: As a condition of receiving federal funds for the Temporary Assistance to Needy Families program (TANF), states are required to meet work participation rates for those families receiving TANF funds. Work participation rates are determined by dividing the number of families receiving TANF that are engaged in work activities by the total number of families receiving TANF.

The Deficit Reduction Act of 2005 (DRA) did not change the work participation rates, but made significant modifications to how the rate is calculated. First, a credit to the caseload was previously allowed for the reduction in the total caseload since the creation of the TANF block grant. This credit now only applies to reductions in caseloads since 2005. In short, the total caseload (denominator) of the equation is now much larger. Second, qualifying work activities are defined much more narrowly under the DRA, making the numerator much smaller using existing activities.

Federal regulation specifically allows states to exclude families in which a single custodial parent is caring for a child less than one year old from the work participation rate calculation. States may apply this exclusion on a case-by-case basis for families with a work-eligible individual up to a maximum of 12 months for the individual's lifetime.

Under Washington law, a "good cause" reason for a TANF recipient's failure to participate in Workfirst program components include cases in which the recipient is a parent with a child under the age of one year, except that when the child reaches the age of three months, the recipient must participate in one of the following activities for up to 20 hours per week:

- (1) instruction or training which has the purpose of improving parenting skills or child well being;
- (2) pre-employment or job readiness training;
- (3) course study leading to a high school diploma or GED; or
- (4) community service volunteer activity.

Summary: A parent with a child under the age of one year who is a TANF recipient has a good cause reason for the failure to participate in a Workfirst program. The Department of Social and Health Services (DSHS) may

require any recipient with a child under the age of one year whose comprehensive evaluation indicates a need for mental health, alcohol, or drug treatment; domestic violence services; or parenting education or skills to participate in those services or treatment as appropriate, up to 20 hours per week. A recipient may participate in the Work First program on a voluntary basis.

DSHS must provide information regarding the availability of home visitation programs to TANF caseworkers who will inform TANF clients with children under the age of one year of the availability of such services. If desired by the parent, TANF caseworkers will facilitate appropriate referrals to home visitation service providers.

The good cause exemption for a parent with a child under the age of one year is limited to a maximum of 12 months over the parent's lifetime.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 29 | 18 | |
| House | 66 | 31 | (House amended) |
| Senate | 30 | 18 | (Senate concurred) |

Effective: July 22, 2007

ESB 6018

C 120 L 07

Changing provisions concerning detention of persons with a mental disorder or chemical dependency.

By Senator Brandland.

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

Background: In 2005, the Legislature passed E2SSB 5763, the Omnibus Treatment of Mental and Substance Abuse Disorders Act of 2005. One aspect of this legislation was the creation of a pilot program in the Pierce County Regional Support Network and the North Sound Regional Support Network. The pilot program combines the initial detention process of adults with chemical dependency and mental disorders through the use of a designated crisis responder (DCR) with authority to initiate civil commitment proceedings. The pilot also includes secure detoxification facilities for detention.

Case law interpreting the mental health detention statute requires that an individual must be at "imminent risk" of grave disability or pose an "imminent" likelihood of substantial harm before a designated mental health professional (DMHP) can detain the individual. Once the individual is detained they must be seen by a mental health professional within three hours and a petition for detention must be filed within 12 hours of the detention. If the individual does not present an imminent risk the DMHP must obtain a summons from a judicial officer, including a finding that there is probable cause to detain the individual. The DMHP must then serve the

summons on the individual. The individual then has 24 hours to report to a facility for evaluation and treatment.

Summary: The non-emergent detention process is modified. The use of a summons and a 24-hour reporting period is eliminated. Instead, DCRs are authorized to contact judicial officers to obtain an "order to detain." Judicial officers may consider sworn telephonic testimony or written affidavits in determining whether there is probable cause to detain the individual for a 72-hour period of evaluation and treatment. DCRs may notify law enforcement that an order to detain has been entered and request that the individual be escorted to an evaluation and treatment facility, a secure detoxification facility, or a certified chemical dependency provider.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 44 | 0 |
| House | 95 | 0 |

Effective: April 18, 2007

ESSB 6023
PARTIAL VETO
C 354 L 07

Concerning the Washington assessment of student learning.

By Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators McAuliffe and Rasmussen).

Senate Committee on Early Learning & K-12 Education
House Committee on Education
House Committee on Appropriations

Background: Beginning with the graduating class of 2008, students must meet the state standard on the Washington Assessment of Student Learning (WASL), or a legislatively approved alternative assessment, to achieve a Certificate of Academic Achievement (CAA), which is required to graduate from high school. Beginning with the graduating class of 2010, students will also have to meet the state standards on the science WASL to obtain a CAA. Students must retake the WASL at least once prior to taking an approved alternative assessment. Three alternative assessments have received legislative approval: the Grade Point Average (GPA)/WASL cohort comparison, the Collection of Evidence (COE), and the PSAT/SAT/ACT Mathematics Equivalent. Alternative assessments are required to be comparable in rigor to the skills and knowledge that the student must demonstrate on the WASL for each content area.

The other state high school graduation requirements are successful completion of 19 minimum course requirements established by the State Board of Education (SBE), completion of a culminating project, and the creation of a high school and beyond plan.

Students who are not appropriately assessed by the WASL, even with accommodations, may earn a Certificate of Individual Achievement (CIA), instead of a CAA, to graduate from high school. To earn the CIA, the student must demonstrate skills and abilities commensurate with the student's individual education program.

There are 24 states in addition to Washington that plan to or currently require students to pass statewide assessments for high school graduation. Seven of these states use a series of "end-of-course" assessments, where students take the test after completing a course that covers the core content to be assessed by the test. In most of these states, the mathematics end-of-course assessment for high school graduation is Algebra. The science end-of-course assessments tend to be Biology.

Under the federal No Child Left Behind Act, all English Language Learner (ELL) students must participate in the WASL tests scheduled for their grade. The only exception is students who are in their first year of enrollment in U.S. schools are not required to participate in reading or writing tests, but must take the mathematics exam. ELL students who participate in the bilingual program must also take the Washington Language Proficiency Test (WLPT) in reading, writing, speaking, and listening each year until they exit the bilingual program.

Beginning September 1, 2007, the Office of the Superintendent for Public Instruction (OSPI) must make available to school districts diagnostic assessments aligned with the state's grade-level expectations.

Summary: Changes are made to the use of the WASL as a graduation requirement. The CAA is maintained for students who meet the state standards on the reading, writing, and mathematics on the WASL, or a legislatively approved alternative assessment beginning in 2008. Beginning no later than the graduating class of 2013, students will also have to meet the state standards on the science WASL to obtain the CAA. SBE may adopt a rule requiring students to meet the state standards on the science WASL prior to the graduating class of 2013 to obtain the CAA.

An ELL who scores below level four on the state English proficiency test does not have to take the WASL, except for federal purposes and for graduation purposes. OSPI and the Workforce Training and Education Coordinating Board must convene an advisory committee, comprised of legislators and others, to identify career and technical education curricula that will assist in preparing students for the state assessment system and obtaining a CAA.

The requirement to retake the WASL prior to taking an approved alternative assessment is removed. To access the GPA/WASL cohort alternative, a student must have a cumulative GPA of at least 3.2 on a four-point grading scale. After August 31, 2008, the PSAT mathematics equivalent will no longer be an approved alternative to the mathematics WASL. Specified scores on

specified SAT and ACT assessments are authorized as approved alternatives for the reading and writing WASL. Specified Advance Placement examinations are approved alternatives for the reading, writing, and mathematics WASL. OSPI is authorized to arrange for students to receive a testing fee waiver or make other arrangements for students to take the approved alternative assessments. SBE must examine other possibilities for alternative assessments, including standardized norm-referenced assessments and portions of the ACT ASSET and ACT COMPASS assessments and make recommendations to the Legislature by January 10, 2008.

A conditional delay of the WASL as a graduation requirement in mathematics is created for the graduating classes of 2008 through 2012, to graduate without a CAA or CIA. Students who meet all the state and school district graduation requirements and do not meet the state standard on the mathematics WASL, or an approved alternative assessment, are required to earn one or two additional mathematics credits or career and technical course equivalents as specified for the graduating class. Additionally, the students must continue to take the appropriate mathematics assessment until graduation.

It is clarified that the diagnostic assessments provided by OSPI must address reading, writing, mathematics, and science in elementary, middle, and high school grades. Subject to funding, OSPI must also provide funds for administration of the diagnostic assessments and training.

The bill provides that the Legislature's intent is to make significant improvements in the high school WASL in mathematics and science, and a belief that end-of-course assessments would be a superior assessment system; that end-of-course assessments in mathematics should cover at least Algebra I and Geometry, and assessments in science should cover at least Biology, but also address other science content areas; that the recommended changes are able to be implemented no later than the 2010-11 school year in order to apply to the graduating class of 2013; and that replacing the current WASL represents a significant change that should be thoroughly evaluated. SBE must examine and recommend changes to the high school mathematics and science WASL. The primary change to be examined by SBE is replacing the high school WASL with end-of-course assessments in mathematics and science. Additional topics to be covered by the examination are specified. The SBE report is due by January 10, 2008.

Before the 2007-08 school year, each Educational Service District (ESD) must implement an appeals panel or panels comprised of teachers, principals, and members of the business community with relevant knowledge and expertise, to review and decide appeals from students within 60 days. The appeal is for students to demonstrate that the student has a level of understanding of a content area sufficient to meet the standard, but did not

meet the standard on the WASL. Students who are eligible to appeal must be in the junior or senior year of high school; have retaken the WASL or an alternative; have participated in the remediation in the student learning plan; and have met one of four other specified criteria. ESDs must report to the Legislature regarding the number and types of appeals received and approved. SBE must adopt rules, including uniform criteria to be used by the appeals. The criteria must include a review of specified student information.

Votes on Final Passage:

| | | | |
|--------|----|----|----------------------------|
| Senate | 43 | 4 | |
| House | 81 | 17 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | 56 | 41 | (House amended) |
| Senate | 30 | 18 | (Senate concurred) |

Effective: July 22, 2007

Partial Veto Summary: The language addressing the Legislature's belief that end-of-course assessments would improve the high school mathematics and science WASLs is vetoed. The direction to the SBE to study, examine, and recommend changes to the high school assessments in mathematics and science, focusing on replacement of the current assessments with specifically identified end-of-course assessments, is vetoed. The authority to create an appeals panel at each ESD is vetoed. The provisions permitting certain ELL students to not take the WASL, except for federal purposes and for graduation purposes, are vetoed. The emergency clause is vetoed.

VETO MESSAGE ON ESSB 6023

May 8, 2007

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 9, 10, 11 and 13, Engrossed Substitute Senate Bill 6023 entitled:

“AN ACT Relating to the Washington assessment of student learning.”

Sections 1 through 7 of this bill provide for the adjustment of high school assessment provisions related to state high school graduation requirements. These include specific changes related to mathematics and science, as well as the addition of several alternative assessments and modification of two other alternative assessments. Section 8 expands the provision of diagnostic assessments to assist students in developing the skills required to be demonstrated on state assessments. Section 12 creates an advisory committee to identify curricula that will assist in preparing students for the state assessment system.

Section 9 of this bill directs the State Board of Education, in consultation with the Superintendent of Public Instruction, to study, examine and recommend changes to the high school assessments in mathematics and science, focusing on replacement of the current assessments with specifically identified end-of-course assessments. The study's recommendation topics and timelines are structured to point to implementing end-of-course assessments as the predetermined outcome. For this reason, I am vetoing Section 9.

However, I am well aware of the strong legislative interest in this subject, specifically related to mathematics and science assessments. I have asked the State Board of Education to conduct a broad, objective study of end-of-course assessments. In the course of this study they will examine the various end-of-course assessment systems used by other states; their purposes; the subjects assessed and how they align with state standards, curriculum, and instruction; whether the exams are used singly or in combination with other assessments for graduation decision purposes; how the exams integrate with an entire assessment system (all grades and subjects); implementation issues; costs and lessons learned. Additionally, OSPI will ask potential test vendors to provide information regarding cost and technical aspects of implementing end-of-course assessments and that information will be shared with the State Board. The State Board of Education will provide recommendations based upon their study and present the study information and recommendations by January 15, 2008.

Section 10 of this bill provides for the implementation of appeals panels in each education service district for students who have not been successful in meeting state standards through the high school assessment system. The appeals criteria specified in the legislation does not relate to the student's knowledge and skill of the state standards. Therefore, I do not support this activity. Additionally, I am concerned that such a system will not yield consistent results from appeals board to appeals board.

Section 11 of this bill sets forth the threshold for student English skills required for participation in the state assessment system, with the exception that meeting standards through the state assessment system remains a requirement for high school graduation. However, in practice, the provision of excusing students from the assessments has no effect since the federal statute sets requirements for student participation for federal accountability purposes. When the federal statutes are changed, state participation requirements will be adjusted. While this provision is well-meaning, having it in statute will be confusing to students and parents.

Section 13 of this bill is an emergency clause. I am vetoing Section 13, as the issues in this legislation do not rise to the level of an emergency that requires the immediate revision of state laws.

For these reasons, I have vetoed Sections 9, 10, 11 and 13 of Engrossed Substitute Senate Bill 6023.

With the exception of Sections 9, 10, 11 and 13, Engrossed Substitute Senate Bill 6023 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

ESSB 6032
C 371 L 07

Concerning the medical use of marijuana.

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Kohl-Welles, McCaslin, Kline, Regala and Keiser).

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

Background: Under Initiative Measure No. 692, approved November 1998, the Washington State medical use of marijuana act (act), the citizens of the state of

Washington intended to allow for the limited medical use of marijuana by patients with terminal or debilitating illnesses. Such patients and their primary caregivers will not be found guilty of a crime for possession and limited use of marijuana under state law. Physicians who authorize marijuana use to qualifying patients are excepted from liability and prosecution for doing so.

Physicians must provide a qualifying patient with valid documentation stating that the potential benefits of the medical use of marijuana would likely outweigh the health risks for a particular qualifying patient. Documentation consists of a statement signed by the physician or a copy of the pertinent medical record containing the physician's statement and proof of identity.

A qualifying patient or any designated primary caregiver will be deemed to have established an affirmative defense to charges of violation of state law relating to marijuana if he or she complies with the requirements under this act.

The act provides definitions for: medical use of marijuana, primary caregiver, qualifying patient, terminal or debilitating medical condition, and valid documentation.

Summary: Qualifying patients and any designated provider who assists them in the medical use of marijuana will be deemed to have established an affirmative defense if he or she complies with the requirements under this act. Designated provider replaces "primary caregiver" and is defined as a person who is over 18 years of age, has been designated in writing by a patient to serve as a designated provider and serves as a designated provider to only one patient at a time.

Department of Health (DOH) will adopt rules defining the presumptive quantity of marijuana that could reasonably be presumed to be a 60-day supply. DOH will make recommendations to the Legislature addressing access to an adequate, safe, consistent, and secure source of medical marijuana for qualifying patients by July 1, 2008.

Crohn's disease, hepatitis C, and other diseases are added to the existing list of terminal and debilitating medical conditions.

Valid documentation must state that in the physician's professional opinion, the patient may benefit from the medical use of marijuana.

A copy of a physician statement has the same force and effect as the signed original.

The Medical Quality Assurance Commission will accept petitions from anyone to add terminal or debilitating conditions to those already on this list.

If a law enforcement officer determines that a person's possession of marijuana satisfies the requirements under this act, the officer may take a representative sample of the marijuana. The officer is not liable for failure to seize marijuana in this circumstance.

The Medical Quality Assurance Commission will consult with the Board of Osteopathic Medicine and

Surgery in adding approved medical conditions to those defined as terminal or debilitating.

Votes on Final Passage:

| | | | |
|--------|----|----|----------------------------|
| Senate | 39 | 10 | |
| House | 64 | 30 | (House amended) |
| Senate | | | (Senate refused to concur) |

Conference Committee

| | | |
|--------|----|----|
| House | 68 | 27 |
| Senate | 37 | 9 |

Effective: July 22, 2007

E2SSB 6044

C 342 L 07

Regarding the removal of derelict vessels.

By Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller and Swecker).

Senate Committee on Natural Resources, Ocean & Recreation

Senate Committee on Ways & Means

House Committee on Agriculture & Natural Resources

House Committee on Appropriations

Background: In 2005, the Legislature created the Oil Spill Advisory Council (Council) to provide advice as to how the state can maintain its vigilance in the prevention of oil spills. The Council submitted a required report to the Legislature in 2006 that outlined proposals for long-term, sustainable funding for oil spill prevention, preparedness, and response. Technical Advisory Subcommittees of the Council examined various aspects of Washington's prevention and response programs and made several recommendations to the Council on how to improve the derelict vessel removal program which is administered by the Department of Natural Resources (DNR).

With few exceptions, no person may own or operate a vessel on the waters of this state unless the vessel has been registered and displays a registration number and a valid decal. A \$2 derelict vessel removal fee is collected at the time of registering a vessel and is deposited into the Derelict Vessel Removal Account (Derelict Vessel Account). If the Derelict Vessel Account balance reaches \$1 million as of March 1 of any year, collection of fees associated with the account must be suspended for the following fiscal year.

Under the current derelict vessel removal program, authorized public entities may take temporary possession of a vessel that is in immediate danger of sinking, breaking up, or blocking a navigational channel and the owner cannot be located or is unwilling to assume immediate responsibility of the vessel. The current program also allows authorized public entities to be reimbursed for up to 90 percent of the total reasonable and auditable

administrative costs of removal and disposal where the previous owner is unknown or insolvent.

Summary: Authorized public entities are given the authority to take temporary possession of a vessel when the vessel poses an imminent danger to public health and safety or to the environment.

A derelict vessel removal surcharge of \$1 is applied to all vessels registering with the Department of Licensing, until 2014. The surcharge is exempted from the calculation that ceases the collection of the derelict vessel fee.

Private marina owners are authorized to contract with a local government to participate in the derelict vessel program. The private marina owner must bear the cost share with DNR (which is 10 percent of the total cost of removal) and must reimburse the local government for reasonable administrative costs.

DNR, in consultation with the Department of Revenue, and other stakeholders, must: (1) examine the costs and benefits of extending the derelict vessel fees to vessels that are not subject to the state registration requirements; and (2) examine the use of alternative revenue sources, such as the watercraft excise tax, in order to more equitably distribute the financial responsibility of supporting the cost of the derelict vessel program. DNR must report back to the Legislature by November 1, 2007.

The definitions for "abandoned vessel" and "vessel" are amended.

Votes on Final Passage:

| | | | |
|--------|----|---|------------------------------|
| Senate | 49 | 0 | |
| House | 91 | 3 | (House amended) |
| Senate | | | (Senate refused to concur) |
| House | | | (House insisted on position) |
| Senate | 46 | 2 | (Senate concurred) |

Effective: July 22, 2007

June 30, 2012 (Section 6)

SB 6059

C 121 L 07

Allowing attorneys to recover actual costs for service of process.

By Senators Carrell, Kline and Roach.

Senate Committee on Judiciary

House Committee on Judiciary

Background: Under current law, the prevailing party is allowed certain sums by way of indemnity for expenses in an action including a reasonable amount of money incurred in effecting service of process. If the court, upon judgment, finds that the service of process fees previously agreed upon by the process server and the attorney are not reasonable, it may lower those fees despite the agreement.

Summary: The prevailing party, upon judgment, is allowed certain sums by way of indemnity for expenses in the action including the actual amount of money charged and incurred for the service of a process server.

A registered process server or a process server who is exempt from registration is allowed to charge and collect, for each service assignment delivered to the process server for service, the following fees: (1) the actual amount if the fee is less than \$100; or (2) a reasonable amount if the fee is greater than \$100.

Votes on Final Passage:

Senate 49 0
House 95 0

Effective: July 22, 2007

SB 6075
C 88 L 07

Increasing competitive bid limits for the purchase of materials, equipment, or supplies.

By Senator Haugen.

Senate Committee on Government Operations & Elections

House Committee on Local Government

Background: Counties must follow a certain bidding process when purchasing materials, equipment, or supplies, depending on the dollar value of the contract. For purchase contracts over \$25,000, counties must use a formal competitive bidding process. A solicitation for bids must be advertised in the official county newspaper; bids must be in writing and filed with the county clerk; and the contract must be awarded to the lowest responsible bidder.

For purchases between \$2,500 and \$25,000, counties may dispense with formal competitive bidding if they use an alternative uniform process. That process requires the county to obtain at least three bids from a list of qualified vendors, and to award the contract to the lowest responsible bidder.

For purchases under \$2,500, counties may dispense with formal competitive bidding upon the order of the county legislative authority.

Summary: Counties may dispense with formal competitive bidding upon the order of the county legislative authority for any purchase under \$5,000. Additionally, an incorrect reference in RCW 36.32.245(4) to a subsection in RCW 39.35A.020 is corrected.

Votes on Final Passage:

Senate 46 0
House 95 0

Effective: July 22, 2007

SB 6090
C 154 L 07

Regarding persons who perform crowd management or guest services.

By Senators Delvin, Zarelli and McCaslin.

Senate Committee on Labor, Commerce, Research & Development

House Committee on Commerce & Labor

Background: A private security guard is an individual who is licensed and principally employed as a security officer or guard, patrol guard, armed escort, armored vehicle guard, burglar response runner, or crowd control officer or guard. The Department of Licensing regulates private security guards and private security guard businesses.

The following persons are exempt from security guard licensing: a person who is employed exclusively or regularly by one employer and performs the duties of a private security guard; a sworn peace officer while engaged in the performance of the officer's official duties; and a sworn peace officer while employed to engage in off-duty employment as a private security guard.

Last session, the Legislature added guest services or crowd management employees who do not perform the duties of a private security guard to the list of those who are exempt from security guard licensing.

Summary: Under the exemptions for security guard licensing, a person performing crowd management or guest services includes, but is not limited to, a person described as a ticket taker, usher, door attendant, parking attendant, crowd monitor, or event staff who:

- does not carry a firearm or other dangerous weapon;
- does not wear a uniform; and
- does not have as his or her primary responsibility, the detainment of persons or placement of persons under arrest.

The bill requires that this exemption only apply when a crowd has assembled for the purpose of attending or taking part in an organized event, including pre-event assembly, event operation hours, and post-event departure activities.

“Primary responsibility” is defined as an activity that is fundamental to, and required or expected in, the regular course of employment and is not merely incidental to employment.

Votes on Final Passage:

Senate 48 0
House 94 0

Effective: July 22, 2007

ESSB 6099
PARTIAL VETO
C 517 L 07

Regarding the state route number 520 bridge replacement and HOV project.

By Senate Committee on Transportation (originally sponsored by Senator Murray).

Senate Committee on Transportation
House Committee on Transportation

Background: The State Route 520 Evergreen Point Bridge is a one and a half mile, 42 year old bridge crossing Lake Washington in King County. The bridge is in need of replacement due to its vulnerability to seismic activity and storm events. In addition to the deteriorating physical condition, the current bridge lacks shoulders for disabled and emergency vehicles and experiences considerable amounts of congestion on a daily basis. A draft Environmental Impact Statement (EIS) that lays out the options for replacement structures was published in August 2006. During the public comment period the Washington State Department of Transportation (WSDOT) received over 1,700 unique submissions. Due to the volume of submissions that need to be addressed in a final EIS the schedule for completion of the final EIS has been delayed.

Certain impacts of highway construction are required to be mitigated for, while other elements are often negotiated with local jurisdictions. WSDOT has held multiple public open houses, community meetings, and other events to involve various stakeholders in bridge replacement discussions.

Summary: Mediator and Impact Plan: Directs the Office of Financial Management to hire a mediator and appropriate planning staff to develop a project impact plan for addressing the impacts of the project design on Seattle city neighborhoods and parks, including the Washington park arboretum, and institutions of higher education. Directs the mediator to work with all interested parties.

Requires that the mediator review the WSDOT's project design plans in the draft EIS for conformance with certain legislative goals, including the goals of minimizing the total footprint and width of the bridge and the project's impact on surrounding neighborhoods.

Permits the mediator to determine that certain additional alternative concept designs should be considered for the west end of the project, and to contract with an engineering firm to conduct an independent feasibility analysis of certain proposals. Requires that any such independent analysis be submitted to the Joint Transportation Committee by September 1, 2007, and that the mediator must hold a public hearing on the results.

Directs the mediator to provide to the Joint Transportation Committee and the Governor a progress report

by August 1, 2007, and a final project impact plan by December 1, 2008.

State Route 520 Bridge Replacement Design & Construction: The project design is described as having six total lanes, with four general purpose lanes and two lanes that are for high occupancy vehicle travel that could also accommodate high capacity transportation, including bus rapid transit. The bridge must also be designed to accommodate light rail in the future.

Prohibits the WSDOT from beginning on-site construction on any part of the SR 520 project until it submits a finance plan to the Legislature that includes state funding, federal funding, at least \$1.1 billion dollars in regional contributions, and revenue from tolling.

Multimodal Transportation Planning: Directs the Governor's Office to work with the WSDOT, Sound Transit, King County Metro, and the University of Washington to plan for high capacity transportation in the SR 520 corridor, and requires that the parties jointly develop a multimodal transportation plan that ensures the effective and efficient coordination of bus services and light rail services throughout the corridor.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 45 | 4 | |
| House | 74 | 23 | (House amended) |
| Senate | 42 | 6 | (Senate concurred) |

Effective: May 15, 2007

Partial Veto Summary: The Governor vetoed section 4 of the bill which would have allowed a mediator to review additional design concepts for the west end of the project, and certain alternative designs for the entire project. Section 5 was also vetoed which would have prohibited on-site construction until a financial plan for the project had been submitted to the Legislature.

VETO MESSAGE ON ESSB 6099

May 15, 2007

*To the Honorable President and Members,
The Senate of the State of Washington*

Ladies and Gentlemen:

I am returning, without my approval as to Sections 4 and 5, Engrossed Substitute Senate Bill 6099 entitled:

“AN ACT Relating to the state route number 520 bridge replacement and HOV project.”

This bill is an important step in making progress on the replacement of the State Route 520 bridge. The bill declares that the bridge should be replaced with four general purpose lanes and two high occupancy vehicle lanes. It also creates a mediation process for resolving concerns regarding community impacts caused by the bridge replacement.

Section 4 of this bill permits the project's mediator to ask an engineering firm to conduct an independent review of tubes and tunnels under Lake Washington, a partial tunnel from Interstate 5 to the west end of the SR 520 bridge, and a proposal to move SR 520 from its current alignment through the Arboretum. The bill requires that the mediator submit a report to the Joint Transportation Committee and the Governor regarding the results of the independent review by September 1, 2007.

I have decided to veto Section 4 due to the permissive nature of the bill language and the insufficient amount of time available

to conduct the independent design review. Instead, the contract for the mediator will require the mediator to ask an engineering firm to conduct an independent review of the three alternative designs for the project, rather than simply permitting the mediator to conduct the review. Additionally, the contract will require completion of the independent review by December 1, 2007. Mandating the review while providing additional time for the work will provide sufficient time for an engineering firm to perform a thorough review of the proposed alternative designs.

Section 5 of the legislation prohibits any on-site construction of the SR520 project. This section has good intentions, but could inadvertently prevent the Department of Transportation (Department) from moving forward on projects outside of the actual bridge replacement. While I have vetoed Section 5, I am directing the Department not to commence any bridge construction until the mitigation and finance plans are submitted to the Governor and Legislature by 2008.

For these reasons, I have vetoed Sections 4 and 5 of Engrossed Substitute Senate Bill 6099.

With the exception of Sections 4 and 5, Engrossed Substitute Senate Bill 6099 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SSB 6100
C 367 L 07

Limiting the use of charitable donations in charging decisions.

By Senate Committee on Judiciary (originally sponsored by Senators Kline and Brandland).

Senate Committee on Judiciary
House Committee on Judiciary

Background: Concern has been expressed regarding the propriety of some city practices that allow the city prosecuting attorney to dismiss or reduce misdemeanor charges based upon contributions to charitable organizations chosen by the prosecuting attorney. This practice is neither authorized nor prohibited by state law.

There are a number of state authorized funds supported by monies collected as part of criminal penalties, including: the Public Safety and Education Account, the Judicial Information Systems Account, the City General Fund, the City General Fund to Local Courts, the County Current Expense Fund, the County Current Expense Fund to Local Courts, the Death Investigations Account, the State Patrol Highway Account, and a County fund for support of crime victims and facilitation of testimony of victims and witnesses of crime. The monetary penalties going to these funds are ordered by a judge and disposition of money in these funds is subject to audit.

Summary: A city attorney, county prosecutor, or other prosecuting authority may not dismiss, amend, or agree not to file a criminal charge or traffic infraction in exchange for a contribution, donation, or payment to any

person, corporation, or organization. Payments to any specific fund authorized by state statute, or collection of costs associated with actual supervision, treatment, or collection of restitution under a pretrial diversion program are permitted. Payment of costs of pretrial supervision are not prohibited.

A city attorney or prosecutor is not prohibited from the collection of costs associated with actual supervision.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 49 | 0 | |
| House | 94 | 1 | (House amended) |
| Senate | 48 | 0 | (Senate concurred) |

Effective: July 22, 2007

E2SSB 6117
PARTIAL VETO
C 445 L 07

Regarding reclaimed water.

By Senate Committee on Ways & Means (originally sponsored by Senators Fraser, Poulsen, Rockefeller, Marr, Kohl-Welles and Kline).

Senate Committee on Water, Energy & Telecommunications
Senate Committee on Ways & Means
House Committee on Agriculture & Natural Resources
House Committee on Appropriations

Background: Reclaimed water is an effluent derived from a wastewater treatment system that has been treated in order to be suitable for a beneficial use or a controlled use that otherwise would not occur. Reclaimed water has been used for a variety of nonpotable water purposes including irrigation, agricultural uses, industrial and commercial uses, stream flow augmentation, dust control, fire suppression, surface percolation, and discharge into constructed wetlands.

The Department of Health (DOH) issues permits to water generators for commercial or industrial uses of reclaimed water and the Department of Ecology (DOE) issues reclaimed water permits for land applications of reclaimed water. DOH and DOE were required to adopt a single set of standards, procedures, and guidelines for industrial and commercial uses and land applications of reclaimed water.

Last year, the Legislature required DOE to adopt rules for reclaimed water use. These rules must be adopted in coordination with DOH, and in consultation with the Rules Advisory Committee (RAC). The rules must address all aspects of reclaimed water use, including industrial uses, surface percolation, and stream flow augmentation. Two interim progress reports must be delivered to the Legislature prior to the final adoption in 2010. The role of DOH in the management and regulation of reclaimed water will be determined and

defined by the outcome of the final rules adopted by DOE.

Summary: The owner of a wastewater treatment facility that uses, distributes, or recovers reclaimed water from aquifer storage is exempt from water rights permitting requirements. Any regional water supply plan or plans addressing potable water supply service by multiple water purveyors must consider the use of reclaimed water, if reclaimed water is intended to augment or replace potable water supplies. A city, town, or county should include reclaimed water provisions of any regional water supply plan when reviewing provisions for water supplies where reclaimed water may be proposed for nonpotable purposes in short plats, short subdivisions, or subdivisions.

Facilities that reclaim water must not impair any existing downstream water right unless the impairment is mitigated or the holder of the water right receives just compensation. Any reclaimed water project that reduces the amount of sewage treatment plant effluent directly discharged into marine waters does not impair any existing water right. An impairment process is set forth to determine if there is impairment to a water right, which existed prior to August 18, 1997, with a time frame for issuing a written decision and an appeal procedure. This process does not establish any right for a downstream water right holder to the continued discharge from an upstream wastewater treatment plant or reclaimed water facility.

DOE must convene a task force to review potential barriers to the development of reclaimed water projects with respect to the evaluation of water rights impairment. The task force is composed of representatives from the Attorney General; DOH; local and tribal governments; water, reclaimed water, and wastewater utilities; environmental and agricultural organizations; and businesses, including golf course owners. The task force must report its findings to the appropriate committees of the Legislature by December 31, 2007.

DOE and DOH must provide periodic and interim reports to the appropriate committees of the Legislature. The departments must provide a report on the expanded, appropriate, and safe use of reclaimed water. As part of the reclaimed water rule making process established by the Legislature in 2006, DOE must provide a summary of steps taken as of January 1, 2008 and 2009, on issues identified by the RAC as barriers to expanded use of reclaimed water that may not be addressed by rules to be adopted by the DOE. DOE must provide a biennial report beginning December 2007 on the extent to which reclaimed water has been identified in watershed plans as potential sources or strategies to meet future water needs, and on the barriers to implementation of water reuse elements. DOH must report on the general status of reclaimed water opportunities, permits for greywater use, permit fees for industrial and commercial uses of

reclaimed water, and potential public health risks associated with reclaimed water.

DOE must form a subtask force comprised of not more than ten members representing the RAC and reclaimed water users to further identify and recommend actions to increase the promotion of reclaimed water as a water supply and water resource management option. In addition, DOE must establish a subtask force to make a recommendation for a long-term dedicated funding program to construct reclaimed water facilities. The subtask force will review current existing conservation and water reuse plans, and include recommendations on the inclusion of reclaimed water use criteria as an element of water use efficiency requirements for public water systems and regional water plans.

State and local planning programs must emphasize the use of reclaimed water and encourage the use of conservation and reclaimed water through state financial assistance incentives. State agencies must continue to review and reduce regulatory barriers and streamline permitting reclaimed water uses where appropriate. State agencies and facilities must use reclaimed water, instead of potable water, as feasible, as a replacement source of water for nonpotable uses. The Department of General Administration must develop a proposal for a comprehensive campus-wide plan for the use of nonpotable water for irrigation and related outdoor uses.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 31 | 14 | |
| House | 65 | 32 | (House amended) |
| Senate | 32 | 15 | (Senate concurred) |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed the section that would have: revised compensation or mitigation for impairment of a water right; set forth task forces for DOE to review potential barriers to the development of reclaimed water projects, including internal processing of reclaimed water permits; established a process for determining impairment to a water right; and deemed any reclaimed water project that reduces the amount of sewage treatment plant effluent directly discharged into marine waters as not impairing any existing water right.

VETO MESSAGE ON E2SSB 6117

May 11, 2007

*To the Honorable President and Members,
The Senate of the State of Washington*

Ladies and Gentlemen:

I am returning, without my approval as to Section 4, Engrossed Second Substitute Senate Bill 6117 entitled:

“AN ACT Relating to reclaimed water.”

Section 4 of this bill would establish procedures for determining when a water reuse project would impair existing water rights, and would change the standard for mitigating any such impairment. Based on legal advice, I believe this section could have unintended consequences to existing water rights. The remainder of Section 4 of the bill would also create a new task


force to address the state's water reuse program, including water right impairment issues.

I have vetoed Section 4 of Engrossed Second Substitute Senate Bill 6117 because of that portion of it that changes the standard for mitigating impairment of existing water rights.

Section 3 of the bill establishes new requirements for considering reclaimed water during watershed planning and land use decisions, which will eventually need to be harmonized with other statutes in order to ensure effective implementation. I believe this work is still needed and important to accomplish. Accordingly, I am directing the Department of Ecology to work with legislative leadership to address water right impairment from water reuse projects, reclaimed water planning and other issues raised in Sections 3 and 4 of the bill and to provide a report and recommendations to the Governor and appropriate standing committees of the legislature by December 31, 2007.

With the exception of Section 4, Engrossed Second Substitute Senate Bill 6117 is approved.

Respectfully submitted,



Christine O. Gregoire
Governor

SB 6119
C 290 L 07

Changing the distribution to and allocation of the fire service training account.

By Senators Eide, Keiser, Marr, Jacobsen, Franklin, Benton and Rasmussen.

Senate Committee on Ways & Means
House Committee on Appropriations

Background: The Fire Service Training Account (Account) was established in 1986 to fund fire training activities. Distributions from the Account reimburse fire districts and city fire departments for training activities and fund training activities at the Fire Training Academy (Academy).

The Account receives revenue from two sources: (1) training fees paid to the Washington State Patrol by local fire services and other entities for training at the Academy; and (2) a portion of the premium taxes paid on fire insurance premiums. The premium taxes are distributed as follows:

- 40 percent – volunteer fire fighters' relief and pension fund;
- 25 percent – cities with full-time fire departments;
- 20 percent – Fire Service Training Account; and
- 15 percent – state General Fund.

Revenue distributions to the account from the insurance premium tax were \$2.4 million in FY 2005 and \$2.6 million in FY 2006.

Summary: The Washington State Patrol is authorized to contract with the Washington State Firefighters Apprenticeship Trust to operate the firefighter joint apprenticeship training program. Appropriations from the state General Fund to the Fire Service Training Account are to

be used for the firefighter joint apprenticeship training program.

Votes on Final Passage:

| | | | |
|--------|----|---|--------------------|
| Senate | 47 | 0 | |
| House | 94 | 0 | (House amended) |
| Senate | 46 | 0 | (Senate concurred) |

Effective: July 22, 2007

ESB 6128
C 358 L 07

Requiring the naming of the person or persons authorized to make expenditures on behalf of a candidate or committee.

By Senators Keiser and Kohl-Welles.

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: Under campaign finance laws, every political committee must file a statement of organization with the Public Disclosure Commission (PDC). The statement of organization must include information such as the name and address of the committee, the names and addresses of all related or affiliated committees or other persons, and the names and addresses of its officers including the treasurer.

All monetary contributions received by a candidate or political committee must be deposited by the treasurer into an account established and designated for that purpose. All contributions must be reported to the PDC at regular intervals as set forth in statute. Expenditures can be made by a candidate or political committee only on the authority of the treasurer or the candidate, and a record of all expenditures must be maintained by the treasurer.

Campaign finance laws provide a definition of "contribution" and further define what is not a "contribution." **Summary:** The definition of "contribution" is amended to include an expenditure made by a person in cooperation, consultation, or concert with, or at the request or suggestion of, the person or persons named on the candidate's or committee's registration form who directs expenditures on behalf of the candidate or committee.

"Contribution" does not include the performance of ministerial functions by a person on behalf of two or more candidates or political committees either as volunteer services or for payment by the candidate as long as: the person performs solely ministerial functions; the person does not disclose information regarding a candidate's or committee's plans; and the person, if paid by two or more candidates or political committees, is identified on the statements of organization filed by the candidates or committees for whom they are performing services. A person who performs ministerial functions is not

considered an agent of the candidate or committee provided the person has no authority to authorize expenditures or make decisions on behalf of the candidate or committee.

Ministerial functions are defined as acts or duties carried out as part of the duties of an administrative office without exercise of personal judgment or discretion.

The statement of organization filed by a political committee must include the name, address, and title of the person or persons who direct expenditures on behalf of the candidate or committee.

The statement of organization filed by a candidate or committee must also include the name, address, and title of any person who is paid by, or is a volunteer for, a candidate or committee to perform ministerial functions and who performs ministerial functions on behalf of two or more candidates or committees.

The person or persons named on the candidate's or committee's registration form, instead of the treasurer, may authorize expenditures by any candidate or political committee.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 44 | 4 | |
| House | 58 | 40 | (House amended) |
| Senate | 38 | 10 | (Senate concurred) |

Effective: January 1, 2008

SB 6129
C 155 L 07

Providing additional funding for the state patrol highway account.

By Senators Murray and Haugen.

Senate Committee on Transportation
House Committee on Transportation

Background: Under current law, residents of this state must register vehicles that are operated on the public highways. A temporary permit to operate a vehicle for which application for registration has been made may be issued by licensed vehicle dealers. The permit costs \$5, is paid by the dealer, and is credited to the registration fees at the time application for registration is made by the dealer.

Vehicle dealers are authorized to charge a documentary service fee of up to \$35 per vehicle sale or lease. In order to charge the document service fee, vehicle dealers must observe the following conditions: (1) the service fee must be disclosed in writing before the execution of a purchase and sale or lease agreement; (2) the service fee is not represented to the buyer as a fee or charge required by the state to be paid by either the dealer or the buyer; (3) the service fee must be separately designated from the selling price of the vehicle and from any other taxes,

fees, or charges; and (4) dealers must disclose in any advertisement that a document service fee of up to \$35 may be added to the sale price of a vehicle.

Summary: The fee for a temporary permit is raised to \$15 and the documentary service fee is raised to \$50 per vehicle sale or lease.

Revenue derived from the fee increase on temporary permits is deposited in the State Patrol Highway Account.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 48 | 1 |
| House | 83 | 11 |

Effective: August 1, 2007

SSB 6141
C 480 L 07

Regarding forest health.

By Senate Committee on Natural Resources, Ocean & Recreation (originally sponsored by Senators Jacobsen and Morton).

Senate Committee on Natural Resources, Ocean & Recreation

Senate Committee on Ways & Means

House Committee on Agriculture & Natural Resources

House Committee on Appropriations

Background: Current statute defines forest health as a forest sound in ecological function, sustainable, resilient, and resistant to insects, diseases, fire, and other disturbance, and having the capacity to meet landowner objectives.

In 2004, the Legislature created the Forest Health Strategy Work Group (work group) to look at the issue of forest health in Washington and provide recommendations to the Legislature. The work group produced findings, recommendations, and draft legislation modifying Washington's forest health statutes. In 2006, the Legislature reconvened the work group, instructing it to conduct public meetings regarding its legislative recommendations.

According to information from the work group, Washington State contains approximately 21 million acres of forestland. By 2005, over 2.5 million of those forested acres contained elevated levels of tree mortality, defoliation, or foliage disease. The western spruce budworm and bark beetle have caused significant tree damage in the state. The work group cites overcrowded forests as contributing to these elevated forest health and fire risks.

Current forest health provisions place the primary responsibility for forest health on timber landowners. If forest insects or diseases threaten timber stands with destruction, DNR is directed to create an infestation control district. DNR provides notice to timber landowners

within the district, who must proceed without delay "to control, destroy and eradicate the said" pests or diseases. If the owner does not or cannot meet these requirements within 30 days, DNR has the duty to proceed with forest treatment activities. Under some circumstances, landowners can be held responsible for a portion of the costs of such activities conducted by DNR.

Current fire hazard statutes state that those who create or allow an extreme fire hazard to exist, which contributes to the spread of a fire, may be held liable for reasonable expenses stemming from the fire. Additionally, if an extreme fire hazard is not reduced after notice is provided, DNR may treat the hazard and recover from the landowner twice the actual cost of the action.

Summary: DNR is given the lead role in developing a comprehensive forest health program for the state. Within available funding, DNR must also undertake activities to include: forest health information gathering and dissemination; coordinating forest health monitoring activities; and coordinating with universities and other agencies to provide landowners with technical assistance regarding forest health.

Three Tiered System: A three tiered system is created to address forest health problems that emerge:

- (1) Voluntary landowner measures are intended to protect forests from disturbance agents, such as insects, diseases, and wind storms. Landowners are expressly encouraged to maintain their forestlands in a healthy condition in order to meet their individual objectives, protect public resources, and avoid forest health risks.
- (2) The Commissioner of Public Lands (Commissioner) may issue a forest health hazard warning (warning) when the Commissioner deems such action necessary to manage the development of a threat or address an existing threat to forest health. The Commissioner must specify any recommended landowner actions when issuing a warning.
- (3) The Commissioner may issue a forest health hazard order (order) when the Commissioner deems such action necessary to address a significant threat to forest health. The Commissioner must specify any required landowner actions when issuing an order. Private landowners need not take actions required under tier three, and may not be held liable for failure to take such actions where the private land is impacted by disturbance agents from state or federal land.

Requirements for a Forest Health Warning or Order:

A forest health hazard warning or order must specify certain information, including the boundaries of the area affected and the actions landowners should or must take to reduce the hazard.

Prior to issuing a forest health hazard warning or order, the Commissioner must consider findings and recommendations from a technical advisory committee,

consult with other interested parties, and conduct a public hearing in a county within the geographic area of concern.

Notice of a forest health hazard warning or order must be given by newspaper, on DNR's website, and by personal service or mail to affected landowners. Landowners subject to a forest health hazard order may apply to DNR for remission or mitigation of the order. Such a landowner may also appeal the order to the Forest Practices Appeals Board.

Landowner Duties and Liability: Landowners who own land subject to a warning must take reasonable measures to reduce the danger of fire spreading where disturbance agents or dead or dying trees are likely to further the spread of fire.

Landowners who own land subject to an order may face liability if disturbance agents or dead or dying trees are likely to further the spread of fire and if the landowner has not taken those actions required by the order. Liability may include fire suppression expenses or double DNR's costs to abate the risk.

Once a fire hazard is created, a presumption is established that a fire hazard exists until DNR gives notice that the hazard has been addressed.

DNR may certify as adequate a forest health management plan, before or in response to a forest health hazard warning or order, if the plan is likely to achieve the desired result and the landowner is following the plan.

Additionally, the existing regulatory provisions that address the control of forest insects and diseases are repealed.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 49 | 0 |
| House | 94 | 0 |

Effective: July 22, 2007

SSB 6156
PARTIAL VETO
C 501 L 07

Relating to state government.

By Senate Committee on Ways & Means (originally sponsored by Senator Prentice).

Senate Committee on Ways & Means

Background: Every year, federal, state and local governments undertake significant public facilities and infrastructure projects in communities around the state. While some of these projects only temporarily affect the surrounding community, others have a more lasting impact.

Summary: Community preservation and development authorities are created to restore or enhance the health, safety, and well-being of communities adversely impacted by construction and operation of multiple major public facilities, public works, and capital projects with significant public funding. Their purposes include:

- to revitalize, enhance, and preserve the unique character of impacted communities;
- to mitigate the adverse effects of multiple public projects;
- to restore the sense of community, reduce displacement of businesses, stimulate economic vitality, enhance public service provisions, and improve residents' standard of living; and
- to preserve historic buildings by returning them to economically productive uses.

A community preservation and development authority's (Authority) formation requires the following sequential steps:

- The constituency of an impacted community proposes formation of an Authority to the appropriate legislative committee in the House and Senate.
- A community proposing formation after January 1, 2008, must identify in its proposal at least one stable revenue source that can be used to support projects contained in the Authority's strategic plan and that has a nexus with the multiple publicly funded facilities that have adversely impacted the community.
- The Legislature must find that the area within the proposed Authority's geographic boundaries meets the act's definitions of "community" and "impacted community" and, after January 1, 2008, that the community has identified at least one stable revenue source.
- The Legislature may then authorize the Authority's establishment.

An Authority will be managed by a board of directors. The board membership criteria, terms, and election processes are outlined. An Authority has the power to accept public or private gifts, grants or loans. However, an Authority has no power of eminent domain nor power to levy taxes or special assessments.

An Authority has the duty to:

- establish its specific geographic boundaries in its bylaws (and report any changes to the Legislature);
- solicit community input and develop a strategic preservation and development plan;
- identify a prioritized list of projects in the plan, including capital and operating components that address one or more of the purposes of the act;
- establish funding mechanisms to implement the plan;
- use gifts, grants and loans to carry out the projects in the strategic plan; and

- demonstrate accountability by reporting to the Legislature and to its constituency at an annual town hall meeting.

The Legislature authorizes the establishment of the Pioneer Square – International District community preservation and development authority, which boundaries are those contained in the Pioneer Square – International District within the City of Seattle.

The Community Preservation and Development Account is created in the State Treasury. The account includes a sub-account for operating project purposes and a sub-account for capital project purposes.

State and local government agencies, before making siting, design, and construction decisions for future major public capital projects, may communicate and consult with the community preservation and development authority and impacted community, including assessing the compatibility of the proposed project with the strategic plan adopted by the authority, and make reasonable efforts to minimize negative, cumulative effects of multiple projects.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 31 | 16 |
| House | 63 | 34 |

Effective: July 22, 2007

Partial Veto Summary: The Governor vetoed sections 1 and 2: Section 1 declared legislative intent, made legislative findings, and stated the purposes of community preservation and development authorities; and section 2 contained definitions of terms used in the act.

VETO MESSAGE ON SSB 6156

May 15, 2007

*To the Honorable President and Members,
The Senate of the State of Washington*

Ladies and Gentlemen:

I am returning, without my approval as to Sections 1 and 2, Substitute Senate Bill 6156 entitled:

“AN ACT relating to State Government.”

This bill allows for the creation of Community Preservation and Development Authorities, specifically creates a Pioneer Square-International District Community Preservation and Development Authority within the city of Seattle, and establishes a method for creating additional such authorities. I strongly support the efforts of local communities to influence development of their own areas and believe this is one good way to accomplish that.

Sections 1 and 2 provide the legislative intent and findings in addition to the definitions for this act. I am concerned that these sections of the bill are overly broad and may lead to unintended consequences regarding public projects across our state. I do not believe that vetoing these sections will in any way hinder the creation of the Pioneer Square-International District Community Preservation and Development Authority provided for in Section 8. If the Legislature chooses to revisit this legislation with an eye toward expanding it beyond the Pioneer Square-International District Community Preservation and Development Authority, then I will work with interested members of the Legislature to improve this act.

For these reasons, I have vetoed Sections 1 and 2 of Substitute Senate Bill 6156.

With the exception of Sections 1 and 2, Substitute Senate Bill 6156 is approved.

Respectfully submitted,



*Christine O. Gregoire
Governor*

ESSB 6157
C 483 L 07

Changing provisions affecting offenders who are leaving confinement.

By Senate Committee on Ways & Means (originally sponsored by Senator Prentice).

Senate Committee on Ways & Means

Background: According to the Department of Corrections (DOC), approximately 8,500 offenders return to the community from Washington prisons each year after completing their sentences and over 25,900 offenders are currently on active supervision in the community. Research from the Washington State Institute of Public Policy (WSIPP) shows that approximately 54 percent of these offenders will commit a new felony within 13 years. Further, the Washington Caseload Forecast Council estimates that under existing policies, Washington's incarceration rate will increase 23 percent by the year 2019.

In 2005, the Legislature directed the WSIPP to report, by October 2006, whether evidence-based and cost-beneficial policy options exist to alleviate the need to build more prisons. WSIPP concluded that several programs directed to adult offenders can have a positive impact on recidivism and produce significant cost savings for the State of Washington (see Steve Aos, Marna Miller, and Elizabeth Drake (2006). Evidence-Based Public Policy Options to Reduce Future Prison Constructions, Criminal Justice Costs, and Crime Rates. Olympia: Washington State Institute for Public Policy).

The 2006 Legislature created the Joint Task Force on Offenders Programs, Sentencing, and Supervision (SSB 6308). The legislation required the Task Force to review offender programs, sentencing, and supervision of offenders upon reentry into the community with the stated goals of increasing public safety, maximizing rehabilitation of offenders, and lowering recidivism. The Task Force made many recommendations, several of which are incorporated.

Summary: PART I - Community Transition Coordination Networks: Each county or group of counties are required to conduct an inventory of the services available in the county or region to assist offenders in reentering

the community and present its assessment to the policy advisory committee no later than January 1, 2008.

A community transition coordination network program (CTCN) is created within the Department of Community, Trade and Economic Development (CTED). The CTCN program is a pilot project to be conducted in up to four counties for a period of four years and is limited to offenders under county or city misdemeanor probation.

CTED must invite counties or groups of counties to apply for grant funds to facilitate partnerships between supervision and service providers. Among other components, it is anticipated that a county or group of counties wishing to implement a network will collaborate with DOC, address methods to identify offenders' needs, and connect offenders with needed resources and services that support successful transition to the community.

Counties receiving grant funds must work with WSIPP to establish data tracking mechanisms and conduct an evaluation at the completion of the pilot program. CTED must convene a policy advisory group to receive status reports on the implementation of the networks and review annual evaluations. The grant program expires June 30, 2013.

The purview of Local Law and Justice Councils is expanded to include issues related to mechanisms for communication of information about offenders and partnerships between the department and local community policing and supervision programs.

PART II - Individual Reentry Plan: DOC is required to develop an individual reentry plan for every offender committed to the jurisdiction of the department.

An individual reentry plan is the result of a comprehensive assessment of an offender initiated at the time the offender is committed to the jurisdiction of the department. The plan should address both the risks and needs of the offender and describe actions needed to prepare an individual for release, define terms and conditions of release, and address the supervision and services needed in the community.

In determining the county of discharge for an offender on community supervision, community custody, or community placement, the offender must be returned to his or her county of origin unless it is determined that returning the offender to that county would be inappropriate. County of origin is defined as the county of the offender's first felony conviction in Washington. If the department returns the offender to a location other than the county of origin, the department must notify the Local Law and Justice Council in writing.

PART III - Partial Confinement and Supervision: WSIPP is required to conduct an analysis of reentry and work release programs to identify evidence-based practices for the State of Washington. The institute should identify optimal services or combination of services to be provided to offenders reentering the community

through work release programs. DOC is, in turn, required to review its policies to transform its work release facilities into effective residential reentry centers.

DOC must continue to establish Community Justice Centers (CJC) throughout the state. In addition to the six existing facilities, three more facilities must be added by December 1, 2011. DOC must notify the county and/or city prior to locating a new CJC in the community. DOC must make efforts to enter into memoranda of understanding or agreements with the local community policing and supervision programs to address efficiencies in sharing space or resources, mechanisms of communication, and partnerships between police and corrections' officers in conducting supervision.

DOC must prepare a list of counties in which work release facilities, CJsCs, and other community-based correctional facilities are anticipated to be located within the next three years and transmit the list to the Office of Financial Management (OFM) and the counties on the list. In preparing the list, the county must make substantial efforts to provide for the equitable distribution of facilities among counties. Equitable distribution is defined.

In order to qualify for 50 percent earned release an offender must participate in programming and must not have committed a new felony while under supervision. If DOC denies transfer to community custody in lieu of earned early release, DOC may transfer an offender to partial confinement in lieu of earned early release for up to three months.

If an offender has not completed his or her maximum term of total confinement and is found to have committed a violation of his or her community custody at a third violation hearing, DOC must return the offender to total confinement in a state correctional facility to serve up to the remaining portion of his or her sentence. DOC may choose not to return the offender to confinement if it determines that returning the offender would interfere with the offender's rehabilitation and reintegration into the community.

An offender who is arrested while on community custody for a new felony offense must be held in total confinement until a DOC hearing on the violation or until being formally charged by the prosecutor, whichever is earlier.

A legislative Task Force is created to review current law and policy related to community custody and community supervision. The Task Force must convene by August 1, 2007 and report to the Governor and the Legislature by November 1, 2007.

DOC must conduct an updated community corrections workload study and report the results of the study to the Governor and the Legislature on or before November 1, 2007.

PART IV - Education: DOC is to fund basic academic skills through obtaining a high school diploma or its equivalent; achievement of vocational skills necessary for purposes of work programs and for an inmate to qualify for work upon release; and additional work and education programs necessary for compliance with an offender's individual reentry plan (except post-secondary education).

Other appropriate vocational, work or education programming that does not meet the above requirements must be paid by the inmate according to a sliding scale formula.

A third party may pay all or a portion of the costs and tuition for any programming. Payments for this purpose must not be subject to any of the deductions as provided in Chapter 72.09 RCW.

A postsecondary education degree program is created. An inmate must pay for the program by paying for the program themselves or receive funding from a third party.

DOC and the State Board for Community and Technical Colleges must investigate and review methods to optimize educational and vocational programming opportunities for offenders. DOC and the State Board must report to the Governor and the Legislature no later than July 1, 2008.

WSIPP must conduct a comprehensive analysis and evaluation of evidence-based correctional education programs and the extent to which Washington's programs are in accord with these practices. The Institute must report to the Governor and the Legislature no later than November 1, 2007.

PART V - Employment Barriers: The Department of Licensing (DOL) and DOC must enter into an agreement to assist offenders in obtaining drivers' licenses. The DOL is also required to convene a work group to review and recommend changes to occupational licensing laws and policies to encourage the employment of individuals with criminal convictions while ensuring the safety of the public.

PART VI - Housing: A landlord who rents to an offender is not liable for civil damages arising from the criminal conduct of the tenant if the landlord discloses to residents that he or she has a policy of renting to offenders and takes steps to repeat or halt known criminal activity on the landlord's premises. Housing authorities are encouraged to formulate policies that are not unduly burdensome to previously incarcerated individuals.

CTED must establish a pilot program in a minimum of two counties to provide grants to eligible organizations to provide housing assistance to offenders reentering the community who are in need of housing. The pilot program must be operated in collaboration with a CJC, offer transitional supportive housing, and provide housing assistance for a period of time not to exceed twelve months. DOC is required to cooperate with

organizations receiving grant funds to identify appropriate housing solutions, facilitate an offender's application for housing, and assist the offender in accessing appropriate services. The state and local entities providing housing assistance to offenders are not liable for civil damages arising from the criminal conduct of an offender solely due to the placement of the offender in housing.

An offender may obtain the release of funds from his or her personal inmate savings account prior to discharge for the purpose of securing appropriate housing.

Amounts are appropriated for: a community corrections workload study; additional conditions placed on offenders to earn 50 percent earned early release; offenders on community custody arrested for a new felony offense who must be held in total confinement until a hearing on the violation or until being formally charged by the prosecutor; and for an offender under community custody, who, upon the third violation hearing, is returned to confinement.

Votes on Final Passage:

| | | | |
|--------|----|----|--------------------|
| Senate | 43 | 4 | |
| House | 64 | 33 | (House amended) |
| Senate | 41 | 6 | (Senate concurred) |

Effective: July 22, 2007

ESSB 6158

C 508 L 07

Concerning the biennial rebasing of nursing facility medicaid payment rates.

By Senate Committee on Ways & Means (originally sponsored by Senator Prentice).

Senate Committee on Ways & Means

Background: There are 234 Medicaid-certified nursing home facilities in Washington providing long-term care services to approximately 11,500 Medicaid clients. The payment system for these nursing homes is established in statute and is administered by the Department of Social and Health Services (DSHS) Aging and Disability Services Administration. The rates paid to nursing facilities are based on seven different components. The noncapital rate components include rates paid for direct care, therapy care, support services, operations, and variable return. Capital rate components include property, and a financing allowance. These rate components are further described below.

Noncapital Rate Components: The direct care rate component includes payments for the wages and benefits of nursing staff, non-prescription medications, and medical supplies. This rate component is most directly related to patient care and comprises roughly 55 percent of the total nursing facility rate. The direct care rate component is based upon "case mix," or the relative care

needs of the residents that it serves. The higher the care needs of the clients, the higher the direct care rate. Facilities whose direct care costs are above 112 percent of median costs are paid at 112 percent of the median. Prior to legislation enacted in 2006 (EHB 2716), facilities whose direct care costs were below 90 percent of median costs were paid at 90 percent of median costs, also called the "floor."

Two other components relate to patient care. The therapy care rate component includes payments for physical therapy, occupational therapy, and speech therapy. The support services rate component includes payments for food, food preparation, laundry, and other housekeeping needs. Support services component rates are lidded at 110 percent of the industry median.

The operations rate component pays for administrative costs, office supplies, utilities, accounting costs, minor building maintenance, and equipment repairs. Operations component rates are lidded at 100 percent of the industry median.

The variable return rate component does not reimburse nursing facilities for a specific cost. Rather, nursing facilities that serve residents at the lowest cost per resident day receive an efficiency incentive of 1 to 4 percent of the total direct care, therapy care, support services, and operations rate components based on the facilities' relative efficiency when measured in comparison with the same costs in other facilities throughout the state. Variable return component rates are currently frozen at the June 30, 2006, level per legislation that passed during the 2006 Legislative Session.

Capital Rate Components: The property and financing allowance rate components relate to the capital cost of a nursing facility. The property rate is a payment made to reflect the depreciation of a facility and other capital assets. Property depreciation periods vary, with most new facilities depreciating over 40 years.

The financing allowance is 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.

Rebasing of Rate Components: According to statute, the capital (property and financing allowance) components of nursing facility rates are automatically rebased annually to reflect actual costs.

All of the noncapital rate components are only rebased subject to legislation. Based on legislation enacted during the 2006 Legislative Session, component rate allocations for direct care and operations were rebased upon 2003 cost reports. Component rate allocations for therapy care and support services rate allocations remain based upon 1999 cost reports. The last full rebasing of nursing facility payment rates occurred on July 1, 2001, when all component rates were recalculated to reflect calendar year 1999 costs. During the years

between rebasings, rates have been adjusted for economic trends and conditions (i.e., vendor rate increases) as specified in the Biennial Appropriations Act.

2006 Changes to Nursing Home Payments: 2006 legislation (EHB 2716) made a number of changes to the Medicaid nursing home payment system. First, as indicated above, direct care and operations rates were rebased to reflect calendar year 2003 costs. Second, the minimum occupancy standard for the direct care component of the rate was repealed. Third, the direct care floor of 90 percent of median was eliminated, and the ceiling was increased to 112 percent of the industry median. Fourth, variable return rates were frozen at their June 30, 2006, level.

Lastly, the 2006 legislation included a "hold harmless" provision to assure that certain facilities, called "vital local providers" did not receive a lower rate under the revised system than they were receiving as of June 30, 2006. Vital local providers were defined in statute as those nursing facilities that have a home office in the state and have a sum of Medicaid days for all Washington facilities that was greater than 215,000 in 2003.

Relation to the 2007-09 Operating Budget: Separate from Senate Bill 6158, the Legislative Final 2007-09 Biennial Appropriations Act, enacted April 22, 2007, includes funding for an adjustment for economic trends and conditions (i.e., vendor rate increase) of 3.2 percent to all noncapital rate components, effective July 1, 2007. This adjustment is in addition to any changes made under separate policy legislation.

Summary: Nursing facility component rate allocations for the noncapital rate components (direct care, therapy care, support services, and operations) are rebased to calendar year 2005 cost report data, excluding costs associated with the quality maintenance fee that was repealed in 2006. Rate-setting for fiscal years 2008 and 2009 will use calendar year 2005 cost data for the noncapital rates, except as indicated by certain hold harmless provisions discussed below. [Any adjustment to the 2005 costs for economic trends and conditions (i.e., vendor rate increase) would be addressed separately by the final 2007-09 Biennial Appropriations Act.]

Automatic biennial rebasing is established in statute for the noncapital rate components, so that rate-setting for fiscal years 2010 and 2011 would be based on calendar year 2007 cost data; rate-setting for fiscal years 2012 and 2013 would be based on calendar year 2009 cost data; and so on. Only for the 2007-09 biennium, a hold harmless provision is available. Providers who would be "harmed" because their total combined rebased rate less the quality maintenance fee plus any vendor rate increase specified in the Biennial Appropriations Act is less than their "current rate" (their June 30, 2007, rate less the quality maintenance fee) may qualify. These providers will then be paid their "current rate" if they meet the following condition: their actual adjusted costs must have

exceeded their Medicaid reimbursement rate for at least one of two years – calendar year 2004 or 2005. If held harmless, their "current rate" would also be adjusted for any economic trends and conditions (i.e., vendor rate) specified by the 2007-09 Biennial Appropriations Act.

Votes on Final Passage:

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|--------|----|---|
| Senate | 48 | 1 |
| House | 94 | 3 |

Effective: July 1, 2007

SB 6167

C 493 L 07

Clarifying the director's authority to determine interest in certain public retirement systems.

By Senators Pridemore, Zarelli and Prentice; by request of Department of Retirement Systems.

Senate Committee on Ways & Means
House Committee on Appropriations

Background: The public retirement systems of the state are administered by the Department of Retirement Systems, the administrative head of which is the Director of Retirement Systems.

In 1992, the Legislature enacted legislation to simplify the funds established for the administration of the Teachers' Retirement System and the Public Employees' Retirement System. The legislation abolished the Public Employees' Income Fund and the Teachers' Retirement System Income Fund, funds which had been used to credit interest to members' accumulated retirement contributions. With the repeal of these two funds, language was also repealed that expressly established the discretion of the Director to determine the interest "amounts to be credited and the methods for distribution." Since 1992, the Director has continued to make these determinations pursuant to a more general statutory authority to credit interest "as the Director may determine."

Recent litigation has challenged the Director's discretion to determine the method and amount of interest to be credited to members' retirement contributions.

Summary: Statutory language is reinstated to expressly establish the authority of the Director of Retirement Systems to determine the method and amount of interest to be credited to members' retirement contributions. If interest is to be credited, it must be done at least quarterly.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 98 | 0 |

Effective: July 22, 2007

SJM 8008

Asking that the federal government provide veterans' benefits owed to Filipino veterans.

By Senators Prentice, Rockefeller, Berkey, Weinstein, Kauffman, Marr, Oemig, Kline, Hobbs, Murray, Poulsen, Rasmussen, Kastama, Shin, Franklin, Hatfield, Sheldon, Kohl-Welles, Jacobsen, Fraser, Pridemore and Kilmer.

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: During World War II, 200,000 to 300,000 Filipinos were conscripted by President Roosevelt to serve in the United States military. The First Supplemental Surplus Appropriation Rescission Act, passed in 1946, declared that Philippine soldiers who served the United States during World War II could not be deemed veterans for the purpose of most United States veterans benefits. As a result, many Philippine veterans of World War II are statutorily ineligible for 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 Congress of the United States to amend the Rescission Act of 1946 to restore to Filipino veterans full United States veteran status with military benefits. The Memorial also petitions the President and Congress to give priority in the issuance of immigrant visas to the descendants of Filipino World War II veterans.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 41 | 0 |
| House | 94 | 0 |

SSJM 8011

Petitioning Congress to raise funding levels of the No Child Left Behind Act.

By Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators McAuliffe, Clements, Rasmussen, Eide, Oemig, Sheldon, Shin, Kline and Tom; by request of Superintendent of Public Instruction).

Senate Committee on Early Learning & K-12 Education
House Committee on Education

Background: A joint memorial is a message or petition addressed to the President and/or Congress of the United States, or the head of any other agency of the federal or state government, asking for consideration of some matter of concern to the state or region.

In 2001, Congress authorized the No Child Left Behind Act (NCLB) and the President signed it into law on January 8, 2002. NCLB directed states to establish standards for what all students should know in reading, math, and science. States are required to administer assessments, aligned with the standards, in reading and math for all students in grades three through eight, and one high school grade. Beginning in 2007-08, science must be assessed in at least one grade in elementary, middle, and high school. Additionally, states must participate in the National Assessment of Education Progress (NAEP) sampling of fourth and eighth graders, if the Department of Education pays the costs of administering the NAEP.

Under NCLB, all schools and school districts must ensure that all students are making adequate yearly progress (AYP) such that all students will meet the state standards on the state assessments by 2014. Schools and school districts receiving Title I dollars but not achieving AYP will be identified for improvement or corrective actions, including developing an improvement plan, offering students the option to transfer with transportation provided, and providing supplemental educational services from a state-approved provider chosen by the parents.

Additionally, NCLB required states to develop a plan to ensure that all teachers in core academic subjects are highly qualified. Para-professionals in Title I programs must have a high school diploma or GED, and must have two years of study at an institution of higher education or pass a state or local assessment of math, reading, and writing.

The NCLB may be subject to reauthorization in 2007.

Summary: The President, Congress, and the Governor of Washington State are asked to work together with state legislatures to raise the authorized funding levels of the NCLB and to make improvements to address the issues raised in the memorial.

Washington supports all students achieving at high levels and welcomes the focus on quality education brought by NCLB. However, the reauthorization provides an opportunity for essential changes.

Among the issues raised:

- Limited English proficient students should not be included in overall accountability for at least three years.
- Students with disabilities need appropriate assessments not limited to their grade level.
- The uniform bar of performance by all students should be replaced by realistic requirements for continuous improvement.
- Unless appropriate funding is provided for annual large-scale assessments, states should be allowed to assess in selected years rather than annually. Even if

funding is available, states should be able to use a variety of ways of assessing progress.

- The AYP provisions are overly prescriptive and rigid.
- States need flexibility in meeting the "highly qualified" requirements for teachers.
- The NCLB imposes significant costs to the state, local school districts, teachers, and paraprofessionals.
- Career and technical education teachers certified by industry but without a bachelor's degree are at a disadvantage because under the federal No Child Left Behind Act these teachers are not considered "highly qualified."

Votes on Final Passage:

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|--------|----|---|--------------------|
| Senate | 42 | 0 | |
| House | 98 | 0 | (House amended) |
| Senate | 46 | 0 | (Senate concurred) |

SSJM 8012

Requesting the Washington Air and Army National Guard not be federalized.

By Senate Committee on Government Operations & Elections (originally sponsored by Senators Brown, Hewitt, Franklin, Fraser, Oemig, Kline, Kilmer, Swecker, Hobbs, Hatfield, Marr, Spanel, Regala, Kohl-Welles, Berkey, Pridemore, Rasmussen, McAuliffe, Sheldon and Shin).

Senate Committee on Government Operations & Elections

House Committee on State Government & Tribal Affairs

Background: The Washington National Guard consists of both the Army National Guard and the Air National Guard. The National Guard allows for command and control of units by individual governors or by the President of the United States, depending on the nature of the call to duty. The President reserves the right to mobilize the National Guard in federal status during national emergencies, and he serves as the commander-in-chief for units mobilized for federal active duty.

When National Guard units are not mobilized or under federal control, the Governor serves as commander-in-chief. The Adjutant General of the state is responsible for training and readiness. Under Title 32 of the United States Code, governors may mobilize National Guard units for state active duty. These soldiers are considered to be in "Title 32 status." Examples of when a governor may call the National Guard into action include local or statewide emergencies, such as storms, drought, and civil disturbances.

The John Warner National Defense Authorization Act of 2007, signed into law by President George W. Bush, amended the Federal Insurrection Act to authorize the President to impose federal control over the National Guard, without notice, consultation, or consent of the Governor or Congress, in the event of a natural disaster, epidemic, or other serious public emergency.

Summary: The President and Congress are requested not to federalize the Washington Air and Army National Guard so that it may continue to serve our state in its unique capacity.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 42 | 7 |
| House | 82 | 16 |

ESSJR 8206

Creating the budget stabilization account in the state Constitution.

By Senate Committee on Ways & Means (originally sponsored by Senators Brown, Zarelli, Eide, Hewitt, Haugen, Franklin, Kilmer, Kauffman, Marr, Rasmussen, Berkey, Sheldon, Keiser, Tom, McAuliffe, Parlette and Rockefeller; by request of Governor Gregoire).

Senate Committee on Ways & Means

House Committee on Appropriations

Background: Initiative 601, adopted by the voters in 1993, established by statute a state General Fund expenditure limit and created the Emergency Reserve Fund. The Emergency Reserve Fund receives all state General Fund revenues in excess of the state expenditure limit. Appropriations may be made from the Emergency Reserve Fund only by a two-thirds vote of the Legislature.

"General state revenues" is defined in the state Constitution as being all state revenues that are not dedicated to a particular purpose. Thus, general state revenues consist of all revenues to the state General Fund, with the exception of property tax revenues, which are dedicated to the common school system.

Summary: The state Constitution is amended to establish a Budget Stabilization Account. Each fiscal year, one percent of general state revenues are deposited to the Budget Stabilization Account.

Moneys may be appropriated from the Budget Stabilization Account by a majority vote of each house of the Legislature if: (1) forecasted state employment growth for any fiscal year is less than 1 percent; or (2) the Governor declares an emergency resulting from a catastrophic event that requires government action to protect life or public safety.

Other withdrawals from the Budget Stabilization Account may be made only by a three-fifths vote of the Legislature.

Investment earnings are retained by the account. To the extent that the balance of the Budget Stabilization Account exceeds ten percent of general state revenues, the Legislature may appropriate the excess balance to the Education Construction Fund (which is statutorily dedicated to K-12 and higher education construction projects).

Employment forecasts and revenue estimates for the Budget Stabilization Account are made by the Economic and Revenue Forecast Council.

The Legislature may enact legislation to implement the Constitutional amendment.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 45 | 3 |
| House | 74 | 23 |

Effective: July 1, 2008.

SJR 8212

Revising limitations on use of inmate labor.

By Senators Hargrove, Carrell, Regala and Stevens.

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

Background: The State Statute Authorizing a Comprehensive Inmate Work Program: The Legislature has authorized the Department of Corrections (DOC) to establish and operate a comprehensive work program for inmates. Five classes of industries are contemplated by the statute setting up the DOC's authority to establish and operate this program. Under the statute, Class I or "free venture" industries may be set up using an "employer model" or a "customer model." Under the employer model, profit-making or non-profit organizations under contract with the DOC manage industries that produce goods and services for sale to the public and private sectors. Under the customer model, the DOC manages and operates industries to produce the kinds of goods and services for Washington businesses that could otherwise only be obtained out of state.

The statute setting up the DOC's authority to establish and operate a comprehensive inmate work program allows inmates working in Class I industries to opt into the program. Under that statute, the wages of Class I industries workers are comparable to wages for similar work in the same geographic area, as determined by the director of the DOC. The DOC must take 5 percent of a Class I worker's income for crime victims' compensation, 10 percent for the inmate's savings account, 20 percent for the cost of the inmate's incarceration, and 20

percent for any legal financial obligations that the inmate owes, including victim restitution.

The 2004 State Supreme Court Decision Concerning the Law Authorizing Class I Industries: In May 2004, the Supreme Court of Washington determined that the law authorizing Class I industries conflicts with Article II, Section 29 of the State Constitution, which states, "[a]fter the first day of January eighteen hundred and ninety the labor of convicts of this state shall not be let out by contract to any person, copartnership, company or corporation, and the legislature must by law provide for the working of convicts for the benefit of the state."

Constitutional Amendment: In order to amend the Washington Constitution, a joint resolution must be passed by a two-thirds majority of both houses of the Legislature. To be enacted, the proposed amendment must be placed on the next general election ballot and must be approved by a simple majority of the voters.

Summary: At the next general election, an amendment to the Washington Constitution will be submitted to the voters authorizing the state to let out the labor of inmates in the state by contract, if it is allowed by statute. The constitutional provision requiring the Legislature to provide for the working of inmates for the benefit of the state is amended to include the working of inmates in state-run inmate labor programs. The constitutional amendment requires that inmate labor programs be operated so that they do not unfairly compete with Washington businesses as determined by law.

Votes on Final Passage:

| | | |
|--------|----|----|
| Senate | 49 | 0 |
| House | 83 | 15 |

SCR 8404

Approving the 2006 update to the state comprehensive plan for workforce training.

By Senators Shin, Delvin and Kilmer; by request of Workforce Training and Education Coordinating Board.

Senate Committee on Higher Education
House Committee on Higher Education

Background: The Workforce Training and Education Coordinating Board (WTECB) was created in 1991 to provide planning, coordination, evaluation, monitoring, and policy analysis for the state training system as a whole, and advice to the Governor and Legislature concerning the training system. The WTECB must update the state comprehensive plan for workforce training and education every two years. The Legislature is required, following public hearings, to approve or make changes to the updates. The provisions of the comprehensive plan and its updates that are approved by the Legislature

become the state's workforce policy unless legislation is enacted to alter the policies.

Summary: The Senate and the House approve the 2006 update to the state comprehensive plan submitted by the WTECB.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 93 | 0 |

I 937
C 1 L 07

Concerning energy resource use by certain electric utilities.

By People of the State of Washington.

Background: More than sixty utilities supply electricity to consumers in Washington. Public utilities, such as municipal utilities and public utility districts (PUDs), provide approximately 50 percent of the state's electricity. Private utilities, also called "investor-owned utilities," provide around 45 percent. Non-profit, consumer-owned utilities, such as cooperatives and mutual corporations, provide the remaining 5 percent of the state's electricity.

Investor-owned utilities are regulated by the Washington Utilities and Transportation Commission (WUTC). Each public utility is governed by its own board, commission, or city. Non-profit, consumer-owned utilities are governed by their own elected panels of customers.

According to 2004 data compiled by the federal Energy Information Administration, seventeen utilities in Washington have more than 25,000 customers: Avista Corp.; Benton County PUD; Chelan County PUD; Clallam County PUD; Clark County PUD; Cowlitz County PUD; Grant County PUD; Grays Harbor County PUD; Inland Power & Light Co.; Lewis County PUD; Mason County PUD No. 3; PacifiCorp; Peninsula Light Co.; Puget Sound Energy; Seattle City Light; Snohomish County PUD; and Tacoma Public Utilities.

Summary: Energy Conservation Assessments and Targets. Each electric utility with more than 25,000 customers in the state, called a "qualifying utility," must pursue all available conservation that is cost-effective, reliable, and feasible. By January 1, 2010, each qualifying utility must assess the conservation it can achieve through 2019, and update the assessments every two years for the next ten-year period. Beginning January 2010, each qualifying utility must establish and meet biennial conservation targets that are consistent with its conservation assessments. In meeting its target, a utility may count certain types of customer-owned and -operated high-efficiency cogeneration, such as a factory that uses waste

energy from its processing operations to produce usable heat or electricity.

Renewable Resources Targets. "Eligible renewable resource" includes wind; solar; geothermal energy; land-fill and sewage gas; wave and tidal power; and certain biomass and biodiesel fuels. Electricity produced from an eligible renewable resource must be generated in a facility that started operating after March 31, 1999. In addition, the facility must either be located in the Pacific Northwest or the electricity from the facility must be delivered into the state on a real-time basis. Additional power produced from upgrades at hydropower facilities owned by qualifying utilities is also an eligible renewable resource if the upgrades were completed after March 31, 1999.

A "renewable energy credit" is defined as a tradable certificate of proof of at least one megawatt-hour of an eligible renewable resource. They are sometimes called "green tags," and they represent the environmental benefits of "green power." The credits can be bought and sold as a commodity in the energy marketplace. The initiative requires a renewable energy credit to be verified by a tracking system selected by the Department of Community, Trade, and Economic Development (CTED). Each qualifying utility must use "eligible renewable resources" or acquire equivalent renewable energy credits to meet the following annual targets:

At least 3 percent of its retail customers' electricity needs by January 1, 2012, and each year thereafter through December 31, 2015;

At least 9 percent of its retail customers' electricity needs by January 1, 2016, and each year thereafter through December 31, 2019; and

At least 15 percent of its retail customers' electricity needs by January 1, 2020, and each year thereafter.

Extra credit toward meeting the targets is provided for certain investments in facilities up to five megawatts in size and for investments in facilities that use state-approved apprenticeship programs during construction.

A detailed method for calculating compliance with the renewable resources targets is specified. A qualified utility that fails to meet an annual target will still be considered in compliance with the initiative if any of the following exceptions apply: (1) the failure was due to events beyond the reasonable control and anticipation of a qualified utility, such as weather-related damage affecting the generation, transmission, or distribution of an eligible renewable resource under contract; (2) the utility spent 4 percent of its total annual revenue needs to meet the renewable requirements; or (3) the utility spent 1 percent of its total annual revenue needs to meet the renewable requirements, had no increases in the demand for electricity for three years, and did not sign any contracts for nonrenewable resources.

Utilities Reaching More than 25,000 Customers after December 2, 2006. Newly qualifying utilities must meet the conservation and renewable acquisition requirements on a time frame comparable in length to that provided for currently qualifying utilities.

Accountability and Enforcement. Qualified utilities that fail to comply with the initiative's targets for conservation or renewable energy, and for which the exceptions do not apply, must pay an administrative penalty of fifty dollars for each megawatt-hour of shortfall. Beginning in 2007, the penalty will be annually adjusted for inflation using a specified U.S. Department of Commerce indicator. Within three months of incurring a penalty, a utility must notify its retail customers in writing of the size and reason for the penalty.

Administrative penalties must be deposited into a special account which may only be used to purchase renewable energy credits or energy conservation projects at public facilities, local government facilities, community colleges, or state universities. The Department of General Administration will manage the account, which is allotted and not appropriated.

The WUTC will enforce the initiative for qualified investor-owned utilities, including any determinations regarding "cost-effective" conservation assessments and the recovery of penalties in rates. For qualified public utilities, the State Auditor will measure compliance and the Attorney General of Washington will enforce compliance. For non-profit, consumer-owned utilities, their independently hired auditors will measure compliance and the Attorney General of Washington will enforce compliance.

Reporting and Public Disclosure. By June 1, 2012, and each year thereafter, each qualifying utility must report to CTED its annual progress in meeting the initiative's conservation and renewable energy targets. The progress report must include a number of elements, such as conservation expenditures, megawatt hours acquired for each renewable resource, and any alternative compliance measures. Qualified investor-owned utilities must also report to the WUTC. Qualified public utilities must make the information available to the State Auditor, and non-profit, consumer-owned utilities must make the information available to their independently hired auditors.

Rule Making. The WUTC may adopt rules to implement and enforce the initiative as it applies to qualified investor-owned utilities. CTED must adopt rules to implement the initiative for qualified public utilities and non-profit, consumer-owned utilities, but the department is limited to rules regarding process, timelines, and documentation. Any rules needed to implement this initiative must be adopted by December 31, 2007.

The rule making authority specified in the initiative may not be construed to restrict the ratemaking authority of the WUTC or a qualifying utility as otherwise provided by law.

Effective: December 7, 2006.

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 extended the termination date of the Office of Regulatory Assistance from June 30, 2007, to June 30, 2011, and extended the repealer of the act from June 30, 2008, to June 30, 2012.

Legislation extended the termination date of the Underground Storage Tank Program from July 1, 2009, to July 1, 2019, and extended the repealer of the act from July 1, 2010, to July 1, 2020.

Legislation repealed the requirement for the Intermediate Driver's License Program to be reviewed by June 30, 2008, and terminated on June 30, 2009.

Program with Sunset Date Extended

Office of Regulatory Assistance

2SSB 5122 (C 94 L 07) and ESB 5508 (C 231 L07)

Underground Storage Tank Program

SSB 5475 (C 147 L 07)

Program with Sunset Date Repealed

Intermediate Driver's License Program

SB 5036 (C 28 L 07)

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Section II: Budget Information

Operating Budget
Transportation Budget
Capital Budget

Medal of Honor



Washington State Veterans' Memorials

Korean War Memorial: The Korean War Veterans Memorial was authorized in 1989 by the Washington State Legislature and has two purposes: to express the gratitude of the citizens of this state for all who served in Korea; and, to project the spirit of service, willingness to sacrifice, and dedication to freedom in remembering those Washingtonians who lost their lives in the war.

Of the 2.5 million Americans who served in Korea, 122,000 were from Washington State. The names of 528 state residents listed as killed in action during the war are permanently engraved on the memorial.

To read more about the Washington State Veterans Memorials, visit:
www.leg.wa.gov/OutsideTheLegislature/WashingtonStateInfo/Memorials

Winged Victory Monument



60th Washington State Legislature

World War II Memorial



Law Enforcement Memorial



POW/MIA Memorial



Vietnam Veterans Memorial



Korean War Memorial



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2007-09 Omnibus Budget Overview

Operating Only

(Includes 2007 Supplemental Budget)

In March of 2006, the fiscal outlook suggested a slowing economy and increased spending pressures. In addition to expected caseload growth, health care cost increases, and cost-of-living-adjustment (COLA) increases, the 2007-09 biennial budget also needed to address statutory increases in class size funding and large increases in pension funding obligations.

The 2006 Legislature left an ending balance of \$228 million, and in preparation for the 2007-09 biennial budget, the Legislature chose to set aside an additional \$719 million in specific, separate accounts.

Since the end of the 2006 legislative session, the economy has remained stronger than anticipated, particularly in the construction and real estate sectors. The strength in consumer/business spending has been unprecedented, consistently growing faster than income for four years. Because of the surprising strength of the economy, the official revenue forecast for the last two biennia has increased by more than \$1.5 billion.

For the 2007-09 biennium, the operating budget appropriates a total of \$33.4 billion from near general fund accounts. The “Near General Fund” includes spending from the following accounts: General Fund-State, Health Services Account-State, Violence Reduction and Drug Enforcement Account-State, Public Safety and Education Account-State, Equal Justice Subaccount-State, Water Quality Account-State, Pension Funding Stabilization Account-State, Education Legacy Trust Account-State, and the Student Achievement Fund-State. New enhancements constitute approximately \$2 billion of this total. About half of the enhancements are directed at education, including early learning, public schools, and higher education.

The amount of \$133 million is provided to increase compensation for child care and preschool educators and to expand access to early childhood education programs. In K-12 education, when the \$470 million of enhancements (before the impact of changes to gain sharing) are coupled with the additional compensation and school reform enhancements, including class size support provided through Initiatives 728 and 732, nearly \$1 billion dollars is provided to improve public schools.

In higher education, \$440 million is provided for additional enrollments, financial aid, employee compensation changes, research, and other activities. More than 9,000 new enrollments are provided, and the eligibility for the state need grant is increased from 65 percent to 70 percent of the state median income.

More than \$155 million is provided for health care, including new programs to cover children up to 300 percent of the federal poverty level, foster children aging out of care, and 3,000 additional Basic Health Care slots and increased funding for public health programs. The sum of \$27 million is provided to reduce future use of prisons through services to offenders reentering the community and expanded intervention services to juveniles. The rates the state pays vendors providing services to clients are increased. Examples include adult family homes, boarding homes, nursing homes, home care workers, hospitals, chemical dependency treatment providers, and community mental health workers.

The budget also assumed \$105 million in savings, across all agencies including K-12, from Chapter 491, Laws of 2007 (EHB 2391 – Gain Sharing and Alternate Benefits). Pension system contribution rates are adjusted to reflect the net impact of ending gain sharing and providing benefit enhancements, including a one-time increase in the Uniform COLA for Plan 1 members and improved early retirement reduction options for Plan 2 and Plan 3 members with 30 or more years of service. The final distribution of gain sharing under current law will be January 1, 2008.

Savings are also assumed in higher education (non-resident graduate student subsidy), K-12 education (staffed residential homes allocation, federal secure rural schools reauthorization), and human services (increased kinship placements, additional Supplemental Security Income facilitators).

Reserves and the Budget Stabilization Account

At the conclusion of the 2007-09 biennium, total reserves are forecasted to be \$725 million. Of that amount, \$560 million is projected to be in the general fund and \$165 million is projected to be in a newly-created, constitutional Budget Stabilization Account (in the event that Engrossed Substitute Senate Joint Resolution [ESSJR] 8206 is ratified).

ESSJR 8206 would amend the state Constitution to establish a Budget Stabilization Account. This legislation requires 1 percent of general state revenues to be automatically deposited into this new account each fiscal year. Moneys may be appropriated from the Budget Stabilization Account by a majority vote of each house of the Legislature if: (1) forecasted state employment growth for any fiscal year is less than 1 percent; or (2) the Governor declares an emergency and that immediate action is required to preserve public health, protect life, or protect public property. Moneys may be withdrawn and appropriated at any time with a three-fifths vote of the Legislature. (Note: The Budget Stabilization Account would replace the existing Emergency Reserve Fund, which consists of all general fund revenue in excess of the state expenditure limit under Initiative 601.)

The State Expenditure Limit and the “Near General Fund”

Initiative 601, enacted by the voters in 1993, established an expenditure limit for the state general fund. Under legislation enacted in 2005 and taking effect for 2007-09 and thereafter, the state expenditure limit will apply to the state general fund and five additional “related funds”. The funds subject to the limit are: General Fund-State, Health Services Account-State; Violence Reduction and Drug Enforcement Account-State; Public Safety and Education Account-State (including the Equal Justice Subaccount); Water Quality Account-State; and Student Achievement Fund-State.

Throughout this document, the term “Near General Fund” is used. The amounts shown using this definition capture a broader picture of spending than the General Fund by including the accounts subject to the limit listed above as well as two additional accounts. The additional accounts are the Pension Funding Stabilization Account-State and the Education Legacy Trust Account-State.

The report on the following page shows the budgeted amounts for the 2005-07 and 2007-09 biennia for each of the accounts included in Near General Fund-State.

Washington State Omnibus Operating Budget
Near General Fund-State Summary Report
Includes Other Legislation

(Dollars in Thousands)

| | FY 2006 | FY 2007 | 2005-07 | FY 2008 | FY 2009 | 2007-09 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <i>Funds Subject to the Limit</i> | | | | | | |
| General Fund-State (GF-S) | 13,620,939 | 14,143,560 | 27,764,499 | 14,482,137 | 15,140,764 | 29,622,901 |
| Public Safety & Education Account-State (PSEA-S) | 78,151 | 84,922 | 163,073 | 87,077 | 87,806 | 174,883 |
| Equal Justice Subacct of the PSEA-State (EJA-S) | 6,350 | 6,350 | 12,700 | 6,352 | 6,353 | 12,705 |
| Water Quality Account-State (WQA-S) | 23,131 | 20,836 | 43,967 | 63,599 | 37,958 | 101,557 |
| Violence Reduction/Drug Enforcement-State (VRDE-S) | 54,158 | 54,512 | 108,670 | 59,616 | 61,176 | 120,792 |
| Student Achievement Fund-State (SAF-S) | 280,758 | 349,555 | 630,313 | 423,414 | 446,357 | 869,771 |
| Health Services Account-State (HSA-S) | 588,527 | 635,933 | 1,224,460 | 694,946 | 760,357 | 1,455,303 |
| Subject to the Limit Total (LMT-S) | 14,652,014 | 15,295,668 | 29,947,682 | 15,817,141 | 16,540,771 | 32,357,912 |
| <i>Other Near General Fund-State (NGF-S) Funds</i> | | | | | | |
| Education Legacy Trust Account-State (ELT-S) | 69,512 | 105,565 | 175,077 | 279,286 | 279,200 | 558,486 |
| Pension Funding Stabilization Acct-State (PFSA-S) | 0 | 49,043 | 49,043 | 166,294 | 281,715 | 448,009 |
| Total NGF-S | 14,721,526 | 15,450,276 | 30,171,802 | 16,262,721 | 17,101,686 | 33,364,407 |

Note: Includes only appropriations from the Omnibus Operating Budget enacted through the 2007 legislative session and those shown on the Appropriations Contained Within Other Legislation page. For a definition of Near General Fund-State, please see the 2007-09 Omnibus Budget Overview.

2007-09 Estimated Revenues and Expenditures

General Fund-State

(Dollars in Millions)

| RESOURCES | |
|---|-----------------|
| Beginning Balance | 788.2 |
| November 2006 Forecast | 29,533.3 |
| March 2007 Update | -17.8 |
| Current Revenue Totals | 29,515.5 |
| Legislation with Revenue Impacts | -29.1 |
| Transfer to Budget Stabilization Account | -134.3 |
| Budget Driven Revenue (Liquor Control Bd, Dept of Revenue) | 9.8 |
| Transfer to/from Other Funds | 32.4 |
| Total Resources (including Beginning Balance) | 30,182.5 |
| EXPENDITURES | |
| 2007-09 Legislative Passed Budget | 29,624.1 |
| Governor Vetoes | -1.2 |
| 2007-09 Biennial Appropriations | 29,622.9 |
| RESERVES | |
| Projected General Fund Ending Balance | 559.6 |
| Emergency Reserve Fund Beginning Balance | 31.4 |
| New Deposits | 0.0 |
| Transfer to Budget Stabilization Account | -31.4 |
| Projected Emergency Reserve Fund Ending Balance | 0.0 |
| Budget Stabilization Account Beginning Balance | 0.0 |
| Transfer from Emergency Reserve Fund | 31.4 |
| New Deposits | 134.3 |
| Projected Budget Stabilization Account Ending Balance | 165.7 |
| Total Reserves (General Fund plus Budget Stablization) | 725.3 |

2007-09 Washington State Omnibus Operating Budget
Cash Transfers to/from the General Fund
(Dollars in Millions)

| | <u>2007-09</u> |
|---|-----------------------|
| Transfers to General Fund-State | |
| Reduce Water Quality Account Transfer | 12.4 |
| Treasurers Service Account | <u>20.0</u> |
| Total | 32.4 |
| Transfers from General Fund-State | |
| Total | 0.0 |
| Net Transfers to/from General Fund-State | 32.4 |

Note: Transfers to the Streamlined Sales and Use Tax Mitigation Account are included in the revenue impact for Chapter 6, Laws of 2007 (SSB 5089 - Streamlined Sales Tax), displayed on the 2007-09 Revenue Legislation page.

2007-09 Washington State Omnibus Operating Budget Adjustments to the Initiative 601 Expenditure Limit

(Dollars in Millions)

| | FY 2007 | FY 2008 | FY 2009 |
|--|-----------------|-----------------|-----------------|
| Unadjusted Limit (FY 2007: Adopted by ELC 11/06) | 14,131.9 | 16,183.4 | 16,966.6 |
| (FY 2008 limit rebased to FY 2007 expenditures, including "related funds.") * | | | |
| Adjustments to The Expenditure Limit | | | |
| 2007 Supplemental -- Program Cost Shifts | | | |
| DSHS: Mental Health State Hospital Revenues | -4.3 | | |
| DSHS: Mental Health Medicare Part D | -2.5 | | |
| DSHS: Medical Assistance CPE Program Update | 29.1 | | |
| 2007-09 Biennial Budget -- Program Cost Shifts | | | |
| Human Rts: Replace Lost Federal Funds | | 0.2 | |
| Vets: Federal and State Fund Shifts | | -1.1 | -0.4 |
| CTED: Tourism | | -0.6 | |
| DSB: Maintain Services | | 0.1 | 0.1 |
| DOH: Local Health Assessments | | 0.1 | |
| DOH: Metabolic Treatment Program | | 0.1 | |
| DOH: Molecular Lab Federal Revenue Loss | | 0.1 | |
| DOE: Meeting Federal Air Requirements | | 0.3 | |
| DOE: Wastewater Treatment Loan Processing | | 0.3 | |
| DSHS: Economic Svcs Child Support Match | | 6.2 | 2.1 |
| DSHS: Mental Health State Hospital Revenues | | 0.0 | -1.4 |
| DSHS: FMAP | | -69.4 | -22.5 |
| DSHS: Medicare Part D | | -14.9 | -0.4 |
| DNR: Fire Suppression 10-Year Average | | 0.4 | |
| 2007-09 Biennial Budget -- Legislation Impacting the Limit | | | |
| E2SHB 1705 -- Health Sciences and Services | | -1.3 | |
| HB 1859 -- Statute Law Committee | | 0.0 | |
| EHB 2388 -- Public Facilities Districts | | -1.5 | |
| SSB 5089 -- Streamlined Sales and Use Tax Agreement | | | -31.6 |
| E2SSB 5557 -- Public Facilities - Economic Development | | -2.1 | |
| SSB 5568 -- City Lodging Taxes | | | -0.2 |
| Revised Limit (GF-S Only in FY 2007, Plus Related Funds In FY 2008/2009)* | 14,154.1 | 16,100.4 | 16,912.1 |

* Notes: Spending and the limit are applicable to the state general fund only. Starting in FY 2008, the expenditure limit is calculated and applied against the total of: General Fund-State, Public Safety & Education Account-State, Equal Justice Subaccount of the PSEA-State, Health Services Account-State, Student Achievement Fund-State, Water Quality Account-State, and the Violence Reduction and Drug Enforcement Account-State.

Adjustments are for display purposes only and are not official until adopted by the state Expenditure Limit Committee (ELC). The limit for FY 2008 is rebased to FY 2007 projected actual spending. The limit for FY 2009 is calculated using the FY 2008 limit. Fiscal Growth factors for FY 2008 (5.53%) and FY 2009 (5.38%) are from the November 2006 ELC meeting. In November 2007, the ELC will also revise the fiscal growth factor for FY 2009.

2007-09 Washington State Operating Budget
Appropriations Contained Within Other Legislation
(Dollars in Thousands)

| Bill Number and Subject | Session Law | Agency | GF-S | Total |
|---|-------------|----------------------------------|--------------|---------------|
| 2007 Legislative Session | | | | |
| SHB 1279 - Poet Laureate Program | C 128 L 07 | Special Approps to the Governor | 30 | 30 |
| E2SSB 5659 - Family Leave Insurance Pgm | C 357 L 07 | Department of Labor & Industries | 0 | 18,000 |
| ESSB 6157 - Offender Reentry | C 483 L 07 | Department of Corrections | 2,600 | 2,600 |
| Total | | | 2,630 | 20,630 |

Revenues

The March 2007 forecast for General Fund-State revenue is \$29.5 billion for the 2007-09 biennium. Revenue collections for the 2005-07 biennium exceeded the March 2005 estimate by approximately \$2.6 billion. This increased revenue yield was a reflection of stronger-than-anticipated economic growth in the state of Washington over the 2005-07 biennium. The overall rate of economic growth is expected to decrease over the 2007-09 biennium.

The Legislature, through the passage of over 40 tax-related bills, decreased potential revenue collections by \$29.1 million for the 2007-09 biennium. Over 70 percent of this fiscal impact is attributable to bills that can be categorized into one of three areas: streamlined sales and use tax compliance; additional tax reductions for the agricultural industry; and increased authority for local governments to impose taxes credited against the state sales and use tax.

Streamlined Sales and Use Tax Compliance

Chapter 6, Laws of 2007 (SSB 5089), conforms Washington law with the streamlined sales and use tax agreement, a multi-state effort to improve sales and use tax administration by providing consistency in tax law provisions, more efficient administrative procedures, and emerging technologies to substantially reduce the burden of tax collection. This bill has three main fiscal components: (1) revenue generated from the voluntary collection of sales tax by out-of-state (remote) sellers; (2) mitigation to local governments negatively impacted by the change in sales and use tax sourcing provisions from place of origin to place of destination; and (3) small business relief for businesses impacted by the change to destination sourcing. The bill takes effect July 1, 2008. It is estimated that the legislation will result in a net decrease to state revenues of \$5.9 million for fiscal year 2009. The net decrease is based on voluntary compliance revenues of \$37.5 million offset by local government mitigation payments of \$31.6 million and small business relief of \$11.8 million. In future biennia, the legislation is expected to significantly increase net state revenues as the number of remote sellers collecting taxes on behalf of the state of Washington increases while mitigation and business relief expenditures decline.

Tax Reductions for the Agricultural Industry

Five tax reduction measures were enacted that provide additional tax exemptions, deductions, or credits to the agricultural industry:

- Chapter 332, Laws of 2007 (EHB 1902), creates sales and use tax exemptions for replacement parts for farm vehicles and labor and services for qualifying farm machinery and equipment. This bill is estimated to decrease state revenues by \$6.4 million for the 2007-09 biennium.
- Chapter 131, Laws of 2007 (HB 1549), exempts wholesale sales of unprocessed milk from the state business and occupation tax. This bill is estimated to decrease state revenues by \$0.3 million for the 2007-09 biennium.
- Chapter 330, Laws of 2007 (HB 1443), authorizes a deduction from the public utility tax for certain amounts received for the transport of agricultural commodities. This bill is estimated to decrease state revenues by \$0.2 million for the 2007-09 biennium.
- Chapter 443, Laws of 2007 (SSB 5009), exempts biodiesel fuel used by farmers for nonhighway use from sales and use tax. This bill is estimated to decrease state revenues by \$0.1 million for the 2007-09 biennium.

- Chapter 334, Laws of 2007 (ESHB 2352), exempts certain farming services from the business and occupation tax. The bill also exempts the hauling of agricultural products or farm machinery from the public utility tax, if done for a farmer by a relative. This bill is estimated to decrease state revenues by \$0.1 million for the 2007-09 biennium.

Local Government Credits against State Sales and Use Tax

Four measures were enacted that provide additional authority for cities, counties, and public facilities districts (PFDs) to impose sales and use taxes that are credited against the 6.5 percent state sales and use tax rate:

- Chapter 478, Laws of 2007 (E2SSB 5557), increases the rate of the rural county sales and use tax authorized for economic development purposes from 0.08 percent to 0.09 percent. This bill is estimated to decrease state revenues by \$5.1 million for the 2007-09 biennium.
- Chapter 486, Laws of 2007 (EHB 2388), authorizes PFDs that may be created within the City of Kent and Lewis County to impose a 0.033 percent sales and use tax. The bill also allows existing PFDs within Cowlitz County and the City of Yakima, which already impose a 0.033 percent sales and use tax, to impose an additional sales and use tax (Cowlitz County – 0.020 percent; City of Yakima – 0.025 percent). This bill is estimated to decrease state revenues by \$3.6 million for the 2007-09 biennium.
- Chapter 251, Laws of 2007 (E2SHB 1705), authorizes cities and counties to create health sciences and services authorities (HSSA) to promote bioscience-based economic development. The local jurisdiction where an HSSA is created is authorized to impose a 0.02 percent sales and use tax. This bill is estimated to decrease state revenues by \$3.0 million for the 2007-09 biennium.
- Chapter 189, Laws of 2007 (SSB 5568), extends Yakima County's authority to impose a 2.0 percent lodging tax without allowing a deduction for any similar city lodging tax imposed. This bill is estimated to decrease state revenues by \$0.2 million for the 2007-09 biennium.

2007-09 Revenue Legislation

General Fund-State

(Dollars in Millions)

| Legislation | | | Total 2007-09 |
|--------------|------|--|------------------|
| SHB | 1002 | Modifying the Sales & Use Taxation of Vessels | 1.3 |
| SHB | 1029 | Defining Alternative Motor Fuel | 0.0 |
| HB | 1185 | Reporting of Timber Purchases | 0.0 |
| 2SHB | 1277 | Local Infrastructure Financing Tools | 0.0 |
| SHB | 1381 | Technical Changes to Tax Laws | 0.0 |
| SHB | 1409 | Transfer Jurisdiction over Conversion-Related Forest Practices to Local Govt | -0.2 |
| HB | 1443 | Agricultural Commodities | -0.2 |
| HB | 1450 | Modifying Low-Income Property Tax Exemptions | 0.0 |
| SHB | 1508 | Resale of Natural Gas | 0.0 |
| ESHB | 1512 | Increasing Amount Taxpayer May Use for Linked Deposit Program | -1.1 |
| SHB | 1513 | Forest Product Businesses | -2.1 |
| HB | 1549 | Unprocessed Milk | -0.3 |
| SHB | 1566 | Rural County Tax Credit | -0.9 |
| HB | 1674 | Auth Governor to Enter into Cigarette Tax Contract with Spokane Tribe | 0.0 |
| E2SHB | 1705 | Creating Health Sciences & Services Authorities | -3.0 |
| SHB | 1805 | Increasing the Homestead Exemption Amount | 2.9 |
| 2SHB | 1811 | Regarding Automatic Sprinkler Systems in Nightclubs | 0.0 |
| SHB | 1843 | Modifying Provisions Regulating Contractors | 0.3 |
| HB | 1859 | Revising Statute Law Committee's Publication Authority | 0.0 |
| SHB | 1891 | Providing B&O Tax Deduction for Sale of Certain Prescription Drugs | -2.0 |
| EHB | 1902 | Sales & Use Taxation of Repairs to Farm Machinery & Equipment | -6.4 |
| E2SHB | 1910 | Tax Incentives for Multi-Dwelling Units in Urban Centers | 0.0 |
| ESHB | 1981 | Taxation of Electronically-Delivered Financial Information | -2.7 |
| SHB | 2008 | Tribal Timber Harvest Excise Tax Contract with Quinault Nation | -0.1 |
| HB | 2032 | Fruit & Vegetable Processing & Storage Tax Deferral | 0.0 |
| SHB | 2158 | Vehicle Sales to Nonresidents | -0.9 |
| ESHB | 2164 | Higher Education & Multiple Unit Housing | 0.0 |
| SHB | 2335 | Exempting Certain Amateur Radio Repeaters from Leasehold Excise Taxes | 0.0 |
| ESHB | 2352 | Providing Excise Tax Relief for Certain Farm Services | -0.1 |
| EHB | 2388 | Financing Regional Centers with 10,000 Seats or Less | -3.6 |
| SSB | 5009 | Biodiesel Fuel for Farm Use | -0.1 |
| SSB | 5085 | Interest on Transportation Accounts | 0.0 |
| SSB | 5089 | Streamlined Sales & Use Tax | -5.9 |
| SB | 5434 | Import & Export Commerce | 0.0 |
| SB | 5468 | Tax Programs | -0.2 |
| ESB | 5498 | Local Taxing Districts | 0.0 |
| SB | 5512 | Modification to the Hospital Benefit Zone Tax Increment Financing | 0.0 |
| SB | 5551 | Enhancing Enforcement of Liquor & Tobacco Laws | -0.2 |
| E2SSB | 5557 | Economic Development Facilities | -5.1 |
| SSB | 5568 | City Lodging Taxes | -0.2 |
| SB | 5572 | Excise Tax Relief | 0.0 |
| SB | 5607 | Historical Property | 0.0 |
| SSB | 5715 | Insurance Soliciting | 0.0 |
| E2SSB | 5862 | Passenger-Only Ferry Service | 0.0 |
| SSB | 5919 | Providing Relief from Retaliatory Taxes on Insurance Premium Taxes | 1.9 |
| SSB | 6141 | Regarding Forest Health | 0.0 |
| Total | | | -29.1 |

Revenue Legislation

The legislation listed below is intended to be a summary of bills passed during the 2007 session affecting state revenues or tax statutes but may not cover all revenue-related bills.

Modifying the Sales and Use Taxation of Vessels – \$1.3 Million General Fund-State Increase

Chapter 22, Laws of 2007 (SHB 1002), provides a retail sales tax exemption for vessels 30 feet or longer sold to bona fide residents of another state or possession or province of Canada. The vessel owner must purchase and display a 12-month use permit, costing \$500 for vessels 50 feet in length or less and \$800 for vessels over 50 feet in length. The new permit and fee structure will yield a net increase to the state general fund of \$0.6 million in the first year of activity.

Defining Alternative Motor Fuel – No General Fund-State Impact

Chapter 309, Laws of 2007 (SHB 1029), amends the Motor Fuel Quality Act to include a definition for E85 motor fuel. The bill also replaces the definition of alcohol fuel with a definition of E85 motor fuel for several excise tax preferences related to the sale of alcohol and biodiesel fuels. The expiration date for these tax preferences is extended from July 1, 2009, to July 1, 2015, and reduces 2009-11 revenue by \$250,000.

Reporting of Timber Purchases – \$0.002 Million General Fund-State Increase

Chapter 47, Laws of 2007 (HB 1185), extends the 2007 expiration date of the reporting requirements for certain timber purchases to 2010. Information gathered in the reports is used by the Department of Revenue to establish tables of stumpage values, which are used to calculate the excise tax due from certain timber harvesters. A purchaser who fails to report is assessed a \$250 penalty, and so the extension of the expiration date is expected to generate a small amount of penalty-related revenue from persons that fail to report.

Local Infrastructure Financing Tools – No General Fund-State Impact

Chapter 229, Laws of 2007 (2SHB 1277), increases the annual state contribution to the Local Infrastructure Financing Tool (LIFT) projects from \$5 million to \$7.5 million per year. The increase impacts the state general fund beginning fiscal year 2010. This legislation also extends the application deadline for new LIFT projects by local governments to 2008. Public improvement costs may be paid with state monies on a pay-as-you-go basis for a limited time.

Technical Changes to Tax Laws – No General Fund-State Impact

Chapter 54, Laws of 2007 (SHB 1381), provides technical corrections to the tax code, including correcting drafting errors, removing inaccurate references, deleting obsolete provisions, and making necessary statutory clarifications.

Transferring Jurisdiction over Conversion-Related Forest Practices to Local Governments – \$0.2 Million General Fund-State Decrease

Chapter 236, Laws of 2007 (SHB 1409), removes the current December 31, 2005, deadline for the adoption of ordinances by local governments for approvals of Class IV forest practices. The bill also requires certain local governments to adopt ordinances that allow the authority to approve or disapprove forest practices to be transferred from the Department of Natural Resources to the local government by December 31, 2008. The legislation is expected to further reduce the number of forest conversion applications and corresponding fees submitted to the Department.

Agricultural Commodities – \$0.2 Million General Fund-State Decrease

Chapter 330, Laws of 2007 (HB 1443), provides a public utility tax deduction for amounts derived from transporting agricultural commodities from points of origin in Washington to interim storage facilities in the state, if the commodities are subsequently transported to port facilities for export or shipment outside the state.

Modifying Low-Income Property Tax Exemptions – No General Fund-State Impact

Chapter 301, Laws of 2007 (HB 1450), adds that the public funding requirement to qualify for the low-income property tax exemption can be met if the nonprofit received financial assistance from a federal program administered by a city or county government or a document recording fee surcharge imposed for the purpose of affordable housing development or to reduce homelessness. A property tax assessment may not consider a highest and best use for a property that is not permitted for that purpose under existing zoning or land use planning ordinances, statutes, or other government restrictions. For property assessments, consideration should be given to any agreement with a government agency that restricts rental income, appreciation, and liquidity, and to the impact of government restrictions on operating expenses and ownership rights.

Resale of Natural Gas – Minimal Impact to General Fund-State

Chapter 58, Laws of 2007 (SHB 1508), allows a business and occupation (B&O) tax exemption for the sale of natural or manufactured gas by a consuming business if the amount of gas sold by the business in that calendar year is no more than 20 percent of the amount of natural or manufactured gas that it consumes in the U.S. in the same calendar year. While revenues to the state general fund will be reduced, it is expected that losses will be minimal.

Increasing the Amount the Treasurer May Use for the Linked Deposit Program – \$1.1 Million General Fund-State Decrease

The Linked Deposit Program provides loans to minority and women-owned businesses. Chapter 500, Laws of 2007 (ESHB 1512), increases the amount of money available for use in the Linked Deposit Program from \$100 million to \$150 million and establishes priorities for businesses participating in the program.

Forest Product Businesses – \$2.1 Million General Fund-State Decrease

Chapter 48, Laws of 2007 (SHB 1513), expressly applies the reduced B&O tax rate for timber activities to pay-as-cut sales. Pay-as-cut sales are exempt from real estate excise tax if the seller reports and pays income under the reduced B&O rate. Small harvesters may claim a \$100,000 B&O deduction, replacing the B&O exemption for small harvesters.

Unprocessed Milk – \$0.3 Million General Fund-State Decrease

Chapter 131, Laws of 2007 (HB 1549), creates a B&O tax exemption for wholesale sales of unprocessed milk.

Rural County Tax Credit – \$0.9 Million General Fund-State Decrease

Chapter 485, Laws of 2007 (SHB 1566), makes changes to the rural county job creation B&O tax credit, which allows businesses that increase employment to claim a credit of \$2,000 or \$4,000 per new employee. The bill makes the credit easier to claim by changing the base year from a calendar year to the previous four calendar quarters, expanding the definition of a “qualified employment position” to include positions that are temporarily vacant or seasonal, and permitting businesses to apply for the tax credits within 90 days after creating and filling the new employment positions.

Authorizing the Governor to Enter into a Cigarette Tax Contract with the Spokane Tribe – No General Fund-State Impact

Chapter 320, Laws of 2007 (HB 1674), allows the Governor to enter into a cigarette tax contract with the Spokane Tribe and the Hoh Tribe to allow the tribes to impose and collect the tax. The authority is the same as that enacted in the past for 25 other tribes.

Creating Health Sciences and Services Authorities – \$3.0 Million General Fund-State Decrease

Chapter 251, Laws of 2007 (E2SHB 1705), provides funding for the creation of a Health Sciences and Services Authority to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. Funding is provided from a 0.02 percent sales tax that is credited against the state portion of the sales tax within the boundary of the authority.

Increasing the Homestead Exemption Amount – \$2.9 Million General Fund-State Increase

Chapter 429, Laws of 2007 (SHB 1805), increases the real property homestead exemption, which protects a debtor's equity in residential property, to \$125,000. The bill provides that the homestead exemption does not apply to debts for sales taxes that are collected by those property owners who operate retail businesses and fail to remit sales taxes to the state. A Department of Revenue tax warrant for other unpaid taxes becomes a lien on the value of the homestead property in excess of the homestead exemption limit from the time the tax warrant is filed in superior court. The bill will increase revenue because the state becomes one of the creditors authorized to receive a portion of the proceeds in certain bankruptcy proceedings.

Regarding Automatic Sprinkler Systems in Nightclubs – No General Fund-State Impact

Chapter 434, Laws of 2007, Partial Veto (2SHB 1811), changes the definition of "nightclub" to reflect the 2006 International Building Code standards. The date by which automatic sprinklers must be installed in nightclubs is extended to December 1, 2009. The special property tax exemption for nightclub owners installing sprinklers must inure to lessees if the lessee pays for the cost of the equipment and installation.

Modifying Provisions Regulating Contractors – \$0.3 Million General Fund-State Increase

Chapter 436, Laws of 2007 (SHB 1843), makes numerous changes to the Contractor Registration Act, including changes relating to definitions, registration, exemptions, bonds, disclosure statements, collections, investigations, civil infractions, and criminal violations. The additional state revenue results from: fees paid by property-owner developers and cabinet makers who must now register as contractors; infraction fines assessed against unregistered property-owner developers; and a \$30 increase in the fee to process summons and complaints against contractors.

Revising the Statute Law Committee's Publication Authority – \$0.03 Million General Fund-State Decrease

Chapter 456, Laws of 2007 (HB 1859), transfers proceeds from the sale of the session laws to the Statute Law Committee Publications Account, rather than the General Fund. The bill also authorizes the Statute Law Committee to publish the Washington State Register exclusively by electronic means if public access would not be substantially diminished.

Providing a B&O Tax Deduction for the Sale of Certain Prescription Drugs – \$2 Million General Fund-State Decrease

Chapter 447, Laws of 2007 (SHB 1891), provides a B&O tax deduction for physicians and clinics of sales of prescription drugs for infusion or injection. The deduction is limited to amounts covered, or required as co-payments or deductibles, under a government-sponsored health care service program.

Sales and Use Taxation of Repairs to Farm Machinery and Equipment – \$6.4 Million General Fund-State Decrease

Chapter 332, Laws of 2007 (EHB 1902), extends the sales and use tax exemption for replacement parts for farm machinery and equipment to include replacement parts for farm vehicles. Labor to install replacement parts on qualifying farm machinery and equipment, as well as repairs made to such equipment, is exempt from sales and use tax.

Tax Incentives for Multiple-Dwelling Units in Urban Centers that Provide Affordable Housing – No General Fund-State Impact

Chapter 430, Laws of 2007, Partial Veto (E2SHB 1910), modifies the current multi-unit property tax exemption. The current exemption is reduced from ten years to eight years. However, if certain affordable housing requirements are met, the exemption is expanded to 12 years. In addition, the number of cities that qualify is increased.

The Taxation of Electronically-Delivered Financial Information – \$2.7 Million General Fund-State Decrease

Chapter 182, Laws of 2007 (ESHB 1981), provides a sales and use tax exemption for electronically-delivered standard financial information to financial institutions and investment management companies.

Tribal Timber Harvest Excise Tax Contract with the Quinault Nation – \$0.08 Million General Fund-State Decrease

Chapter 69, Laws of 2007 (SHB 2008), authorizes the Governor to enter into a timber harvest excise tax agreement with the Quinault Nation. The tribal timber harvest excise tax must be equal to 100 percent of the state timber harvest excise tax. Tax revenues retained by the tribe will be used for essential government services. This legislation provides a reimbursement to counties from the state's timber tax distribution account for local forest excise tax revenues that are lost if an agreement goes into effect.

Fruit and Vegetable Processing and Storage Tax Deferral – No General Fund-State Impact

Chapter 243, Laws of 2007 (HB 2032), allows persons to apply to the Department of Revenue for the fruit and vegetable processing and storage tax deferral program as of April 30, 2007, instead of July 1, 2007. In order to qualify, applications must be filed prior to the initiation of construction of a facility or the purchase of machinery and equipment.

Vehicle Sales to Nonresidents – \$0.9 Million General Fund-State Decrease

Chapter 135, Laws of 2007 (SHB 2158), provides that persons who sell motor vehicles to nonresidents at retail cannot be found liable for the retail sales tax if the seller retains copies of statutorily-required documents. The bill also explicitly provides a sales and use tax exemption for tangible personal property incorporated in a vehicle and sold in a combined transaction to a nonresident that includes services, as long as the property is separately itemized.

Institutions of Higher Education and Multiple-Unit Housing within the Boundaries of the Campus Facilities Master Plan for Property Tax Exemption Purposes – No General Fund-State Impact

Chapter 185, Laws of 2007 (ESHB 2164), provides that, as of July 1, 2007, a city may not designate an area within the campus facilities master plan of either of the branch campuses of the University of Washington as a residential targeted area for the purposes of the multiple-unit housing property tax exemption.

Exempting Certain Amateur Radio Repeaters from Leasehold Excise Taxes – \$0.005 Million General Fund-State Decrease

Chapter 21, Laws of 2007 (SHB 2335), exempts leasehold interests in public facilities that are used for the placement of amateur radio repeaters from the leasehold excise tax if the repeaters are made available to public agencies for emergency communications.

Providing Excise Tax Relief for Certain Farm Services – \$0.1 Million General Fund-State Decrease

Chapter 334, Laws of 2007 (ESHB 2352), allows a B&O exemption for custom farming services performed by eligible farmers for other farmers. Farm management services, contract labor services, and services for farm animals are exempt from the B&O tax if performed by a person related to the farmer or the custom farm operator. Persons hauling agricultural products or farm machinery are exempt from the public utility tax if the service is provided to a farmer by a related person.

Financing Regional Centers with 10,000 Seats or Less – \$3.6 Million General Fund-State Decrease

Chapter 486, Laws of 2007 (EHB 2388), allows the city of Kent and Lewis County to create Public Facilities Districts (PFDs). These PFDs may impose a 0.033 percent sales tax that is credited against the state portion of the sales tax to fund regional centers. The bill also allows existing PFDs in Yakima and Longview to impose a 0.025 percent and 0.020 percent sales tax, respectively, that is credited against the state tax for purposes of improving theaters.

Biodiesel Fuel for Farm Use – \$0.1 Million General Fund-State Decrease

Chapter 443, Laws of 2007 (SSB 5009), provides a retail sales tax exemption for biodiesel fuel used for nonhighway farm purposes.

Interest on Transportation Accounts – No General Fund-State Impact

Chapter 513, Laws of 2007 (SSB 5085), allows transportation accounts to retain 100 percent of their interest earnings. The bill takes effect July 1, 2009, at which time the loss to the state general fund is expected to be \$5.0 million annually.

Streamlined Sales and Use Tax – \$5.9 Million General Fund-State Decrease

Chapter 6, Laws of 2007 (SSB 5089), makes Washington fully compliant with the Streamlined Sales and Use Tax Agreement. This legislation provides incentives for remote sellers to voluntarily collect sales or use tax on in-state sales and changes sales and use tax sourcing requirements from the current origin-based sourcing to destination-based sourcing beginning July 1, 2008. This creates revenue shifts between local jurisdictions. The bill provides full mitigation to those local jurisdictions that are negatively impacted by the change in sourcing rules. Additionally, relief is provided for certain small businesses to help them comply with the sourcing changes.

Import and Export Commerce – No General Fund-State Impact

Chapter 477, Laws of 2007 (SB 5434), creates an express exemption from B&O and retail sales taxation for the sale of tangible personal property in import or export commerce, codifying the existing administrative rule.

Tax Programs – \$0.2 Million General Fund-State Decrease

Chapter 111, Laws of 2007 (SB 5468), allows the Department of Revenue to send certain notification by e-mail rather than by mail if the taxpayer gives authorization. The bill provides a penalty waiver provision for centrally-assessed utilities if they can show they are late with the reporting responsibilities for good cause. The bill also provides for the option to send electronically, and eliminates the fees required for, applications and renewals for property tax exemptions.

Local Taxing Districts – No General Fund-State Impact

Chapter 380, Laws of 2007 (ESB 5498), authorizes a levy lid lift of up to six years for taxing districts with regular property tax authority other than cities and counties, which already have such authority. For levy lid lifts and the county 0.3 percent criminal justice sales and use tax, certain nonrecurring expenditures may be excluded from resources considered to be “existing funds” for the purposes of meeting non-supplanting requirements.

Modifications to the Hospital Benefit Zone Tax Increment Financing – No General Fund-State Impact

Chapter 266, Laws of 2007 (SB 5512), modifies the Hospital Benefit Zone (HBZ) program by allowing a local government with an HBZ to use tax increment financing revenues for payment of other bonds used to pay for public improvements within the HBZ and to pay the cost of public improvements directly (pay-as-you-go), rather than limiting revenues to payment of the principal and interest on the revenue bonds.

Enhancing Enforcement of Liquor and Tobacco Laws – \$0.2 Million General Fund-State Decrease

Chapter 221, Laws of 2007 (SB 5551), grants the Liquor Control Board the authority to inspect the books and records of common carriers in enforcing the cigarette tax law and to inspect books and records of vehicle rental agencies used to transport cigarettes and other tobacco products. Licensed cigarette wholesalers and retailers are allowed a B&O tax exemption for the stamping allowance. A credit is provided for other tobacco products tax paid for tobacco products sold to the United States or its agencies or to federally-recognized Indian tribes and tribal entities.

Economic Development Facilities – \$5.1 Million General Fund-State Decrease

Chapter 478, Laws of 2007 (E2SSB 5557), increases the rural county sales and use tax credit for economic development from 0.08 percent to 0.09 percent for all counties that currently qualify for the credit.

City Lodging Taxes – \$0.2 Million General Fund-State Decrease

Chapter 189, Laws of 2007 (SSB 5568), extends the sunset date for the lodging tax “double-dip” for Yakima County from January 1, 2013, to January 1, 2021. The current “double-dip” allows Yakima County and the city of Yakima to each impose a 2.0 percent county-wide lodging tax within the city’s boundaries as a credit against

the state sales and use tax, unlike in other areas of the state, where only the city may effectively credit its tax against the state tax within city limits.

Excise Tax Relief – \$0.04 Million General Fund-State Decrease

Chapter 381, Laws of 2007 (SB 5572), provides an exemption from the B&O and sales and use tax for amounts received by a public development authority (PDA) for the provision of services to a business entity where the PDA is the managing or controlling member or general partner of the business entity.

Historical Property – \$0.04 Million General Fund-State Decrease

Chapter 90, Laws of 2007 (SB 5607), allows an exemption from the leasehold excise tax for leasehold interests in historic property that are owned by the United States government, listed on any federal or state register of historical sites, and wholly contained within a national historic reserve.

Insurance Soliciting – No General Fund-State Impact

Chapter 117, Laws of 2007 (SSB 5715), modifies licensing provisions selling, soliciting, or negotiating insurance. The bill takes effect July 1, 2009, when it is expected that the new fee structure will yield about \$90,000 of additional revenue to the state general fund.

Passenger-Only Ferry Service – \$0.02 Million General Fund-State Decrease

Chapter 223, Laws of 2007 (E2SSB 5862), provides a sales and use tax exemption for fuel purchased by a public transportation benefit area, a county-owned ferry, or county ferry district for use in passenger-only ferry vessels.

Providing Relief from Retaliatory Taxes on Insurance Premium Taxes – \$1.9 Million General Fund-State Increase

Chapter 153, Laws of 2007 (SSB 5919), designates the Insurance Commissioner's regulatory fee as a surcharge and excludes the surcharge from the calculation of the insurance premiums tax. This exclusion will result in a revenue increase to the general fund from those companies that pay taxes on the State of Incorporation basis and that are based in states with tax rates exceeding Washington's. Revenue is realized because these companies may no longer credit the surcharge against other taxes to be remitted to Washington.

Regarding Forest Health – \$0.02 Million General Fund-State Increase

Chapter 480, Laws of 2007 (SSB 6141), repeals a majority of the laws dealing with forest health and the relationship between the Department of Natural Resources and landowners and replaces these laws with voluntary measures based on a three-tier approach. The small increase in revenue is due to additional forest practice applications.

Budget-Driven Revenue

Sunday Sales – \$3.9 Million General Fund-State Increase

Funds are provided to the Liquor Control Board to open 29 additional stores on Sundays. The Board shall report back to the Legislature in January 2009 on the effect these additional store openings have made on sales. In addition, these activities increase revenues for the Health Services Account and the Violence Reduction and Drug Enforcement (VRDE) Account.

Department of Revenue – \$2.8 Million General Fund-State Increase

Funding is provided for the Department to implement legislation enacted in 2005 regarding vehicle licensing and registration enforcement. The Department will work with the Washington State Patrol and the Department of Licensing to increase the enforcement of laws requiring Washington residents to obtain their driver's licenses and to register their vehicles in the state. These efforts are expected to generate \$2.8 million in General Fund-State revenue.

Joint Legislative Systems Committee – \$1.8 Million General Fund-State Increase

The fee revenues of the Joint Legislative Systems Committee, which had previously been deposited to a dedicated account, will be paid to the general fund pursuant to Chapter 18, Laws of 2007 (SB 5957).

Department of Labor and Industries – \$0.7 Million General Fund-State Increase

Funds are provided to the Department to meet the additional demand in reviewing factory assembled structures created by the opening of a new modular home factory in Burlington. Increased fee revenue is expected as a result of the additional reviews.

Electronic Waste Authority – \$0.5 Million General Fund-State Loan

Chapter 183, Laws of 2006, Partial Veto (ESSB 6428 - Electronic Product Recycling), created the Washington Materials Management and Financing Authority to develop and implement an electronic waste recycling program for managing electronic waste. Funding is provided via the Department of Ecology for a loan to the Authority to pay for program start-up costs.

Liquor Control Board – \$0.04 Million General Fund-State Increase

Funds are provided for 92.5 liquor store full-time equivalent (FTE) staff. The funding comes as a result of the FTE pilot project and the recommendation of an optimal staffing level from a consultant's analysis of the FTE pilot project. In addition, funding is provided for a sales inventory and operations planning program coordinator and a category management program in order to increase the efficiency of their business practices producing more revenue. The net increased revenue from these programs, along with other additional spending, results in the increased budget-driven revenue. In addition, these activities increase revenues for the Health Services Account and VRDE Account.

Washington State Omnibus Operating Budget

2005-07 Budget vs. 2007-09 Budget

TOTAL STATE

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-------------------------------------|-------------------------|-------------------|------------------|-------------------|-------------------|------------------|
| | 2005-07 | 2007-09 | Difference | 2005-07 | 2007-09 | Difference |
| Legislative | 142,128 | 165,845 | 23,717 | 149,275 | 170,750 | 21,475 |
| Judicial | 177,438 | 245,020 | 67,582 | 203,489 | 284,457 | 80,968 |
| Governmental Operations | 491,677 | 548,713 | 57,036 | 3,331,603 | 3,569,722 | 238,119 |
| Other Human Services | 2,225,757 | 2,739,120 | 513,363 | 4,284,771 | 5,044,194 | 759,423 |
| DSHS | 8,770,476 | 9,872,000 | 1,101,524 | 17,344,529 | 19,142,583 | 1,798,054 |
| Natural Resources | 460,168 | 506,430 | 46,262 | 1,392,502 | 1,540,992 | 148,490 |
| Transportation | 80,943 | 90,176 | 9,233 | 152,362 | 169,985 | 17,623 |
| Public Schools | 11,737,539 | 13,524,072 | 1,786,533 | 13,441,816 | 15,070,666 | 1,628,850 |
| Higher Education | 3,102,245 | 3,689,446 | 587,201 | 8,162,896 | 9,282,202 | 1,119,306 |
| Other Education | 77,861 | 184,163 | 106,302 | 140,210 | 443,499 | 303,289 |
| Special Appropriations | 2,063,599 | 1,799,422 | -264,177 | 2,266,745 | 2,043,434 | -223,311 |
| Total Budget Bill | 29,329,831 | 33,364,407 | 4,034,576 | 50,870,198 | 56,762,484 | 5,892,286 |
| Appropriations in Other Legislation | 841,971 | 0 | -841,971 | 849,761 | 0 | -849,761 |
| Statewide Total | 30,171,802 | 33,364,407 | 3,192,605 | 51,719,959 | 56,762,484 | 5,042,525 |

Note: Includes only appropriations from the Omnibus Operating Budget enacted through the 2007 legislative session and those show on the Appropriations Contained Within Other Legislation page. For a definition of Near General Fund-State, please see the 2007-09 Omnibus Budget Overview.

Washington State Omnibus Operating Budget**2005-07 Budget vs. 2007-09 Budget****LEGISLATIVE AND JUDICIAL**

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-------------------------------------|-------------------------|----------------|---------------|-----------------|----------------|----------------|
| | 2005-07 | 2007-09 | Difference | 2005-07 | 2007-09 | Difference |
| House of Representatives | 61,362 | 70,680 | 9,318 | 61,362 | 70,756 | 9,394 |
| Senate | 48,773 | 56,146 | 7,373 | 48,773 | 56,221 | 7,448 |
| Jt Leg Audit & Review Committee | 5,224 | 6,568 | 1,344 | 5,224 | 6,568 | 1,344 |
| LEAP Committee | 3,671 | 3,952 | 281 | 3,671 | 3,952 | 281 |
| Office of the State Actuary | 0 | 0 | 0 | 3,022 | 3,517 | 495 |
| Joint Legislative Systems Comm | 14,565 | 18,313 | 3,748 | 16,413 | 18,378 | 1,965 |
| Statute Law Committee | 8,533 | 10,186 | 1,653 | 10,810 | 11,358 | 548 |
| Total Legislative | 142,128 | 165,845 | 23,717 | 149,275 | 170,750 | 21,475 |
| Supreme Court | 12,533 | 14,765 | 2,232 | 12,533 | 14,765 | 2,232 |
| State Law Library | 4,042 | 4,490 | 448 | 4,042 | 4,490 | 448 |
| Court of Appeals | 28,443 | 32,598 | 4,155 | 28,443 | 32,598 | 4,155 |
| Commission on Judicial Conduct | 2,169 | 2,265 | 96 | 2,169 | 2,265 | 96 |
| Administrative Office of the Courts | 91,570 | 113,803 | 22,233 | 117,621 | 153,240 | 35,619 |
| Office of Public Defense | 24,674 | 54,622 | 29,948 | 24,674 | 54,622 | 29,948 |
| Office of Civil Legal Aid | 14,007 | 22,477 | 8,470 | 14,007 | 22,477 | 8,470 |
| Total Judicial | 177,438 | 245,020 | 67,582 | 203,489 | 284,457 | 80,968 |
| Total Legislative/Judicial | 319,566 | 410,865 | 91,299 | 352,764 | 455,207 | 102,443 |

Washington State Omnibus Operating Budget

2005-07 Budget vs. 2007-09 Budget

GOVERNMENTAL OPERATIONS

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|--------------------------------------|-------------------------|----------------|---------------|------------------|------------------|----------------|
| | 2005-07 | 2007-09 | Difference | 2005-07 | 2007-09 | Difference |
| Office of the Governor | 15,400 | 13,372 | -2,028 | 21,434 | 18,122 | -3,312 |
| Office of the Lieutenant Governor | 1,523 | 1,635 | 112 | 1,523 | 1,725 | 202 |
| Public Disclosure Commission | 4,078 | 5,045 | 967 | 4,078 | 5,045 | 967 |
| Office of the Secretary of State | 40,687 | 54,715 | 14,028 | 128,797 | 131,203 | 2,406 |
| Governor's Office of Indian Affairs | 570 | 665 | 95 | 570 | 665 | 95 |
| Asian-Pacific-American Affrs | 500 | 509 | 9 | 500 | 509 | 9 |
| Office of the State Treasurer | 0 | 0 | 0 | 14,174 | 15,687 | 1,513 |
| Office of the State Auditor | 2,010 | 1,623 | -387 | 66,640 | 82,967 | 16,327 |
| Comm Salaries for Elected Officials | 344 | 388 | 44 | 344 | 388 | 44 |
| Office of the Attorney General | 13,896 | 15,248 | 1,352 | 216,988 | 250,078 | 33,090 |
| Caseload Forecast Council | 1,439 | 1,537 | 98 | 1,439 | 1,537 | 98 |
| Dept of Financial Institutions | 0 | 0 | 0 | 38,834 | 46,118 | 7,284 |
| Dept Community, Trade, Econ Dev | 141,514 | 147,308 | 5,794 | 477,330 | 514,775 | 37,445 |
| Economic & Revenue Forecast Council | 1,128 | 1,239 | 111 | 1,128 | 1,239 | 111 |
| Office of Financial Management | 38,261 | 47,744 | 9,483 | 116,567 | 131,021 | 14,454 |
| Office of Administrative Hearings | 0 | 0 | 0 | 29,752 | 33,087 | 3,335 |
| Department of Personnel | 0 | 0 | 0 | 68,850 | 69,561 | 711 |
| State Lottery Commission | 0 | 0 | 0 | 735,317 | 795,750 | 60,433 |
| Washington State Gambling Comm | 0 | 0 | 0 | 30,112 | 33,998 | 3,886 |
| WA State Comm on Hispanic Affairs | 487 | 537 | 50 | 487 | 537 | 50 |
| African-American Affairs Comm | 479 | 523 | 44 | 479 | 523 | 44 |
| Personnel Appeals Board | 0 | 0 | 0 | 1,119 | 0 | -1,119 |
| Department of Retirement Systems | 0 | 450 | 450 | 49,492 | 53,966 | 4,474 |
| State Investment Board | 300 | 0 | -300 | 16,423 | 19,266 | 2,843 |
| Public Printer | 0 | 0 | 0 | 65,830 | 18,886 | -46,944 |
| Department of Revenue | 183,220 | 201,321 | 18,101 | 199,101 | 218,534 | 19,433 |
| Board of Tax Appeals | 2,586 | 2,882 | 296 | 2,586 | 2,882 | 296 |
| Municipal Research Council | 0 | 400 | 400 | 4,921 | 5,705 | 784 |
| Minority & Women's Business Enterp | 0 | 0 | 0 | 3,196 | 3,650 | 454 |
| Dept of General Administration | 681 | 1,157 | 476 | 133,682 | 164,756 | 31,074 |
| Department of Information Services | 2,184 | 10,590 | 8,406 | 212,170 | 265,602 | 53,432 |
| Office of Insurance Commissioner | 0 | 0 | 0 | 43,100 | 46,914 | 3,814 |
| State Board of Accountancy | 0 | 0 | 0 | 2,236 | 2,596 | 360 |
| Forensic Investigations Council | 0 | 0 | 0 | 283 | 276 | -7 |
| Washington Horse Racing Commission | 0 | 0 | 0 | 8,627 | 9,099 | 472 |
| WA State Liquor Control Board | 3,469 | 3,863 | 394 | 199,700 | 231,565 | 31,865 |
| Utilities and Transportation Comm | 0 | 160 | 160 | 33,140 | 36,293 | 3,153 |
| Board for Volunteer Firefighters | 0 | 0 | 0 | 980 | 1,051 | 71 |
| Military Department | 26,430 | 23,251 | -3,179 | 306,264 | 243,923 | -62,341 |
| Public Employment Relations Comm | 5,714 | 6,599 | 885 | 8,667 | 9,914 | 1,247 |
| LEOFF 2 Retirement Board | 0 | 0 | 0 | 1,912 | 2,032 | 120 |
| Archaeology & Historic Preservation | 1,593 | 2,120 | 527 | 2,644 | 3,785 | 1,141 |
| Growth Management Hearings Board | 3,184 | 3,832 | 648 | 3,184 | 3,832 | 648 |
| State Convention and Trade Center | 0 | 0 | 0 | 77,003 | 90,660 | 13,657 |
| Total Governmental Operations | 491,677 | 548,713 | 57,036 | 3,331,603 | 3,569,722 | 238,119 |

Washington State Omnibus Operating Budget**2005-07 Budget vs. 2007-09 Budget****HUMAN SERVICES**

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-------------------------------------|-------------------------|------------------|----------------|------------------|------------------|----------------|
| | 2005-07 | 2007-09 | Difference | 2005-07 | 2007-09 | Difference |
| WA State Health Care Authority | 464,247 | 575,246 | 110,999 | 638,978 | 784,533 | 145,555 |
| Human Rights Commission | 5,859 | 6,794 | 935 | 7,180 | 8,139 | 959 |
| Bd of Industrial Insurance Appeals | 0 | 0 | 0 | 32,923 | 36,267 | 3,344 |
| Criminal Justice Training Comm | 22,246 | 29,877 | 7,631 | 22,854 | 42,807 | 19,953 |
| Department of Labor and Industries | 44,782 | 49,583 | 4,801 | 537,156 | 615,875 | 78,719 |
| Indeterminate Sentence Review Board | 2,667 | 3,783 | 1,116 | 2,667 | 3,783 | 1,116 |
| Home Care Quality Authority | 2,127 | 3,461 | 1,334 | 3,294 | 3,461 | 167 |
| Department of Health | 181,307 | 252,093 | 70,786 | 906,494 | 1,006,397 | 99,903 |
| Department of Veterans' Affairs | 22,126 | 31,916 | 9,790 | 92,402 | 110,190 | 17,788 |
| Department of Corrections | 1,474,541 | 1,779,149 | 304,608 | 1,483,512 | 1,789,198 | 305,686 |
| Dept of Services for the Blind | 4,004 | 5,202 | 1,198 | 21,239 | 24,773 | 3,534 |
| Sentencing Guidelines Commission | 1,731 | 1,896 | 165 | 1,731 | 1,896 | 165 |
| Department of Employment Security | 120 | 120 | 0 | 534,341 | 616,875 | 82,534 |
| Total Other Human Services | 2,225,757 | 2,739,120 | 513,363 | 4,284,771 | 5,044,194 | 759,423 |

Washington State Omnibus Operating Budget

2005-07 Budget vs. 2007-09 Budget

DEPARTMENT OF SOCIAL & HEALTH SERVICES

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|----------------------------------|-------------------------|-------------------|------------------|-------------------|-------------------|------------------|
| | 2005-07 | 2007-09 | Difference | 2005-07 | 2007-09 | Difference |
| Children and Family Services | 554,802 | 656,031 | 101,229 | 990,697 | 1,126,199 | 135,502 |
| Juvenile Rehabilitation | 200,168 | 224,203 | 24,035 | 214,211 | 235,195 | 20,984 |
| Mental Health | 882,448 | 918,670 | 36,222 | 1,418,158 | 1,524,885 | 106,727 |
| Developmental Disabilities | 775,356 | 891,214 | 115,858 | 1,482,227 | 1,737,585 | 255,358 |
| Long-Term Care | 1,276,566 | 1,446,903 | 170,337 | 2,606,498 | 3,005,916 | 399,418 |
| Economic Services Administration | 1,053,111 | 1,224,514 | 171,403 | 2,306,551 | 2,305,698 | -853 |
| Alcohol & Substance Abuse | 165,071 | 190,417 | 25,346 | 340,281 | 349,310 | 9,029 |
| Medical Assistance Payments | 3,661,111 | 3,990,690 | 329,579 | 7,580,223 | 8,312,963 | 732,740 |
| Vocational Rehabilitation | 21,673 | 27,438 | 5,765 | 112,936 | 120,117 | 7,181 |
| Administration/Support Svcs | 80,445 | 77,641 | -2,804 | 143,084 | 143,181 | 97 |
| Special Commitment Center | 0 | 105,322 | 105,322 | 0 | 105,322 | 105,322 |
| Payments to Other Agencies | 99,725 | 118,957 | 19,232 | 149,663 | 176,212 | 26,549 |
| Total DSHS | 8,770,476 | 9,872,000 | 1,101,524 | 17,344,529 | 19,142,583 | 1,798,054 |
| Total Human Services | 10,996,233 | 12,611,120 | 1,614,887 | 21,629,300 | 24,186,777 | 2,557,477 |

Washington State Omnibus Operating Budget

2005-07 Budget vs. 2007-09 Budget

NATURAL RESOURCES

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-------------------------------------|-------------------------|----------------|---------------|------------------|------------------|----------------|
| | 2005-07 | 2007-09 | Difference | 2005-07 | 2007-09 | Difference |
| Columbia River Gorge Commission | 952 | 1,072 | 120 | 1,814 | 2,137 | 323 |
| Department of Ecology | 114,851 | 132,355 | 17,504 | 404,661 | 467,840 | 63,179 |
| WA Pollution Liab Insurance Program | 0 | 0 | 0 | 2,007 | 1,840 | -167 |
| State Parks and Recreation Comm | 74,911 | 98,578 | 23,667 | 120,267 | 148,841 | 28,574 |
| Rec and Conservation Funding Board | 3,119 | 3,357 | 238 | 25,114 | 28,153 | 3,039 |
| Environmental Hearings Office | 2,128 | 2,295 | 167 | 2,128 | 2,295 | 167 |
| State Conservation Commission | 9,161 | 20,429 | 11,268 | 9,411 | 21,607 | 12,196 |
| Dept of Fish and Wildlife | 95,810 | 108,959 | 13,149 | 322,121 | 347,293 | 25,172 |
| Puget Sound Partnership | 0 | 7,917 | 7,917 | 0 | 12,072 | 12,072 |
| Department of Natural Resources | 132,475 | 102,023 | -30,452 | 396,493 | 387,625 | -8,868 |
| Department of Agriculture | 26,761 | 29,445 | 2,684 | 108,486 | 121,289 | 12,803 |
| Total Natural Resources | 460,168 | 506,430 | 46,262 | 1,392,502 | 1,540,992 | 148,490 |

Washington State Omnibus Operating Budget

2005-07 Budget vs. 2007-09 Budget

TRANSPORTATION

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-----------------------------|-------------------------|----------------|-------------------|-----------------|----------------|-------------------|
| | <u>2005-07</u> | <u>2007-09</u> | <u>Difference</u> | <u>2005-07</u> | <u>2007-09</u> | <u>Difference</u> |
| Washington State Patrol | 77,674 | 86,449 | 8,775 | 110,168 | 122,180 | 12,012 |
| Department of Licensing | <u>3,269</u> | <u>3,727</u> | <u>458</u> | <u>42,194</u> | <u>47,805</u> | <u>5,611</u> |
| Total Transportation | 80,943 | 90,176 | 9,233 | 152,362 | 169,985 | 17,623 |

Washington State Omnibus Operating Budget**2005-07 Budget vs. 2007-09 Budget****PUBLIC SCHOOLS**

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|------------------------------------|-------------------------|-------------------|------------------|-------------------|-------------------|------------------|
| | 2005-07 | 2007-09 | Difference | 2005-07 | 2007-09 | Difference |
| OSPI & Statewide Programs | 62,218 | 75,204 | 12,986 | 155,079 | 157,479 | 2,400 |
| General Apportionment | 8,474,834 | 9,273,543 | 798,709 | 8,474,834 | 9,273,543 | 798,709 |
| Pupil Transportation | 500,127 | 552,428 | 52,301 | 500,127 | 552,428 | 52,301 |
| School Food Services | 6,306 | 6,318 | 12 | 460,841 | 431,728 | -29,113 |
| Special Education | 938,441 | 1,112,927 | 174,486 | 1,374,850 | 1,548,662 | 173,812 |
| Educational Service Districts | 7,430 | 16,047 | 8,617 | 7,430 | 16,047 | 8,617 |
| Levy Equalization | 361,245 | 414,704 | 53,459 | 361,245 | 414,704 | 53,459 |
| Elementary/Secondary School Improv | 0 | 0 | 0 | 22,084 | 43,450 | 21,366 |
| Institutional Education | 35,746 | 36,814 | 1,068 | 35,746 | 36,814 | 1,068 |
| Ed of Highly Capable Students | 13,862 | 17,175 | 3,313 | 13,862 | 17,175 | 3,313 |
| Student Achievement Program | 630,313 | 869,771 | 239,458 | 630,313 | 869,771 | 239,458 |
| Education Reform | 96,918 | 265,170 | 168,252 | 245,677 | 418,748 | 173,071 |
| Transitional Bilingual Instruction | 116,890 | 134,537 | 17,647 | 168,631 | 179,780 | 11,149 |
| Learning Assistance Program (LAP) | 154,529 | 189,901 | 35,372 | 502,880 | 550,561 | 47,681 |
| Promoting Academic Success | 23,098 | 48,997 | 25,899 | 23,098 | 48,997 | 25,899 |
| Compensation Adjustments | 315,582 | 510,536 | 194,954 | 316,616 | 510,779 | 194,163 |
| Common School Construction | 0 | 0 | 0 | 148,503 | 0 | -148,503 |
| Total Public Schools | 11,737,539 | 13,524,072 | 1,786,533 | 13,441,816 | 15,070,666 | 1,628,850 |

Washington State Omnibus Operating Budget

2005-07 Budget vs. 2007-09 Budget

EDUCATION

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-------------------------------------|-------------------------|-------------------|------------------|-------------------|-------------------|------------------|
| | 2005-07 | 2007-09 | Difference | 2005-07 | 2007-09 | Difference |
| Higher Education Coordinating Board | 394,447 | 472,602 | 78,155 | 424,643 | 503,638 | 78,995 |
| University of Washington | 701,595 | 806,919 | 105,324 | 3,786,999 | 4,130,410 | 343,411 |
| Washington State University | 431,486 | 508,614 | 77,128 | 995,561 | 1,189,011 | 193,450 |
| Eastern Washington University | 100,071 | 119,154 | 19,083 | 182,116 | 240,859 | 58,743 |
| Central Washington University | 99,130 | 117,414 | 18,284 | 214,638 | 253,140 | 38,502 |
| The Evergreen State College | 54,752 | 64,559 | 9,807 | 102,961 | 117,667 | 14,706 |
| Spokane Intercol Rsch & Tech Inst | 3,005 | 3,507 | 502 | 4,400 | 4,916 | 516 |
| Western Washington University | 124,064 | 148,478 | 24,414 | 293,587 | 331,913 | 38,326 |
| Community/Technical College System | 1,193,695 | 1,448,199 | 254,504 | 2,157,991 | 2,510,648 | 352,657 |
| Total Higher Education | 3,102,245 | 3,689,446 | 587,201 | 8,162,896 | 9,282,202 | 1,119,306 |
| State School for the Blind | 10,541 | 12,144 | 1,603 | 11,876 | 13,744 | 1,868 |
| State School for the Deaf | 17,198 | 17,746 | 548 | 17,430 | 17,978 | 548 |
| Work Force Trng & Educ Coord Board | 2,593 | 3,529 | 936 | 56,987 | 58,038 | 1,051 |
| Department of Early Learning | 32,899 | 134,487 | 101,588 | 33,079 | 329,903 | 296,824 |
| Washington State Arts Commission | 4,684 | 5,126 | 442 | 6,185 | 6,692 | 507 |
| Washington State Historical Society | 6,674 | 7,167 | 493 | 8,571 | 10,093 | 1,522 |
| East Wash State Historical Society | 3,272 | 3,964 | 692 | 6,082 | 7,051 | 969 |
| Total Other Education | 77,861 | 184,163 | 106,302 | 140,210 | 443,499 | 303,289 |
| Total Education | 14,917,645 | 17,397,681 | 2,480,036 | 21,744,922 | 24,796,367 | 3,051,445 |

Washington State Omnibus Operating Budget**2005-07 Budget vs. 2007-09 Budget****SPECIAL APPROPRIATIONS**

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-------------------------------------|-------------------------|------------------|-----------------|------------------|------------------|-----------------|
| | 2005-07 | 2007-09 | Difference | 2005-07 | 2007-09 | Difference |
| Bond Retirement and Interest | 1,373,518 | 1,546,530 | 173,012 | 1,556,838 | 1,731,686 | 174,848 |
| Special Approps to the Governor | 600,949 | 135,662 | -465,287 | 620,569 | 193,818 | -426,751 |
| Sundry Claims | 192 | 0 | -192 | 271 | 0 | -271 |
| State Employee Compensation Adjust | 1,100 | 830 | -270 | 1,227 | 1,530 | 303 |
| Contributions to Retirement Systems | 87,840 | 116,400 | 28,560 | 87,840 | 116,400 | 28,560 |
| Total Special Appropriations | 2,063,599 | 1,799,422 | -264,177 | 2,266,745 | 2,043,434 | -223,311 |

Legislative

Appropriations for legislative agencies did not authorize any ongoing program enhancements.

Judicial

Judicial Enhancements

Core Case Management System

A total of \$20.5 million of Judicial Information System funds is provided to plan, procure, and implement a modern and integrated statewide court case management system for Washington State courts. The current system was built during the 1970s and 1980s and is used at every court level in the State to manage criminal and civil cases and to collect and distribute revenue. The Administrative Office of the Courts (AOC) must complete feasibility studies before initiating work.

Public Defense Improvement at the Trial Level

Funding in the amount of \$7.1 million from General Fund-State is provided to increase the state's contribution to counties to improve the quality and caseload standards for public defense services at the trial level.

Parents' Representation Program Expansion

The amount of \$6.6 million from General Fund-State is provided to expand the Parents' Representation Program, which provides counsel to indigent parents involved in dependency and termination cases.

Civil Legal Aid Enhancements

The amount of \$5.3 million from General Fund-State is provided to establish a legal aid presence in eight underserved rural areas of the state as well as to provide access to 190,000 low-income residents of King County. A 3.0 percent vendor rate increase over the biennium to the Northwest Justice Project, the single contractor of civil legal aid services, is also included in this amount.

Becca Funding

The Becca Law requires schools to inform students' parents of unexcused absences. If a student has seven unexcused absences in a month, or ten in an academic year, the school district must file a truancy petition in juvenile court. The amount of \$3.3 million is provided to county juvenile courts and \$0.6 million to school districts to offset the costs associated with processing Truancy, At Risk Youth, and Children in Need of Services petitions.

Removal of Language Barriers at the Superior Court Level

A total of \$2.0 million from General Fund-State is provided to AOC for partial reimbursement to the superior courts for the cost of providing certified and registered spoken language interpreters and qualified interpreters in visual languages. AOC will assist superior courts in developing and implementing limited English proficiency plans and will also translate critical court forms for statewide use.

Dissolution Proceedings

Chapter 496, Laws of 2007 (2SSB 5470), provides funding for the following items:

- \$0.7 million to counties to provide guardian ad litem services for the indigent at a reduced or waived fee.
- \$0.3 million to AOC and the Department of Social and Health Services to implement data tracking provisions.
- \$0.2 million for the Supreme Court to convene a task force on dissolution, dispute resolution, and domestic violence.
- \$0.1 million to AOC to develop training materials for the family court liaisons.
- \$0.09 million to the county clerks for reimbursement costs related to the Family Law Handbook for Washington State.

Supreme Court and Court of Appeals Salary Increases

Funding of \$1.9 million from General Fund-State is provided for salary increases for the Supreme Court law clerks and eligible Court of Appeals employees.

Court of Appeals Judges Per Diem

General Fund-State funding of \$0.2 million is provided for implementation of Chapter 34, Laws of 2007 (SB 5351), is included to provide for the reimbursement of work-related travel expenses from a judge's customary residence to the division headquarters and back. Judges elected from, or residing in, the county in which the division is headquartered are not eligible for work-related travel expenses.

Guardianship Enhancements

Court Appointed Special Advocates (CASA) Enhancement

The amount of \$6.0 million from General Fund-State is provided for the local CASA programs to hire volunteer coordinators, in order to increase the ratio of volunteer coordinators to volunteers according to National CASA best practice standards. CASA programs train volunteer advocates to act as guardians ad litem for abused and neglected children in the dependency court system.

Creation of the Public Guardianship Office

Funding of \$1.5 million from General Fund-State and staff are provided for implementation of Chapter 364, Laws of 2007, Partial Veto (SSB 5320). The bill creates an Office of Public Guardianship within AOC to provide guardianship services to low-income individuals who have been determined by the court to need the services of a guardian.

Guardian Grievance Investigation

The sum of \$0.2 million from General Fund-State is provided for staff and resources to enhance the Certified Professional Guardian Program. There are approximately 16,000 open guardianships in Washington State at any given time. By law, oversight of these cases is assigned to the courts. Additional support for investigations and monitoring is provided to facilitate ongoing court involvement and supervision in certified professional guardianship cases.

Governmental Operations

Secretary of State

Funding of \$9.7 million is provided for the 2008 Presidential Primary, including publication of a Voters' Pamphlet.

The sum of \$1.0 million is provided to publish and distribute a voters' pamphlet for the 2008 primary election.

Office of the Attorney General

A total of \$9.5 million is provided to the Office of the Attorney General for an increase in attorney salaries to levels that are competitive with other public law offices in Washington.

Department of Community, Trade, and Economic Development

Economic Development

- A total of \$7.8 million is provided for the creation of the Washington Tourism Commission and grants for tourism promotion, including \$0.3 million for nature tourism, \$0.5 million for 2010 Olympics marketing, and \$0.05 million for the Washington State Games.
- Funding in the amount of \$5.0 million is provided to implement legislation that provides increased state funding based on a per capita funding formula, updates the Associate Development Organizations activities regarding recruitment and retention of business, and creates performance measures.
- The newly-created Economic Development Commission is provided with \$2.4 million to develop a plan for recruitment of ten significant entrepreneurial researchers over the next ten years to lead innovation research teams.
- Western Washington University (WWU) is provided \$0.7 million for small business development centers to help small businesses stabilize and expand using the research services of WWU's College of Business and Economics.

Community Assistance and Support

- The sum of \$4.3 million is provided to support Seattle Public Schools to close the academic achievement gap for students of color and students in poverty by promoting parent and family involvement and enhancing the social-emotional and academic support for students.
- The amount of \$3.6 million is provided to assist public television and radio stations and funding for KCTS Seattle's "V-me" program to support educational media in the Spanish language.
- To address a reduction in federal funding, \$3.0 million of domestic violence grants is provided to the Office of Crime Victims Advocacy's (OCVA's) Domestic Violence Legal Advocacy Program.
- Ongoing funding of \$3.0 million is provided for technical assistance and support to 31 statewide Community Action Agencies that work to assist people in poverty.
- Funding for family prosperity assistance of \$2.8 million is provided to assist low-income people in building long-term assets and for individual development accounts.
- The sum of \$2.0 million is provided to OCVA for the Crime Victims Service Centers.
- Additional funding support of \$1.5 million for the Emergency Food Assistance Program is provided for 320 food banks and distribution centers in paying for staff, operational expenses, equipment, and food in order to increase the food security of low-income children and adults.

- Funding of \$1.0 million is provided for grants to county juvenile courts based upon the counties' application and will provide grants to the courts consistent with the per participant treatment costs identified by the Washington State Institute for Public Policy.
- The amount of \$1.0 million is added to support Dispute Resolution Centers (DRCs), which are funded through a surcharge on court filing fees capped at the same level per case since 1991. DRCs are mandated to provide services independent of a client's ability to pay, guaranteeing that all citizens have access to a low-cost resolution process.

Office of Financial Management

A total of \$1.3 million is provided for the establishment of a technical advisory committee to develop a statewide health resources strategy, addressing a number of issues including the availability of health care facilities and services. An initial strategy will be submitted to the Governor and Legislature by January 1, 2010.

A total of \$4.7 million is provided for the Office of Regulatory Assistance which was scheduled to sunset on June 30, 2007. Funding is provided to: continue operations in the 2007-09 biennium (\$2.1 million); continue a pilot project for improving and integrating environmental permitting and mitigation processes for federal, state, and local agencies (\$1.2 million); work with state agencies to develop statewide, multi-agency permits for transportation infrastructure projects (\$640,000); improve the capacity of the service center (\$400,000); and for grants to locals for permit tracking systems (\$350,000).

Department of Information Services

In the 2007 supplemental budget, \$26.2 million of the state general fund and \$54.2 million from various other accounts are appropriated into the Data Processing Revolving Fund for information technology projects during the 2007-09 biennium. The funds are under joint control of the Office of Financial Management and the Department of Information Services to allow the agencies to seek opportunities to reduce costs and achieve economies of scale by leveraging statewide investments in systems and data and other enterprise-wide solutions.

Military Department

Federal grants of \$117.9 million have been awarded to the Military Department for homeland security projects and for disaster recovery projects in federally-declared disaster areas. Homeland security projects include transit security and terrorism prevention, and federally-declared disasters include fires and flooding in 2007.

Liquor Control Board

Additional funding of \$11.2 million state general fund is provided to extend the retail store staffing pilot project conducted during the 2005-07 biennium. The Liquor Control Board will increase the number of staff at many of the state-owned liquor stores to provide increased customer support. The pilot project has shown a corresponding increase in net revenue from the additional staff.

Department of Social & Health Services

Children and Family Services

The budget provides a total of \$6.4 million for Chapter 410, Laws of 2007 (SHB 1333 – Child Welfare). Of the amounts provided, \$0.3 million is provided for administrative implementation of the bill, and \$6.1 million is provided for court-ordered remedial services for parents and caregivers involved in dependency proceedings who are determined by the court to be unable to pay for services, pursuant to the specifications of the bill.

The budget assumes \$5.7 million in state savings to the foster care program as a result of increased placements with kinship providers who are relatives or other suitable persons with whom the child has a relationship. Chapter 412, Laws of 2007 (HB 1377), expands the definition of persons who may qualify as a kinship provider. Prior to placement, the Department deems these placements to be safe and appropriate. The Caseload Forecast Council estimates approximately 8,000 children will be in foster care during the 2007-09 biennium. This legislation would reduce that amount by 271 children in fiscal year 2008 followed by an additional 771 children in fiscal year 2009. In addition, \$4.4 million is provided to increase support services to children placed with relatives.

A total of \$4.6 million is provided to complete the phase-in of Child Welfare Services staff to achieve the goal of face-to-face contact with children, parents, and/or caregivers every 30 days, for both in-home dependencies and out-of-home placements, by the end of calendar year 2008.

Additional funding of \$1.8 million is provided for the Indian Child Welfare program. The base funding for this program is approximately \$5 million General Fund-State and supports contracts with each of the 29 federally-recognized tribes and five Recognized American Indian Organizations.

The sum of \$1.6 million is provided to replace the loss of federal funds for Intensive Family Preservation Services (IFPS). The Washington State Institute for Public Policy (WSIPP) has determined that IFPS programs adhering closely to the Homebuilders model significantly reduce out-of-home placements and subsequent abuse and neglect. WSIPP estimates that such programs produce \$2.54 of benefits for each dollar of cost.

The amount of \$1.4 million is provided to implement Chapter 411, Laws of 2007 (2SHB 1334). The bill requires the Department of Social and Health Services (DSHS) to provide relevant original supporting documents to the court in dependency proceedings.

The budget provides \$1.1 million for DSHS to implement a new practice model to improve social workers' interviewing skills and their interactions with families. The model builds upon evidence-based practices to reduce repeat cases of abuse and neglect. The base budget includes \$3.7 million for classroom style training. The increase will provide additional training to social workers in the field.

Funding of \$1 million is provided for Children's Advocacy Centers. These centers offer a single location where professionals coordinate their investigations of child abuse and provide a child-friendly setting allowing for one centralized forensic interview and one centralized examination that is used by all investigators. This minimizes the need for traumatized children to undergo repetitive investigations. A 50 percent match will be required of each center receiving state funding.

The budget includes funding for the following rate enhancements:

- \$500,000 for a 5.0 percent rate increase each year for pediatric interim care facility services and to expand the number of beds provided from 13 to 17;
- \$500,000 for rate increases of 3.2 percent in fiscal year 2008 and 2.0 percent in fiscal year 2009 for crisis residential centers and secure crisis residential centers;

- \$6.3 million for rate increases of 3.2 percent in fiscal year 2008 and 2.0 percent in fiscal year 2009 for family foster care providers; and
- \$6.6 million for a 5.0 percent rate increase each year for behavioral rehabilitation services.

A total of \$10 million is provided to continue development of a statewide automated child welfare information system (SACWIS) designed to be a comprehensive automated case management tool to support social worker case management practice. SACWIS development began in fiscal year 2007 and will replace the current caseworker system. It is expected to be fully functional in fiscal year 2010.

Juvenile Rehabilitation Administration

Guided by the October 2006 report: “Evidenced-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs, and Crime Rates” by WSIPP, a total of \$9.7 million in state funds is invested in treatment programs for juvenile offenders to prevent continued criminal activity. According to WSIPP, investments in juvenile offender treatment, along with the adult offender re-entry programs, will reduce demand for prison beds by 1,444 in 2017 and 3,289 in 2030.

Mental Health

State and federal funding for the public mental health system is increased by a total of \$183.9 million (13.7 percent). Major increases include:

- \$46.9 million for salary, medical benefits, and other compensation increases for the state Mental Health Division’s 3,100 full-time equivalent (FTE) employees. Included within this total are salary increases averaging approximately 25 percent by the end of the 2007-09 biennium for nurses employed in the state psychiatric hospitals.
- A \$36.3 million vendor rate increase for community mental health services totaling 3.0 percent effective July 1, 2007, and an additional 3.0 percent effective July 1, 2008. The Legislature intends that at least two-thirds of this increase will be used to increase compensation for direct care and direct care support staff by approximately 4.0 percent each year. Funds are also provided for increased indirect costs in areas such as utilities, supplies, rent, insurance, and administrative and other support staff.
- \$11.9 million for two changes in community hospital payment rates and methods. First, payment rates for indigent psychiatric patients not eligible for Medicaid are increased to 85 percent of the Medicaid level. They presently average less than 60 percent of that level. Second, Medicaid payment rates for psychiatric inpatient care are increased by a total of \$7.4 million.
- State funding for people and services not covered by the state and federal Medicaid program is increased by \$6.1 million (3.0 percent). Regional Support Networks (RSNs) are encouraged to use a portion of this increase to provide local financial support for mental health clubhouses.
- A total of \$5.7 million is provided across several DSHS programs to improve children’s mental health services, pursuant to Chapter 359, Laws of 2007 (2SHB 1088). Wraparound services pilot programs designed to reduce inpatient psychiatric hospitalization and out-of-home placement of children will be developed in up to four RSNs. In addition, funding is provided to: expedite Medicaid enrollment or reinstatement for youth leaving confinement; establish a psychiatric consultation service for primary care providers; support a children’s mental health center focused on evidence-based mental health services at the University of Washington; reexamine children’s access to care standards; support a review of prescribing practices for children receiving medications for emotional or behavioral disturbances; and expand the Medicaid Healthy Options and fee-for-service children’s outpatient mental health benefits from 12 to 20 visits per year.
- \$3.7 million is provided to implement new legislation under which mental health professionals are to have the option of being accompanied by a second trained professional when conducting crisis intervention and outreach visits in a private setting. They are also to be equipped with a cell phone or other emergency communication device and to have prompt access to any available information concerning potential dangers posed by the person served. Additionally, all community mental health workers are to receive annual training in safety procedures and violence prevention techniques.

- A total of \$3.3 million is provided to enhance staff safety at the state psychiatric hospitals by increasing staff at Western State Hospital (WSH) during mealtimes to reduce the risk of assaults; providing additional safety equipment; training staff on how to identify and defuse situations that can lead to violence; and establishing a program that will assist injured WSH employees in returning to work more quickly.

Developmental Disabilities

The total state funding for services for persons with developmental disabilities for the 2007-09 biennium represents a 15.7 percent (\$120.7 million) increase from the 2005-07 biennium (including the 2006 supplemental budget). Of this amount, 3.9 percent is for carryforward and maintenance level changes, 4.7 percent is for policy level program expansions or changes, 2.6 percent is for the 2007 home care worker arbitration agreement and related agency parity, 2.2 percent is for other vendor rate increases, and 2.3 percent is for other policy-level compensation adjustments.

The budget provides an additional \$24.1 million in state funding and \$25.5 million in federal funding to add 378 new community residential placements for individuals using Medicaid Home and Community-Based Waivers. Of these placements, 112 are provided for community protection placements, 30 are provided for clients living with aging caregivers over 70 years of age, and 236 are provided for other community placements. Priority for the new placements includes children at risk of institutionalization, children aging out of other state services, clients without residential services who are in crisis and at risk of needing an institutional placement, and current waiver clients.

The budget provides \$5.1 million in state funding for employment services, including \$1.0 million for partnership programs to help high school students prepare for employment. Employment services funding is for approximately 750 clients with developmental disabilities. Priority funding is for young adults with developmental disabilities living with their families who need employment opportunities and assistance after high school graduation.

State funding in the amount of \$4.9 million is provided for family caregiver support and respite for an additional 1,300 clients (30 percent increase) to receive services by the end of fiscal year 2009.

The Legislature funded a number of vendor rate increases for providers of services to people with disabilities and elderly clients (see the Long-Term Care and Home Care Worker subsections for additional information.) The rate increases below are specific to providers of services to clients with developmental disabilities:

- \$13.5 million in state funding and \$14.2 million in federal funding are provided for a benchmark rate increase for community residential providers at an average rate of 5.0 percent in fiscal year 2008, 2.0 percent in fiscal year 2009, and a 3.2 percent administrative rate increase in fiscal year 2008 for certain providers.
- \$1.3 million in state funding and \$1.4 million in federal funding are provided for vendor rate increases of 6.0 percent in fiscal year 2008 and 2.0 percent in fiscal year 2009 for adult family homes and boarding homes with adult residential care contracts.
- \$1.9 million in state funding and \$0.8 million in federal funding are provided for vendor rate increases of 1.6 percent in fiscal year 2008 and 1.0 percent in fiscal year 2009 for counties and their contractors that provide assistance in gaining and maintaining paid employment.

Home Care Providers (Long-Term Care, Developmental Disabilities, and Children and Family Services)

A total of \$153.9 million in state and federal resources is provided to increase compensation to individual and agency providers who care for persons who receive publicly-funded personal care services in their own homes, including:

- \$98.6 million to implement an interest arbitration settlement between the Governor and the exclusive bargaining representative of individual home care providers. The settlement requires the state to pay the

employee share of worker's compensation premiums and increases provider wages by \$0.36 per hour in each year of the biennium. Individual home care providers will also receive: differential pay of \$1.00 per hour when they serve as mentors or trainers; mileage reimbursement for client-related travel in their personal vehicles, effective July 1, 2008; and an increase in accrual rates for vacation leave. Health care contributions for medical, vision, and dental benefits will be increased by 10 percent from \$532 per worker per month to \$585 per worker per month, effective July 1, 2008. Additionally, effective September 1, 2007, home care workers performing work for clients with certain special needs will not receive a reduction of hours based upon their shared residence with their clients, and certain hours of work for providers caring for clients with complex behavioral and cognitive issues will be increased;

- \$50.3 million to increase home care agency provider payments and health benefit contributions for direct care workers employed by agencies commensurate with the compensation-related provisions of the interest arbitration award for individual providers of home care services; and
- \$5 million to increase the administrative portion of the home care agency provider rate by 2.0 percent effective July 1, 2007, and an additional 2.0 percent effective July 1, 2008.

Long-Term Care

A total of \$3.0 billion is appropriated for DSHS to provide long-term care services to an average of 51,100 elderly and disabled adults per month. This represents a 2.6 percent increase in the number of persons receiving such services and a 15.2 percent increase in expenditures from the 2005-07 biennium.

A total of \$2.4 million in state resources is provided to increase support to unpaid family caregivers providing services to elderly and disabled adults by an additional 600 families by the end of the biennium, an increase of 7.5 percent.

The budget appropriates funding to increase vendor payments for a variety of long-term care service providers, including:

- \$60.7 million to modify Medicaid nursing facility payments in accordance with Chapter 508, Laws of 2007 (ESSB 6158), and provide a 3.2 percent inflationary rate increase effective July 1, 2007;
- \$20.3 million to provide boarding homes with a 6.0 percent vendor rate increase effective July 1, 2007, and an additional 2.0 percent vendor rate increase effective July 1, 2008;
- \$8.4 million to provide adult family homes with a 3.2 percent vendor rate increase effective July 1, 2007, and an additional 2.0 percent vendor rate increase effective July 1, 2008;
- \$5.3 million to provide Area Agencies on Aging, Adult Day Health Services, Respite Care Services, Senior Citizens Services Act Programs, and the Program of All-Inclusive Care for the Elderly with a 2.0 percent vendor rate increase effective July 1, 2007, and an additional 2.0 percent vendor rate increase effective July 1, 2008; and
- \$2.3 million to provide Private Duty Nursing Services a 10 percent vendor rate increase effective July 1, 2007.

Economic Services Administration

A total of \$51.4 million is provided for the collective bargaining agreement between the Department of Early Learning (DEL) and family child care workers. Some funding for the collective bargaining agreement is provided in the DSHS budget, to be distributed with the provider payments made by DSHS on DEL's behalf. The funding provided directly to DEL will cover subsidy and licensing training and agency implementation costs. In addition, \$32.4 million is provided for rate increases of 7.0 percent in fiscal year 2008 and 3.0 percent in fiscal year 2009 to licensed child care centers for state-subsidized child care services, commensurate with the collectively-bargained increase provided to licensed family care providers.

The budget provides several increases to the WorkFirst/Temporary Assistance to Needy Families (TANF) program:

- \$7.9 million is provided to establish a post-TANF program to increase long-term self-sufficiency.
- \$3.1 million is provided to implement Chapter 289, Laws of 2007 (2SSB 6016), which extends the TANF exemption for program participation for a single parent of an infant from when the infant is three months of age to twelve months of age.
- \$2.8 million is provided for an increase in TANF child-only grants to support additional children in foster care to be placed with relatives or other suitable persons with whom the child has a relationship as a result of Chapter 412, Laws of 2007 (HB 1377).
- \$500,000 is provided for the WorkFirst Pathway to Engagement program. Through this program, the Department and community partners will identify additional services needed for WorkFirst clients in sanction status. The Department shall then contract for such services to be provided to those clients voluntarily choosing to accept them.

The budget provides \$4.6 million in state funding to implement the child support pass-through option allowed under the federal Deficit Reduction Act (DRA) of 2005. The DRA changes allow states to pass through, or pay child support payments, to families receiving TANF cash assistance, without requiring the state to reimburse the federal government for its share of foregone revenue. Chapter 143, Laws of 2007 (SSB 5244), provides the Department authority to initiate the pass-through option. Effective October 1, 2008, Washington State will implement the pass-through option of up to \$100 for a one-child family or up to \$200 for a family with two or more children.

In addition, the DRA limits the allowable child support assignment to the state to include only the amount of child support due to the custodial parent during months that the family receives TANF payments. SSB 5244 aligns state law with federal DRA requirements. The budget provides \$1.0 million to make computer system modifications and to replace the reduced collections from this change.

The DRA also requires states to assess a \$25 mandatory fee for the use of Division of Child Support services. The fee shall be assessed on families who have received at least \$500 in child support collections in a calendar year and who have never received TANF payments. Of the revenue collected, 66 percent must be paid to the federal government. The collected revenue will be recorded as a negative expenditure.

A total of \$1.6 million is provided to hire ten additional Supplemental Security Income disability facilitators to assist disabled General Assistance clients who meet federal disability standards with application and enrollment onto the federal disability program. These targeted efforts are expected to generate \$10.4 million in additional recoveries from the federal government during the 2007-09 biennium.

The sum of \$3 million is provided to increase Limited English Proficiency Pathway services.

The budget also provides \$1.5 million to increase contracted naturalization services.

Medical Assistance Administration

A total of \$8.3 billion in state and federal funds is provided for an average of 908,000 low-income children and adults per month to receive medical and dental care through Medicaid and other DSHS medical assistance programs during the 2007-09 biennium. Total expenditures on these services are budgeted to increase by \$604 million (7.8 percent) from the 2005-07 biennium, and the state share of those expenditures is projected to increase by \$300 million (8.1 percent).

Approximately 65 percent of the expenditure increase is due to the continuation of existing program policies rather than new policy or program enhancements. About 35 percent of the expenditure growth reflects major policy enhancements, some of which are detailed below.

In accordance with Chapter 5, Laws of 2007 (2SSB 5093), \$34 million in state funds and \$27.1 in federal funds are provided for outreach and health care coverage for an additional 39,000 children by the end of the 2007-09 biennium. Of this amount, \$4.4 million in state funds will go toward outreach and educational efforts and streamlining the eligibility application and renewal process in order to enroll and retain more children in continuous health care coverage. The legislation creates an entitlement program for all children up to 250 percent of the federal poverty level and, beginning January 2009, expands health care coverage to children up to 300 percent of the federal poverty level within appropriated funds.

State funds of \$14.6 million and federal funds of \$15.5 million are provided to support increased Medicaid reimbursement in the following areas: a 48 percent increase for pediatric services; a 12 percent increase for adult office visits; and a 10 percent increase in private duty nursing through the Medically-Intensive Home Care Program.

State funds of \$15.1 million and federal funds of \$49.0 million are provided to continue implementation of ProviderOne, the system that will replace the Department's primary provider payment system, the Medicaid Management Information System, which is expected to be operational by February 2008.

State funds of \$7.3 million and federal funds of \$7.0 million are provided for a number of enhancements in dental care, including expansion of dental disease preventive care by primary care providers, a rate increase for the Access to Babies and Children Dentistry program, endodontics and dental prosthetic services for adults, and rate increases for children's orthodontic and endodontic services.

Additionally, the Department will transition to a new Medicaid hospital inpatient reimbursement system in August 2007 based on recommendations by an independent contractor. The new system will incorporate more current cost and claims data, provide for more equitable payment rates across similar services, and improve the state's ability to control costs. To facilitate the transition to this new system, \$4.7 million in state funds and \$5.5 million in federal funds are provided to increase payment rates for high-cost children's inpatient services and to pay rehabilitation services at the statewide average rate. Additional funding for this transition is provided in the DSHS Mental Health Program budget.

Alcohol and Substance Abuse

Funding for the substance abuse treatment expansion authorized by the 2007-09 biennium operating budget is adjusted consistent with actual data and revised treatment level projections. Total state and federal funds are reduced by \$7.4 million from the \$47.9 million in total funds assumed in the Department's base budget for 2007-09.

A total of \$16.9 million in state and federal resources is provided to increase outpatient treatment rates to cover 60 percent of providers' treatment costs, based on 2005 costs as estimated in the November 2006 Sorensen study. Overall, the increase is an average of 15 percent in fiscal year 2008 and 2 percent in fiscal year 2009.

Other Human Services

Health Care Authority

An additional 3,000 low-income people will receive state-subsidized Basic Health Plan coverage by January 2009 at a cost of \$8.2 million.

In accordance with Chapter 259, Laws of 2007, Partial Veto (E2SSB 5930), \$3.1 million is provided to establish the Health Insurance Partnership and premium assistance program. The partnership will be available for small businesses with 2 to 50 employees, with a premium subsidy for employees with incomes below 200 percent of the federal poverty level.

Also in accordance with E2SSB 5930, \$1.3 million is provided to establish the Washington State Quality Forum. This board will collaborate with the Puget Sound Health Alliance to collect and disseminate research and data on quality health care and adopt evaluation measures to compare health care cost, quality, and provider performance.

Criminal Justice Training Commission

The budget provides \$2.2 million through the Public Safety and Education Account for the Washington Association of Sheriffs and Police Chiefs (WASPC) to continue the Jail Booking and Reporting System (JBRS) and the Statewide Automated Victim Information and Notification System (SAVIN). JBRS allows criminal justice users who are licensed for access to have a single query system that integrates county and city jail information systems throughout the state. SAVIN is based on JBRS and provides a tool for victims of crime to gain knowledge about the status of their offender or offenders.

The budget provides \$12.3 million from the Washington Auto Theft Prevention Authority Account for the implementation of Chapter 199, Laws of 2007 (E3SHB 1001), which establishes the Washington Auto Theft Prevention Authority under the umbrella of WASPC to review and analyze methods for combating auto theft. The funds will be used for the administration of the Authority (no more than 10 percent of the total) and for supplementing costs associated with increased prosecutions, court costs, law enforcement, offender confinement, auto theft related equipment and technologies, and education programs.

The budget provides \$3.3 million from the Public Safety and Education Account for the Commission to conduct an additional 14 Basic Law Enforcement Academies (BLEA). State law requires graduation from the BLEA for all local government law enforcement officers. Future funding for these academies is contingent upon the results of an Office of Financial Management forecast that will be used to inform future training needs.

Department of Health

In addition to funding for increased utilization of current recommended vaccines, the state's universal vaccine system is expanded to include vaccinations recently approved in the federal Vaccines for Children Program. The Centers for Disease Control (CDC) recommends vaccinating females ages 11 to 13 for the human papillomavirus, which was recently discovered to cause 70 percent of cervical cancer cases. Funding is also provided to vaccinate infants for rotavirus, a leading cause of childhood diarrhea. A total of \$23.0 million in state funding is provided for these enhancements.

A total of \$20.0 million in state funds is provided to support the five primary functions of the 35 local health jurisdictions (LHJs) statewide, including: controlling communicable disease, promoting health and preventing chronic disease, providing access to health services, assessing health status, and providing protection from environmental health threats. As a requirement for continued funding, LHJs must report on performance measures that will be submitted to the Department. The Department must report to the Governor and the Legislature on the distribution of funds and compliance with performance measures and health status indicators.

The sum of \$5.8 million in state funds is provided for family planning clinics to serve clients who are no longer eligible under the Medicaid Take Charge Family Planning Waiver and to increase the Department's efforts to prevent and treat sexually-transmitted diseases.

Department of Veterans' Affairs

State funds of \$1.7 million are provided to increase the hours of care at the state veterans' homes at Retsil, Orting, and Spokane. Funds cover 15 new full-time staff to meet the U.S. Department of Veterans' Affairs staffing requirement of 2.5 nursing care hours per resident per day.

State funds of \$1.0 million are provided to expand the Veterans' Conservation Corps (VCC) as described in Chapter 451, Laws of 2007 (2SSB 5164). The expanded program will provide training and certification for veterans who work as full-time volunteers, in coordination with the community and technical colleges. An additional \$0.3 million in funding is provided to continue the volunteer VCC program established during the 2005-07 biennium with one-time funding.

Department of Labor and Industries

Funding of \$8.0 million is provided for the Department to establish a program to demonstrate or validate new and improved techniques to safeguard the health and safety of employees. The projects funded must involve workplaces insured by the Medical Aid Fund and give priority to fostering accident prevention through cooperation between employers and employees or their representatives.

The budget provides \$3.1 million for Chapter 72, Laws of 2007 (ESSB 5920), to support legislative reform to the vocational rehabilitation system to improve outcomes for injured workers who receive vocational services. This includes the various staffing costs needed to implement the legislation.

Funding is provided to conduct utilization reviews of physical and occupational therapy after visit 24, as recommended by the profession, and to hire staff to enter data from the utilization review into the claimant's file. It is estimated that this earlier review will save the Medical Aid Account \$5.0 million per biennium in benefits by eliminating inappropriate therapy.

Funding of \$1.3 million is provided for implementation of Chapter 27, Laws of 2007 (ESHB 2171). The bill requires the Department to establish a construction crane certification program and a construction crane operator certification program.

Funding is provided to prevent fraud and abuse in the workers' compensation system through technology enhancements to meet the Department's goal of auditing 4.0 percent of employers each year. It is projected that an additional \$1.2 million in premiums will be collected in fiscal year 2008 and fiscal year 2009 and \$2.1 million will be collected each year thereafter.

A total of \$18.0 million is provided from the Family Leave Insurance Account pursuant to the appropriation in Chapter 357, Laws of 2007 (E2SSB 5659). A joint legislative task force on family medical leave insurance is created to provide recommendations to the Legislature on how best to finance and administer this type of insurance program. Beginning on October 1, 2009, benefits of \$250 per week for up to five weeks will be paid to individuals who are unable to perform regular work because of the birth or adoption of a child.

Department of Corrections

A total of \$1.6 billion is appropriated for the Department of Corrections to incarcerate an average of 19,208 inmates per month and to supervise an average of 28,635 offenders per month in the community. This represents a 10.1 percent (\$146.9 million) increase in corrections spending from the 2005-07 biennium.

In addition to funding provided for forecast and workload changes, the budget provides \$24.4 million in state funding and cost of supervision funds for the offender reentry initiative. The initiative expands and coordinates programs to target the primary causes of recidivism by emphasizing education, workforce skills, and treatment programs that address dependency and mental health issues. The initiative also provides support services and employment opportunities for offenders leaving prison. According to the Washington State Institute for Public Policy, these programs, with the juvenile offender treatment programs, will reduce demand for prison beds by 1,444 in 2017 and 3,289 in 2030.

The budget provides \$11.0 million in state funding for the Department to contract with local governments and tribes for an additional 225 rental beds to address overcrowding of existing bed space and to reflect a gubernatorial directive that does not allow the Department to release an offender who violates the terms of his/her community supervision solely due to bed capacity constraints.

Funding of \$3.9 million in state funds is provided to expand training capacity for additional corrections officers to meet existing demand and open nearly 2,000 new prison beds in the 2007-09 biennium.

The budget provides \$2.6 million in state funds for the implementation of provisions of Chapter 483, Laws of 2007 (ESSB 6157), which amends state statutes related to earned release of offenders and the sanctioning of persons who violate the terms of their community supervision.

The budget provides \$1.5 million from the Washington Auto Theft Prevention Authority Account for the implementation of Chapter 199, Laws of 2007 (E3SHB 1001), which increases auto theft-related penalties and triple scores prior offenses, counts prior vehicle prowling offenses, and creates a new crime for the making and possessing of motor vehicle theft tools.

Employment Security Department

A total of \$12.3 million in federal Reed Act funding is provided to administer state policy-driven unemployment insurance (UI) program costs. The federal funds for the UI program administration have declined as a result of the implementation of the Resource Justification Model. This funds specific programs that are in place as a result of state legislation.

A total of \$16.1 million from the Administrative Contingency Account and the Employment Services Administration Account is provided to the Department to continue ongoing services to employers and job seekers. This will replace federal funding that has declined over the past five years.

A total of \$12.1 million in federal Reed Act funding is provided for the Department of Information Services (DIS) to begin replacement of the Department's mainframe unemployment insurance tax information system and its ancillary subsystems. These systems were originally implemented in 1984. The Department has hired a consultant to develop a requirements and feasibility study for unemployment insurance tax computer systems. Funding is to be released upon approval by the Information Services Board. DIS will consult with the Department on replacement of the system.

Natural Resources

Puget Sound

Funding of \$6.6 million of Near General Fund-State is provided to create the Puget Sound Partnership, a new state agency created by Chapter 341, Laws of 2007 (ESSB 5372), which is focused on cleaning up and restoring the environmental health of Puget Sound. Of this amount, \$5.6 million represents a transfer of the funding and staff from the Puget Sound Action Team, which was dissolved by the bill.

Funding of \$2.0 million from the Water Quality Account and \$2.5 million of other funds is provided for multiple educational approaches to build citizen awareness about Puget Sound's environmental issues.

In addition to the amounts provided in this section, significant funding is provided in Chapter 520, Laws of 2007, Partial Veto (ESHB 1092 – Capital Budget), for Puget Sound Cleanup and salmon recovery.

Department of Agriculture

Funding of \$1.1 million from the state general fund is provided to address threats to animal health from the transport of domesticated animals, as well as the introduction of diseases from wild species. An increase in enforcement and response capability is provided.

Funding of \$0.5 million from the state general fund is provided for a nonprofit organization to provide agricultural workers with training in a variety of farm and life skills.

Department of Ecology

Funding of \$2.7 million from the Waste Reduction and Recycling Account is provided for litter prevention advertising and strategically-targeted litter enforcement and roadside clean-up efforts.

Funding of \$2.0 million from the state general fund is provided to support watershed plan adoption and implementation to address local water needs, reduce pollution, and protect fish habitat.

Funding of \$1.9 million from the state general fund is provided for follow-up mitigation compliance, increased capacity in processing wetland mitigation bank proposals, and technical assistance to improve environmental compliance and increase permit efficiency.

Funding of \$1.3 million from the Waste Reduction and Recycling Account is provided for the Department of Ecology and Washington State University to develop new composting conversion processes and markets for organic materials, which will provide alternatives to field burning and disposal in landfills.

The amount of \$1.6 million from the Water Quality Account is provided to local communities to help them comply with water quality standards by completing projects that help to reduce toxins, decrease water temperature, and increase dissolved oxygen levels in local water bodies.

Funding of \$1.0 million from the State Toxics Control Account is provided to cleanup known toxic contaminated sites and state-owned aquatic lands within one-half mile of Puget Sound. An additional \$2.0 million from the Local Toxics Control Account is provided for local governments to work with small businesses and citizens to safely manage hazardous and solid wastes to prevent the generation of hazardous waste and to prevent the recontamination of sites.

Fish in the Spokane River have elevated levels of polychlorinated biphenyls (PCBs), dioxins/furans, and polybrominated diphenyl ethers (PBDEs) and the Lower Duwamish Waterway and Commencement Bay all have elevated concentrations of toxic chemicals or recontamination. Funding of \$2.8 million of the State and Local

Toxics Control Accounts is provided to support cleanup projects to assess pollutant sources, establish source controls, and assist businesses and the public to prevent contamination or recontamination.

The budget includes an additional \$9.0 million from the Local Toxics Control Account for local governments to receive grants for municipal storm water programs, including but not limited to, implementation of Phase II municipal storm water permits, storm water source control for toxics in association with cleanup of contaminated sediment sites, and storm water source control programs for shellfish protection districts where storm water is a significant contributor.

Department of Fish and Wildlife

The State Wildlife Account is projected to have a negative fund balance of \$4.5 million at the end of the 2007-09 biennium. Funding of \$2.5 million for fiscal year 2008 is provided to cover the projected shortfall until the development of a hydraulic permit fee schedule and other longer-term solutions are found.

Funding of \$2.4 million from the state general fund is provided to maintain fish production at various hatcheries.

Funding of \$0.5 million from the state general fund is provided to update the state's wind power guidelines to ensure that new sites are appropriately located, which will help to reduce impacts to birds.

Additional funding of \$0.5 million from the Regional Fisheries Enhancement Account is provided to Regional Fisheries Enhancement Groups to participate in enhancing the state's salmon population.

The amount of \$0.8 million from the state general fund is provided to monitor smolt out-migration and adult escapement within the same population in order to provide annual estimates of juvenile abundance and productivity of federally-listed salmon and steelhead populations.

Department of Natural Resources

The Department of Natural Resources is responsible for the cost of wildfire suppression on state protected lands and receives base funding of approximately \$13.2 million from the state general fund per year. Funding is provided in the 2007 Supplemental Budget for additional fire suppression costs of \$34.9 million, for a total cost to the state general fund for fiscal year 2007 of approximately \$48.1 million from the state general fund.

Funding of \$1.9 million from the state general fund is provided for a rule-based process to develop 15-year permits for small forest landowners in an effort to reduce regulatory uncertainty.

Funding of \$2.5 million from the Derelict Vessel Account and \$1.0 million from the state general fund is provided for the removal of dry docks and approximately 26 derelict and abandoned vessels that pose a public nuisance or safety hazard.

Funding in the amount of \$4.0 million from the Forest and Fish Account is provided for adaptive management research and monitoring and tribal and state and local government participation in the Forest Practices program. This research and monitoring provides the Forest Practices Board with science-based feedback on whether the forest practices rules and guidance for aquatic resources are achieving resource protection goals and objectives.

The amount of \$1.2 million from the state general fund is provided to maintain trails, educate the public on use of trust lands for recreation, and install signs to separate off-road vehicle use from other uses.

The sum of \$16.0 million from the Resource Management Cost Account is provided to increase silvicultural activities on state lands to implement the 2004 sustainable harvest plan's conservation, ecological, and forest structure goals.

Parks and Recreation Commission

The State Park system includes 120 developed parks, 40 marine parks, and numerous monuments and historic structures. Funding of \$3.0 million from the state general fund is provided to complete one-third of identified preventive maintenance tasks and to preserve approximately 100,000 historical artifacts.

Cama Beach State Park is a new park located on Camano Island and is scheduled to open this biennium. Funding of \$2.0 million from the state general fund is provided for the operations of Cama Beach State Park.

Spending authority of \$1.6 million from the Parks Renewal and Stewardship Account is provided from revenue that will be generated by Chapter 340, Laws of 2007, Partial Veto (SHB 2275). The bill allows motor vehicle owners to make a voluntary donation of \$5 to fund state parks at the time of initial or renewal registration.

The sum of \$1.2 million from the state general fund is provided for grants to local governments to implement a program that increases rates of life jacket use among children, reduces teak surfing (the practice of hanging on to the stern of a moving motor boat in order to platform drag and body surf in the vessel's wake), and enhances local resources for delivering mandatory boater education classes.

Funding of \$1.5 million from the Outdoor Education and Recreation Account is provided to enact Chapter 176, Laws of 2007 (2SHB 1677), which requires the Commission to establish an outdoor education and recreation grant program.

Recreation and Conservation Funding Board (formerly Interagency Committee for Outdoor Recreation)

Funding of \$2.0 million from the Boating Activity Account is provided to implement a boating activities grant program pursuant to Chapter 311, Laws of 2007 (SHB 1651). Funding will support boater safety, boater education, boating-related law enforcement, and boating-related environmental programs.

Washington State Conservation Commission

Funding of \$5.9 million of Near General Fund-State is provided for the development and implementation of farm conservation plans that specify best-management practices designed to improve water quality and habitat and/or prevent soil erosion.

Funding of \$5.6 million of Near General Fund-State is provided for non-livestock, non-commercial landowner assistance to include technical assistance, grant moneys, engineering service, and project oversight. Conservation Districts have identified \$19.2 million worth of non-livestock, non-commercial farm conservation plans and watershed restoration projects to improve water quality, quantity, and stream bank stabilization.

Transportation

The majority of the funding for transportation services is included in the transportation budget, not the omnibus appropriations act. For additional information on funding for these agencies and other transportation funding, see the Transportation section of the Legislative Budget Notes. The omnibus appropriations act includes only a portion of the total funding for the Department of Licensing and the Washington State Patrol (WSP).

Washington State Patrol

An additional 20 staff are funded at the WSP crime laboratories, filling the capacity created by capital construction completed in the 2005-07 biennium. A total of \$4.6 million is provided for the staff increase.

Public Schools

Summary Statistics on Total and Percentage Changes in the K-12 Budget

| | 2005-07 Biennium through the 2007 Supplemental Budget | 2007-09 Biennium | Difference | Percent Change |
|----------------------------|---|------------------|-----------------|-------------------|
| NGF-S * | \$11,789,156,000 | \$13,524,072,000 | \$1,734,916,000 | 14.7% |
| NGF-S Per Pupil Funding ** | \$6,059 | \$6,926 | \$868 | 14.3% |

* NGF-S: Near General Fund-State

** Does not include local or federal fund sources or other non-NGF-S accounts.

Maintenance Level Changes

A total of \$764.3 million in maintenance-level increases are funded in the 2007-09 biennial budget. Major items include:

Initiative 728 Costs

The sum of \$138.6 million is provided to fund scheduled increases in per pupil allocations from the Student Achievement Fund as required under Initiative 728. Per pupil allocation rates increase from the current rate of \$375 per student to \$450 per student in school year 2007-08 and \$459 per student in school year 2008-09. Districts may use the funds for a variety of reform initiatives, including lower class size, capital improvements, extended learning opportunities, professional development, and early childhood programs.

Initiative 732 Costs

As required by Initiative 732, \$379 million is provided to fund public school employee cost-of-living adjustments (COLAs). The COLAs are determined by the Seattle Consumer Price Index for the previous calendar year. The COLA amounts are 3.7 percent for school year 2007-2008 and 2.8 percent for school year 2008-2009.

K-12 Pension Costs

The amount of \$234.6 million is provided to fund increased employer contribution rates for K-12 public school employees.

Policy Level Changes

A total of \$374 million in policy-level changes are included in the 2007-09 biennial budget. Major items include:

Special Education Enhancements

A total of \$75.2 million (\$60.6 million General Fund-State, \$14.6 million Education Legacy Trust Account-State) is provided for: (1) removing three- and four-year olds from the 12.7 index used for special education funding; (2) enhancing the rate paid for three- and four-year olds receiving special education services from 93 percent of the basic education allocation to 115 percent; (3) creating a new safety net category for districts that draw a large number of students in need of special education services; and (4) reducing the extent of federal fund integration by increasing the amount provided for each special education student by \$73 per year statewide.

Employee Health Benefit Increases

A total of \$66.4 million from General Fund-State is provided to increase the state allocation rate for K-12 employee health benefits from the current rate of \$682 per month to \$707 per month in the 2007-08 school year and \$732 per month in the 2008-09 school year. The proposal maintains parity with the average provided for state employees' coverage through the Public Employees Benefits Board.

Salary Equity Proposals

Beyond the Initiative 732 salary increases reflected at maintenance level, additional salary increases totaling \$64.2 million from General Fund-State are provided to school districts that have historically received lower salary allocations from the state for the three different types of staff funded in basic education programs: certificated instructional staff, classified staff, and administrative staff. These are increases in state salary allocations to school districts and are not necessarily an entitlement to individual employees working in these districts.

Certificated Instructional Staff

A total of \$45.0 million from General Fund-State is provided to increase state salary allocations for certificated instructional staff (CIS) in non-grandfathered salary districts by an additional 0.6 percent in the 2007-08 school year and 0.7 percent in the 2008-09 school year. This results in total salary allocation increases for CIS in non-grandfathered districts of 4.3 percent in the 2007-08 school year and 3.5 percent in the 2008-09 school year. This reduces the total number of grandfathered salary districts from 34 to 13 by the end of the 2007-09 biennium and reduces the difference between the top grandfathered salary district (Everett) and the rest of the state from 6.3 percent to 4.9 percent by the end of the biennium.

Classified Staff

A total of \$15.1 million from General Fund-State is provided to increase minimum classified staff salary allocations from \$22,454 to \$30,111 in the 2007-08 school year and \$31,376 in the 2008-09 school year. This is a statewide increase of 0.55 percent in the 2007-08 school year and 0.65 percent in the 2008-09 school year above the Initiative 732 salary increases. Individual districts receive varying amounts based on their current position on the LEAP 12E schedule. The increase brings the total number of districts at the minimum classified salary to 225 and reduces the difference between the districts with the highest and lowest administrative salary allocations from 51 percent to 15 percent by the end of the biennium.

Administrative Staff

A total of \$4.1 million from General Fund-State is provided to increase minimum administrative staff salary allocations from \$46,485 to \$54,405 in the 2007-08 school year and \$57,097 in the 2008-09 school year. This is a statewide increase of 0.5 percent in the 2007-08 school year and 0.6 percent in the 2008-09 school year above the Initiative 732 salary increases. Individual districts receive varying amounts based on their current position on the LEAP 12E schedule. The increase brings the total number of districts at the minimum salary level to 89 and reduces the difference between the districts with the highest and lowest administrative salary allocations from 68 percent to 46 percent by the end of the biennium.

All Day Kindergarten Phase-In

Funding in the amount of \$51.2 million Education Legacy Trust Account-State is provided to phase in a full day kindergarten program, beginning in the state's highest poverty schools. Funding is estimated to support a full day program for approximately 10 percent of the state's kindergarten enrollment during the 2007-08 school year and 20 percent during the 2008-09 school year. The Office of the Superintendent of Public Instruction (OSPI) will fund as many schools as possible within the budgeted amount and prioritize schools based on poverty level.

Math/Science Professional Development

A total of \$39.5 million from the Education Legacy Trust Account-State is provided for: (1) the equivalent of three professional development days for each middle and high school math and science teacher in the state; (2) specialized training for one math and one science teacher in each middle and high school to develop building-level expertise on the new math and science standards; and (3) the equivalent of two professional development days for fourth and fifth grade teachers to support district efforts to align instruction with new math and science state standards. The funding for these professional development days is in addition to the two existing Learning

Improvement Days provided in existing state funding formulas for all certificated instructional staff and is calculated on a staff FTE rather than headcount basis consistent with general apportionment allocations as specified in Section 502 of the budget.

Classified Staffing Ratio Enhancement

The sum of \$25.8 million from General Fund-State is provided to enhance the classified staff ratio in the general apportionment formula for school districts. Currently, the formula allocates one classified staff for every 60 students enrolled. The new formula will allocate classified staff at a rate of 1 per 59 students.

Pupil Transportation

Funding in the amount of \$25.0 million from the Education Legacy Trust Account-State is provided to allocate additional resources to school districts for their pupil transportation program. OSPI, in consultation with the Joint Legislative Audit and Review Committee (JLARC), will develop a method of allocating these funds to school districts. The methodology will be based primarily on the findings and analysis from JLARC's K-12 pupil transportation study completed in December 2006.

Learning Assistance Program (LAP)

A total of \$16.9 million (\$0.6 million General Fund-State, \$16.3 million Education Legacy Trust Account-State) is provided to support LAP. LAP provides additional resources to school districts to assist students struggling to achieve at grade level and can pay for instructional staff, consultant teachers, special instructional programs, and tutoring, among other supplemental support services. Funding is increased for LAP by approximately 10 percent.

Technology Upgrades and Improvements

A total of \$12.4 million from the Education Legacy Trust Account-State is provided to allow school districts and schools to update and improve their technology capacity. Specifically, this one-time funding is based on providing \$3,000 for each elementary school, \$6,000 for each middle or junior high school, and \$11,000 for each high school. The funding is intended to augment existing technology purchases and aid in the further use of technology in improving instruction. OSPI will develop methods of prorating these per school amounts for school buildings with non-traditional grade structures or other unique circumstances. This funding is not presumed to continue beyond the 2007-09 biennium.

Promoting Academic Success (PAS) for 12th Grade

In the 2006 Supplemental Budget, funding was provided for the PAS program to assist 11th grade students who are not successful in one or more subjects of the Washington Assessment of Student Learning (WASL). Additional funding in the amount of \$12.1 million General Fund-State is provided to serve 12th graders that still have not been successful on the WASL. Students not successful on the WASL will now be eligible to receive separate PAS allocations in their junior and senior years.

2007 WASL Changes

A total of \$10.8 million from the Education Legacy Trust Account-State is provided for the implementation of Chapter 354, Laws of 2007, Partial Veto (ESSB 6023). Of the amount budgeted, \$4.4 million is reserved for diagnostic assessments to assist students in identifying specific areas for academic growth towards the goal of passing the WASL. A proviso in the underlying budget containing \$0.5 million for diagnostic assessments has been consolidated with this, making a total of \$4.9 million available for implementing the requirements relating to diagnostic assessments in ESSB 6023. OSPI will negotiate competitive pricing for high-quality diagnostic tools aligned with state content standards from which districts may choose. Additionally, a flat amount of \$5.0 million was budgeted for the estimated costs associated with part-time students who do not pass the math WASL and will be required to take additional math classes to graduate, which could increase the number of full-time equivalent (FTE) students. Actual enrollments will be adjusted to reflect increased costs in the 2008 supplemental budget, and OSPI is directed to hold the \$5.0 million in unallotted status. The remaining amounts shall be used to fully implement the provisions of ESSB 6023, including implementing an expanded menu of alternative assessments and establishing appropriate cut scores for the new alternative assessments.

Vocational Equipment Replacement

Funding in the amount of \$9.4 million from the Education Legacy Trust Account-State is provided to continue the allocation originally provided in the 2006 supplemental budget to allow vocational and Skills Center programs to replace and upgrade equipment. In both years of the biennium, the funding will be distributed based on \$75 per vocational student and \$125 per student at Skills Centers. This funding is not presumed to continue beyond the 2007-09 biennium.

Skills Center Enrollment Expansion

Pursuant to Chapter 463, Laws of 2007, Partial Veto (2SSB 5790), a total of \$8.1 million (\$7.7 million General Fund-State, \$0.4 million Student Achievement Fund-State) is provided for the costs associated with allowing each student attending a Skills Center to be counted up to 1.6 FTE students in the Skills Center and resident school district. Furthermore, under the provision of 2SSB 5790, Initiative 728 funding generated by skills center student FTEs now follows the student to support programming at the Skills Center.

National Board Certification

Funding in the amount of \$7.4 million from General Fund-State is provided for the following: (1) \$6.4 million to increase the annual bonus for teachers obtaining their National Board certification from \$3,500 currently to \$5,000 in the 2007-08 school year and adjusted by inflation in subsequent school years; and (2) \$1.0 million to provide an additional \$5,000 annual bonus for National Board certified teachers working in high poverty schools. OSPI shall develop methods of prorating national board bonuses for partial years of service.

Increase Number of Teachers

Funding in the amount of \$6.6 million from General Fund-State is provided to: (1) expand the Alternative Routes to Teacher Certification program to produce an estimated 400 new teachers in math, science, special education, or English as a second language; (2) create the Retooling to Teach Math and Science program to produce an estimated 300 new teachers in those areas; and (3) increase the pipeline of para-educators eligible for the Alternative Routes program.

Expand Leadership and Assistance for Science Education Reform (LASER)

Funding in the amount of \$6.0 million from General Fund-State is provided to expand the LASER program to reach additional classrooms each year. LASER provides complete toolkits for hands-on science projects, teacher training, research-based models for learning, and community support.

Math/Science Regional Support

In order to support the additional professional development opportunities provided through the Education Reform program, \$5.5 million from General Fund-State is provided to the Educational Service Districts for professional development specialists in mathematics in the 2007-08 school year and additional specialists in science in the 2008-09 school year.

Math and Science Instructional Coaches

Funding of \$5.4 million from the Education Legacy Trust Account-State is provided for 25 math instructional coaches in the 2007-08 and 2008-09 school years and 25 science instructional coaches in the 2008-09 school year. Each coach will receive five days of training at a coaching institute prior to each being assigned to serve two schools.

Math and Science Standards and Curriculum

A total of \$4.7 million (\$2.3 million General Fund-State, \$2.4 million Education Legacy Trust Account-State) is provided to: (1) recommend new math standards aligned with international standards; (2) identify mathematics basic curricula, diagnostic, and supplemental materials that align with the new international math standards; (3) support the development of state standards in science that reflect international content and performance levels; (4) evaluate science textbooks, instructional materials, and diagnostic tools to determine the extent to which they are aligned with international standards; and (5) develop science WASL knowledge and skill learning modules to assist students performing at tenth grade Level 1 and Level 2 in science to improve their performance.

Building Bridges for Dropouts

Funding in the amount of \$5.0 million from General Fund-State is provided for the implementation of Chapter 408, Laws of 2007, Partial Veto (2SHB 1573). Specifically, via this legislation, a grant program is established for school districts to implement comprehensive dropout prevention and retrieval programs.

Elimination of Breakfast and Lunch Co-Pay

A total of \$4.8 million from General Fund-State is provided to eliminate school breakfast and lunch co-pays. Under current federal income guidelines, students qualify for free lunch at 130 percent of the federal poverty level and reduced price lunch at 185 percent of the federal poverty level. Typically, students eligible for reduced price lunch pay a 40-cent co-pay. Funding was provided in the 2006 supplemental budget to eliminate breakfast co-pays for students eligible for the reduced price lunch program. This resulted in an increase in the number of students participating in the program. Funding is provided to allow districts to continue to offer breakfast to students eligible for reduced price lunch at no cost to the student. Additionally, funds are provided to eliminate the lunch, as well as breakfast, co-pay for students in grades K-3.

Educational Staff Associates

Funding in the amount of \$4.3 million from General Fund-State is provided for Chapter 403, Laws of 2007 (E2SHB 1432), which allows educational staff associates such as nurses, guidance counselors, and speech/language pathologists to receive credit on the state salary schedule for up to two years of prior work experience in settings other than public schools.

Middle School Career and Technical Education Programs

Pursuant to Chapter 396, Laws of 2007 (2SHB 1906), \$3.0 million from General Fund-State is provided to enhance allocations to some middle and junior high school career and technical education programs. In order to receive the funding, the middle or junior high school program must meet the approval requirements for vocational programs.

After School Grants/Community Learning Center Programs

Funding in the amount of \$3.0 million from General Fund-State is provided to allow OSPI to award after-school program grants pursuant to Chapter 400, Laws of 2007, Partial Veto (E2SSB 5841). Priority for the grants will be given to grant requests that focus on improving reading and mathematics proficiency for students who attend schools that have been identified as in need of improvement based on the federal No Child Left Behind Act and include a proposal related to providing free transportation for those students in need that are involved in the program.

K-3 Demonstration Projects

Funding in the amount of \$3.0 million from the Education Legacy Trust Account-State is provided for grants to allow three demonstration schools to implement best practices in developmental learning in kindergarten through third grade. Specifically, the funding will provide resources for class sizes of 18 students, instructional coaches, and six additional professional development days for teachers. Two of the demonstration schools will be schools participating in the Thrive-by-Five early learning partnerships in the Highline and Yakima school districts and one will be in the Spokane school district.

Gifted Education Enhancement

Currently, districts are eligible to receive a per student allocation for highly capable/gifted students up to 2.0 percent of their total enrollment. Funding in the amount of \$2.4 million from General Fund-State is provided to increase the cap from 2.0 percent to 2.3 percent.

Math and Science Reform

A total of \$2.6 million (\$2.2 million General Fund-State, \$0.4 million Education Legacy Trust Account-State) is provided for a variety of budget items related to improving math and science instruction and assessment, including: (1) funding for the State Board of Education and Professional Educators Standards Board (PESB) to implement various Washington Learns recommendations; (2) funding for high school students to take a college

readiness test during 11th grade; and (3) providing after-school grants to community organizations that partner with school districts to provide mathematics support activities.

English Language Learners

Funding in the amount of \$1.3 million from General Fund-State is provided to establish three pilot programs targeted at large middle and high schools to implement emerging best practices in staff development and instructional strategies in the area of English language learner instruction.

Leadership Academy

Funding in the amount of \$1.3 million from General Fund-State is provided for a leadership academy designed to provide professional growth opportunities for school administrators. A public/private partnership that includes several private foundations, the Washington Association of School Administrators, the Association of Washington School Principals, and several state agencies, including the PESB, will collaborate on the development of the Academy curriculum. Funding is provided to support field testing, program refinement, and the participation of approximately 75 school leaders in the second year of the biennium.

High School Completion

Funding in the amount of \$1.0 million from General Fund-State is provided to implement Chapter 355, Laws of 2007, Partial Veto (HB 1051), which creates a pilot program at two community and technical colleges (CTCs) to allow students meeting eligibility criteria specified in the legislation to continue their studies at the CTC and earn a high school diploma. The program is designed for students who are under age 21 and have completed all state and local graduation requirements except obtaining the Certificate of Academic Achievement or the Certificate of Individual Achievement.

Basic Education Formula

Pursuant to Chapter 399, Laws of 2007 (E2SSB 5627), the Washington State Institute for Public Policy will staff a Joint Task Force to review all current basic education funding formulas, develop a new funding structure, and develop a new basic education definition. Funding in the amount of \$0.4 million from General Fund-State is provided to support this process.

Other K-12 Enhancements and Increases

A total of \$25.2 million from General Fund-State is provided for a variety of K-12 enhancements and programs including: (1) \$4.2 million for the Achievement Gap program in Seattle provided in the Department of Community, Trade, and Economic Development's budget; (2) \$1.6 million for school safety planning; (3) \$1.5 million for an outdoor education grant in the State Parks and Recreation Commission's budget; (4) \$1.3 million for the Digital Learning Commons in the Department of Information Services' budget; (5) \$1.0 million for a pilot program designed to provide indigenous learning curriculum and standards in on-line learning programs; (6) \$0.8 million for the impacts associated with "simple majority" legislation for school levies; and (7) \$6.0 million for miscellaneous other smaller enhancements and increases.

K-12 Savings and Reductions

Pension Rate Changes

Funding is adjusted to reflect \$99.7 million in expected savings based on the anticipated pension rate changes in the following legislation: (1) Chapter 491, Laws of 2007 (EHB 2391 – Gain-Sharing and Alternate Benefits); (2) Chapter 89, Laws of 2007 (SB 5175 – Increases in Certain Retirement Allowances); (3) Chapter 50, Laws of 2007 (SHB 1262 – Retire-Rehire Provisions); and (4) Chapter 207, Laws of 2007 (SHB 1264 – Portability of Public Retirement Benefits). The combined net effect of the legislation is an overall savings in the funding required for retirement contributions for staff provided through state K-12 formula allocations.

Secure Rural Schools Reauthorization

The Secure Rural Schools Act (SRSA) is a federal program to provide transitional assistance to rural counties and school districts affected by the decline in revenue from timber harvests in federal lands. Funding is adjusted to reflect the anticipated reauthorization of the SRSA at an amount of \$24.0 million of General Fund-State.

Staffed Residential Home Allocation

Funding is eliminated for the pilot grant program related to serving students in staffed residential homes established in the 2006 Supplemental Budget, saving \$3.0 million of General Fund-State.

Higher Education

The 2007-09 biennium operating budget increases total state support for higher education by \$587 million. This is an 18.9 percent increase over the 2005-07 biennium level.

Compensation

A total of \$212 million is provided for salary, medical insurance, retirement benefits, and other compensation increases for faculty and staff in the public colleges and universities. In addition to the standard compensation increases described in the “Special Appropriations” section, three additional increases are funded. A total of \$35.1 million is provided for cost-of-living increases for community and technical college faculty and staff covered by the provisions of Initiative 732; \$11.25 million is provided to narrow the gap in average hourly pay between part-time community college faculty and their full-time counterparts; and \$7.5 million is provided to fund longevity and merit increases for community college faculty.

Enrollment Growth

A total of \$107 million is provided to increase enrollment at the state’s colleges and universities by 9,700 students over the next two years. The budgeted enrollment growth is comprised of three main categories:

- Enrollment in math- and science-related fields is budgeted to increase by 1,250 students. One thousand of these new enrollments will be at the four-year universities, in fields such as engineering, nursing, bio-chemistry, computer science, and electronics. The other 250 are specifically targeted to community college students preparing to teach at the pre-school level, to equip them to instill math and science awareness in early learners.
- Over 2,400 new enrollments are funded in other high-demand fields, such as teaching English as a second language, special education, construction management, and allied health technology.
- Enrollment not targeted to particular areas of economic or social need is budgeted to increase by 6,000 students over the next two years. Of those, 3,400 are expected to enroll in community and technical colleges and 2,600 in the four-year universities. Over a third of the general community college enrollments are expected to be adults who are seeking a high school equivalency diploma, to learn English as a second language, or to acquire the other basic math and literacy needed to function in society. Of the general enrollment growth at the four-year universities, almost 500 are budgeted to be at the graduate level.

Tuition Policy

To help cover the cost of inflation in utility and other operating costs and program enhancements identified by the institutions, the budget authorizes resident undergraduate tuition increases of up to 7.0 percent per year at the two research universities; up to 5.0 percent per year at the four regional universities; and up to 2.0 percent per year at the community and technical colleges. At the community and technical colleges, the budget provides \$5.4 million to cover the difference between the 2.0 percent annual authorized increase and the cost of operating cost inflation at 3.5 percent per year. The State Board for Community and Technical Colleges and the governing boards of each institution will determine tuition increases for all students other than resident undergraduates.

Financial Aid

To help students and families manage the cost of higher education, the budget increases financial aid by over \$80 million. Major increases include:

- \$37.1 million for the State Need Grant, State Work Study, Washington Scholars, and Washington Award for Vocational Excellence programs to keep pace with tuition increases and enrollment growth.
- \$15 million for a new “Opportunity Grant” program for students who are pursuing career and technical training in high-demand fields.
- \$9.5 million to extend State Need Grant eligibility to students whose family incomes are between 66 and 70 percent of the state median.
- \$8.1 million to establish and endow a new “College Bound Scholarship” that is intended to encourage more low-income young people to succeed in high school and aspire to college.
- \$5 million to establish a new public/private “GET Ready for Math and Science” scholarship program for students who have excelled in math or science in high school.
- \$2.8 million for a new “Passport to College Promise” program that will provide current and former foster care youth with the comprehensive educational planning, financial aid, and student support services many need to succeed in higher education.

Research and Program Development

A total of \$37.6 million is provided to expand current programs and to initiate new ones. New undertakings include:

- \$11.2 million to establish extensions of the University of Washington (UW) Schools of Medicine and Dentistry in Spokane. The medical school extension will educate 20 first-year medical students each year in cooperation with Washington State University (WSU) and will result in an 80-student expansion of the medical school over four years. The dental school extension will educate 8 first-year dental students each year in cooperation with Eastern Washington University (EWU) and will result in a 24-student expansion over four years. These will be the first increases in the number of Washington residents enrolled in either school in more than a decade.
- \$6.3 million to support expansion of research and teaching activities in the new Department of Global Health at UW.
- \$6.0 million for WSU to conduct research projects that will produce practical outcomes for the state’s agriculture industry through the development of value-added agricultural products and the development of economically- and environmentally-sustainable production techniques.
- \$4.0 million for WSU, in coordination with the Washington State Department of Agriculture and the Pacific Northwest National Laboratories, to conduct applied research on biofuels production.
- \$3.0 million to promote development of the Applied Sciences Laboratory in Spokane. The Laboratory is to emphasize applied research, technology transfer, and the development of spin-off companies in the physical sciences and engineering.
- \$2.0 million for WSU to establish a new program in electrical and electronic engineering at its Vancouver campus. The program is to combine quality undergraduate instruction with applied research support to regional high-tech industries.

Student Outreach and Support Services

A total of \$13.1 million is provided to help more students aspire to and succeed in higher education. Major elements of this effort include:

- \$7 million for distribution across all of the public colleges and universities in order to approximately double current federally-funded advising, mentoring, and tutoring services that are specifically targeted to low-income and first-generation students.

- \$2.5 million to extend the Gaining Early Awareness and Readiness for Undergraduate Education Program (GEAR-UP) to at least 25 additional school districts that do not presently have a structured college access program.
- \$2.25 million for a comprehensive strategy developed by EWU for improving its undergraduate retention and graduation rates by 15 percent over the next three years.

Facilities Maintenance and Operation

In addition to the \$1.06 billion provided in the 2007-09 biennium capital budget to construct, renovate, and repair facilities at the public colleges and universities, the operating budget provides:

- \$13.7 million for maintenance and utility costs associated with 1.7 million square feet of new and renovated space that will come on line during the 2007-09 biennium.
- \$3.9 million to assist with operating costs of the former Safeco Tower that was recently purchased by UW.
- \$2.0 million for the community and technical colleges to purchase professional and technical equipment that is consistent with current industry standards for use in training programs.

Other Education

Early Learning

The budget provides a total of \$104.4 million for operation of the Early Childhood Education and Assistance Program (ECEAP). This amount includes an additional \$34.1 million to ECEAP for additional slots and increased slot payments.

- Of this amount, \$22.1 million is provided to increase the number of children receiving ECEAP services by 2,250 slots at a rate of \$6,500 per slot. An estimated 10,500 children are currently eligible for, but not served by, ECEAP or the federal Head Start program.
- In addition, \$12 million is provided to increase the minimum ECEAP provider per slot payment to \$6,500 in fiscal year 2008. Any provider receiving slot payments higher than \$6,500 is to receive a 2.0 percent vendor rate increase in fiscal year 2008. All providers are to receive a 2.0 percent vendor rate increase in fiscal year 2009. The current rate paid to vendors varies between \$5,200 per slot to \$7,200 per slot, with an average of \$5,596 per slot. With the rate increase provided, the average payment per ECEAP slot will rise to \$6,543, an increase of 17 percent.

Within the Department of Social and Health Services (DSHS) budget, a total of \$3.5 million is provided for additional home visiting services to serve approximately 929 families a year. The additional funding is for investments in home visiting services that emphasize improved outcomes in early childhood development, school readiness, and early detection of developmental delays.

One-time funding in the amount of \$2.2 million is provided for a child care grant program for public community and technical colleges and public universities. Several child care programs at the public community and technical colleges and public universities face staff reductions or threats of closure as the cost of staff salaries have not kept pace with the revenues available from Head Start, ECEAP, or child care programs. A community or technical college or university may be eligible to apply for up to \$25,000 per year from the Department of Early Learning (DEL) for each program.

A total of \$6.7 million is provided to develop and pilot the quality rating and improvement system. This funding will be used to leverage private funding. DEL will pilot the system in communities located throughout the state, with four of the pilots to be located in communities within the following counties: King, Kitsap, Spokane, and Yakima. DEL will analyze the sites and report preliminary findings to the Legislature by December 1, 2008.

Within the total funding level, the following amounts are provided for specific program components:

- \$0.3 million to support the Early Learning Advisory Committee;
- \$1.5 million for professional development and training for providers;
- \$1.0 million for grants to providers to improve facilities;
- \$1.3 million for mentoring and technical assistance;
- \$1.7 million to support the Child Care Resource and Referral Network for increased services;
- \$0.2 million for external assessments of providers; and
- \$0.7 million for DEL staffing related to the quality rating and improvement system.

The sum of \$2.0 million is provided for parent, friend, family, and neighbor supports, including play and learn resources, parent education workshops, enhancements to the parent resource and referral telephone hotline, booklets on child care, and a public awareness campaign. This includes \$400,000 in one-time funding for DEL to conduct a survey of parents to determine the types of early learning services and materials parents are interested in receiving from the state. DEL shall report the findings to the appropriate policy and fiscal committees of the Legislature by October 1, 2008.

Funding in the amount of \$2.0 million is provided to: (1) implement an early reading grant program for evidence-based or promising community-based initiatives that develop pre-reading and early reading skills through parental and community involvement, public awareness, coordination of resources, and partnerships with local school districts; and (2) provide statewide support to community-based reading initiatives. The \$2.0 million provided is in addition to \$1.0 million in existing resources for this program.

The child care career and wage ladder program is increased by \$1.0 million for the 2007-09 biennium. A total of \$3.0 million is provided for the program once the base funding and the enhancement are combined.

Special Appropriations

State Employee Compensation

The descriptions below provide more information on the compensation items that were allocated to each individual agency. The first two sets of figures on this page exclude K-12 and Higher Education programs. Those amounts are shown on the summary pages for those areas.

Increases in Salaries and Benefits for Non-Represented State Employees (\$71.1 Million Near General Fund-State, \$72.5 Million Other Funds)

- **Nonrepresented Staff Health Benefit** - Funding is provided to increase employer funding rates for nonrepresented employee health benefits sufficiently so that employer payments defray 88 percent of the cost of health insurance premiums. Funding rates at this level are projected to be \$707 per month for FY 2008 and \$732 per month for FY 2009. (General Fund-State, various other funds)
- **Nonrepresented Salary Increase** - Funding is provided for salary adjustments of 3.2 percent on September 1, 2007, and 2.0 percent on September 1, 2008, for state employees not covered by a collective bargaining agreement or by the provisions of Initiative 732. (General Fund-State, various other funds)
- **Nonrepresented Salary Survey** - Funding is provided for state employees who lag most severely behind market rates in the 2006 Department of Personnel salary survey. Funding is provided to increase pay for those more than 25 percent below market rates and for other affected classes. (General Fund-State, various other funds)
- **Nonrepresented Agency Request** - Funding for increases for specific job classes for state employees not covered by a bargaining unit are provided corresponding to those made in collective bargaining agreements negotiated by the Governor. (General Fund-State, various other funds)
- **Nonrepresented Class Consolidation** - Funding for increases for specific job classes for state employees not covered by a bargaining unit are provided corresponding to those made in collective bargaining agreements negotiated by the Governor. (General Fund-State, various other funds)
- **Nonrepresented Additional Step** - Funding for an additional 2.5 percent step L on the salary grid is provided to those who have been at Step K for at least one year for state employees not covered by a bargaining unit. (General Fund-State, various other funds)

Increases in Salaries and Benefits as Provided in the Collective Bargaining Agreements Negotiated by the Governor (\$270.9 Million Near General Fund-State, \$180.9 Million Other Funds)

- **WFSE Collective Bargaining** - Funding is provided to implement the economic provisions of the collective bargaining agreement negotiated with the Washington Federation of State Employees (WFSE). The agreement include a pay increase of 3.2 percent effective July 1, 2007, a second increase of 2.0 percent effective July 1, 2008, implementation of Phase 4 of Class Consolidation under chapter 41.80 RCW, Agency Requests for Reclassification that meet the

criteria outlined in RCW 41.06.152, implementation of the 2006 Department of Personnel salary survey for classes more than 25 percent below market rate, and a new Step L on the salary grid. (General Fund-State, various other funds)

- **WPEA Collective Bargaining** - Funding is provided to implement the economic provisions of the collective bargaining agreement negotiated with the Washington Public Employees' Association (WPEA). Provisions of this agreement include a pay increase of 3.2 percent effective July 1, 2007, a second increase of 2.0 percent effective July 1, 2008, implementation of Phase 4 of Class Consolidation under chapter 41.80 RCW, Agency Requests for Reclassification that meet the criteria outlined in RCW 41.06.152, implementation of the 2006 Department of Personnel salary survey for classes more than 25 percent below market rate, and a new Step L on the salary grid. (General Fund-State, various other funds)
- **Teamsters' Collective Bargaining** - Funding is provided to implement the economic provisions of the collective bargaining agreement negotiated with the Teamsters. Provisions of this agreement include a pay increase of
 - 3.2 percent effective July 1, 2007; a second increase of 2.0 percent effective July 1, 2008; implementation of Phase 4 of Class Consolidation under chapter 41.80 RCW; Agency Requests for Reclassification that meet the criteria outlined in RCW 41.06.152; implementation of the 2006 Department of Personnel salary survey for classes more than 25 percent below market rate; a new Step L on the salary grid; and a 5 percent geographic pay increase for corrections and custody officers 1, 2, and 3 in Franklin, Snohomish, and Walla Walla counties.
- **UFCW Collective Bargaining** - Funding is provided to implement the economic provisions of the collective bargaining agreement negotiated with the United Food and Commercial Workers (UFCW). Provisions of this agreement include a pay increase of 3.2 percent effective July 1, 2007, a second increase of 2.0 percent effective July 1, 2008, and a new Step L on the salary grid.
- **Local 17 Collective Bargaining** - Funding is provided to implement the economic provisions of the collective bargaining agreement negotiated with the International Federation of Professional and Technical Employees, Local 17. Provisions of this agreement include a pay increase of 3.2 percent effective July 1, 2007, a second increase of 2.0 percent effective July 1, 2008, implementation of the 2006 Department of Personnel salary survey for classes more than 25 percent below market rate, and a new Step L on the salary grid.
- **1199 Collective Bargaining** - Funding is provided to implement the economic provisions of the collective bargaining agreement negotiated with the Service Employees' International Union, Local 1199. Provisions of this agreement include a pay increase of 3.2 percent effective July 1, 2007, a second increase of 2.0 percent effective July 1, 2008, and implementation of the 2006 Department of Personnel salary survey for classes more than 25 percent below market rate.
- **Coalition Collective Bargaining** - Funding is provided to implement the economic provisions of the collective bargaining agreement negotiated with the state employee Coalition. Provisions of this agreement include a pay increase of 3.2 percent effective July 1, 2007, a second increase of 2.0 percent effective July 1, 2008, implementation Phase 4 of Class Consolidation under chapter 41.80 RCW, Agency Requests for Reclassification that meet the criteria outlined in RCW 41.06.152, implementation of the 2006 Department of Personnel salary survey for classes more than 25 percent below market rate, and a new Step L on the salary grid.

Gain-Sharing Repeal and New Retirement Benefits (\$94.9 Million Near General Fund-State Savings, \$2.8 Million Other Funds Savings)

Consistent with Chapter 491, Laws of 2007 (EHB 2391), pension system contribution rates are decreased to reflect the repeal of gain sharing for members of the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) Plans 1 and 3 and the School Employees' Retirement System (SERS) Plan 3. The final distribution of gain sharing under current law will be January 1, 2008. Benefit enhancements are provided to PERS and TRS Plan 1 members in the form of a one-time increase in the Uniform cost-of-living adjustment on July 1, 2009, of up to 20 cents, depending on investment return. Benefit enhancements are provided to PERS, TRS, and SERS Plan 2 and 3 members in the form of improved early retirement reduction factors, including unreduced retirement beginning at age 62 and 30 years of service. New members of TRS and SERS will have the option of joining Plan 2 or Plan 3. As a result of these changes, employer contribution rates for fiscal year 2008 will be 5.97 percent in PERS, 5.66 percent in TRS, and 5.72 percent in SERS. Employer contribution rates in fiscal year 2009 will be 8.15 percent in PERS, 8.22 percent in TRS, and 7.38 percent in SERS.

Information Technology Pool

While some information technology projects are directly funded in agency budgets, many other information technology projects are found in the Information Technology Pool rather than in each individual agency. The pool provides up to \$83 million in expenditure authority for up to 70 projects. The operating budget bill contains provisions related to information technology in sections 902 (information systems projects), 903 (information technology enterprise services), 904 (video telecommunication), 962 (interim workgroup) and 1621 (information technology pool funding).

The following pages specify the maximum amount authorized for each individual project funded through the pool (LEAP Document IT-2007) and the total amounts, by fund, that may be transferred into the pool (LEAP Document ITA-2007).

2007-09 Washington State Omnibus Operating Budget
Information Technology Pool Projects
Maximum Amounts By Project
LEAP Document IT-2007
(Dollars in Thousands)

| | Maximum Authorized | | Total |
|---|--------------------|--------------|--------------|
| | FTEs | Near GF-S | |
| Governmental Operations | | | |
| <i>Secretary of State</i> | | | |
| 1. Digital Archives Functionality | 2.5 | 0 | 3,202 |
| 2. Digital Depository of State Publn | 2.0 | 331 | 331 |
| Total | 4.5 | 331 | 3,533 |
| <i>Asian-Pacific-American Affairs</i> | | | |
| 3. Website and Database Enhancements | 0.0 | 52 | 52 |
| <i>Office of the Attorney General</i> | | | |
| 4. Computer System Upgrade | 0.0 | 0 | 200 |
| <i>Caseload Forecast Council</i> | | | |
| 5. Computer Upgrades Per 3-Year Cycle | 0.0 | 26 | 26 |
| <i>Department of Financial Institutions</i> | | | |
| 6. Information Technology | 1.0 | 0 | 2,926 |
| <i>Department of Community, Trade, & Economic Development</i> | | | |
| 7. Creating a Data Warehouse | 3.0 | 1,046 | 1,046 |
| 8. Grants, Contracts, & Loan Mgmt Sys | 0.0 | 1,453 | 2,718 |
| Total | 3.0 | 2,499 | 3,764 |
| <i>Office of Financial Management</i> | | | |
| 9. Constituent Relations Mgmt System | 2.0 | 0 | 965 |
| 10. e-Commerce Initiative | 0.0 | 100 | 100 |
| 11. Grants, Contracts, & Loan Mgmt Sys | 7.4 | 0 | 5,464 |
| 12. Roadmap | 6.5 | 0 | 1,945 |
| Total | 15.9 | 100 | 8,474 |
| <i>Office of Administrative Hearings</i> | | | |
| 13. Electronic Case Management System | 0.0 | 0 | 80 |
| <i>Department of Personnel</i> | | | |
| 14. HRMS Leave Processing | 0.0 | 0 | 500 |
| 15. HRMS Upgrade to MySAP 2005 | 0.0 | 0 | 4,000 |
| Total | 0.0 | 0 | 4,500 |
| <i>State Lottery Commission</i> | | | |
| 16. Firewall Installation | 0.0 | 0 | 72 |
| <i>Gambling Commission</i> | | | |
| 17. Software Upgrade | 0.0 | 0 | 80 |

*Notes: The appropriation is sufficient to support 90 percent of the projects funded from the near general fund accounts.
For a definition of Near General Fund-State, please see the 2007-09 Omnibus Budget Overview.*

2007-09 Washington State Omnibus Operating Budget
Information Technology Pool Projects
Maximum Amounts By Project
LEAP Document IT-2007
(Dollars in Thousands)

| | Maximum Authorized | | Total |
|--|--------------------|------------|--------------|
| | FTEs | Near GF-S | |
| <i>Hispanic Affairs</i> | | | |
| 18. Website and Database Enhancements | 0.0 | 52 | 52 |
| <i>African-American Affairs</i> | | | |
| 19. Website and Database Enhancements | 0.0 | 52 | 52 |
| <i>Retirement Systems</i> | | | |
| 20. Computer Infrastructure Upgrade | 0.0 | 0 | 649 |
| <i>Tax Appeals Board</i> | | | |
| 21. Database/Website Upgrade | 0.0 | 127 | 127 |
| <i>Municipal Research Council</i> | | | |
| 22. Website Search Engine | 0.0 | 0 | 76 |
| <i>Department of General Administration</i> | | | |
| 23. Facilities Control Systems | 1.0 | 0 | 542 |
| <i>Department of Information Services</i> | | | |
| 24. Expand Justice Information Network | 1.0 | 2,954 | 2,954 |
| <i>Office of the Insurance Commissioner</i> | | | |
| 25. Expand e-Commerce Opportunities | 2.0 | 0 | 1,766 |
| <i>State Board of Accountancy</i> | | | |
| 26. Enhancement Database Structure | 0.0 | 0 | 60 |
| <i>Liquor Control Board</i> | | | |
| 27. Data Warehouse System | 1.0 | 0 | 1,468 |
| 28. Increase IT Service Support | 8.0 | 0 | 1,277 |
| 29. IT Weekend Coverage for Stores | 0.6 | 0 | 86 |
| Total | 9.6 | 0 | 2,831 |
| <i>Utilities & Transportation Commission</i> | | | |
| 30. Office Systems Migration | 0.0 | 0 | 850 |
| <i>Board of Volunteer Firefighters</i> | | | |
| 31. Replace Legacy Database System | 0.0 | 0 | 257 |
| <i>Military Department</i> | | | |
| 32. Emergency Alert System Upgrades | 0.0 | 276 | 276 |
| 33. Tsunami/Earthquake Program Support | 1.0 | 168 | 168 |
| Total | 1.0 | 444 | 444 |

Notes: The appropriation is sufficient to support 90 percent of the projects funded from the near general fund accounts.
For a definition of Near General Fund-State, please see the 2007-09 Omnibus Budget Overview.

2007-09 Washington State Omnibus Operating Budget
Information Technology Pool Projects
Maximum Amounts By Project
LEAP Document IT-2007
(Dollars in Thousands)

| | Maximum Authorized | | Total |
|--|--------------------|--------------|---------------|
| | FTEs | Near GF-S | |
| <i>Archaeology & Historic Preservation</i> | | | |
| 34. Information Technology Support | 0.0 | 250 | 250 |
| 35. Maintain Grant-Funded GIS System | 0.0 | 120 | 120 |
| Total | 0.0 | 370 | 370 |
| Other Human Services | | | |
| <i>Health Care Authority</i> | | | |
| 36. Basic Health Program Data Warehouse | 1.0 | 772 | 866 |
| 37. Health Information Tech Grants | 0.0 | 1,000 | 1,000 |
| 38. Health Record Banks Pilot Project | 0.0 | 3,200 | 3,400 |
| Total | 1.0 | 4,972 | 5,266 |
| <i>Criminal Justice Training Commission</i> | | | |
| 39. Incident-Based Reporting | 0.0 | 130 | 130 |
| <i>Department of Labor & Industries</i> | | | |
| 40. Additional Fraud Audits & IT | 6.6 | 0 | 3,579 |
| 41. Claim & Acct Ctr (ORCA)-IT Upgrade | 7.7 | 0 | 3,970 |
| 42. Contractor & Electrical Data System | 4.2 | 587 | 2,347 |
| 43. Express File Enhancements | 2.3 | 0 | 2,104 |
| 44. Phased Replacement of Legacy System | 6.6 | 0 | 5,160 |
| 45. Upgrade Apprentice Tracking System | 0.0 | 0 | 337 |
| 46. Using Web Portal Technology | 0.0 | 14 | 876 |
| Total | 27.4 | 601 | 18,373 |
| <i>Department of Health</i> | | | |
| 47. Health Prof Licensing Sys (ILRS) | 8.1 | 0 | 2,286 |
| <i>Department of Veterans' Affairs</i> | | | |
| 48. Mitigate IT Operational Risks | 0.0 | 233 | 233 |
| <i>Department of Corrections</i> | | | |
| 49. Accessibility to Offender Data | 0.0 | 3,853 | 3,853 |
| 50. Software Sustainability | 0.0 | 2,603 | 2,603 |
| Total | 0.0 | 6,456 | 6,456 |
| DSHS | | | |
| <i>Administration & Supporting Services</i> | | | |
| 51. Payroll System-Individual Providers | 0.0 | 159 | 250 |

*Notes: The appropriation is sufficient to support 90 percent of the projects funded from the near general fund accounts.
For a definition of Near General Fund-State, please see the 2007-09 Omnibus Budget Overview.*

2007-09 Washington State Omnibus Operating Budget
Information Technology Pool Projects
Maximum Amounts By Project
LEAP Document IT-2007
(Dollars in Thousands)

| | Maximum Authorized | | Total |
|--|--------------------|---------------|---------------|
| | FTEs | Near GF-S | |
| Natural Resources | | | |
| <i>Department of Ecology</i> | | | |
| 52. Grants, Contracts, & Loan Mgmt Sys | 0.0 | 892 | 2,746 |
| 53. Water Rights Database Enhancement | 2.0 | 0 | 300 |
| 54. Well Construction & License System | 1.0 | 0 | 650 |
| Total | 3.0 | 892 | 3,696 |
| <i>State Parks & Recreation Commission</i> | | | |
| 55. Computer Leasing Program | 1.0 | 446 | 446 |
| 56. Replace Critical IT Equipment | 0.0 | 340 | 340 |
| Total | 1.0 | 786 | 786 |
| <i>Conservation Commission</i> | | | |
| 57. Watershed Data Pilot Project | 0.0 | 500 | 500 |
| <i>Department of Fish & Wildlife</i> | | | |
| 58. WDFW Enterprise IT Conversion | 0.0 | 1,387 | 1,387 |
| 59. WDFW Network Renewal | 0.0 | 302 | 302 |
| Total | 0.0 | 1,689 | 1,689 |
| <i>Department of Natural Resources</i> | | | |
| 60. Data Storage System Expansion | 0.0 | 0 | 66 |
| 61. Payroll Systems Replacement Study | 2.3 | 128 | 379 |
| 62. Region Telephone Systems | 0.0 | 112 | 334 |
| Total | 2.3 | 240 | 779 |
| Transportation | | | |
| <i>State Patrol</i> | | | |
| 63. ACCESS Network Support | 3.5 | 655 | 655 |
| 64. Business Continuity | 0.3 | 795 | 795 |
| 65. Communications Antenna & Feed Line | 0.0 | 79 | 79 |
| 66. Death Investigation System | 0.8 | 0 | 535 |
| 67. Electronic Traffic Info Processing | 0.0 | 13 | 13 |
| 68. Statewide Interoperability | 6.0 | 3,000 | 5,100 |
| 69. Technology Staffing and Tools | 2.0 | 814 | 814 |
| Total | 12.6 | 5,356 | 7,991 |
| Other Education | | | |
| <i>Eastern Washington State Historical Society</i> | | | |
| 70. Digital Access to Collections | 0.8 | 93 | 98 |
| Statewide Total | 95.2 | 29,114 | 83,270 |

Notes: The appropriation is sufficient to support 90 percent of the projects funded from the near general fund accounts.
For a definition of Near General Fund-State, please see the 2007-09 Omnibus Budget Overview.

2007-09 Washington State Omnibus Operating Budget
Information Technology Pool
Maximum Transfers by Fund
LEAP Document ITA-2007
(Dollars in Thousands)

| Fund Title | Maximum Amount | |
|-------------------|---|---------------|
| 001-2 | General Fund-Federal | 2,204 |
| 001-7 | General Fund-Local | 457 |
| 001-C | General Fund-Medicaid | 81 |
| 006-1 | Archives & Records Management Account-State | 1,254 |
| 014-1 | Forest Development Account-State | 150 |
| 027-1 | Reclamation Account-State | 800 |
| 02A-1 | Surveys and Maps Account-State | 4 |
| 02G-1 | Health Professions Account-State | 1,829 |
| 02J-1 | Certified Public Accountants' Account-State | 60 |
| 02K-1 | Death Investigations Account-State | 535 |
| 02R-1 | Aquatic Lands Enhancement Account-State | 18 |
| 03T-1 | Dependent Care Administrative Account-State | 7 |
| 041-1 | Resource Management Cost Account-State | 238 |
| 044-1 | Waste Reduction/Recycling/Litter Control Account-State | 163 |
| 04H-1 | Surface Mining Reclamation Account-State | 10 |
| 058-1 | Public Works Assistance Account-State | 490 |
| 05K-1 | County Research Services Account-State | 12 |
| 06C-1 | City & Town Research Services-State | 64 |
| 072-1 | State & Local Improvement Revolving Account Water Supply Facilities-State | 109 |
| 095-1 | Electrical License Account-State | 1,770 |
| 10G-1 | Water Rights Tracking System Account-State | 150 |
| 111-1 | Public Service Revolving Account-State | 850 |
| 138-1 | Insurance Commissioner's Regulatory Account-State | 1,766 |
| 150-1 | Low-Income Weatherization Assistance Account-State | 205 |
| 173-1 | State Toxics Control Account-State | 309 |
| 174-1 | Local Toxics Control Account-State | 1,034 |
| 204-1 | Volunteer Firefighters/Reserve Officers Administrative Account-State | 257 |
| 405-1 | Legal Services Revolving Account-State | 200 |
| 418-1 | State Health Care Authority Administrative Account-State | 200 |
| 422-1 | General Administration Services Account-State | 406 |
| 441-1 | Local Government Archives Account-State | 1,948 |
| 484-1 | Administrative Hearings Revolving Account-State | 80 |
| 501-1 | Liquor Revolving Account-State | 2,831 |
| 532-1 | Washington Housing Trust Account-State | 526 |
| 578-1 | Lottery Administrative Account-State | 72 |
| 600-1 | Department of Retirement Systems Expense Account-State | 590 |
| 608-1 | Accident Account-State | 8,120 |
| 609-1 | Medical Aid Account-State | 7,882 |
| 727-1 | Water Pollution Control Revolving Account-State | 239 |
| 887-1 | Public Facility Construction Loan Revolving Account-State | 44 |
| Total | | 37,964 |

2007 Omnibus Operating Supplemental

2005-07 Estimated Revenues and Expenditures

General Fund-State

(Dollars in Millions)

| RESOURCES | |
|--|-----------------|
| Beginning Balance | 869.7 |
| November 2006 Forecast | 27,365.8 |
| March 2007 Update | 144.3 |
| | 27,510.1 |
| Current Revenue Totals | |
| Legislatively-Enacted Fund Transfers and Other Adjustments | 204.8 |
| 2007: Prior Period Adjustments | -4.7 |
| 2007: Spillover Into the Emergency Reserve Fund | -27.2 |
| | 28,552.7 |
| Total Resources (Includes Beginning Balance) | 28,552.7 |
| APPROPRIATIONS AND SPENDING ESTIMATES | |
| 2005-07 Appropriations | 27,297.9 |
| 2007 Supplemental | |
| Appropriation to Education Legacy Trust Account | 215.0 |
| Appropriation to Education Construction Account | 20.0 |
| Appropriation to Tobacco Prevention and Control Account | 50.0 |
| Appropriation to Health Services Account | 50.0 |
| Appropriation to Pension Funding Stabilization Account | 115.0 |
| All Other Appropriations to Agencies & Accounts (Net) | 17.7 |
| Governor Vetoes | -1.1 |
| | 27,764.5 |
| Spending Level | 27,764.5 |
| UNRESTRICTED RESERVES | |
| Projected General Fund Ending Balance | 788.2 |
| Emergency Reserve Fund Beginning Balance (Prior Period Interest) | 4.2 |
| New Deposits (Revenue Spillover plus Appropriation) | 27.2 |
| | 31.4 |
| Projected Emergency Reserve Fund Ending Balance | 31.4 |
| Total Reserves (General Fund plus Emergency Reserve) | 819.6 |

Washington State Omnibus Operating Budget

2007 Supplemental Budget

TOTAL STATE

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|--------------------------|-------------------------|----------------|-------------------|-------------------|----------------|-------------------|
| | 2005-07 | 2007 Supp | Rev 2005-07 | 2005-07 | 2007 Supp | Rev 2005-07 |
| Legislative | 142,128 | 0 | 142,128 | 149,275 | 0 | 149,275 |
| Judicial | 177,315 | 123 | 177,438 | 203,366 | 123 | 203,489 |
| Governmental Operations | 487,862 | 3,815 | 491,677 | 3,336,540 | -4,937 | 3,331,603 |
| Other Human Services | 2,224,706 | 1,051 | 2,225,757 | 4,291,704 | -6,933 | 4,284,771 |
| DSHS | 8,809,161 | -38,685 | 8,770,476 | 17,455,888 | -111,359 | 17,344,529 |
| Natural Resources | 420,165 | 40,003 | 460,168 | 1,340,259 | 52,243 | 1,392,502 |
| Transportation | 77,426 | 3,517 | 80,943 | 148,331 | 4,031 | 152,362 |
| Public Schools | 11,789,131 | -51,592 | 11,737,539 | 13,440,811 | 1,005 | 13,441,816 |
| Higher Education | 3,101,976 | 269 | 3,102,245 | 8,162,627 | 269 | 8,162,896 |
| Other Education | 77,497 | 364 | 77,861 | 139,846 | 364 | 140,210 |
| Special Appropriations | 1,572,643 | 490,956 | 2,063,599 | 1,770,329 | 496,416 | 2,266,745 |
| Total Budget Bill | 28,880,010 | 449,821 | 29,329,831 | 50,438,976 | 431,222 | 50,870,198 |
| Other Legislation | 841,971 | 0 | 841,971 | 849,761 | 0 | 849,761 |
| Statewide Total | 29,721,981 | 449,821 | 30,171,802 | 51,288,737 | 431,222 | 51,719,959 |

Note: Includes only appropriations from the Omnibus Operating Budget enacted through the 2007 legislative session. For a definition of Near General Fund-State, please see the 2007-09 Omnibus Budget Overview.

Washington State Omnibus Operating Budget

2007 Supplemental Budget

LEGISLATIVE AND JUDICIAL

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-------------------------------------|-------------------------|------------|----------------|-----------------|------------|----------------|
| | 2005-07 | 2007 Supp | Rev 2005-07 | 2005-07 | 2007 Supp | Rev 2005-07 |
| House of Representatives | 61,362 | 0 | 61,362 | 61,362 | 0 | 61,362 |
| Senate | 48,773 | 0 | 48,773 | 48,773 | 0 | 48,773 |
| Jt Leg Audit & Review Committee | 5,224 | 0 | 5,224 | 5,224 | 0 | 5,224 |
| LEAP Committee | 3,671 | 0 | 3,671 | 3,671 | 0 | 3,671 |
| Office of the State Actuary | 0 | 0 | 0 | 3,022 | 0 | 3,022 |
| Joint Legislative Systems Comm | 14,565 | 0 | 14,565 | 16,413 | 0 | 16,413 |
| Statute Law Committee | 8,533 | 0 | 8,533 | 10,810 | 0 | 10,810 |
| Total Legislative | 142,128 | 0 | 142,128 | 149,275 | 0 | 149,275 |
| Supreme Court | 12,529 | 4 | 12,533 | 12,529 | 4 | 12,533 |
| State Law Library | 4,042 | 0 | 4,042 | 4,042 | 0 | 4,042 |
| Court of Appeals | 28,389 | 54 | 28,443 | 28,389 | 54 | 28,443 |
| Commission on Judicial Conduct | 2,169 | 0 | 2,169 | 2,169 | 0 | 2,169 |
| Administrative Office of the Courts | 91,505 | 65 | 91,570 | 117,556 | 65 | 117,621 |
| Office of Public Defense | 24,674 | 0 | 24,674 | 24,674 | 0 | 24,674 |
| Office of Civil Legal Aid | 14,007 | 0 | 14,007 | 14,007 | 0 | 14,007 |
| Total Judicial | 177,315 | 123 | 177,438 | 203,366 | 123 | 203,489 |
| Total Legislative/Judicial | 319,443 | 123 | 319,566 | 352,641 | 123 | 352,764 |

Washington State Omnibus Operating Budget

2007 Supplemental Budget

GOVERNMENTAL OPERATIONS

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|--------------------------------------|-------------------------|--------------|----------------|------------------|---------------|------------------|
| | 2005-07 | 2007 Supp | Rev 2005-07 | 2005-07 | 2007 Supp | Rev 2005-07 |
| Office of the Governor | 15,400 | 0 | 15,400 | 21,434 | 0 | 21,434 |
| Office of the Lieutenant Governor | 1,523 | 0 | 1,523 | 1,523 | 0 | 1,523 |
| Public Disclosure Commission | 4,078 | 0 | 4,078 | 4,078 | 0 | 4,078 |
| Office of the Secretary of State | 40,132 | 555 | 40,687 | 128,242 | 555 | 128,797 |
| Governor's Office of Indian Affairs | 570 | 0 | 570 | 570 | 0 | 570 |
| Asian-Pacific-American Affrs | 500 | 0 | 500 | 500 | 0 | 500 |
| Office of the State Treasurer | 0 | 0 | 0 | 14,174 | 0 | 14,174 |
| Office of the State Auditor | 1,613 | 397 | 2,010 | 66,243 | 397 | 66,640 |
| Comm Salaries for Elected Officials | 344 | 0 | 344 | 344 | 0 | 344 |
| Office of the Attorney General | 13,896 | 0 | 13,896 | 213,308 | 3,680 | 216,988 |
| Caseload Forecast Council | 1,439 | 0 | 1,439 | 1,439 | 0 | 1,439 |
| Dept of Financial Institutions | 0 | 0 | 0 | 38,834 | 0 | 38,834 |
| Dept Community, Trade, Econ Dev | 140,086 | 1,428 | 141,514 | 476,099 | 1,231 | 477,330 |
| Economic & Revenue Forecast Council | 1,105 | 23 | 1,128 | 1,105 | 23 | 1,128 |
| Office of Financial Management | 38,201 | 60 | 38,261 | 116,507 | 60 | 116,567 |
| Office of Administrative Hearings | 0 | 0 | 0 | 29,645 | 107 | 29,752 |
| Department of Personnel | 0 | 0 | 0 | 68,850 | 0 | 68,850 |
| State Lottery Commission | 0 | 0 | 0 | 735,317 | 0 | 735,317 |
| Washington State Gambling Comm | 0 | 0 | 0 | 30,062 | 50 | 30,112 |
| WA State Comm on Hispanic Affairs | 487 | 0 | 487 | 487 | 0 | 487 |
| African-American Affairs Comm | 479 | 0 | 479 | 479 | 0 | 479 |
| Personnel Appeals Board | 0 | 0 | 0 | 1,119 | 0 | 1,119 |
| Department of Retirement Systems | 0 | 0 | 0 | 50,481 | -989 | 49,492 |
| State Investment Board | 300 | 0 | 300 | 16,423 | 0 | 16,423 |
| Public Printer | 0 | 0 | 0 | 65,830 | 0 | 65,830 |
| Department of Revenue | 183,220 | 0 | 183,220 | 199,151 | -50 | 199,101 |
| Board of Tax Appeals | 2,581 | 5 | 2,586 | 2,581 | 5 | 2,586 |
| Municipal Research Council | 0 | 0 | 0 | 4,921 | 0 | 4,921 |
| Minority & Women's Business Enterp | 0 | 0 | 0 | 3,196 | 0 | 3,196 |
| Dept of General Administration | 681 | 0 | 681 | 133,682 | 0 | 133,682 |
| Department of Information Services | 2,184 | 0 | 2,184 | 212,170 | 0 | 212,170 |
| Office of Insurance Commissioner | 0 | 0 | 0 | 43,100 | 0 | 43,100 |
| State Board of Accountancy | 0 | 0 | 0 | 2,236 | 0 | 2,236 |
| Forensic Investigations Council | 0 | 0 | 0 | 283 | 0 | 283 |
| Washington Horse Racing Commission | 0 | 0 | 0 | 8,627 | 0 | 8,627 |
| WA State Liquor Control Board | 3,466 | 3 | 3,469 | 199,488 | 212 | 199,700 |
| Utilities and Transportation Comm | 0 | 0 | 0 | 33,140 | 0 | 33,140 |
| Board for Volunteer Firefighters | 0 | 0 | 0 | 980 | 0 | 980 |
| Military Department | 25,218 | 1,212 | 26,430 | 316,614 | -10,350 | 306,264 |
| Public Employment Relations Comm | 5,714 | 0 | 5,714 | 8,667 | 0 | 8,667 |
| LEOFF 2 Retirement Board | 0 | 0 | 0 | 1,912 | 0 | 1,912 |
| Archaeology & Historic Preservation | 1,476 | 117 | 1,593 | 2,527 | 117 | 2,644 |
| Growth Management Hearings Board | 3,169 | 15 | 3,184 | 3,169 | 15 | 3,184 |
| State Convention and Trade Center | 0 | 0 | 0 | 77,003 | 0 | 77,003 |
| Total Governmental Operations | 487,862 | 3,815 | 491,677 | 3,336,540 | -4,937 | 3,331,603 |

Washington State Omnibus Operating Budget

2007 Supplemental Budget

HUMAN SERVICES

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-------------------------------------|-------------------------|--------------|------------------|------------------|---------------|------------------|
| | 2005-07 | 2007 Supp | Rev 2005-07 | 2005-07 | 2007 Supp | Rev 2005-07 |
| WA State Health Care Authority | 468,286 | -4,039 | 464,247 | 643,171 | -4,193 | 638,978 |
| Human Rights Commission | 5,824 | 35 | 5,859 | 7,145 | 35 | 7,180 |
| Bd of Industrial Insurance Appeals | 0 | 0 | 0 | 32,923 | 0 | 32,923 |
| Criminal Justice Training Comm | 22,231 | 15 | 22,246 | 22,839 | 15 | 22,854 |
| Department of Labor and Industries | 44,782 | 0 | 44,782 | 536,719 | 437 | 537,156 |
| Indeterminate Sentence Review Board | 2,667 | 0 | 2,667 | 2,667 | 0 | 2,667 |
| Home Care Quality Authority | 2,127 | 0 | 2,127 | 3,294 | 0 | 3,294 |
| Department of Health | 179,555 | 1,752 | 181,307 | 914,099 | -7,605 | 906,494 |
| Department of Veterans' Affairs | 21,464 | 662 | 22,126 | 90,779 | 1,623 | 92,402 |
| Department of Corrections | 1,471,915 | 2,626 | 1,474,541 | 1,480,886 | 2,626 | 1,483,512 |
| Dept of Services for the Blind | 4,004 | 0 | 4,004 | 21,239 | 0 | 21,239 |
| Sentencing Guidelines Commission | 1,731 | 0 | 1,731 | 1,731 | 0 | 1,731 |
| Department of Employment Security | 120 | 0 | 120 | 534,212 | 129 | 534,341 |
| Total Other Human Services | 2,224,706 | 1,051 | 2,225,757 | 4,291,704 | -6,933 | 4,284,771 |

Washington State Omnibus Operating Budget

2007 Supplemental Budget

DEPARTMENT OF SOCIAL & HEALTH SERVICES

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|----------------------------------|-------------------------|----------------|-------------------|-------------------|-----------------|-------------------|
| | 2005-07 | 2007 Supp | Rev 2005-07 | 2005-07 | 2007 Supp | Rev 2005-07 |
| Children and Family Services | 557,832 | -3,030 | 554,802 | 993,406 | -2,709 | 990,697 |
| Juvenile Rehabilitation | 198,480 | 1,688 | 200,168 | 210,762 | 3,449 | 214,211 |
| Mental Health | 896,500 | -14,052 | 882,448 | 1,426,764 | -8,606 | 1,418,158 |
| Developmental Disabilities | 770,517 | 4,839 | 775,356 | 1,459,232 | 22,995 | 1,482,227 |
| Long-Term Care | 1,279,152 | -2,586 | 1,276,566 | 2,610,163 | -3,665 | 2,606,498 |
| Economic Services Administration | 1,046,987 | 6,124 | 1,053,111 | 2,319,934 | -13,383 | 2,306,551 |
| Alcohol & Substance Abuse | 173,443 | -8,372 | 165,071 | 328,677 | 11,604 | 340,281 |
| Medical Assistance Payments | 3,690,399 | -29,288 | 3,661,111 | 7,709,386 | -129,163 | 7,580,223 |
| Vocational Rehabilitation | 21,739 | -66 | 21,673 | 113,003 | -67 | 112,936 |
| Administration/Support Svcs | 76,080 | 4,365 | 80,445 | 139,281 | 3,803 | 143,084 |
| Payments to Other Agencies | 98,032 | 1,693 | 99,725 | 145,280 | 4,383 | 149,663 |
| Total DSHS | 8,809,161 | -38,685 | 8,770,476 | 17,455,888 | -111,359 | 17,344,529 |
| Total Human Services | 11,033,867 | -37,634 | 10,996,233 | 21,747,592 | -118,292 | 21,629,300 |

Washington State Omnibus Operating Budget**2007 Supplemental Budget****NATURAL RESOURCES**

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-------------------------------------|--------------------------------|------------------|--------------------|------------------------|------------------|--------------------|
| | 2005-07 | 2007 Supp | Rev 2005-07 | 2005-07 | 2007 Supp | Rev 2005-07 |
| Columbia River Gorge Commission | 952 | 0 | 952 | 1,814 | 0 | 1,814 |
| Department of Ecology | 113,146 | 1,705 | 114,851 | 402,801 | 1,860 | 404,661 |
| WA Pollution Liab Insurance Program | 0 | 0 | 0 | 2,007 | 0 | 2,007 |
| State Parks and Recreation Comm | 74,259 | 652 | 74,911 | 122,712 | -2,445 | 120,267 |
| Interagency Comm for Outdoor Rec | 3,119 | 0 | 3,119 | 25,114 | 0 | 25,114 |
| Environmental Hearings Office | 2,128 | 0 | 2,128 | 2,128 | 0 | 2,128 |
| State Conservation Commission | 8,672 | 489 | 9,161 | 8,922 | 489 | 9,411 |
| Dept of Fish and Wildlife | 94,384 | 1,426 | 95,810 | 317,735 | 4,386 | 322,121 |
| Department of Natural Resources | 97,244 | 35,231 | 132,475 | 349,040 | 47,453 | 396,493 |
| Department of Agriculture | 26,261 | 500 | 26,761 | 107,986 | 500 | 108,486 |
| Total Natural Resources | 420,165 | 40,003 | 460,168 | 1,340,259 | 52,243 | 1,392,502 |

Washington State Omnibus Operating Budget

2007 Supplemental Budget

TRANSPORTATION

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-----------------------------|-------------------------|------------------|--------------------|-----------------|------------------|--------------------|
| | <u>2005-07</u> | <u>2007 Supp</u> | <u>Rev 2005-07</u> | <u>2005-07</u> | <u>2007 Supp</u> | <u>Rev 2005-07</u> |
| Washington State Patrol | 74,157 | 3,517 | 77,674 | 106,137 | 4,031 | 110,168 |
| Department of Licensing | <u>3,269</u> | <u>0</u> | <u>3,269</u> | <u>42,194</u> | <u>0</u> | <u>42,194</u> |
| Total Transportation | 77,426 | 3,517 | 80,943 | 148,331 | 4,031 | 152,362 |

Washington State Omnibus Operating Budget**2007 Supplemental Budget****PUBLIC SCHOOLS**

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|------------------------------------|-------------------------|----------------|-------------------|-------------------|--------------|-------------------|
| | 2005-07 | 2007 Supp | Rev 2005-07 | 2005-07 | 2007 Supp | Rev 2005-07 |
| OSPI & Statewide Programs | 61,828 | 390 | 62,218 | 145,443 | 9,636 | 155,079 |
| General Apportionment | 8,503,797 | -28,963 | 8,474,834 | 8,503,797 | -28,963 | 8,474,834 |
| Pupil Transportation | 500,903 | -776 | 500,127 | 500,903 | -776 | 500,127 |
| School Food Services | 6,306 | 0 | 6,306 | 418,226 | 42,615 | 460,841 |
| Special Education | 946,237 | -7,796 | 938,441 | 1,381,901 | -7,051 | 1,374,850 |
| Educational Service Districts | 7,430 | 0 | 7,430 | 7,430 | 0 | 7,430 |
| Levy Equalization | 364,110 | -2,865 | 361,245 | 364,110 | -2,865 | 361,245 |
| Elementary/Secondary School Improv | 0 | 0 | 0 | 22,084 | 0 | 22,084 |
| Institutional Education | 36,432 | -686 | 35,746 | 36,432 | -686 | 35,746 |
| Ed of Highly Capable Students | 13,918 | -56 | 13,862 | 13,918 | -56 | 13,862 |
| Student Achievement Program | 630,537 | -224 | 630,313 | 630,537 | -224 | 630,313 |
| Education Reform | 96,679 | 239 | 96,918 | 245,438 | 239 | 245,677 |
| Transitional Bilingual Instruction | 120,317 | -3,427 | 116,890 | 172,058 | -3,427 | 168,631 |
| Learning Assistance Program (LAP) | 154,802 | -273 | 154,529 | 503,153 | -273 | 502,880 |
| Promoting Academic Success | 27,910 | -4,812 | 23,098 | 27,910 | -4,812 | 23,098 |
| Compensation Adjustments | 317,925 | -2,343 | 315,582 | 318,968 | -2,352 | 316,616 |
| Common School Construction | 0 | 0 | 0 | 148,503 | 0 | 148,503 |
| Total Public Schools | 11,789,131 | -51,592 | 11,737,539 | 13,440,811 | 1,005 | 13,441,816 |

Washington State Omnibus Operating Budget
2007 Supplemental Budget
EDUCATION

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|---|-------------------------|----------------|-------------------|-------------------|--------------|-------------------|
| | 2005-07 | 2007 Supp | Rev 2005-07 | 2005-07 | 2007 Supp | Rev 2005-07 |
| Higher Education Coordinating Board | 394,447 | 0 | 394,447 | 424,643 | 0 | 424,643 |
| University of Washington | 701,570 | 25 | 701,595 | 3,786,974 | 25 | 3,786,999 |
| Washington State University | 431,461 | 25 | 431,486 | 995,536 | 25 | 995,561 |
| Eastern Washington University | 100,071 | 0 | 100,071 | 182,116 | 0 | 182,116 |
| Central Washington University | 98,911 | 219 | 99,130 | 214,419 | 219 | 214,638 |
| The Evergreen State College | 54,752 | 0 | 54,752 | 102,961 | 0 | 102,961 |
| Spokane Intercollegiate & Tech Inst | 3,005 | 0 | 3,005 | 4,400 | 0 | 4,400 |
| Western Washington University | 124,064 | 0 | 124,064 | 293,587 | 0 | 293,587 |
| Community/Technical College System | 1,193,695 | 0 | 1,193,695 | 2,157,991 | 0 | 2,157,991 |
| Total Higher Education | 3,101,976 | 269 | 3,102,245 | 8,162,627 | 269 | 8,162,896 |
| State School for the Blind | 10,472 | 69 | 10,541 | 11,807 | 69 | 11,876 |
| State School for the Deaf | 17,198 | 0 | 17,198 | 17,430 | 0 | 17,430 |
| Work Force Training & Education Coord Board | 2,593 | 0 | 2,593 | 56,987 | 0 | 56,987 |
| Department of Early Learning | 32,604 | 295 | 32,899 | 32,784 | 295 | 33,079 |
| Washington State Arts Commission | 4,684 | 0 | 4,684 | 6,185 | 0 | 6,185 |
| Washington State Historical Society | 6,674 | 0 | 6,674 | 8,571 | 0 | 8,571 |
| East Washington State Historical Society | 3,272 | 0 | 3,272 | 6,082 | 0 | 6,082 |
| Total Other Education | 77,497 | 364 | 77,861 | 139,846 | 364 | 140,210 |
| Total Education | 14,968,604 | -50,959 | 14,917,645 | 21,743,284 | 1,638 | 21,744,922 |

Washington State Omnibus Operating Budget**2007 Supplemental Budget****SPECIAL APPROPRIATIONS**

(Dollars in Thousands)

| | Near General Fund-State | | | Total All Funds | | |
|-------------------------------------|-------------------------|----------------|------------------|------------------|----------------|------------------|
| | 2005-07 | 2007 Supp | Rev 2005-07 | 2005-07 | 2007 Supp | Rev 2005-07 |
| Bond Retirement and Interest | 1,377,608 | -4,090 | 1,373,518 | 1,560,203 | -3,365 | 1,556,838 |
| Special Approps to the Governor | 101,640 | 499,309 | 600,949 | 120,329 | 500,240 | 620,569 |
| Sundry Claims | 55 | 137 | 192 | 157 | 114 | 271 |
| State Employee Compensation Adjust | 5,500 | -4,400 | 1,100 | 1,800 | -573 | 1,227 |
| Contributions to Retirement Systems | 87,840 | 0 | 87,840 | 87,840 | 0 | 87,840 |
| Total Budget Bill | 1,572,643 | 490,956 | 2,063,599 | 1,770,329 | 496,416 | 2,266,745 |
| Other Legislation | 841,971 | 0 | 841,971 | 849,761 | 0 | 849,761 |
| Total Special Appropriations | 2,414,614 | 490,956 | 2,905,570 | 2,620,090 | 496,416 | 3,116,506 |

2007-09 Transportation Budget

(Includes 2007 Supplemental Budget)

Safety: The promises of the 2003 Nickel and 2005 Transportation Partnership Act (TPA) packages

Safety remains the prime driver of transportation spending. The 2007-09 transportation budget continues that commitment by staying on course with the high-priority projects approved in the 2003 Nickel and 2005 TPA revenue packages.

Major features of the budget include:

- Keeping projects on schedule despite \$2 billion in increased costs since 2006;
- Restoring many delayed projects to the original schedules; and
- Increasing funding for the State Route (SR) 520 Bridge.

The budget addresses increased project costs by authorizing additional bonds that take advantage of remaining capacity in the capital construction accounts. The budget also establishes a stable and permanent source of funding for the Washington State Patrol (WSP) by increasing certain fees; this ensures that other revenues, previously assumed to be available to deliver projects, can be used for the intended purposes.

Mega Projects

Safety is an overriding concern. The Alaskan Way Viaduct is unlikely to withstand another earthquake, and the SR 520 Bridge is at risk of breaking up and sinking in a severe storm. The state will start tearing down the Alaskan Way Viaduct and begin building the pontoon components for the new SR 520 Bridge as soon as the appropriate construction site is confirmed.

Alaskan Way Viaduct

Due to the safety risk related to the Alaskan Way Viaduct, and to avoid inflationary cost increases, the Governor and the Legislature agreed to direct the Washington State Department of Transportation (WSDOT) to begin construction work on early safety and mobility improvements at the north and south ends of the project. Later in 2007, WSDOT will begin construction work to stabilize some of the viaduct column footings. In 2008, construction will begin on life safety upgrades to the Battery Street tunnel, earthquake strengthening at the north end of the project, and utility line relocations. In 2009, sections of the Viaduct will start being removed. All of these elements, totaling \$915 million over the next three biennia, would be necessary as part of any option selected for the central waterfront area.

SR 520 Bridge

To reserve adequate funding for the SR 520 Bridge, the budget provides funds consisting of:

- \$560 million in state funds;
- \$110 million in federal bridge funds;
- \$200 million in federal transit funds expected to be allocated by the Puget Sound Regional Council; and
- access to a \$1 billion pool of funds earmarked exclusively for either the Alaskan Way Viaduct or SR 520 Bridge. Since the Viaduct's total state funding is limited, the additional funds available from this pool to SR 520 range from \$600 million to \$1 billion.

It is expected that revenues from the Regional Transportation Investment District (RTID), tolling, and other funding mechanisms will be used to fund the remainder of the project's cost. In the upcoming year, work will proceed on the designation of the final configuration of the corridor and the mitigation needs of the impacted communities. Work will begin on pontoon construction concurrently with the final design and mitigation efforts.

Other Mega Projects

To begin work on other mega projects around the state, the budget provides funding for a summit on regional transportation needs in the Spokane area that will include preliminary discussions of developing a regional funding mechanism for the North-South Corridor. For the Columbia River Crossing project between Vancouver and Portland, the Joint Transportation Committee (JTC) will continue discussions with the Oregon Legislature throughout the 2007-09 biennium.

Finding Funding for Increased Costs

This budget accommodates significant inflationary cost increases on nearly every project across the state. Except for a limited number of project scope changes, all projects committed to in the 2003 and 2005 packages remain funded and with the same scope as planned in last year's budget.

The following table provides a sample of projects around the state with major cost increases that are accommodated in the 2007-09 transportation budget:

| Project/Corridor | (Dollars in Millions) | | |
|--|------------------------------|--------------------------|-------------------|
| | 2006 Budgeted | 2007 Budgeted | Difference |
| I-405 Corridor | 1,464 | 1,493 | 28 |
| I-5/Grand Mound to Maytown - Widening | 76 | 130 | 54 |
| I-90 Snoqualmie Pass | 388 | 525 | 137 |
| SR 522/Snohomish River Bridge to US 2 | 111 | 169 | 58 |
| I-205/Mill Plain Interchange to NE 28th Street | 58 | 97 | 39 |
| I-5/Mellen Street to Grand Mound | 160 | 197 | 37 |
| SR 161/24th to Jovita | 26 | 63 | 36 |
| SR 502/Widening from I-5 to Battle Ground | 58 | 88 | 30 |
| SR 500/St Johns Blvd - Interchange | 30 | 48 | 18 |
| SR 14/Camas/Washougal Widening & Interchange | 40 | 57 | 17 |
| SR 539/Tenmile Road to SR 546 - Widening | 86 | 102 | 16 |
| US 12 McDonald Road to Walla Walla - Add Lanes | 50 | 66 | 16 |
| SR 9 Corridor | 133 | 144 | 11 |
| SR 16/I-5 HOV Corridor | 930 | 1,405 | 475 |
| US 395/North Spokane Corridor | 374 | 473 | 99 |
| | 3,984 | 5,057 | 1,071 |

Local Government Partnership

Some local government construction programs have also experienced recent cost increases. Therefore, an additional \$15 million of bond authority is provided to the Transportation Improvement Board to help cover construction cost inflation. The Board can accommodate additional borrowing capacity as bonds they issued in the 1980s are paid off.

Putting Projects Back on Schedule

Under the financial constraints with which the Governor had to operate, several major projects would have been delayed. Under the final, enacted 2007-09 transportation budget:

- The interchange project at Interstate (I-) 405 and 132nd Street is completed eight years sooner.
- Rail improvements from Kelso to Martin's Bluff are made eight years sooner.
- The I-5 interchange at Grand Mound will be replaced ten years sooner.
- SR 502/I-5 to Battle Ground in Vancouver is widened four years sooner.
- Safety improvements at SR 532 at 64th Avenue are completed two years sooner.
- The SR 162/Puyallup River Bridge is replaced two years sooner.
- US 101/Shore Road to Kitchen Road is widened two years sooner.
- Smaller bridge projects in Cowlitz, Pacific, Snohomish, and Yakima counties are completed sooner.

Relief of Freight Congestion

Since freight-related businesses benefit from statewide and regional gas tax projects, the budget funds a study, authorized by Chapter 514, Laws of 2007 (SSB 5207), to identify alternative funding solutions to support freight projects.

The anticipated funds resulting from that study build on the ongoing goal of relieving freight congestion along roads to our ports and across our state by providing:

- \$25 million for modifications to the rail tunnel through Stampede Pass to accommodate double-stacked rail cars.
- \$94 million for SR 509, the north-south corridor linking port traffic to I-5.
- \$188 million for SR 167 for the RTID plan to extend SR 167 to the Port of Tacoma.
- \$5 million for other freight rail projects.

Existing funds provide nearly \$40 million for freight rail projects in Bellingham, Chehalis, Creston, Dayton, Ephrata, Hoquiam, Longview, Moses Lake, Spokane, Tacoma, Toppenish, Vancouver, Wheeler, and other cities. The amount of \$11 million is dedicated to the Palouse River and Coulee City rail line. Funds are also provided to continue the purchase of a fleet of refrigerated rail cars for the Washington Produce Rail Car program.

The amount of \$2.5 million is provided for a freight rail investment bank to make loans for rail capital improvements such as spurs and sidings to serve industrial parks.

The budget includes \$76 million for 40 freight mobility projects to build grade separations to reduce rail-road conflicts, move truck traffic off main streets, build grade-separated routes, and other projects that improve freight movement and separate cars from trains.

Other Rail Funding

The budget provides \$223 million to help move people and goods, easing conflicts between rail and roadways. These improvements benefit passenger and freight rail, ports, and shippers. None of this money is used for Sound Transit, which is funded through voter-approved taxes in King, Pierce, and Snohomish counties. The budget also funds a fifth daily round trip on Amtrak Cascades between Seattle and Portland, Oregon.

Increasing Capacity on Roads through Operational Improvements

- **Low-Cost Safety Improvements**
The transportation budget includes \$2 million in funding to place rumble strips on a number of highways to reduce crossover collisions, including US 2, US 12, SR 395, SR 14, SR 503, and US 97. Centerline

rumble strips are placed on the centerline of undivided highways to warn drivers they are leaving their intended lane of travel. The largest investment in this category (\$731,000) is for a section of SR 2 from Monroe to Deception Creek.

- **Intelligent Transportation**

The amount of \$22 million is provided to improve commercial vehicle operations, traveler information and safety, and congestion through the application of advanced technology.

- **Commercial Vehicle Information Systems and Networks (CVISN)**

The amount of \$3 million in federal and state funds is provided for the second phase of CVISN at 11 weigh stations along I-5, I-90, and I-82. This program allows expedited roadside motor carrier safety screening and enforcement by delivering real-time information on motor carrier safety, size, weight, and credentials.

- **Low-Cost Enhancements**

The amount of \$6.8 million is provided for low-cost traffic operations enhancements that provide immediate highway safety and efficiency improvements. The projects cost less than \$100,000 and include traffic control signals and signage, lane striping, minor widening of ramps, spot guardrail improvements, access control, and pedestrian connections.

- **Clearing Accidents More Quickly**

WSDOT will conduct a pilot program offering incentive payments of \$2,500 to tow truck operators who meet quick clearance goals for crashes involving heavy trucks. There are more than 3,900 annual collisions involving heavy trucks statewide creating congestion that affects thousands of motorists.

Public Transportation

The budget continues the commitments made in the Nickel and TPA investments in public transportation and adds additional dollars to commute trip reduction (CTR) efforts.

- **Paratransit and Special Needs Grants**

In accordance with the Nickel and TPA packages, the budget includes \$25 million for competitive and formula grants for transportation for people with special needs. Funds go to transit agencies and nonprofit transportation providers of services for the elderly and people with disabilities.

- **Regional Mobility Grants**

The Office of Transit Mobility, created by the Legislature as part of the TPA package, connects transit services and multimodal transportation planning through projects that improve the efficiency of transportation corridors. The budget provides \$40 million for regional mobility projects, including park and ride lots, bus rapid transit, and transit centers.

- **Commute Trip Reduction**

The amount of \$2.4 million is provided for Growth and Transportation Efficiency Centers (GTECs) as described in the 2006 CTR Efficiency Act. This approach focuses transportation demand management efforts where they are most needed. Funds provided as a state match to local funds will establish up to eight GTECs.

The budget adds an additional \$2.6 million for vanpool grants for the successful Vanpool program in addition to the Governor's requested \$6 million, bringing the total to \$8.6 million.

An additional \$1 million is provided for the trip reduction performance program, which encourages innovative services, including teleworking to eliminate vehicle trips to and from work.

The budget provides \$200,000 for a CTR study of mobility education and how to reduce the number of parents who drive their kids to school or kids who drive themselves to school.

- **Rural Mobility Grants**

In accord with the TPA package, \$15 million is provided for public transportation in and between rural communities. This flexible grant program helps rural communities serve people who rely on public transportation.

- **Pedestrian and Bicycle Projects**

The amount of \$18 million is provided to improve safety for pedestrians and bicyclists and fund projects to make sure children have safe routes to school.

Stable Funding for the Washington State Patrol (WSP)

The State Patrol Highway Account currently faces a \$35 million shortfall and competes for funding from other accounts that would otherwise fund construction projects. To bring solvency to the State Patrol Highway Account, this budget increases the fee for driving record abstracts from \$5 to \$10 and increases the fee for temporary permits on new vehicle sales and leases.

The budget also provides:

- \$2.8 million for increasing commercial vehicle safety initiatives. WSP will use data-driven analysis to prioritize motor carriers for inspection and compliance reviews and place motor carriers out of service until violations have been corrected.
- \$92,000 for classroom technology and other equipment at the Training Academy.
- \$81,000 to replace aging traffic collision investigation equipment.
- \$662,000 for electronic traffic information processing, which allows law enforcement officers to create and transmit citations and collision reports from the field.

Department of Licensing (DOL)

In response to the federal Western Hemisphere Travel Initiative, DOL receives \$8.9 million to implement an alternative, voluntary driver's license and identocard with enhanced security features for crossing the Canadian border. The funding relates to Chapter 7, Laws of 2007 (ESHB 1289), which, in part, allows DOL to charge an additional fee for the enhanced license, raising an estimated \$5.3 million.

DOL receives \$716,000 for DOL-subsidized motorcycle training classes to accommodate an additional 3,000 students per year. The funding relates to Chapter 97, Laws of 2007 (SB 5273), which redirects the \$5 endorsement fee to the Motorcycle Safety Education Account.

The budget provides \$2.9 million for DOL to conduct 60 percent of the skills testing for those applying for a commercial driver's license. Skills testing is currently provided through third-party testers. The funding relates to Chapter 418, Laws of 2007 (SHB 1267), which raises the skills testing fee from \$50 to \$100.

Ferries

Except for environmental planning and needed preservation, terminal spending is suspended while WSDOT gathers information and develops standards for the most efficient balance between capital and operating investments. For future terminal improvement design and construction funding requests, WSDOT will conduct cost benefit and life cycle cost analysis and provide that information to the Legislature for project scoping and funding decisions. All Governor-recommended projects for vessel procurement, vessel preservation, and system-wide enhancements are funded as requested.

Operating costs are continued for all routes except the Seattle/Vashon passenger-only ferry, which is funded through June 30, 2008, when funding responsibility for the run will be transferred to King County.

The budget provides \$22 million for ferry fuel cost increases and \$26 million to cover ongoing collective bargaining agreements.

Chapter 512, Laws of 2007 (ESHB 2358), directs the Commission to freeze ferry fares until September 1, 2009, or until the fare rules contain pricing policies that follow the guidelines set forth in the bill, whichever is later.

Other Initiatives

- **Tolling**
The budget provides funding for WSDOT's tolling operations office and the activation of two new tolled projects, the Tacoma Narrows Bridge and the SR 167 high occupancy toll (HOT) lane.
- **Interstate Fuel Tax Auditors**
The amount of \$406,000 is provided for increased revenue collections enforcement by DOL that are expected to generate up to \$4 million in new revenue per biennium.
- **Compensation and Benefits**
The amount of \$86 million is provided for compensation and benefits to both represented and nonrepresented state employees in all transportation agencies.
- **Biofuel Quality Assurance**
The amount of \$1.0 million is provided to the Department of Agriculture's Motor Fuel Quality Program to inspect biofuel at the producer, distributor, and retail levels.
- **Permit Integration**
The Office of Regulatory Assistance will implement a successful streamlined permit pilot project statewide. This project developed multi-agency permits that integrate local, state, and federal permits for transportation projects, following up work initiated under the Transportation Permit Efficiency and Accountability Committee.

Key Transportation Legislation

Regional Transportation

Chapter 517, Laws of 2007, Partial Veto (ESSB 6099): Hiring a mediator to help WSDOT develop a SR 520 expansion impact plan

- The Office of Financial Management (OFM) must hire a mediator and planning staff to develop a project impact plan that will address the impacts of the SR 520 Bridge replacement and High Occupancy Vehicle (HOV) Project.
- The SR 520 project design is described as having six total lanes, with four general-purpose lanes and two lanes for HOV travel that could also accommodate high capacity transit, including bus rapid transit.
- Requires that certain interested parties jointly develop a multimodal transportation plan that ensures coordination of bus services and light rail throughout the corridor.

Chapter 509, Laws of 2007 (SHB 1396): Providing a single ballot proposition for regional transportation investment districts (RTIDs) and regional transit authorities at the 2007 general election

- Requires Sound Transit and RTID to submit a single ballot proposition to regional voters at the 2007 general election that contains both agencies' respective transit and highway improvement plans.
- The single ballot proposition must pass in both taxing districts for the measure to take effect.

Ferries

Chapter 223, Laws of 2007 (E2SSB 5862): Passenger-Only Ferries (POFs)

- Fuel purchased by a public transportation benefit area or a county ferry for POF services is exempt from the sales and use tax.
- Washington State Ferries (WSF) is directed to sell the Chinook and Snohomish POFs, which provides the revenues that are appropriated in the budget bill for the POF grant program.
- The date by which those proposing to take over the Seattle/Vashon POF route must begin operations is extended to July 1, 2008.
- In the budget bill, state funded Seattle/Vashon POF services are funded through June 30, 2008. The uses to which a ferry district can put property tax revenues is expanded and county ferry districts are granted the ability to incur indebtedness and issue bonds to finance the construction, purchase, and preservation of POF vessels and associated terminals.

Chapter 512, Laws of 2007 (ESHB 2358): Ferry Study Recommendations Implementation

- The Transportation Commission is directed to conduct a survey of ferry users to help make ferry fare decisions.
- The Commission may not increase ferry fares until September 1, 2009, or until the fare rules contain pricing policies that follow the guidelines set forth in the bill, whichever is later.
- WSF is given guidelines for developing fare policies, operational strategies, terminal design standards, and long-range capital plans and is directed to use these plans and strategies in determining the most efficient balance of operating and capital investments.
- A process is put into place for capital funding requests whereby the requests must adhere to the above standards and strategies and must be accompanied by a predesign study with various elements that will be used by the Legislature for project scoping and funding decisions.

Chapter 481, Laws of 2007 (SHB 2378): Expediting New Vessel Construction for WSF

- Authorizes the current qualified proposers to meet, confer, and submit a single joint proposal for the construction of ferry vessels.
- Modifies the provisions related to ferry vessel procurement through the design-build process to allow for the negotiation of a contract if there is only a single qualified proposer or a single proposal.

Coordinated Transportation

Chapter 421, Laws of 2007 (SHB 1694): Reauthorizes the Agency Council for Coordinated Transportation (ACCT)

- The makeup of ACCT is modified and its duties are streamlined. ACCT is directed to establish guidelines for a complaint process applicable to transportation providers and to participate in statewide emergency planning for persons with special transportation needs.
- JTC is directed to study ways to improve coordination at the regional level.

Teen Driver Safety

Chapter 28, Laws of 2007 (SB 5036): Repealing the application of the sunset act to the Intermediate Driver's License (IDL) Program

- In 2000, the Legislature created the IDL, which places certain restrictions on young drivers.
- Repeals application of the sunset act, making the IDL permanent.

Traffic Safety**Chapter 416, Laws of 2007 (EHB 1214): Regarding the use of electronic wireless communications devices for text messaging while operating a moving motor vehicle**

- Makes operating a vehicle while sending, reading, or writing a text message a secondary traffic infraction.
- The traffic infraction created in the bill does not apply to: (1) drivers of emergency vehicles; (2) a person reporting illegal activity or summoning emergency help; or (3) the relay of information between a transit or for-hire operator and that operator's dispatcher.
- Infractions from the use of a wireless communications device while driving do not become part of the driver's driving record and are not reported to insurance companies or employers.

Chapter 417, Laws of 2007 (ESSB 5037): Restricting the use of a wireless communications device while operating a moving motor vehicle

- Makes operating a vehicle while holding a wireless communications device to one's ear a secondary traffic infraction.
- The traffic infraction created in the bill does not apply to: (1) drivers of tow trucks responding to disabled vehicles or drivers of emergency vehicles; (2) a person using the wireless device in hands-free mode; (3) a person reporting illegal activity or summoning emergency help; or (4) a person using a hearing aid.
- Infractions from the use of a wireless communications device while driving do not become part of the driver's driving record and are not reported to insurance companies or employers.

Commercial Vehicles**Chapter 419, Laws of 2007 (SHB 1304): Modifying commercial motor vehicle carrier provisions**

- Authorizes WSP to use data-driven analysis to prioritize motor carriers for inspection and compliance reviews.
- Requires certain intrastate motor carriers to have United States Department of Transportation numbers.
- Authorizes the WSP to place motor carriers out of service until violations have been corrected.
- Increases penalties for commercial vehicle compliance and safety violations.

Chapter 418, Laws of 2007 (SHB 1267): Modifying commercial driver's license (CDL) requirements

- Adds a requirement that those applying for a CDL endorsement have successfully completed a course of instruction in the operation of a commercial motor vehicle or be certified by an employer as having the necessary skills and training.
- Currently, nearly 100 percent of skills exams are performed by third-party testers. The maximum skills exam fee is raised from \$50 to \$100. This will raise part of the \$2.9 million in DOL's budget for DOL to perform 60 percent of the skills exams.

Washington State Patrol**Chapter 300, Laws of 2007 (ESHB 1260): Establishing contribution rates in the WSP retirement system**

- The member contribution rate for Washington State Patrol Retirement System (WSPRS) is reduced to the lesser of: one-half of the adjusted total contribution rate; or 7 percent, plus 50 percent of the contribution rate increase caused by any benefit improvement effective on or after July 1, 2007.

Chapter 488, Laws of 2007, Partial Veto (SHB 1417): Providing reimbursement for certain WSP survivor benefits

- Eligibility to enroll in Public Employees Benefits Board health benefit plans is expanded to include surviving spouses and dependent children of members of the WSPRS killed in the line of duty.
- Reimbursement for survivor and dependent health benefit premium payments is added to the death benefits provided to survivors of members of the WSPRS killed in the line of duty.

Chapter 87, Laws of 2007, Partial Veto (SB 5313): Establishing the retirement age for members of the WSPRS

- Changes the mandatory retirement age for members of WSPRS, other than a member serving as Chief of the WSP, from 60 to 65.

Chapter 424, Laws of 2007 (SSB 5937): Providing for additional patrols along high-accident corridors

- The fee for an abstract of driving record is increased from \$5 to \$10. The \$5 increase will be deposited into the State Patrol Highway Account and may be used for enhanced State Patrol resources to address locations that have been identified as having higher-than-average collision rates.

Chapter 155, Laws of 2007 (SB 6129): Providing additional funding for the State Patrol Highway Account

- The fee for a temporary permit is raised to \$15 and the documentary service fee is raised to \$50 per vehicle sale or lease.
- Revenue derived from the fee increase on temporary permits is deposited in the State Patrol Highway Account.

Border Security and Identity Cards/Drivers' Licenses

Chapter 7, Laws of 2007 (ESHB 1289): Authorizing the issuance of enhanced drivers' licenses and identicards to facilitate crossing the Canadian border

- Authorizes the Department of Licensing (DOL) to develop, in consultation with federal and Canadian authorities, a voluntary, enhanced driver's license and identicard to facilitate crossing the border between Washington State and British Columbia.
- Directs DOL to implement a statewide public information campaign to educate Washington citizens about border crossing requirements and the availability of the enhanced driver's license and identicard.

Chapter 85, Laws of 2007 (SSB 5087): Addressing Washington State compliance with the federal REAL ID Act of 2005

No state agency may expend funds to implement the REAL ID Act of 2005 in Washington State unless:

- (1) all reasonable privacy and data security protections are included;
- (2) the implementation does not place unreasonable costs or recordkeeping burdens on driver's license or identicard applicants; and
- (3) sufficient federal funds are received by Washington State to implement the REAL ID Act of 2005 requirements.

Other Legislation

Chapter 519, Laws of 2007 (SHB 2394): Requesting the issuance and sale of general obligation bonds for highway improvements

- Authorization is provided for the sale of \$1.1 billion of general obligation bonds for transportation and safety and improvement projects.
- The bonds are backed by the motor and special fuels tax and the full faith and credit of the State.

Chapter 513, Laws of 2007 (SSB 5085): Providing that transportation accounts receive 100 percent of their proportionate share of earnings

- Transportation accounts that currently retain only 80 percent of the interest income they generate will instead retain 100 percent of the interest income they generate and will be subject to the State Treasurer's service 487fee.

Chapter 92, Laws of 2007 (SSB 5242): Establishing an internship program for wounded combat veterans

- Establishes an internship program at WSDOT for wounded combat veterans.
- WSDOT may offer full or part time temporary positions in areas such as mapping, planning, procurement, and quality control.

Chapter 514, Laws of 2007 (SSB 5207): Concerning a study to evaluate the imposition of a fee on the processing of shipping containers, port-related user fees, and other funding mechanisms to improve freight corridors, creating the Freight Congestion Relief Account

- JTC is directed to study funding mechanisms as a means to fund freight infrastructure improvements. The study due to the legislative transportation committees prior to the start of the 2008 legislative session.
- Creates the Freight Congestion Relief Account in the State Treasury.

Chapter 87, Laws of 2007, Partial Veto (SB 5313): Establishing the retirement age for members of the WSPRS

- Changes the mandatory retirement age for members of WSPRS, other than a member serving as Chief of the WSP, from 60 to 65.

Chapter 424, Laws of 2007 (SSB 5937): Providing for additional patrols along high-accident corridors

- The fee for an abstract of driving record is increased from \$5 to \$10. The \$5 increase will be deposited into the State Patrol Highway Account and may be used for enhanced State Patrol resources to address locations that have been identified as having higher-than-average collision rates.

Chapter 155, Laws of 2007 (SB 6129): Providing additional funding for the State Patrol Highway Account

- The fee for a temporary permit is raised to \$15 and the documentary service fee is raised to \$50 per vehicle sale or lease.
- Revenue derived from the fee increase on temporary permits is deposited in the State Patrol Highway Account.

Border Security and Identity Cards/Drivers' Licenses

Chapter 7, Laws of 2007 (ESHB 1289): Authorizing the issuance of enhanced drivers' licenses and identicards to facilitate crossing the Canadian border

- Authorizes the Department of Licensing (DOL) to develop, in consultation with federal and Canadian authorities, a voluntary, enhanced driver's license and identicard to facilitate crossing the border between Washington State and British Columbia.
- Directs DOL to implement a statewide public information campaign to educate Washington citizens about border crossing requirements and the availability of the enhanced driver's license and identicard.

Chapter 85, Laws of 2007 (SSB 5087): Addressing Washington State compliance with the federal REAL ID Act of 2005

No state agency may expend funds to implement the REAL ID Act of 2005 in Washington State unless:

- (1) all reasonable privacy and data security protections are included;
- (2) the implementation does not place unreasonable costs or recordkeeping burdens on driver's license or identicard applicants; and
- (3) sufficient federal funds are received by Washington State to implement the REAL ID Act of 2005 requirements.

Other Legislation

Chapter 519, Laws of 2007 (SHB 2394): Requesting the issuance and sale of general obligation bonds for highway improvements

- Authorization is provided for the sale of \$1.1 billion of general obligation bonds for transportation and safety and improvement projects.
- The bonds are backed by the motor and special fuels tax and the full faith and credit of the State.

Chapter 513, Laws of 2007 (SSB 5085): Providing that transportation accounts receive 100 percent of their proportionate share of earnings

- Transportation accounts that currently retain only 80 percent of the interest income they generate will instead retain 100 percent of the interest income they generate and will be subject to the State Treasurer's service fee.

Chapter 92, Laws of 2007 (SSB 5242): Establishing an internship program for wounded combat veterans

- Establishes an internship program at WSDOT for wounded combat veterans.
- WSDOT may offer full or part time temporary positions in areas such as mapping, planning, procurement, and quality control.

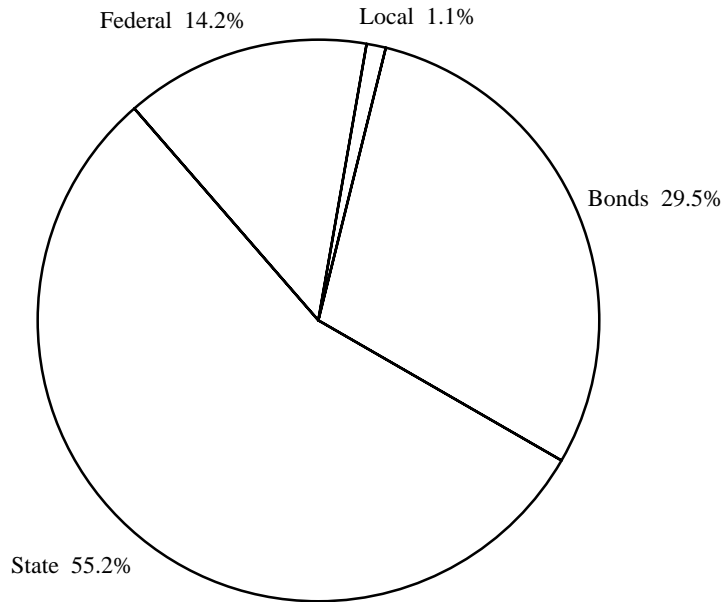
Chapter 514, Laws of 2007 (SSB 5207): Concerning a study to evaluate the imposition of a fee on the processing of shipping containers, port-related user fees, and other funding mechanisms to improve freight corridors, creating the Freight Congestion Relief Account

- JTC is directed to study funding mechanisms as a means to fund freight infrastructure improvements. The study due to the legislative transportation committees prior to the start of the 2008 legislative session.
- Creates the Freight Congestion Relief Account in the State Treasury.

2007-09 Transportation Budget
Chapter 518, Laws of 2007, Partial Veto (ESHB 1094)
Total Appropriated Funds

(Dollars in Thousands)

COMPONENTS BY FUND TYPE
Total Operating and Capital Budget

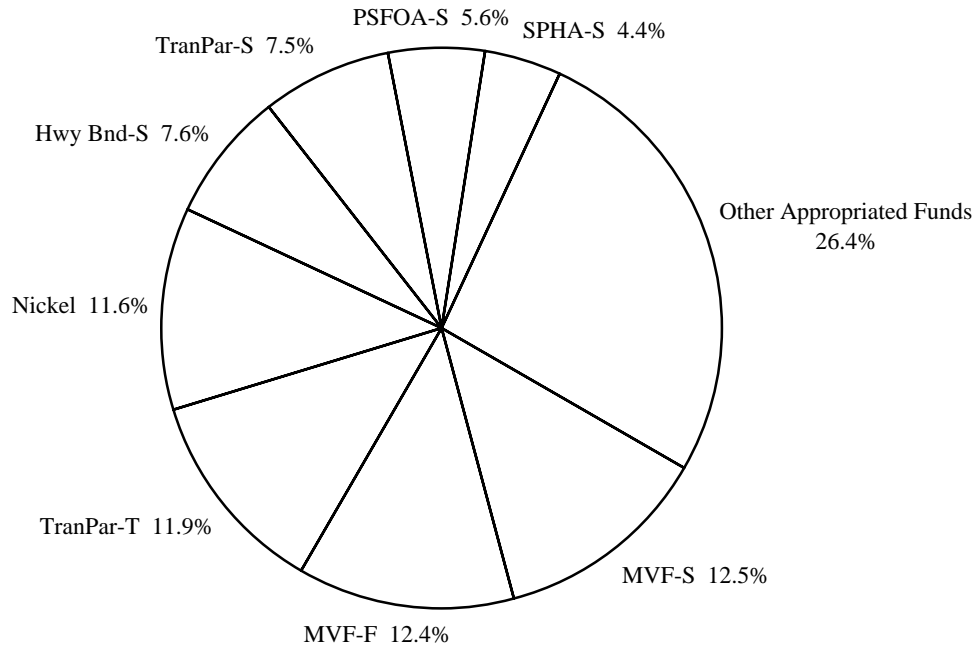


| Fund Type | |
|------------------|------------------|
| State | 4,160,686 |
| Federal | 1,069,228 |
| Local | 82,515 |
| Bonds | 2,218,969 |
| Total | 7,531,398 |

2007-09 Transportation Budget
Chapter 518, Laws of 2007, Partial Veto (ESHB 1094)
Total Appropriated Funds

(Dollars in Thousands)

MAJOR COMPONENTS BY FUND SOURCE AND TYPE
Total Operating and Capital Budget



| <u>Major Fund Source</u> | |
|--|------------------|
| Motor Vehicle Account-State (MVF-S) | 943,174 |
| Motor Vehicle Account-Federal (MVF-F) | 933,275 |
| Transportation Partnership Account-Bonds (TranPar-T) | 900,000 |
| Transportation 2003 Acct (Nickel)-Bonds (Nickel-T) | 874,610 |
| Highway Bond Retirement Account-State (Hwy Bnd-S) | 570,030 |
| Transportation Partnership Account-State (TranPar-S) | 565,512 |
| Puget Sound Ferry Operations Acct-State (PSFOA-S) | 423,224 |
| State Patrol Highway Account-State (SPHA-S) | 333,981 |
| Other Appropriated Funds | <u>1,987,592</u> |
| Total | 7,531,398 |

2007-09 Washington State Transportation Budget

Fund Summary

TOTAL OPERATING AND CAPITAL BUDGET

(Dollars in Thousands)

| | MVF State * | P.S. Ferry Op Acct State | Nickel Acct State * | WSP Hwy Acct State | Transpo Partner State * | Multimod Acct State * | Other Approp | Total Approp |
|-------------------------------------|----------------|--------------------------------|---------------------------|--------------------------|-------------------------------|-----------------------------|------------------|------------------|
| Department of Transportation | 845,897 | 422,702 | 1,191,521 | 0 | 556,564 | 315,016 | 2,576,442 | 5,908,142 |
| Pgm B - Toll Op & Maint-Op | 5,600 | 0 | 0 | 0 | 0 | 0 | 30,814 | 36,414 |
| Pgm C - Information Technology | 67,613 | 9,192 | 4,000 | 0 | 4,556 | 363 | 1,096 | 86,820 |
| Pgm D - Hwy Mgmt & Facilities-Op | 34,569 | 0 | 0 | 0 | 0 | 0 | 0 | 34,569 |
| Pgm D - Plant Construction & Supv | 6,202 | 0 | 0 | 0 | 0 | 0 | 0 | 6,202 |
| Pgm F - Aviation | 0 | 0 | 0 | 0 | 0 | 631 | 9,039 | 9,670 |
| Pgm H - Pgm Delivery Mgmt & Suppt | 50,446 | 0 | 2,422 | 0 | 2,422 | 250 | 500 | 56,040 |
| Pgm I - Hwy Const/Improvements | 82,045 | 0 | 1,100,746 | 0 | 326,516 | 0 | 1,565,699 | 3,075,006 |
| Pgm K - Public/Private Part-Op | 1,151 | 0 | 0 | 0 | 0 | 300 | 0 | 1,451 |
| Pgm M - Highway Maintenance | 321,888 | 0 | 0 | 0 | 0 | 0 | 7,797 | 329,685 |
| Pgm P - Hwy Const/Preservation | 71,392 | 0 | 5,122 | 0 | 220,164 | 0 | 451,446 | 748,124 |
| Pgm Q - Traffic Operations | 52,040 | 0 | 0 | 0 | 0 | 0 | 2,177 | 54,217 |
| Pgm Q - Traffic Operations - Cap | 9,212 | 0 | 0 | 0 | 0 | 0 | 16,025 | 25,237 |
| Pgm S - Transportation Management | 28,215 | 1,321 | 0 | 0 | 0 | 1,223 | 30 | 30,789 |
| Pgm T - Transpo Plan, Data & Resch | 30,698 | 0 | 0 | 0 | 0 | 1,029 | 22,072 | 53,799 |
| Pgm U - Charges from Other Agys | 66,342 | 0 | 0 | 0 | 0 | 259 | 400 | 67,001 |
| Pgm V - Public Transportation | 0 | 0 | 0 | 0 | 0 | 85,202 | 42,873 | 128,075 |
| Pgm W - WA State Ferries-Cap | 0 | 0 | 76,525 | 0 | 0 | 4,100 | 205,284 | 285,909 |
| Pgm X - WA State Ferries-Op | 0 | 412,189 | 0 | 0 | 0 | 1,830 | 0 | 414,019 |
| Pgm Y - Rail - Op | 0 | 0 | 0 | 0 | 0 | 37,034 | 0 | 37,034 |
| Pgm Y - Rail - Cap | 0 | 0 | 0 | 0 | 0 | 149,637 | 73,344 | 222,981 |
| Pgm Z - Local Programs-Operating | 8,630 | 0 | 0 | 0 | 0 | 0 | 2,567 | 11,197 |
| Pgm Z - Local Programs-Capital | 9,854 | 0 | 2,706 | 0 | 2,906 | 33,158 | 145,279 | 193,903 |
| Washington State Patrol | 0 | 0 | 0 | 332,836 | 0 | 0 | 13,020 | 345,856 |
| Field Operations Bureau | 0 | 0 | 0 | 225,445 | 0 | 0 | 11,012 | 236,457 |
| Investigative Services Bureau | 0 | 0 | 0 | 1,300 | 0 | 0 | 0 | 1,300 |
| Technical Services Bureau | 0 | 0 | 0 | 103,157 | 0 | 0 | 2,008 | 105,165 |
| Capital | 0 | 0 | 0 | 2,934 | 0 | 0 | 0 | 2,934 |
| Department of Licensing | 79,230 | 0 | 0 | 1,145 | 0 | 0 | 151,995 | 232,370 |
| Joint Transportation Committee | 2,103 | 0 | 0 | 0 | 0 | 550 | 0 | 2,653 |
| LEAP Committee | 1,595 | 0 | 0 | 0 | 0 | 0 | 0 | 1,595 |
| Office of Financial Management | 3,054 | 100 | 0 | 0 | 0 | 0 | 0 | 3,154 |
| Board of Pilotage Commissioners | 0 | 0 | 0 | 0 | 0 | 0 | 1,156 | 1,156 |
| Utilities and Transportation Comm | 0 | 0 | 0 | 0 | 0 | 0 | 505 | 505 |
| WA Traffic Safety Commission | 0 | 0 | 0 | 0 | 0 | 0 | 21,789 | 21,789 |
| Archaeology & Historic Preservation | 223 | 0 | 0 | 0 | 0 | 0 | 0 | 223 |
| County Road Administration Board | 4,443 | 0 | 0 | 0 | 0 | 0 | 99,167 | 103,610 |
| Transportation Improvement Board | 0 | 0 | 0 | 0 | 0 | 0 | 228,331 | 228,331 |
| Marine Employees' Commission | 0 | 422 | 0 | 0 | 0 | 0 | 0 | 422 |
| Transportation Commission | 2,276 | 0 | 0 | 0 | 0 | 112 | 0 | 2,388 |
| Freight Mobility Strategic Invest | 695 | 0 | 0 | 0 | 0 | 0 | 0 | 695 |
| State Parks and Recreation Comm | 985 | 0 | 0 | 0 | 0 | 0 | 0 | 985 |
| Department of Agriculture | 1,358 | 0 | 0 | 0 | 0 | 0 | 0 | 1,358 |
| Total Appropriation | 941,859 | 423,224 | 1,191,521 | 333,981 | 556,564 | 315,678 | 3,092,405 | 6,855,232 |
| Bond Retirement and Interest | 1,315 | 0 | 8,747 | 0 | 8,948 | 1,162 | 655,994 | 676,166 |
| Total | 943,174 | 423,224 | 1,200,268 | 333,981 | 565,512 | 316,840 | 3,748,399 | 7,531,398 |

* Includes Bond amounts.
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2007 Supplemental Transportation Budget

TOTAL OPERATING AND CAPITAL BUDGET Total Appropriated Funds (Dollars in Thousands)

| | 2005-07 Approp Auth | 2007 Supplemental | Revised 2005-07 |
|-------------------------------------|------------------------|----------------------|--------------------|
| Department of Transportation | 4,629,791 | -34,136 | 4,595,655 |
| Pgm B - Toll Op & Maint-Op | 8,294 | -3,006 | 5,288 |
| Pgm C - Information Technology | 67,203 | 0 | 67,203 |
| Pgm D - Hwy Mgmt & Facilities-Op | 33,600 | 0 | 33,600 |
| Pgm D - Plant Construction & Supp | 2,328 | -417 | 1,911 |
| Pgm F - Aviation | 10,287 | -212 | 10,075 |
| Pgm H - Pgm Delivery Mgmt & Suppt | 53,578 | 0 | 53,578 |
| Pgm I - Hwy Const/Improvements | 2,391,696 | 0 | 2,391,696 |
| Pgm K - Transpo Economic Part-Op | 1,072 | 0 | 1,072 |
| Pgm M - Highway Maintenance | 305,461 | 3,700 | 309,161 |
| Pgm P - Hwy Const/Preservation | 575,821 | 0 | 575,821 |
| Pgm Q - Traffic Operations | 46,025 | 0 | 46,025 |
| Pgm Q - Traffic Operations - Cap | 32,731 | -11,211 | 21,520 |
| Pgm S - Transportation Management | 27,840 | 0 | 27,840 |
| Pgm T - Transpo Plan, Data & Resch | 48,316 | -999 | 47,317 |
| Pgm U - Charges from Other Agys | 47,274 | 500 | 47,774 |
| Pgm V - Public Transportation | 89,991 | -17,228 | 72,763 |
| Pgm W - WA State Ferries-Cap | 244,180 | 0 | 244,180 |
| Pgm X - WA State Ferries-Op | 375,914 | 16,995 | 392,909 |
| Pgm Y - Rail - Op | 36,876 | -1,500 | 35,376 |
| Pgm Y - Rail - Cap | 93,981 | -23,933 | 70,048 |
| Pgm Z - Local Programs-Operating | 11,508 | 125 | 11,633 |
| Pgm Z - Local Programs-Capital | 125,815 | 3,050 | 128,865 |
| Washington State Patrol | 309,302 | -491 | 308,811 |
| Field Operations Bureau | 211,776 | -2,079 | 209,697 |
| Investigative Services Bureau | 1,358 | -333 | 1,025 |
| Technical Services Bureau | 93,367 | 1,921 | 95,288 |
| Capital | 2,801 | 0 | 2,801 |
| Department of Licensing | 204,999 | 0 | 204,999 |
| Director's Office & Agy Svcs | 19,251 | 0 | 19,251 |
| Information Systems | 41,310 | 0 | 41,310 |
| Vehicle Services | 54,346 | 0 | 54,346 |
| Driver Services | 90,092 | 0 | 90,092 |
| Joint Transportation Committee | 1,679 | 0 | 1,679 |
| LEAP Committee | 50 | 0 | 50 |
| Office of Financial Management | 217 | 0 | 217 |
| Board of Pilotage Commissioners | 1,017 | 300 | 1,317 |
| Utilities and Transportation Comm | 501 | 0 | 501 |
| WA Traffic Safety Commission | 21,318 | 0 | 21,318 |
| Archaeology & Historic Preservation | 487 | 0 | 487 |
| County Road Administration Board | 101,538 | -27,702 | 73,836 |
| Transportation Improvement Board | 201,088 | -20,447 | 180,641 |
| Marine Employees' Commission | 394 | 0 | 394 |
| Transportation Commission | 5,206 | 0 | 5,206 |
| Freight Mobility Strategic Invest | 666 | 0 | 666 |
| State Parks and Recreation Comm | 2,376 | 0 | 2,376 |
| Department of Agriculture | 330 | 0 | 330 |
| Total Appropriation | 5,480,959 | -82,476 | 5,398,483 |
| Bond Retirement and Interest | 421,336 | -4,925 | 416,411 |
| Total | 5,902,295 | -87,401 | 5,814,894 |

2007-09 Capital Budget

The 2007-09 Capital Budget was enacted as Chapter 520, Laws of 2007, Partial Veto (ESHB 1092). The legislation authorizing the issuance of bonds to finance the bonded portion of the capital budget was enacted as Chapter 521, Laws of 2007 (SHB 1138).

Appropriations in the capital budget totaled \$4.3 billion, including \$2.2 billion from the issuance of new state obligation bonds and \$2.1 billion from a variety of other revenue sources. Additionally, \$2.4 billion was reappropriated for projects funded in prior biennia. The 2007 supplemental capital budget authorized \$3.2 million in net new appropriations.

Public School Construction

A total of \$880.4 million was appropriated for K-12 construction assistance grants with \$109.5 million in state bonds and \$770.8 from the Common School Construction Account (CSCA). The CSCA receives revenue from a variety of sources. For the 2007-09 biennium, the following revenue streams are expected to be deposited into the account to support the 2007-09 appropriation: \$147.2 million from state trust land revenues, 90 percent of which derives from timber and agricultural activities; \$138.2 million from the Education Construction Account; \$87.9 million from the Trust Land Transfer Program; \$43.4 million from Education Savings Account transfers from state agency under-expenditures; and \$14.3 million from interest earnings, federal funds, and other transfers.

A total of \$74.7 million was appropriated for projects at the state's vocational skills centers including:

- \$9.4 million for minor capital improvements at all of the state's vocational skills centers;
- \$24.4 million for design and construction of the Skagit Valley Vocational Skills Center;
- \$23.2 million for design and construction of the Sno-Isle Skills Center;
- \$16.4 million for design and construction of the Yakima Valley Technical Skills Center;
- \$1.1 million for design and construction of the Clark County Skills Center; and
- \$300,000 for completion of the New Market Vocational Skills Center project and to address water issues.

The enacted budget also included the following appropriations for K-12: \$6.2 million to complete the mapping of all public elementary and middle schools; \$4 million for small repair grants; \$1 million for the Chewelah Peak Environmental Learning Center; \$1 million for the IslandWood Environmental Learning Center; and \$900,000 for a K-12 public school facility inventory pilot project.

Higher Education

The budget includes \$1.1 billion in total funds (\$795.4 million state bonds) for higher education. Of that amount, \$4 million is appropriated to the Office of Financial Management (OFM) to assess options and make recommendations on the siting of a new University of Washington (UW) branch campus in the Snohomish/Island/Skagit Counties region. The amount of \$6.4 million is also provided to OFM and to the State Board for Community and Technical Colleges to assist public colleges and universities in managing unanticipated cost escalation for projects bid during the 2007-09 biennium.

Approximately \$236.8 million is provided specifically for preservation and minor works projects for higher education facilities.

Funding is provided for a variety of major projects at two-year institutions including:

- \$31.3 million for a Science and Technology Building at Bellevue Community College (CC);
- \$32.6 million for a Center for Arts, Technology, and Communication at Cascadia CC;
- \$28.7 million for a Science Building at Centralia CC;
- \$27.2 million for the East County Satellite at Clark College;

- \$40.6 million for the North Puget Sound University Center at Everett CC;
- \$37.9 million for a Humanities and Student Services Building at Olympic College;
- \$30.4 million for a Science and Technology Building at Pierce College Fort Steilacoom;
- \$25.3 million for a Communication Arts/Health Building at Pierce College Puyallup;
- \$28.1 million for a Science Building at Skagit Valley College; and
- \$25.9 million for a Science Complex at South Puget Sound CC.

Funding is provided for a variety of major projects at four-year institutions including:

- \$25 million for Computing and Communications Upgrades and Data Center at UW;
- \$54.9 million for renovation of Savery Hall at UW;
- \$58 million for construction of a Biotechnology/Life Sciences Building at Washington State University (WSU);
- \$24.4 million for construction of an Undergraduate Classroom Building at WSU Vancouver; and
- \$23.2 million for renovation of Dean Hall at Central Washington University.

State Capitol Campus Developments

The budget funds three major new developments on the state capitol campus.

- A new state heritage center is authorized to house and display the state's historically significant documents and archives and to return the state library to the capitol campus. The Heritage Center is expected to cost \$113 million which will be paid for with dedicated revenues from fee increases for recorded documents, donations, and savings from moving the state library out of leased facilities.
- A new executive office building will be constructed along with the Heritage Center to house the Office of the Insurance Commissioner and other state offices. This portion of the project is expected to cost \$76 million and will be paid for through agency lease payments.
- The budget also authorizes the development of the Wheeler block on the east capitol campus for a new secure data center and offices for the Department of Information Services, the State Patrol, and other small agencies and offices. This project will be financed as a lease-purchase agreement, with lease costs for office space within the range of the private market.

Prison Bed Expansion and Improvements

The Legislature appropriated \$13.7 million to build 256 additional hybrid security beds at the Coyote Ridge Corrections Center in Connell, and \$6.6 million for the construction of 100 minimum-security beds at the Mission Creek Correctional Center for Women in Belfair. Both projects are scheduled to be completed during the 2007-09 biennium. A total of \$1.8 million is provided for the predesign and design of a 300-bed expansion at the Washington State Penitentiary. This amount also includes predesign funding for possible future expansion of minimum-custody beds at three locations (300 beds).

Two new health care centers at the Washington Corrections Center for Women and the Washington State Penitentiary were included in the 2007-09 Capital Budget. Both health care centers will serve as the main health care facilities for prisons in the surrounding area.

Habitat and Recreation Lands

Over \$260 million is provided to improve public access to recreation and preserve open space and habitat. Through the Washington Wildlife and Recreation Program (WWRP), \$100 million is provided for habitat, recreation, riparian protection, and farmland preservation projects. The Trust Land Transfer appropriation of \$99 million is provided to purchase and lease timberlands from the school trust and transfer those lands to recreation and habitat status. Through the Aquatic Lands Enhancement Grant Program, \$5 million in revenue from the state tidelands and bedlands is provided for water access projects. The State Parks and Recreation Commission is provided \$59 million in state, federal, and local authority to preserve and improve the state park system.

Puget Sound and Salmon Recovery

Nearly \$300 million is provided for Puget Sound restoration, cleanup, and enhancement projects. These projects include: \$21 million for WWRP directly related to Puget Sound and salmon recovery; \$40 million for salmon habitat protection and restoration grants; \$13 million for nearshore restoration projects; \$8 million for creosote log removal and toxic site cleanup; \$5 million for Puget Sound aquatic cleanup and restoration; \$40 million for Puget Sound remedial action grants; \$3 million for an on-site septic replacement program; over \$5 million for reclaimed water grants; over \$10 million for Belfair sewer improvements; \$4 million for state parks wastewater improvements; \$18 million for local innovative stormwater retrofit grants; and over \$500,000 for stormwater improvements at state parks.

Local Infrastructure and Environment

Various grant and loan programs provide over \$1 billion to local governments and nonprofit organizations. The largest of these programs fund roads, sewer, water, housing, and pollution control. These include the Public Works Assistance Account (\$327 million), the Water Pollution Control Revolving Account (\$140 million), the Washington Housing Trust Account (\$130 million), Remedial Action Grants (\$84 million), the Drinking Water Assistance Program (\$83 million), the Centennial Clean Water Program (\$59 million), the Job Development Fund (\$50 million), and the Community Economic Revitalization Board Program (\$20 million).

State assistance to local governments and nonprofit organizations also extends to several other competitive grant programs including: Building for the Arts (\$12 million), Community Services Facilities (\$10.1 million), Youth Recreational Facilities (\$9.1 million), Heritage Program (\$10 million), Innovation Partnership Zones (\$5 million), Historic Courthouse Rehabilitation (\$5 million), Rural Washington Loan Fund (\$4.1 million), and Historic Barn Preservation (\$500,000). Funding is also provided for a variety of local/community projects (\$132.6 million) and community development fund projects (\$21.2 million).

Projects Funded by Alternative Financing Contracts

In addition to regular appropriations for capital projects, the capital budget authorizes state agencies to enter into financing contracts for the acquisition of land and facilities.

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | <u>State Bonds</u> | <u>Total</u> |
|---|--------------------|--------------|
| NEW PROJECTS | | |
| Governmental Operations | | |
| Statute Law Committee | | |
| Pritchard Building Rehabilitation | 1,100 | 1,100 |
| Dept of Community, Trade, & Economic Development | | |
| Belfair Sewer Improvements | 5,500 | 10,300 |
| Building for the Arts Grants | 12,000 | 12,000 |
| Community Development Fund | 21,166 | 21,166 |
| Community Economic Revitalization Board | 12,711 | 20,000 |
| Community Services Facilities Grants | 10,147 | 10,147 |
| Drinking Water Assistance Program | 0 | 28,300 |
| Grays Harbor Wind Project | 5,000 | 5,000 |
| High Risk Forests Program | 3,000 | 3,000 |
| Housing Assistance, Weatherization, and Affordable Housing | 130,000 | 130,000 |
| Infrastructure Assistance | 2,627 | 2,627 |
| Innovation Partnership Zones | 5,000 | 5,000 |
| Job Development Fund Grants | 0 | 49,930 |
| Land Acquisition Revolving Loans | 1,000 | 1,000 |
| Local and Community Projects | 132,619 | 132,619 |
| Public Works Trust Fund | 0 | 327,000 |
| Rural Washington Loan Fund | 0 | 4,127 |
| Small and Rural Fire Districts Facility Assessment | 30 | 30 |
| Washington State Horse Park | 3,500 | 3,500 |
| Water System Acquisition Rehabilitation Program | 3,750 | 3,750 |
| Youth Recreational Facilities Grants | 9,050 | 9,050 |
| Total | 357,100 | 778,546 |
| Office of Financial Management | | |
| Cowlitz River Dredging | 1,000 | 1,000 |
| Graving Dock Settlement | 15,480 | 15,480 |
| Higher Education Cost Escalation | 3,237 | 3,237 |
| Oversight of State Facilities | 1,015 | 1,015 |
| Snohomish, Island, and Skagit County Higher Education | 4,000 | 4,000 |
| Total | 24,732 | 24,732 |
| Department of General Administration | | |
| Capital Lake Plan Completion | 500 | 500 |
| Capitol Campus High Voltage System Improvements | 2,204 | 2,204 |
| Capitol Campus Sundial Repair | 0 | 5 |
| Deferred Maintenance | 2,000 | 2,000 |
| Emergency Newhouse Repairs and South Campus Plan | 750 | 750 |
| Emergency Repairs | 350 | 1,400 |
| Engineering and Architectural Services | 12,340 | 13,418 |
| Heritage Center/Executive Office Bldg Development | 2,000 | 2,000 |
| Highway-License Building Repair and Renewal | 0 | 2,598 |
| Legislative Building Improvements | 550 | 1,251 |
| Minor Works - Facility Preservation | 1,456 | 8,191 |
| Minor Works - Infrastructure Preservation | 3,000 | 5,721 |

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | <u>State Bonds</u> | <u>Total</u> |
|--|-----------------------|-----------------------|
| Department of General Administration (continued) | | |
| Minor Works - Program | 370 | 370 |
| Natural Resources Building Repairs and Renewal | 0 | 2,481 |
| O'Brien Building Improvements | 2,981 | 2,981 |
| Oversight of State Facilities | 0 | 345 |
| Transportation Building Preservation | 0 | 3,425 |
| Total | <u>28,501</u> | <u>49,640</u> |
| Department of Information Services | | |
| Wheeler Block Development - DIS, State Patrol & General Office | 2,000 | 2,000 |
| Washington State Patrol | | |
| Combined State Agency Aviation Facility | 12 | 12 |
| Fire Training Academy Sanitary System | 0 | 3,500 |
| Minor Works - Preservation | 480 | 480 |
| Replace Existing Dormitory | 1,360 | 1,360 |
| Total | <u>1,852</u> | <u>5,352</u> |
| Military Department | | |
| Energy Conservation Projects | 275 | 550 |
| Minor Works - Facility Preservation | 2,301 | 7,823 |
| Minor Works - Program | 1,165 | 6,103 |
| Washington Youth Academy Facility | 5,000 | 5,300 |
| Total | <u>8,741</u> | <u>19,776</u> |
| Department of Archaeology & Historic Preservation | | |
| Historic Barn Preservation | 500 | 500 |
| Historical Courthouse Rehabilitation | 5,000 | 5,000 |
| Inventory of Historic Theaters | 150 | 150 |
| Total | <u>5,650</u> | <u>5,650</u> |
| State Convention and Trade Center | | |
| Minor Works - Facility Preservation | 0 | 5,990 |
| Total Governmental Operations | | |
| | <u><u>429,676</u></u> | <u><u>892,786</u></u> |
| Human Services | | |
| WA State Criminal Justice Training Commission | | |
| Mapping of K-8 Schools | 6,236 | 6,236 |
| Minor Works - Preservation | 598 | 598 |
| Replace Hawthorne Hall Dormitory | 1,925 | 1,925 |
| Total | <u>8,759</u> | <u>8,759</u> |
| Department of Social and Health Services | | |
| Capital Project Management | 0 | 2,555 |
| Echo Glen Children's Center: Housing Units Renovation | 5,400 | 5,400 |
| Emergency Repairs | 0 | 1,000 |
| Fircrest Campus Master Plan | 175 | 175 |
| Green Hill School: New IMU, Health Center & Administration | 13,325 | 13,325 |
| Hazards Abatement and Demolition | 600 | 600 |
| JRA Camp Outlook-Basic Training Camp: Permanent Structures | 150 | 150 |

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | <u>State Bonds</u> | <u>Total</u> |
|--|--------------------|--------------|
| Department of Social and Health Services (continued) | | |
| Lakeland Village-Nine Cottages: Renovation, Phase 4, 5, & 6 | 2,990 | 2,990 |
| Mental Health Division-CLIP Facilities: Preservation | 2,381 | 2,401 |
| Minor Works - Facility Preservation | 9,000 | 9,000 |
| Minor Works - Health, Safety and Code Requirements | 4,200 | 4,200 |
| Minor Works - Infrastructure Preservation | 4,700 | 4,700 |
| Minor Works - Program Projects | 730 | 730 |
| Rainier School Waste Treatment Plant | 4,200 | 4,200 |
| Rainier School: Storm & Sanitary Sewer, Phase 3 | 665 | 665 |
| Special Commitment Center Medium Management Housing Addition | 1,000 | 1,000 |
| Study on Juvenile Rehabilitation Bed Use | 0 | 75 |
| Upgrade Eastern State Hospital Communications Systems | 2,280 | 2,280 |
| Utility Replacements at the Special Commitment Center | 3,040 | 3,040 |
| Western State Hospital Laundry Upgrades | 885 | 885 |
| Western State Hospital New Kitchen and Commissary Building | 650 | 650 |
| Total | 56,371 | 60,021 |
| Department of Health | | |
| Drinking Water Assistance Program | 0 | 54,300 |
| Minor Works - Facility Preservation | 386 | 386 |
| Minor Works - Program | 135 | 135 |
| Public Health Laboratory Addition | 1,184 | 1,184 |
| Public Health Laboratory HVAC Systems Upgrades | 4,912 | 4,912 |
| Shoreline Campus Master Plan | 255 | 255 |
| Total | 6,872 | 61,172 |
| Department of Veterans' Affairs | | |
| Building 10 Assisted Living Upgrades | 571 | 1,813 |
| Emergency Repairs | 0 | 300 |
| Minor Works - Facility Preservation | 0 | 722 |
| Minor Works - Health, Safety, and Code Requirements | 0 | 596 |
| Minor Works - Infrastructure Preservation | 0 | 1,025 |
| Minor Works - Program | 0 | 344 |
| Retsil Energy Assessment and Audit | 0 | 100 |
| State Veterans' Cemetery | 0 | 7,825 |
| Total | 571 | 12,725 |
| Department of Corrections | | |
| 100 Bed Expansion at Mission Creek for Women | 6,627 | 6,627 |
| 300 Minimum Security Bed Expansion - Predesign - Three Locations | 477 | 477 |
| Airway Heights Heating and Cooling Loop Replacement | 2,925 | 2,925 |
| Close Sewer Lagoon at Monroe Correctional Complex | 229 | 229 |
| CRCC: Design & Construct Medium Security Facility | 13,700 | 13,700 |
| Emergency Repairs | 2,500 | 3,000 |
| Expand Reception Center at Washington Corrections Center | 470 | 470 |
| Laundry Improvements at Washington State Penitentiary | 4,051 | 4,051 |
| MICC: Replace/Stabilize Housing Unit Siding | 3,000 | 3,000 |
| Minor Works - Facility Preservation | 0 | 3,000 |
| Minor Works - Health, Safety, and Code Requirements | 0 | 3,000 |
| Minor Works - Infrastructure Preservation | 1,000 | 2,000 |
| Replace Barge Slip Pilings at McNeil Island | 3,900 | 3,900 |

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | State Bonds | Total |
|---|--------------------|----------------|
| Department of Corrections (continued) | | |
| Replace Cell Door and Electronics at Washington State Reformatory | 1,545 | 1,545 |
| Replace Electrical Distribution Bldg at Special Offenders Unit | 1,222 | 1,222 |
| Replace Fire Alarm System at Washington Corrections Center | 1,524 | 1,524 |
| Replace G Building Roof at Washington Corrections Center | 4,431 | 4,431 |
| Replace Kitchen Roofs at Monroe Correctional Complex | 2,062 | 2,062 |
| Replace Roofs at Washington Corrections Center | 6,666 | 6,666 |
| Replace Roofs at Washington State Penitentiary | 1,789 | 1,789 |
| Replace Telecommunications Infrastructure at Clallam Bay | 1,850 | 1,850 |
| Sex Offender Treatment Program Building at Airway Heights | 4,947 | 4,947 |
| WCCW Healthcare Center | 17,858 | 17,858 |
| WCCW: Replace Steamlines | 5,179 | 5,179 |
| WSP: Add 300 Minimum Security Beds | 1,418 | 1,418 |
| WSP: South Close Security Complex | 61,294 | 61,294 |
| Total | 150,664 | 158,164 |
| Department of Employment Security | | |
| Employment Security Headquarters Building Assessment | 0 | 300 |
| Walla Walla WorkSource Expansion Project | 0 | 484 |
| Total | 0 | 784 |
| Total Human Services | 223,237 | 301,625 |
| Natural Resources | | |
| Department of Ecology | | |
| Centennial Clean Water Program | 49,225 | 58,875 |
| Cleanup Toxic Sites in Puget Sound | 0 | 4,000 |
| Columbia River Basin Water Supply Development Program | 34,500 | 34,500 |
| Coordinated Prevention Grants | 0 | 25,500 |
| Minor Works | 270 | 270 |
| On-Site Septic Replacement Program | 0 | 3,000 |
| Puget Sound Aquatic Cleanup and Restoration | 0 | 5,000 |
| Puget Sound Stormwater Projects | 12,920 | 17,920 |
| Rebuild East Wall of Ecology Headquarters | 100 | 100 |
| Reclaimed Water | 5,455 | 5,455 |
| Reduce Health Risks from Toxic Diesel Pollution | 0 | 7,170 |
| Reduce Public Health Risks from Wood Stove Pollution | 0 | 500 |
| Remedial Action Grants | 0 | 84,475 |
| Repair Exterior Surfaces and Expand Emergency Power Supply | 475 | 475 |
| Safe Soils Remediation Grants | 0 | 2,000 |
| Skykomish Cleanup | 0 | 7,000 |
| Stormwater Projects | 0 | 3,000 |
| Sunnyside Valley Irrigation District Water Conservation | 2,544 | 2,544 |
| Transfer of Water Rights for Cabin Owners | 450 | 450 |
| Waste Tire Pile Cleanup | 0 | 5,000 |
| Water Irrigation Efficiencies | 3,000 | 3,000 |
| Water Pollution Control Loan Program | 0 | 140,000 |
| Watershed Plan Implementation and Flow Achievement | 14,000 | 14,000 |
| Yakima River Basin Water Storage Feasibility Study | 3,250 | 3,250 |
| Total | 126,189 | 427,484 |

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | <u>State Bonds</u> | <u>Total</u> |
|--|--------------------|--------------|
| State Parks and Recreation Commission | | |
| Bay View Park Wide Wastewater Treatment System | 2,187 | 2,187 |
| Beacon Rock-Pierce Trust Grant | 0 | 25 |
| Belfair Major Park Upgrade | 400 | 400 |
| Cama Beach - New Destinations | 1,800 | 1,800 |
| Cape Disappointment Major Park Upgrade | 500 | 500 |
| City of Mountains Regional Gap Fund | 3,600 | 3,600 |
| Clean Vessel Boating Pumpout Grants | 0 | 1,000 |
| Deferred Maintenance | 3,500 | 3,500 |
| Emergency Repairs | 600 | 600 |
| Federal Grant Authority | 0 | 500 |
| Historic Preservation | 7,101 | 7,101 |
| Ice Age Flood | 3,100 | 3,100 |
| Lake Sammamish Major Park Upgrade | 1,033 | 1,033 |
| Local Grant Authority | 0 | 500 |
| Mashel State Park | 500 | 500 |
| Minor Works - Facility Preservation | 9,000 | 9,000 |
| Parkland Acquisition | 0 | 4,000 |
| Pearrygin Lake Major Park Upgrade | 1,367 | 1,367 |
| Road Preservation | 3,700 | 3,700 |
| Storm Water Improvements | 571 | 571 |
| Trail Development | 4,000 | 4,000 |
| Visible Park Improvements | 10,000 | 10,000 |
| Total | 52,959 | 58,984 |
| Recreation and Conservation Funding Board | | |
| Aquatic Lands Enhancement Account | 0 | 5,025 |
| Boating Facilities Program | 0 | 8,021 |
| Boating Improvement Grants | 0 | 200 |
| Family Forest and Fish Passage Program | 6,000 | 6,000 |
| Firearms and Archery Range Recreation | 0 | 472 |
| Hatchery Reform Program | 0 | 6,000 |
| Land and Water Conservation | 0 | 1,000 |
| National Recreational Trails Program | 0 | 3,500 |
| Nonhighway Off-Road Vehicle Activities | 0 | 9,036 |
| Puget Sound Restoration and Acquisition | 40,750 | 40,750 |
| Salmon Recovery Fund Board Programs (SRFB) | 18,000 | 60,000 |
| Washington Wildlife Recreation Grants | 100,000 | 100,000 |
| Total | 164,750 | 240,004 |
| State Conservation Commission | | |
| Conservation Reserve Enhancement Program Cost Share | 1,170 | 1,170 |
| Conservation Reserve Enhancement Program Water Quality | 709 | 709 |
| Practice Incentive Payment Loan Program | 0 | 1,000 |
| Total | 1,879 | 2,879 |
| Department of Fish and Wildlife | | |
| 2006 Flood Damage | 630 | 630 |
| Aquatic Lands Enhancement Account | 0 | 350 |
| Bee Be Property | 502 | 502 |
| Chambers Creek Adult Trap - Phase 2 | 252 | 252 |

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | <u>State Bonds</u> | <u>Total</u> |
|---|--------------------|------------------|
| Department of Fish and Wildlife (continued) | | |
| Combined State Agency Aviation Facility | 11 | 23 |
| Deschutes Watershed Center | 2,345 | 2,345 |
| Emergency Projects | 500 | 500 |
| Grazing Monitoring on Fish and Wildlife Lands | 200 | 200 |
| Issaquah Hatchery Gravity Intake | 562 | 562 |
| Methow Culverts Replacement | 754 | 754 |
| Migratory Waterfowl Habitat | 0 | 700 |
| Minor Works - Facility Preservation | 3,525 | 3,525 |
| Minor Works - Health Safety and Code Requirements | 2,100 | 2,100 |
| Minor Works - Infrastructure Preservation | 6,000 | 6,000 |
| Mitigation Projects and Dedicated Funding | 0 | 28,125 |
| Puget Sound Initiative - Nearshore Salmon Restoration | 12,000 | 13,000 |
| Skookumchuck Hatchery Renovation - Phase 2 | 528 | 528 |
| Spokane Region One Office - Phase 2 | 1,830 | 1,830 |
| Statewide Fencing Renovation and Replacement | 2,100 | 2,100 |
| Tokul Creek Hatchery | 435 | 435 |
| Voights Creek Hatchery - Phase 1 | 505 | 505 |
| Wiley Slough Restoration | 295 | 2,795 |
| Total | 35,074 | 67,761 |
| Department of Natural Resources | | |
| Blanchard Mountain | 4,000 | 4,000 |
| Colville Armory | 299 | 942 |
| Combined State Agency Aviation Facility | 23 | 54 |
| Community and Technical College Trust Land Acquisitions | 0 | 200 |
| Conversion Land Acquisition | 0 | 70,000 |
| Creosote Removal in Puget Sound | 0 | 4,000 |
| Forest Legacy | 0 | 8,500 |
| Forest Riparian Easement Program | 10,500 | 10,500 |
| Land Acquisition Grants | 0 | 26,000 |
| Marine Station | 750 | 1,500 |
| Minor Works - Preservation | 607 | 1,450 |
| Minor Works - Programmatic | 85 | 1,175 |
| Natural Areas Facilities Preservation and Access | 942 | 942 |
| Port Angeles Armory | 157 | 443 |
| Recreation Capital Renovations | 1,065 | 1,065 |
| Right of Way Acquisition | 0 | 1,000 |
| Riparian Open Space Program | 1,500 | 1,500 |
| Road Maintenance and Abandonment Projects | 700 | 700 |
| State Lands Maintenance | 0 | 2,600 |
| Statewide Aquatic Restoration Projects | 0 | 300 |
| Trust Land Transfer | 98,985 | 98,985 |
| Total | 119,613 | 235,856 |
| Department of Agriculture | | |
| Asparagus Automation and Mechanization | 840 | 840 |
| Fair Improvements | 1,400 | 1,400 |
| Hops Initiative | 1,000 | 1,000 |
| Total | 3,240 | 3,240 |
| Total Natural Resources | 503,704 | 1,036,208 |

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | <u>State Bonds</u> | <u>Total</u> |
|---|--------------------|--------------|
| Higher Education | | |
| Higher Education Coordinating Board | | |
| Higher Education Preservation Information | 0 | 300 |
| University of Washington | | |
| Balmer Hall Reconstruction | 4,000 | 4,000 |
| Clark Hall Renovation | 554 | 15,554 |
| Computing and Communications Upgrades and Data Center | 25,000 | 25,000 |
| Denny Hall Renovation | 4,000 | 4,000 |
| Health Sciences - H Wing | 7,000 | 10,000 |
| Interdisciplinary Academic Building | 5,000 | 5,000 |
| Intermediate Student Service and Classroom Improvements | 0 | 13,281 |
| Lewis Hall Renovation | 2,000 | 2,000 |
| Minor Works - Facility Preservation | 0 | 23,000 |
| Minor Works - Program | 0 | 5,000 |
| Playhouse Theater | 6,578 | 6,578 |
| Preventive Facility Maintenance and Building System Repairs | 0 | 25,825 |
| Savery Hall Renovation | 54,910 | 54,910 |
| UW Bothell Phase 3 - Predesign | 150 | 150 |
| UW Tacoma Phase 3 | 6,150 | 6,150 |
| | <hr/> | <hr/> |
| Total | 115,342 | 200,448 |
| Washington State University | | |
| Intermediate Preservation Projects | 3,119 | 3,119 |
| Library Road Infrastructure | 12,000 | 15,000 |
| Minor Works - Facility Preservation | 18,900 | 38,900 |
| Minor Works - Program | 0 | 17,000 |
| Preventive Facility Maintenance and Building System Repairs | 0 | 10,115 |
| University Wide Infrastructure | 8,000 | 8,000 |
| Utilities Extension | 0 | 11,536 |
| WSU Pullman - Biotechnology/Life Sciences 2 | 58,000 | 58,000 |
| WSU Vancouver - Undergraduate Classroom Building | 24,350 | 24,350 |
| WSU Vancouver: Applied Technology and Classroom Building | 4,770 | 4,770 |
| | <hr/> | <hr/> |
| Total | 129,139 | 190,790 |
| Eastern Washington University | | |
| Hargreaves Hall Renovation | 10,821 | 10,821 |
| Minor Works - Facility Preservation | 500 | 4,000 |
| Minor Works - Health, Safety, and Code Requirements | 0 | 4,000 |
| Minor Works - Infrastructure Preservation | 4,000 | 4,000 |
| Minor Works - Program | 4,000 | 11,000 |
| Patterson Hall Remodel | 2,000 | 2,000 |
| Preventive Facility Maintenance and Building System Repairs | 0 | 2,217 |
| | <hr/> | <hr/> |
| Total | 21,321 | 38,038 |
| Central Washington University | | |
| Combined Utilities | 6,800 | 6,800 |
| Dean Hall Renovation | 23,200 | 23,200 |
| Hogue Hall Renovation and Addition | 3,000 | 3,000 |
| Minor Works - Facility Preservation | 3,175 | 3,175 |

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | <u>State Bonds</u> | <u>Total</u> |
|--|--------------------|--------------|
| Central Washington University (continued) | | |
| Minor Works - Health, Safety, and Code Requirements | 660 | 3,335 |
| Minor Works - Infrastructure Preservation | 2,165 | 3,290 |
| Minor Works - Program | 4,000 | 7,800 |
| Preventive Facility Maintenance and Building System Repairs | 0 | 2,422 |
| Total | 43,000 | 53,022 |
| The Evergreen State College | | |
| College Activities Building Renovation | 4,900 | 4,900 |
| Longhouse Expansion | 1,700 | 1,700 |
| Minor Works - Health, Safety, and Code Requirements | 3,000 | 3,000 |
| Minor Works - Infrastructure Preservation | 700 | 700 |
| Minor Works - Preservation | 0 | 5,300 |
| Minor Works - Program | 930 | 930 |
| Preventive Facility Maintenance and Building System Repairs | 0 | 760 |
| Total | 11,230 | 17,290 |
| Western Washington University | | |
| Academic Facilities Modernization Projects | 11,000 | 11,000 |
| Academic Instructional Center | 5,895 | 7,073 |
| Carver Academic Renovation | 400 | 400 |
| Miller Hall Renovation | 5,523 | 5,523 |
| Minor Works - Facility Preservation | 5,051 | 5,051 |
| Minor Works - Health, Safety, and Code Requirements | 2,933 | 2,933 |
| Minor Works - Infrastructure Preservation | 2,016 | 2,016 |
| Minor Works - Program | 3,000 | 10,000 |
| Preventive Facility Maintenance and Building System Repairs | 0 | 3,614 |
| Total | 35,818 | 47,610 |
| Community & Technical College System | | |
| Bates Technical College: Mohler Communications Technology Center | 173 | 173 |
| Bellevue Community College: Health Science Building | 144 | 144 |
| Bellevue Community College: Science and Technology | 31,332 | 31,332 |
| Bellingham Technical College: Instructional Resource Center | 1,824 | 1,824 |
| Cascadia: Center for Arts, Technology, Communication | 32,636 | 32,636 |
| Centralia College: Health and Wellness Education Center | 1,000 | 1,000 |
| Centralia Community College: Science Building | 28,716 | 28,716 |
| Clark College: Child and Family Studies Center | 1,000 | 1,000 |
| Clark College: East County Satellite | 27,184 | 27,184 |
| Clark College: Health and Advanced Technologies Building | 250 | 250 |
| Clover Park Technical College: Allied Health Care Facility | 2,285 | 2,285 |
| Columbia Basin College: Business Education Building | 5,020 | 5,020 |
| Columbia Basin College: Social Science Center | 111 | 111 |
| Columbia Basin College: Vocational Building | 1,802 | 1,802 |
| Edmonds Community College: Meadowdale Hall Renovation | 9,256 | 9,256 |
| Edmonds Community College: Primary Electrical Replacement | 2,466 | 2,466 |
| Everett Community College: Index Hall Replacement | 2,800 | 2,800 |
| Everett Community College: University Center - North Puget Sound | 40,604 | 40,604 |
| Grays Harbor College: Child Care Facility | 1,000 | 1,000 |
| Grays Harbor College: Science and Math Building | 276 | 276 |
| Green River Community College: Humanities and Classroom Building | 2,744 | 2,744 |

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | <u>State Bonds</u> | <u>Total</u> |
|---|-----------------------|-------------------------|
| Community & Technical College System (continued) | | |
| Green River Community College: Physical Education Renovation | 3,818 | 3,818 |
| Green River Community College: Primary Electrical Replacement | 1,870 | 1,870 |
| Green River Community College: Trades and Industry Building | 138 | 138 |
| Higher Education Cost Escalation | 3,238 | 3,238 |
| Lake Washington Technical College: Allied Health Building | 1,732 | 1,732 |
| Lower Columbia College: Health and Science Building | 2,500 | 2,500 |
| Minor Works - Facility Preservation | 0 | 21,243 |
| Minor Works - Facility Preservation - Roof Repairs | 2,719 | 6,676 |
| Minor Works - Infrastructure Preservation | 0 | 2,082 |
| Minor Works - Preservation - Repairs and Minor Improvements | 0 | 16,000 |
| Minor Works - Program | 0 | 20,000 |
| North Seattle Community College: Employment Resource Center | 1,970 | 1,970 |
| Olympic College: Humanities and Student Services | 37,889 | 37,889 |
| Peninsula College: Business and Humanities Center | 2,300 | 2,300 |
| Pierce College - Fort Steilacoom: Science and Technology | 30,407 | 30,407 |
| Pierce College Fort Steilacoom: Cascade Core Phase I | 14,602 | 14,602 |
| Pierce College Fort Steilacoom: Cascade Core Phase II | 2,242 | 2,242 |
| Pierce College Puyallup: Communication Arts/Health Building | 25,303 | 25,303 |
| Preventive Facility Maintenance and Building System Repairs | 0 | 22,802 |
| Seattle Central Community College: Edison North Renovation | 18,284 | 18,284 |
| Seattle Central Community College: Maritime Academy Repairs | 1,688 | 1,688 |
| Seattle Central Community College: Wood Construction Center | 2,549 | 2,549 |
| Shoreline Community College: Automotive Training Center | 1,000 | 1,000 |
| Skagit Valley College: Academic and Student Services Building | 136 | 136 |
| Skagit Valley College: Science Building Replacement | 28,068 | 28,068 |
| South Puget Sound Community College: Building 22 Renovation | 10,359 | 10,359 |
| South Puget Sound Community College: Learning Resource Center | 3,268 | 3,268 |
| South Puget Sound Community College: Science Complex | 25,867 | 25,867 |
| Spokane Community College: Building 7 Renovation | 1,009 | 1,009 |
| Spokane Community College: Technical Education Building | 2,393 | 2,393 |
| Spokane Falls Community College: Campus Classrooms | 1,802 | 1,802 |
| Spokane Falls Community College: Chemistry and Life Science Bldg. | 2,520 | 2,520 |
| Spokane Falls Community College: Magnuson Building Remodel | 941 | 941 |
| Spokane Falls Community College: Music Building 15 Renovation | 1,142 | 1,142 |
| Tacoma Community College: Early Childhood Ed/Child Care Center | 1,000 | 1,000 |
| Tacoma Community College: Health Careers Center | 255 | 255 |
| Walla Walla Community College: Culinary Arts/Student Dev Center | 1,000 | 1,000 |
| Yakima Valley Community College: Brown Dental Hygiene Building | 5,675 | 5,675 |
| Total | 432,307 | 518,391 |
| Total Higher Education | <u>788,157</u> | <u>1,065,889</u> |
| Public Schools | | |
| Public Schools | | |
| Capital Project Administration | 0 | 2,828 |
| Chewelah Peak Environmental Learning Center | 1,000 | 1,000 |
| IslandWood Environmental Learning Center | 1,000 | 1,000 |
| K-12 Inventory Pilot Project | 0 | 900 |

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | State Bonds | Total |
|---|----------------------|----------------------|
| Public Schools (continued) | | |
| School Construction Assistance Grants | 109,521 | 880,359 |
| Small Repair Grants | 4,000 | 4,000 |
| Vader School Campus | 200 | 200 |
| Vocational Skills Centers | 74,707 | 74,707 |
| Total | 190,428 | 964,994 |
| Other Education | | |
| State School for the Blind | | |
| Minor Works - Facility Preservation | 770 | 770 |
| New Physical Education Center | 9,000 | 9,000 |
| Total | 9,770 | 9,770 |
| State School for the Deaf | | |
| Minor Works - Facility Preservation | 1,325 | 1,325 |
| Vocational Education, Cafeteria, and Maintenance Support Building | 10,900 | 10,900 |
| Total | 12,225 | 12,225 |
| Washington State Historical Society | | |
| Tacoma Research Center Building Preservation | 200 | 200 |
| Tacoma State History Museum Building Preservation | 500 | 500 |
| Washington Heritage Grants | 10,000 | 10,000 |
| Women's History Preservation Grants | 200 | 200 |
| Total | 10,900 | 10,900 |
| Eastern Washington State Historical Society | | |
| Building Management System | 196 | 196 |
| Campbell House Long-Term Preservation | 402 | 402 |
| Computer Catalog System | 63 | 63 |
| Museum Preservation | 150 | 150 |
| Museum System Repair and Upgrades/Preservation | 1,000 | 1,000 |
| Security System and Technology Infrastructure | 408 | 408 |
| Storage and Exhibit Equipment for Collections | 42 | 42 |
| Total | 2,261 | 2,261 |
| Total Other Education | 35,156 | 35,156 |
| Statewide Total | 2,170,358 | 4,296,658 |

2007-09 Capital Budget
New Appropriations Project List
Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)
(Dollars in Thousands)

| | <u>State Bonds</u> |
|---|--------------------|
| BOND CAPACITY ADJUSTMENTS | |
| Dept of Community, Trade, & Economic Development | |
| Housing Assistance, Weatherization, and Affordable Housing | -960 |
| University of Washington | |
| Guthrie Hall Psychology Facilities Renovation | -3,000 |
| Western Washington University | |
| Minor Works - Health, Safety, and Code | -490 |
| Minor Works - Infrastructure Preservation | -405 |
| Total Higher Education | -3,895 |
| Public Schools | |
| 2005-07 High Performance School Building Grants | -397 |
| Bond Capacity Adjustments Total | -5,252 |
| <hr/> | |
| BOND CAPACITY | |
| Statewide Bonds Total | 2,170,358 |
| Bond Capacity Adjustments | -5,252 |
| Total for Bond Capacity Purposes | 2,165,106 |

2007 Supplemental Capital Budget

New Appropriations Project List Chapter 520, Laws of 2007, Partial Veto (ESHB 1092)

(Dollars in Thousands)

| | State Bonds | Total |
|---|--------------------|--------------|
| NEW PROJECTS | | |
| Governmental Operations | | |
| Office of the Secretary of State | | |
| Acquisition of Fredericks Collection | 0 | 100 |
| Dept of Community, Trade, & Economic Development | | |
| Local/Community Projects | -2,000 | -2,000 |
| Military Department | | |
| Modular Building Reutilization | 1,850 | 1,850 |
| Total Governmental Operations | -150 | -50 |
| Natural Resources | | |
| State Parks and Recreation Commission | | |
| Cama Beach - New Destinations | 1,500 | 1,500 |
| Ice Age Floods - Cherished Resources | 2,000 | 2,000 |
| Total | 3,500 | 3,500 |
| State Conservation Commission | | |
| Land Restoration | 587 | 587 |
| Department of Fish and Wildlife | | |
| Region 1 Office - Complete Phase 1 | 588 | 588 |
| Sinlahekin Creek Dams - Flood Damage Repair | 70 | 70 |
| Total | 658 | 658 |
| Department of Natural Resources | | |
| Loomis NRCA Restoration | 271 | 271 |
| Storm Damage | 282 | 282 |
| Total | 553 | 553 |
| Department of Agriculture | | |
| Energy Freedom Program | 0 | 252 |
| Energy Freedom Program (E3SHB 2939) | 0 | -2,752 |
| Total | 0 | -2,500 |
| Total Natural Resources | 5,298 | 2,798 |
| Higher Education | | |
| Community & Technical College System | | |
| Grays Harbor College: Riverview Education Center | 498 | 498 |
| Statewide Total | 5,646 | 3,246 |

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Medal of Honor



Washington State Veterans' Memorials

Winged Victory Monument: In a solemn and patriotic ceremony on the capitol grounds May 30, 1938, the Winged Victory Monument was dedicated to the memory of World War I veterans. The sculpture was unveiled by two GoldStar mothers, Mrs. Charles V. Leach and Mrs. Cordelia Cater, after whose sons the Olympia posts of the American Legion and the Veterans of Foreign Wars were named. The dedication address was presented by Stephen F. Chadwick, national chairman of the American Legion's Americanism Committee. The bronze sculpture features a 12-foot tall figure of Winged Victory surrounded by the figures of a soldier, a sailor, a marine, and a Red Cross nurse.

Winged Victory Monument



To read more about the Washington State Veterans Memorials, visit:
www.leg.wa.gov/OutsideTheLegislature/WashingtonStateInfo/Memorials

60th Washington State Legislature

World War II Memorial



Law Enforcement Memorial



POW/MIA Memorial



Vietnam Veterans Memorial



Korean War Memorial



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| SHB | 1135 | Aquifer conservation zones | C 159 | L 07 | |
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| SHB | 1138 | General obligation bonds | C 521 | L 07 | |
| SHB | 1140 | Net meter aggregation..... | C 323 | L 07 | |
| SHB | 1144 | Jurisdiction over judgments | C 46 | L 07 | |
| HB | 1145 | Account receivable | C 124 | L 07 | |
| HB | 1166 | County treasurers | C 295 | L 07 | |
| HB | 1168 | Disorderly conduct..... | C 2 | L 07 | |
| ESHB | 1179 | State need grant..... | C 404 | L 07 | |
| HB | 1181 | Forensic investigations | C 200 | L 07 | |
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| 2SHB | 1201 | Foster care youth medical | C 315 | L 07 | |
| EHB | 1214 | Text messaging while driving..... | C 416 | L 07 | |
| EHB | 1217 | Clubhouse rehabilitation | C 414 | L 07 | |
| HB | 1218 | Gambling Commission | C 206 | L 07 | |
| HB | 1220 | Sentence review board | C 362 | L 07 | |
| HB | 1224 | Student course materials | C 457 | L 07 | |
| HB | 1231 | Pawnbrokers..... | C 125 | L 07 | |
| SHB | 1233 | Fixed payment insurance | C 296 | L 07 | |
| HB | 1235 | Insurance Commissioner exams | C 126 | L 07 | |
| HB | 1236 | Transact insurance | C 127 | L 07 | |
| SHB | 1244 | Wages for industrial insurance | C 297 | L 07 | |
| HB | 1247 | Long-term care services..... | C 161 | L 07 | |
| ESHB | 1249 | Hunter education..... | C 163 | L 07 | |
| SHB | 1255 | Municipal officers..... | C 298 | L 07 | |
| SHB | 1256 | Window blind cords..... | C 299 | L 07 | |
| SHB | 1258 | Air pollution control agency | C 164 | L 07 | |
| SHB | 1259 | Park passes | C 441 | L 07 | |
| ESHB | 1260 | State patrol retirement..... | C 300 | L 07 | |
| SHB | 1261 | Service credit/disability | C 49 | L 07 | |
| SHB | 1262 | Public employment/retirees | C 50 | L 07 | |
| SHB | 1264 | Portability of retirement..... | C 207 | L 07 | |
| SHB | 1266 | Death benefits | C 487 | L 07 | |
| SHB | 1267 | Commercial driver's license..... | C 418 | L 07 | |
| HB | 1270 | Consumer Loan Act..... | C 208 | L 07 | |
| SHB | 1276 | Tourism partnership..... | C 228 | L 07 | |
| 2SHB | 1277 | Local infrastructure finance | C 229 | L 07 | |
| SHB | 1278 | Unemployment..... | C 51 | L 07 | |
| SHB | 1279 | Poet laureate program | C 128 | L 07 | |
| 2SHB | 1280 | School district capital funds..... | C 129 | L 07 | |
| SHB | 1287 | Foster children | C 409 | L 07 | PV |
| ESHB | 1289 | Canadian border | C 7 | L 07 | |
| HB | 1291 | Advance deposit wagering..... | C 209 | L 07 | |
| HB | 1292 | Veterans' cemetery | C 43 | L 07 | |
| HB | 1293 | Regulatory assessment fees | C 468 | L 07 | |

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| SHB | 1298 | Dental hygienist..... | C 270 | L 07 | |
| E2SHB | 1303 | Cleaner energy..... | C 348 | L 07 | PV |
| SHB | 1304 | Commercial motor vehicle carriers..... | C 419 | L 07 | |
| HB | 1305 | Food lockers..... | C 52 | L 07 | |
| HB | 1311 | Small farm assistance program..... | C 122 | L 07 | |
| SHB | 1312 | Transportation providers..... | C 234 | L 07 | |
| SHB | 1319 | Correctional agency employee..... | C 201 | L 07 | |
| SHB | 1328 | Small works roster..... | C 210 | L 07 | |
| HB | 1331 | Veterinary technicians..... | C 235 | L 07 | |
| SHB | 1333 | Child welfare..... | C 410 | L 07 | |
| 2SHB | 1334 | Child welfare proceedings..... | C 411 | L 07 | |
| SHB | 1337 | Colorectal cancer..... | C 23 | L 07 | |
| SHB | 1338 | Beer Commission..... | C 211 | L 07 | |
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| E2SHB | 1359 | Affordable housing..... | C 427 | L 07 | |
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| HB | 1370 | Prevailing wages..... | C 169 | L 07 | |
| HB | 1371 | Rental vehicles..... | C 372 | L 07 | |
| HB | 1377 | Placement of children..... | C 412 | L 07 | |
| EHB | 1379 | Hearing instrument fitter..... | C 271 | L 07 | |
| SHB | 1381 | Laws relating to taxes..... | C 54 | L 07 | |
| SHB | 1396 | Transportation ballot proposition..... | C 509 | L 07 | |
| SHB | 1397 | Massage therapy definition..... | C 272 | L 07 | |
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| 2SHB | 1401 | Land for affordable housing..... | C 428 | L 07 | |
| SHB | 1407 | Unemployment administration..... | C 327 | L 07 | |
| SHB | 1409 | Forest practices..... | C 236 | L 07 | |
| HB | 1412 | Shoreline master program..... | C 170 | L 07 | |
| EHB | 1413 | Definition of floodway..... | C 328 | L 07 | |
| ESHB | 1414 | Ambulatory surgical facilities..... | C 273 | L 07 | |
| HB | 1416 | Asparagus..... | C 237 | L 07 | |
| SHB | 1417 | State patrol benefits..... | C 488 | L 07 | PV |
| HB | 1418 | Dangerous wild animals..... | C 238 | L 07 | |
| E2SHB | 1422 | Incarcerated parents..... | C 384 | L 07 | |
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| HB | 1431 | Certificates of discharge..... | C 171 | L 07 | |
| E2SHB | 1432 | Educational staff associates..... | C 403 | L 07 | |
| HB | 1437 | Sexual assault protection..... | C 55 | L 07 | |
| HB | 1443 | Agricultural commodities..... | C 330 | L 07 | |
| SHB | 1445 | Public Records Act..... | C 197 | L 07 | |
| HB | 1447 | Boarding homes..... | C 162 | L 07 | |
| HB | 1449 | Gambling licensee information..... | C 470 | L 07 | |

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| HB | 1450 | Low-income households | C 301 | L 07 | |
| SHB | 1456 | Mental health professionals | C 360 | L 07 | |
| HB | 1457 | Youth soccer referees..... | C 464 | L 07 | |
| SHB | 1458 | Eminent domain | C 68 | L 07 | |
| EHB | 1460 | Mental health parity | C 8 | L 07 | |
| E2SHB | 1461 | Manufactured/mobile home | C 431 | L 07 | PV |
| SHB | 1472 | Child welfare..... | C 465 | L 07 | |
| HB | 1475 | Volunteer firefighters..... | C 56 | L 07 | |
| HB | 1476 | Charter licenses..... | C 442 | L 07 | |
| 2SHB | 1488 | Oil spill program..... | C 346 | L 07 | |
| ESHB | 1497 | CWU fee waiver | C 130 | L 07 | |
| SHB | 1500 | Workers' compensation disability..... | C 172 | L 07 | |
| HB | 1501 | Workers' compensation total disability..... | C 255 | L 07 | |
| HB | 1505 | Special parking privileges..... | C 262 | L 07 | |
| 2SHB | 1506 | Alternative public works..... | C 494 | L 07 | |
| SHB | 1507 | Shared leave | C 25 | L 07 | |
| SHB | 1508 | Resale of natural gas | C 58 | L 07 | |
| ESHB | 1512 | Linked deposit program | C 500 | L 07 | |
| SHB | 1513 | Forest products businesses..... | C 48 | L 07 | |
| HB | 1520 | Polygraph/sex assault victim | C 202 | L 07 | |
| EHB | 1525 | Regulatory fairness | C 239 | L 07 | |
| HB | 1526 | Presidential primary ballot..... | C 385 | L 07 | |
| HB | 1528 | Voter registration | C 157 | L 07 | |
| HB | 1543 | Economic development officer..... | C 250 | L 07 | |
| HB | 1549 | Unprocessed milk | C 131 | L 07 | |
| SHB | 1555 | Sexual assault protection | C 212 | L 07 | |
| HB | 1556 | Walla Walla sweet onion | C 137 | L 07 | |
| SHB | 1565 | Child in need of services..... | C 213 | L 07 | |
| SHB | 1566 | Rural county tax credit..... | C 485 | L 07 | |
| E2SHB | 1569 | Reforming health care system..... | C 260 | L 07 | PV |
| 2SHB | 1573 | Dropout prevention | C 408 | L 07 | PV |
| SHB | 1574 | Business and professions | C 256 | L 07 | |
| SHB | 1583 | Automatic service charges | C 390 | L 07 | |
| HB | 1592 | Sentence review board..... | C 363 | L 07 | |
| HB | 1598 | Salmon recovery | C 257 | L 07 | |
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| ESHB | 1624 | Child welfare..... | C 413 | L 07 | |
| 2SHB | 1636 | Development rights..... | C 482 | L 07 | |
| SHB | 1642 | No-contact orders..... | C 173 | L 07 | |
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| SHB | 1646 | Sampling of fish..... | C 337 | L 07 | |
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| ESHB | 1649 | Judges in PERS & TRS | C 123 | L 07 | |
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| SHB | 1669 | District & municipal court..... | C 174 | L 07 | |
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| HB | 1671 | Salary adjustments..... | C 489 | L 07 | |
| HB | 1674 | Cigarette tax contracts | C 320 | L 07 | |
| HB | 1676 | Public utility districts..... | C 132 | L 07 | |
| 2SHB | 1677 | Outdoor education/recreation | C 176 | L 07 | |
| SHB | 1679 | LEOFFRS plan 2 board | C 303 | L 07 | |
| HB | 1680 | LEOFFRS service credit..... | C 304 | L 07 | |
| EHB | 1688 | Fruits and vegetables | C 177 | L 07 | |
| SHB | 1693 | State ferry employees | C 160 | L 07 | |
| SHB | 1694 | Coordinated transportation | C 421 | L 07 | |
| E2SHB | 1705 | Health sciences and services..... | C 251 | L 07 | |
| HB | 1706 | Indian Gaming Regulatory Act..... | C 321 | L 07 | |
| HB | 1722 | Physician assistants..... | C 263 | L 07 | |
| HB | 1747 | Regional transit authorities..... | C 166 | L 07 | |
| ESHB | 1756 | Hound hunting cougar | C 178 | L 07 | |
| SHB | 1761 | Hazardous waste | C 446 | L 07 | |
| SHB | 1777 | Charitable organizations | C 471 | L 07 | |
| E2SHB | 1779 | GET ready for math & science | C 214 | L 07 | |
| SHB | 1784 | Investment of funds | C 215 | L 07 | |
| HB | 1789 | Home heating oil tanks | C 240 | L 07 | |
| HB | 1793 | Indigent defense grants..... | C 59 | L 07 | |
| SHB | 1802 | Human papillomavirus..... | C 276 | L 07 | |
| SHB | 1805 | Homestead exemption | C 429 | L 07 | |
| 2SHB | 1811 | Automatic sprinkler systems..... | C 434 | L 07 | PV |
| HB | 1813 | Committee for Outdoor Recreation | C 241 | L 07 | PV |
| HB | 1820 | Electric vehicles..... | C 510 | L 07 | |
| SHB | 1826 | Medical benefits..... | C 179 | L 07 | |
| HB | 1831 | Election cycle..... | C 180 | L 07 | |
| SHB | 1832 | Limitation on actions | C 455 | L 07 | |
| ESHB | 1833 | Firefighters..... | C 490 | L 07 | PV |
| SHB | 1837 | Nonambulatory persons | C 305 | L 07 | |
| SHB | 1843 | Construction contractors..... | C 436 | L 07 | |
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| ESHB | 1858 | Transportation benefit districts..... | C 329 | L 07 | |
| HB | 1859 | Statute Law Committee | C 456 | L 07 | |
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| ESHB | 1883 | Higher education coordinating board | C 458 | L 07 | PV |
| HB | 1888 | Brassica seed production | C 181 | L 07 | |
| SHB | 1891 | Sale of prescription drugs | C 447 | L 07 | |
| SHB | 1892 | Impoundment of vehicles | C 242 | L 07 | |
| 2SHB | 1896 | Legislative Gift Center | C 453 | L 07 | |
| SHB | 1897 | Attorney invoices..... | C 391 | L 07 | |
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| E2SHB | 1910 | Multi-dwelling units..... | C 430 | L 07 | PV |
| ESHB | 1916 | Care providers..... | C 278 | L 07 | |
| 2SHB | 1922 | Youth housing program..... | C 316 | L 07 | |
| SHB | 1929 | Environmental mitigation..... | C 349 | L 07 | |
| HB | 1939 | Privileged communications..... | C 472 | L 07 | |
| HB | 1940 | Proposed land dispositions..... | C 62 | L 07 | |
| HB | 1949 | Harvesting geoduck clams..... | C 324 | L 07 | |
| SHB | 1953 | Insurance premium reductions..... | C 258 | L 07 | |
| SHB | 1965 | Major industrial development..... | C 433 | L 07 | |
| HB | 1966 | Physician assistants..... | C 264 | L 07 | |
| ESHB | 1968 | Sprinkler fitters..... | C 435 | L 07 | |
| HB | 1972 | Irrigation district foreclosure..... | C 63 | L 07 | |
| 2SHB | 1980 | Financial literacy..... | C 459 | L 07 | |
| ESHB | 1981 | Financial information..... | C 182 | L 07 | |
| SHB | 1988 | Security guards..... | C 306 | L 07 | |
| HB | 1994 | Overpayments/courts..... | C 183 | L 07 | |
| HB | 2004 | Regional transportation planning organizations..... | C 511 | L 07 | |
| SHB | 2007 | Allowable fuel blends..... | C 310 | L 07 | |
| SHB | 2008 | Quinault Indian Reservation..... | C 69 | L 07 | |
| SHB | 2010 | Bidder responsibility..... | C 133 | L 07 | |
| HB | 2032 | Fruit & vegetable processing..... | C 243 | L 07 | |
| HB | 2034 | Victims of vehicle theft..... | C 393 | L 07 | |
| SHB | 2049 | Marine resource committees..... | C 344 | L 07 | |
| 2SHB | 2055 | Traumatic brain injury..... | C 356 | L 07 | |
| SHB | 2056 | Recycling..... | C 244 | L 07 | |
| EHB | 2070 | Exceptional sentences..... | C 205 | L 07 | |
| HB | 2079 | Agency shop fees..... | C 438 | L 07 | |
| SHB | 2087 | Health care facilities..... | C 279 | L 07 | |
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| EHB | 2105 | Workers' compensation/prescriptions..... | C 134 | L 07 | |
| ESHB | 2111 | Adult family home providers..... | C 184 | L 07 | |
| EHB | 2113 | Issuance of liquor licenses..... | C 473 | L 07 | |
| SHB | 2115 | Heritage barn preservation..... | C 333 | L 07 | |
| SHB | 2118 | Mobile/manufactured homes..... | C 432 | L 07 | PV |
| SHB | 2129 | Geothermal resources..... | C 338 | L 07 | PV |
| SHB | 2130 | DUI prior offenses..... | C 474 | L 07 | |
| HB | 2135 | Lemon law coverage..... | C 425 | L 07 | |
| SHB | 2147 | Volunteer firefighters..... | C 57 | L 07 | |
| HB | 2152 | Election certification..... | C 374 | L 07 | |
| HB | 2154 | Educational service district..... | C 460 | L 07 | |
| SHB | 2158 | Vehicle sale to nonresident..... | C 135 | L 07 | |
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| HB | 2163 | Medical benefits administration account..... | C 507 | L 07 | |

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| ESHB | 2171 | Crane safety | C 27 | L 07 | |
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| 2SHB | 2220 | Shellfish | C 216 | L 07 | |
| HB | 2236 | Disposition of assets | C 475 | L 07 | |
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| SHB | 2261 | Wood smoke reduction..... | C 339 | L 07 | |
| 2SHB | 2262 | Professional teaching standards..... | C 398 | L 07 | |
| SHB | 2275 | Funds for state parks..... | C 340 | L 07 | PV |
| HB | 2281 | Shared leave..... | C 454 | L 07 | |
| E2SHB | 2284 | Training of care providers | C 361 | L 07 | |
| SHB | 2286 | Interstate branching | C 167 | L 07 | |
| SHB | 2300 | College textbooks | C 186 | L 07 | |
| SHB | 2304 | Cardiac care services | C 440 | L 07 | |
| HB | 2319 | Early learning..... | C 395 | L 07 | |
| SHB | 2335 | Amateur radio repeaters..... | C 21 | L 07 | |
| ESHB | 2352 | Farming & farming services | C 334 | L 07 | |
| HB | 2357 | State forest revenues..... | C 503 | L 07 | |
| ESHB | 2358 | State ferries | C 512 | L 07 | |
| SHB | 2361 | Collective bargaining..... | C 136 | L 07 | |
| SHB | 2366 | State facility planning..... | C 506 | L 07 | |
| SHB | 2378 | State ferries | C 481 | L 07 | |
| EHB | 2388 | Financing regional centers..... | C 486 | L 07 | |
| EHB | 2391 | Retirement system/pension..... | C 491 | L 07 | |
| SHB | 2394 | Bonds for transportation..... | C 519 | L 07 | |
| HB | 2395 | State lands..... | C 504 | L 07 | PV |
| HB | 2396 | Permanent common school fund | C 505 | L 07 | |

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| SSB | 5009 | Biodiesel fuel for farm use | C 443 | L 07 | |
| SB | 5011 | Beer/wine distribution bill | C 9 | L 07 | |
| SB | 5014 | Contribution rates | C 280 | L 07 | |
| SSB | 5032 | Vancouver historic reserve | C 138 | L 07 | |
| SB | 5036 | Intermediate driver's license | C 28 | L 07 | |
| ESSB | 5037 | Cell phone use while driving..... | C 417 | L 07 | |
| SSB | 5039 | Scholarship endowment funds..... | C 73 | L 07 | |
| SB | 5042 | Insurance..... | C 80 | L 07 | |
| SSB | 5050 | Motor vehicle lemon law | C 426 | L 07 | |
| SSB | 5052 | Insurance claims | C 74 | L 07 | |
| SSB | 5053 | Industrial insurance..... | C 281 | L 07 | |
| ESB | 5063 | Gender references | C 218 | L 07 | |
| SSB | 5074 | WRIA 29..... | C 245 | L 07 | |
| SSB | 5078 | Approaching emergency vehicles..... | C 83 | L 07 | |
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| SB | 5084 | Rail transit safety plans..... | C 422 | L 07 | |

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| SB | 5088 | Vehicles boarding ferries..... | C 423 | L 07 | |
| SSB | 5089 | Streamlined sales & use tax..... | C 6 | L 07 | |
| 2SSB | 5092 | Associate development organizations..... | C 249 | L 07 | |
| 2SSB | 5093 | Health services for children..... | C 5 | L 07 | |
| SSB | 5097 | Safe school plans | C 406 | L 07 | |
| E2SSB | 5098 | College bound scholarship..... | C 405 | L 07 | |
| SSB | 5101 | Higher education tuition waivers..... | C 461 | L 07 | |
| SSB | 5108 | Farmland Preservation Office..... | C 352 | L 07 | PV |
| ESSB | 5112 | Auctioning vessels | C 378 | L 07 | |
| SB | 5113 | Barley straw | C 30 | L 07 | |
| 2SSB | 5114 | Student transportation | C 139 | L 07 | |
| SSB | 5118 | Sexual harassment policies | C 76 | L 07 | |
| 2SSB | 5122 | Regulatory assistance..... | C 94 | L 07 | |
| SB | 5123 | Veterans/discrimination..... | C 187 | L 07 | |
| SB | 5134 | Vehicle impound..... | C 86 | L 07 | |
| 2SSB | 5164 | Veterans conservation corps | C 451 | L 07 | |
| ESB | 5166 | Korean-American day..... | C 19 | L 07 | |
| SSB | 5174 | Public retirement system..... | C 492 | L 07 | |
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| 2SSB | 5188 | Wildlife rehabilitation..... | C 246 | L 07 | |
| SSB | 5190 | Legal financial obligations..... | C 91 | L 07 | |
| SSB | 5191 | Missing persons | C 10 | L 07 | |
| SSB | 5193 | Unclaimed personal property..... | C 219 | L 07 | |
| SB | 5199 | Check cashers & sellers | C 81 | L 07 | |
| SSB | 5202 | Law enforcement officers | C 379 | L 07 | |
| ESB | 5204 | Animal health laws | C 71 | L 07 | |
| SB | 5206 | Tires with retractable studs | C 140 | L 07 | |
| SSB | 5207 | Freight congestion relief | C 514 | L 07 | |
| SSB | 5219 | Weather & Avalanche Center | C 141 | L 07 | |
| SSB | 5224 | Salmon Recovery Office..... | C 444 | L 07 | |
| SSB | 5225 | Gas & liquid pipelines | C 142 | L 07 | |
| SSB | 5227 | Animal abandonment..... | C 376 | L 07 | |
| SSB | 5228 | Consumer Protection Act..... | C 66 | L 07 | |
| SSB | 5231 | Water-sewer districts | C 31 | L 07 | |
| SSB | 5236 | Public lands management | C 247 | L 07 | |
| SSB | 5242 | Wounded combat veterans..... | C 92 | L 07 | |
| SSB | 5243 | Juvenile sex offenders..... | C 203 | L 07 | |
| SSB | 5244 | Deficit Reduction Act | C 143 | L 07 | |
| SB | 5247 | Superior court judges | C 95 | L 07 | |
| SSB | 5248 | Agricultural lands | C 353 | L 07 | |
| SSB | 5250 | Motor vehicle ownership | C 96 | L 07 | |
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| SB | 5264 | State transportation facilities | C 33 | L 07 | |
| ESSB | 5269 | First peoples' teacher certification | C 319 | L 07 | |
| SB | 5272 | Adminstration of fuel taxes | C 515 | L 07 | PV |
| SB | 5273 | Motorcycle driver's license | C 97 | L 07 | |
| SSB | 5288 | Cyberbullying | C 407 | L 07 | |
| ESSB | 5290 | Workers' compensation advisory committees | C 282 | L 07 | |
| ESSB | 5292 | Physical therapist assistant | C 98 | L 07 | |
| ESSB | 5297 | Sexual health education | C 265 | L 07 | |
| ESSB | 5311 | Budget stabilization account..... | C 484 | L 07 | |
| ESSB | 5312 | Stolen metal property..... | C 377 | L 07 | |
| SB | 5313 | State patrol retirement system | C 87 | L 07 | PV |
| SSB | 5315 | Forest fires/property access | C 252 | L 07 | |
| ESSB | 5317 | Child care safety | C 415 | L 07 | |
| SSB | 5320 | Public Guardianship Office | C 364 | L 07 | PV |
| SSB | 5321 | Child welfare | C 220 | L 07 | |
| SB | 5332 | Victim information | C 204 | L 07 | |
| SSB | 5336 | Domestic partnerships | C 156 | L 07 | |
| ESSB | 5339 | Port districts..... | C 476 | L 07 | |
| SSB | 5340 | Definition of disability..... | C 317 | L 07 | |
| SB | 5351 | Court of Appeals..... | C 34 | L 07 | |
| ESSB | 5372 | Puget Sound partnership..... | C 341 | L 07 | |
| ESSB | 5373 | Unemployment insurance program..... | C 146 | L 07 | |
| SB | 5382 | Indian affairs-funded school..... | C 35 | L 07 | |
| ESB | 5385 | Student loan revenue bonds | C 36 | L 07 | |
| SB | 5389 | Horse races..... | C 100 | L 07 | |
| SSB | 5391 | Traffic infractions | C 101 | L 07 | |
| SB | 5398 | Specialty hospitals | C 102 | L 07 | |
| ESB | 5401 | Christmas tree growers | C 335 | L 07 | |
| SB | 5402 | Private vocational schools | C 462 | L 07 | |
| ESSB | 5403 | Animal massage practitioner | C 70 | L 07 | |
| SSB | 5405 | Judicial orders..... | C 37 | L 07 | |
| SB | 5408 | Primary election ballots | C 38 | L 07 | |
| SSB | 5412 | Transportation agencies..... | C 516 | L 07 | |
| SB | 5421 | Environmental covenants | C 104 | L 07 | |
| SB | 5429 | Moneys received by an inmate | C 365 | L 07 | |
| SB | 5434 | Tangible personal property | C 477 | L 07 | |
| SSB | 5435 | Public records exemptions..... | C 198 | L 07 | |
| SSB | 5443 | Workers' compensation claims | C 77 | L 07 | |
| SSB | 5445 | Cost-reimbursement agreement..... | C 188 | L 07 | |
| SSB | 5447 | Coastal Dungeness crab..... | C 479 | L 07 | |
| SSB | 5461 | Forest health | C 109 | L 07 | |
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| 2SSB | 5467 | Developmental disabilities | C 283 | L 07 | |

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| 2SSB | 5470 | Dissolution proceedings..... | C 496 | L 07 | |
| SSB | 5475 | Underground storage tanks | C 147 | L 07 | |
| SSB | 5481 | Conservation measures | C 39 | L 07 | |
| SSB | 5483 | City hardship assistance..... | C 148 | L 07 | |
| SB | 5490 | Adult Family Home Committee | C 40 | L 07 | |
| ESB | 5498 | Local taxing districts..... | C 380 | L 07 | |
| SSB | 5503 | Athletic trainers..... | C 253 | L 07 | |
| ESB | 5508 | Economic development project | C 231 | L 07 | |
| SSB | 5511 | Volunteer firefighters..... | C 112 | L 07 | |
| SB | 5512 | Hospital benefit zones..... | C 266 | L 07 | |
| ESB | 5513 | State government efficiency hotline | C 41 | L 07 | |
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| SSB | 5533 | Mental illness..... | C 375 | L 07 | |
| SSB | 5534 | Unemployment compensation exemption | C 366 | L 07 | |
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| SSB | 5568 | City lodging taxes | C 189 | L 07 | |
| SB | 5572 | Excise tax relief | C 381 | L 07 | |
| 2SSB | 5597 | Contracts with chiropractors | C 502 | L 07 | |
| SB | 5607 | Historical property | C 90 | L 07 | |
| SB | 5613 | Entrepreneurial training | C 149 | L 07 | |
| SB | 5620 | Civil Service Commission | C 12 | L 07 | |
| SSB | 5625 | Jail services | C 13 | L 07 | |
| E2SSB | 5627 | Basic education funding..... | C 399 | L 07 | |
| SSB | 5634 | Corrections personnel | C 382 | L 07 | |
| SB | 5635 | Polygraph tests..... | C 14 | L 07 | |
| SSB | 5639 | Microbreweries | C 222 | L 07 | |
| SB | 5640 | Tribal governments | C 114 | L 07 | |
| SSB | 5647 | Tourism promotion | C 497 | L 07 | |
| 2SSB | 5652 | Microenterprise development | C 322 | L 07 | |
| SSB | 5653 | Self-employment assistance..... | C 248 | L 07 | |
| E2SSB | 5659 | Family & medical leave insurance..... | C 357 | L 07 | |
| ESB | 5669 | Renewable fuel standards | C 308 | L 07 | |
| SSB | 5674 | Water District Commissioner | C 383 | L 07 | |
| ESB | 5675 | Workers' compensation benefits | C 284 | L 07 | |
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| SSB | 5688 | Workers' compensation claimants | C 78 | L 07 | |
| SSB | 5702 | Unemployment insurance | C 386 | L 07 | |
| SB | 5711 | Offender score..... | C 116 | L 07 | |
| SSB | 5715 | Selling insurance..... | C 117 | L 07 | |
| ESSB | 5717 | Market conduct oversight | C 82 | L 07 | |
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| SSB | 5720 | Broadcast of legal notices | C 103 | L 07 | |

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| SSB | 5731 | Student in high demand field..... | C 397 | L 07 | |
| SB | 5732 | County treasurer..... | C 105 | L 07 | |
| SB | 5759 | Executive state officers..... | C 15 | L 07 | |
| ESSB | 5770 | Higher education public works..... | C 495 | L 07 | |
| SB | 5773 | Treatment records..... | C 191 | L 07 | |
| ESSB | 5774 | Background checks..... | C 387 | L 07 | PV |
| SB | 5775 | Special education..... | C 115 | L 07 | |
| SB | 5778 | Shellfish protection..... | C 150 | L 07 | |
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| 2SSB | 5790 | Skill centers..... | C 463 | L 07 | PV |
| SB | 5798 | Design-build construction..... | C 152 | L 07 | |
| 2SSB | 5806 | Higher education costs..... | C 151 | L 07 | |
| SSB | 5826 | Credit reports..... | C 499 | L 07 | |
| ESSB | 5827 | Consumer privacy..... | C 93 | L 07 | |
| E2SSB | 5828 | Early child development..... | C 394 | L 07 | |
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| E2SSB | 5859 | Retail liquor license..... | C 370 | L 07 | |
| E2SSB | 5862 | Passenger-only ferry service..... | C 223 | L 07 | |
| SB | 5879 | Payroll deductions..... | C 99 | L 07 | |
| SSB | 5881 | Water power license fees..... | C 286 | L 07 | |
| SSB | 5882 | State Heritage Center..... | C 523 | L 07 | |
| 2SSB | 5883 | Forest land..... | C 106 | L 07 | |
| ESSB | 5894 | Large on-site sewage systems..... | C 343 | L 07 | |
| SSB | 5895 | Seller disclosure..... | C 107 | L 07 | |
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| SSB | 5910 | Medical malpractice action..... | C 119 | L 07 | |
| ESSB | 5915 | Unemployment/workers' compensation..... | C 287 | L 07 | |
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| SSB | 5919 | Insurance premium taxes..... | C 153 | L 07 | |
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| SSB | 5937 | High-accident corridors..... | C 424 | L 07 | |
| SSB | 5952 | Department of Early Learning..... | C 17 | L 07 | |
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| SSB | 6156 | State government | C 501 | L 07 | PV |
| ESSB | 6157 | Offender recidivism | C 483 | L 07 | |
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| C | 3 | L 07 | Part D drug copayment program..... | 2SHB | 1095 |
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| C 274 | L 07 | | Health care authority..... | HB | 1645 |

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| C 276 | L 07 | Human papillomavirus..... | SHB | 1802 |
| C 277 | L 07 | Postsecondary opportunities | 2SHB | 1096 |
| C 278 | L 07 | Care providers..... | ESHB | 1916 |
| C 279 | L 07 | Health care facilities | SHB | 2087 |
| C 280 | L 07 | Contribution rates | SB | 5014 |
| C 281 | L 07 | Industrial insurance..... | SSB | 5053 |
| C 282 | L 07 | Workers' compensation advisory committees | ESSB | 5290 |
| C 283 | L 07 | Developmental disabilities..... | 2SSB | 5467 |
| C 284 | L 07 | Workers' compensation benefits | ESB | 5675 |
| C 285 | L 07 | Accrual of property tax..... | ESSB | 5836 |
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| C 287 | L 07 | Unemployment/workers' compensation | ESSB | 5915 |
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| C 290 | L 07 | Fire service training account..... | SB | 6119 |
| C 291 | L 07 | Legislative youth advisory..... | ESHB | 1052 |
| C 292 | L 07 | Emergency workers | HB | 1073 |
| C 293 | L 07 | Fish & wildlife data | HB | 1077 |
| C 294 | L 07 | Natural resources' officers | SHB | 1124 |
| C 295 | L 07 | County treasurers | HB | 1166 |
| C 296 | L 07 | Fixed payment insurance | SHB | 1233 |
| C 297 | L 07 | Wages for industrial insurance | SHB | 1244 |
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| C 304 | L 07 | LEOFFRS service credit..... | HB | 1680 |
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| C 306 | L 07 | Security guards | SHB | 1988 |
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| C 313 | L 07 | Child support schedule | 2SHB | 1009 |
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| C 316 | L 07 | Youth housing program | 2SHB | 1922 |
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| C 318 | L 07 | Students with disabilities | ESHB | 1050 |
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| C 324 | L 07 | | Harvesting geoduck clams | HB | 1949 |
| C 325 | L 07 | | Electrical transmission..... | SHB | 1037 |
| C 326 | L 07 | | Electric transmission lines | HB | 1038 |
| C 327 | L 07 | | Unemployment administration..... | SHB | 1407 |
| C 328 | L 07 | | Definition of floodway..... | EHB | 1413 |
| C 329 | L 07 | | Transportation benefit districts | ESHB | 1858 |
| C 330 | L 07 | | Agricultural commodities | HB | 1443 |
| C 331 | L 07 | | Agriculture | EHB | 1648 |
| C 332 | L 07 | | Repairs to farm machinery | EHB | 1902 |
| C 333 | L 07 | | Heritage barn preservation..... | SHB | 2115 |
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| C 335 | L 07 | | Christmas tree growers | ESB | 5401 |
| C 336 | L 07 | | Shellfish/seaweed license..... | SHB | 1082 |
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| C 345 | L 07 | PV | Puget Sound research account | 2SHB | 1656 |
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| C 349 | L 07 | | Environmental mitigation | SHB | 1929 |
| C 350 | L 07 | PV | Aquatic invasive species..... | E2SSB | 5923 |
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| C 357 | L 07 | | Family & medical leave insurance..... | E2SSB | 5659 |
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| C 363 | L 07 | | Sentence review board | HB | 1592 |
| C 364 | L 07 | PV | Public Guardianship Office..... | SSB | 5320 |
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| C 368 | L 07 | PV | Sexual abuse of minors | SSB | 5718 |
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| C 370 | L 07 | | Retail liquor license | E2SSB | 5859 |
| C 371 | L 07 | | Medical use of marijauna..... | ESSB | 6032 |
| C 372 | L 07 | | Rental vehicles..... | HB | 1371 |
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| C 374 | L 07 | | Election certification..... | HB | 2152 |
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| C 408 | L 07 | PV | Dropout prevention..... | 2SHB | 1573 |
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| C 426 | L 07 | Motor vehicle lemon law | SSB | 5050 |
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| C 428 | L 07 | Land for affordable housing..... | 2SHB | 1401 |
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| C 430 | L 07 PV | Multi-dwelling units..... | E2SHB | 1910 |
| C 431 | L 07 PV | Manufactured/mobile home | E2SHB | 1461 |
| C 432 | L 07 PV | Mobile/manufactured homes | SHB | 2118 |
| C 433 | L 07 | Major industrial development | SHB | 1965 |
| C 434 | L 07 PV | Automatic sprinkler systems..... | 2SHB | 1811 |
| C 435 | L 07 | Sprinkler fitters | ESHB | 1968 |
| C 436 | L 07 | Construction contractors | SHB | 1843 |
| C 437 | L 07 | Apprenticeship utilization | EHB | 1898 |
| C 438 | L 07 | Agency shop fees | HB | 2079 |
| C 439 | L 07 | Autopsy reports & records..... | SHB | 2209 |
| C 440 | L 07 | Cardiac care services..... | SHB | 2304 |
| C 441 | L 07 | Park passes | SHB | 1259 |
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| C 451 | L 07 | Veterans conservation corps | 2SSB | 5164 |
| C 452 | L 07 | Raffles by state employees..... | HB | 1599 |
| C 453 | L 07 | Legislative Gift Center..... | 2SHB | 1896 |
| C 454 | L 07 | Shared leave | HB | 2281 |
| C 455 | L 07 | Limitation on actions | SHB | 1832 |
| C 456 | L 07 | Statute Law Committee..... | HB | 1859 |
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| C 458 | L 07 PV | Higher education coordinating board..... | ESHB | 1883 |

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| C 460 | L 07 | Educational service district..... | HB | 2154 |
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| C 469 | L 07 | Special purpose districts | ESHB | 1368 |
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| C 492 | L 07 | Public retirement system..... | SSB | 5174 |
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| C 495 | L 07 | Higher education public works | ESSB | 5770 |
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| C 501 | L 07 | PV State government | SSB | 6156 |
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| C 507 | L 07 | Medical benefits administration account | HB | 2163 |
| C 508 | L 07 | Nursing facility medicaid..... | ESSB | 6158 |
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| C 511 | L 07 | Regional transportation planning organizations | HB | 2004 |
| C 512 | L 07 | State ferries | ESHB | 2358 |
| C 513 | L 07 | Transportation-related accounts..... | SSB | 5085 |
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| C 518 | L 07 PV | Transportation budget | ESHB | 1094 |
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Rep. John E. Ahern (R-2)

District 7

Sen. Bob Morton (R)
Rep. Bob F. Sump (R-1)
Rep. Joel Kretz (R-2)

District 8

Sen. Jerome Delvin (R)
Rep. Shirley W. Hankins (R-1)
Rep. Larry Haler (R-2)

District 9

Sen. Mark Schoesler (R)
Rep. Don L. Cox (R-1)
Rep. David Buri (R-2)

District 10

Sen. Mary Margaret Haugen (D)
Rep. Chris Strow (R-1)
Rep. Barbara Bailey (R-2)

District 11

Sen. Margarita Prentice (D)
Rep. Zack Hudgins (D-1)
Rep. Bob Hasegawa (D-2)

District 12

Sen. Linda Evans Parlette (R)
Rep. Cary Condotta (R-1)
Rep. Mike Armstrong (R-2)

District 13

Sen. Janéa Holmquist (R)
Rep. Janéa Holmquist (R-1)
Rep. Bill Hinkle (R-2)

District 14

Sen. Jim A. Clements (R)
Rep. Mary K. Skinner (R-1)
Rep. Jim A. Clements (R-2)

District 15

Sen. Jim Honeyford (R)
Rep. Bruce Q. Chandler (R-1)
Rep. Daniel Newhouse (R-2)

District 16

Sen. Mike Hewitt (R)
Rep. Maureen Walsh (R-1)
Rep. Bill A. Grant (D-2)

District 17

Sen. Don Benton (R)
Rep. Jim Dunn (R-1)
Rep. Deb Wallace (D-2)

District 18

Sen. Joseph Zarelli (R)
Rep. Richard Curtis (R-1)
Rep. Ed Orcutt (R-2)

District 19

Sen. Brian Hatfield (D)
Rep. Dean Takko (D-1)
Rep. Brian Blake (D-2)

District 20

Sen. Dan Swecker (R)
Rep. Richard C. DeBolt (R-1)
Rep. Gary C. Alexander (R-2)

District 21

Sen. Paull H. Shin (D)
Rep. Mary Helen Roberts (D-1)
Rep. Brian Sullivan (D-2)

District 22

Sen. Karen Fraser (D)
Rep. Brenda Williams (D-1)
Rep. Sam Hunt (D-2)

District 23

Sen. Phil Rockefeller (D)
Rep. Sherry Appleton (D-1)
Rep. Beverly A. Woods (R-2)

District 24

Sen. James E. Hargrove (D)
Rep. Jim G. Buck (R-1)
Rep. Lynn E. Kessler (D-2)

District 25

Sen. Jim Kastama (D)
Rep. Joyce McDonald (R-1)
Rep. Dawn Morrell (R-2)

District 26

Sen. Derek Kilmer (D)
Rep. Patricia T. Lantz (D-1)
Rep. Derek Kilmer (D-2)

District 27

Sen. Debbie E. Regala (D)
Rep. Dennis Flannigan (D-1)
Rep. Jeannie Darneille (D-2)

District 28

Sen. Mike Carrell (R)
Rep. Gigi G. Talcott (R-1)
Rep. Tami Green (D-2)

District 29

Sen. Rosa Franklin (D)
Rep. Steve E. Conway (D-1)
Rep. Steve Kirby (D-2)

District 30

Sen. Tracey J. Eide (D)
Rep. Mark A. Miloscia (D-1)
Rep. Skip Priest (R-2)

District 31

Sen. Pam Roach (R)
Rep. Dan Roach (R-1)
Rep. Jan Shabro (R-2)

District 32

Sen. Darlene Fairley (D)
Rep. Maralyn Chase (D-1)
Rep. Ruth L. Kagi (D-2)

District 33

Sen. Karen K. Keiser (D)
Rep. Shay K. Schual-Berke (D-1)
Rep. Dave Upthegrove (D-2)

District 34

Sen. Erik E. Poulsen (D)
Rep. Eileen L. Cody (D-1)
Rep. Joe McDermott (D-2)

District 35

Sen. Tim Sheldon (D)
Rep. Kathy M. Haigh (D-1)
Rep. William "Ike" A. Eickmeyer (D-2)

District 36

Sen. Jeanne Kohl-Welles (D)
Rep. Helen E. Sommers (D-1)
Rep. Mary Lou Dickerson (D-2)

District 37

Sen. Adam Kline (D)
Rep. Sharon Tomiko Santos (D-1)
Rep. Eric Pettigrew (D-2)

District 38

Sen. Jean Berkey (D)
Rep. John R. McCoy (D-1)
Rep. Mike Sells (D-2)

District 39

Sen. Val Stevens (R)
Rep. Dan Kristiansen (R-1)
Rep. Kirk Pearson (R-2)

District 40

Sen. Harriet A. Spanel (D)
Rep. Dave S. Quall (D-1)
Rep. Jeff R. Morris (D-2)

District 41

Sen. Brian Weinstein (D)
Rep. Fred Jarrett (R-1)
Rep. Judy Clibborn (D-2)

District 42

Sen. Dale E. Brandland (R)
Rep. Doug J. Ericksen (R-1)
Rep. Kelli J. Linville (D-2)

District 43

Sen. Ed B. Murray (D)
Rep. Ed B. Murray (D-1)
Rep. Frank V. Chopp (D-2)

District 44

Sen. Steve Hobbs (D)
Rep. Hans Dunshee (D-1)
Rep. John R. Lovick (D-2)

District 45

Sen. Eric Oemig (D)
Rep. Toby Nixon (R-1)
Rep. Larry Springer (D-2)

District 46

Sen. Ken Jacobsen (D)
Rep. Jim L. McIntire (D-1)
Rep. Phyllis Gutierrez Kenney (D-2)

District 47

Sen. Claudia Kauffman (D)
Rep. Geoff Simpson (D-1)
Rep. Pat Sullivan (D-2)

District 48

Sen. Rodney Tom (D)
Rep. Ross Hunter (D-1)
Rep. Rodney Tom (R-2)

District 49

Sen. Craig Pridemore (D)
Rep. Bill Fromhold (D-1)
Rep. Jim Moeller (D-2)

Standing Committee Assignments

Senate Agriculture & Rural Economic Development

Marilyn Rasmussen, *Chair*
Brian Hatfield, *V. Chair*
Mark Schoesler*
Ken Jacobsen
Bob Morton
Paull H. Shin

Senate Consumer Protection & Housing

Brian Weinstein, *Chair*
Claudia Kauffman, *V. Chair*
Jim Honeyford*
Jerome Delvin
Mary Margaret Haugen
Ken Jacobsen
Derek Kilmer
Bob McCaslin
Rodney Tom

Senate Early Learning & K-12 Education

Rosemary McAuliffe, *Chair*
Rodney Tom, *V. Chair*
Janéa Holmquist*
Dale E. Brandland
Jim A. Clements
Tracey J. Eide
Mike Hewitt
Steve Hobbs
Claudia Kauffman
Eric Oemig
Marilyn Rasmussen
Brian Weinstein
Joseph Zarelli

Senate Economic Development, Trade & Management

Jim Kastama, *Chair*
Derek Kilmer, *V. Chair*
Joseph Zarelli*
Jim A. Clements
Claudia Kauffman
Paull H. Shin

Senate Financial Institutions & Insurance

Jean Berkey, *Chair*
Steve Hobbs, *V. Chair*
Don Benton*
Rosa Franklin
Brian Hatfield
Linda Evans Parlette
Margarita Prentice
Mark Schoesler

Senate Government Operations & Elections

Darlene Fairley, *Chair*
Eric Oemig, *V. Chair*
Pam Roach*
Don Benton
Adam Kline
Craig Pridemore
Dan Swecker

Senate Health & Long-Term Care

Karen K. Keiser, *Chair*
Rosa Franklin, *V. Chair*
Cheryl A. Pflug*
Mike Carrell
Darlene Fairley
Jim Kastama
Jeanne Kohl-Welles
Chris Marr
Linda Evans Parlette

Senate Higher Education

Paull H. Shin, *Chair*
Derek Kilmer, *V. Chair*
Jerome Delvin*
Jean Berkey
Mark Schoesler
Tim Sheldon

Senate Human Services & Corrections

James Hargrove, *Chair*
Debbie E. Regala, *V. Chair*
Val Stevens*
Dale E. Brandland
Mike Carrell
Chris Marr
Rosemary McAuliffe

Senate Judiciary

Adam Kline, *Chair*
Rodney Tom, *V. Chair*
Bob McCaslin*
Mike Carrell
James Hargrove
Ed B. Murray
Pam Roach
Brian Weinstein

Senate Labor, Commerce, Research & Development

Jeanne Kohl-Welles, *Chair*
Karen K. Keiser, *V. Chair*
Jim A. Clements*
Rosa Franklin
Mike Hewitt
Janéa Holmquist
Ed B. Murray
Margarita Prentice

Senate Natural Resources, Ocean & Recreation

Ken Jacobsen, *Chair*
Phil Rockefeller, *V. Chair*
Bob Morton*
Karen Fraser
James Hargrove
Erik E. Poulsen
Harriet A. Spanel
Val Stevens
Dan Swecker

* denotes Ranking Minority Member

Standing Committee Assignments

Senate Rules

Lt. Governor Brad Owen, *Chair*
Rosa Franklin, *V. Chair*
Mike Hewitt*
Lisa J. Brown
Tracey J. Eide
Karen Fraser
Mary Margaret Haugen
Adam Kline
Jeanne Kohl-Welles
Rosemary McAuliffe
Ed B. Murray
Linda Evans Parlette
Cheryl A. Pflug
Erik E. Poulsen
Debbie E. Regala
Mark Schoesler
Harriet A. Spanel
Val Stevens
Joseph Zarelli

Senate Transportation

Mary Margaret Haugen, *Chair*
Chris Marr, *V. Chair*
Ed B. Murray, *V. Chair*
Dan Swecker*
Don Benton
Jean Berkey
Jim A. Clements
Jerome Delvin
Tracey J. Eide
Janéa Holmquist
Ken Jacobsen
Jim Kastama
Claudia Kauffman
Derek Kilmer
Cheryl A. Pflug
Tim Sheldon
Harriet A. Spanel

Senate Water, Energy & Telecommunications

Erik E. Poulsen, *Chair*
Phil Rockefeller, *V. Chair*
Jim Honeyford*
Jerome Delvin
Karen Fraser
Janéa Holmquist
Chris Marr
Bob Morton
Eric Oemig
Craig Pridemore
Debbie E. Regala

Senate Ways & Means

Margarita Prentice, *Chair*
Craig Pridemore, *V. Chair (Operating Budget)*
Karen Fraser, *V. Chair (Capital Budget)*
Joseph Zarelli*
Dale E. Brandland
Mike Carrell
Darlene Fairley
Brian Hatfield
Mike Hewitt
Steve Hobbs
Jim Honeyford
Karen K. Keiser
Jeanne Kohl-Welles
Eric Oemig
Linda Evans Parlette
Marilyn Rasmussen
Debbie E. Regala
Pam Roach
Phil Rockefeller
Mark Schoesler
Rodney Tom

* denotes Ranking Minority Member

** denotes Assistant Ranking Minority Member

Standing Committee Assignments

House Agriculture & Natural Resources

Brian Sullivan, *Chair*
Brian Blake, *V. Chair*
Joel Kretz*
Judy Warnick**
Mary Dickerson
William Eickmeyer
Bill Grant
Steve Hailey
Ruth Kagi
Patricia Lantz
John McCoy
Dan Newhouse
Ed Orcutt
Chris Strow
Kevin Van De Wege

House Appropriations

Helen Sommers, *Chair*
Hans Dunshee, *V. Chair*
Gary Alexander*
Barbara Bailey**
Larry Haler**
Glenn Anderson
David Buri
Bruce Chandler
Eileen Cody
Steve Conway
Jeannie Darneille
Jim Dunn
Mark Ericks
Bill Fromhold
Bill Grant
Kathy Haigh
Bill Hinkle
Sam Hunt
Ross Hunter
Ruth Kagi
Phyllis Kenney
Lynn Kessler
Joel Kretz
Kelli Linville
Joe McDermott
Joyce McDonald
Jim McIntire
Dawn Morrell
Eric Pettigrew
Skip Priest
Shay Schual-Berke
Larry Seaquist
Pat Sullivan
Maureen Walsh

House Appropriations Subcommittee on Education

Kathy Haigh, *Chair*
Pat Sullivan, *V. Chair*
Skip Priest*
Glenn Anderson**
Don Barlow
Jim Dunn
Hans Dunshee
Bill Fromhold
Larry Haler
Ross Hunter
Fred Jarrett
Ruth Kagi
Phyllis Kenney
Joe McDermott
Timm Ormsby
Dave Quall
Larry Seaquist
Deb Wallace

House Appropriations Subcommittee on General Government & Audit Review

Kelli Linville, *Chair*
Mark Ericks, *V. Chair*
Mike Armstrong*
Mary Skinner**
Judy Warnick**
Brian Blake
Bruce Chandler
Larry Crouse
Joel Kretz
Patricia Lantz
Mark Miloscia
Jeff Morris
Dave Uptegrove
Kevin Van De Wege
Brendan Williams

* denotes Ranking Minority Member

Standing Committee Assignments

House Capital Budget

Bill Fromhold, *Chair*
Timm Ormsby, *V. Chair*
Shay Schual-Berke, *V. Chair*
Joyce McDonald*
Dan Newhouse**
Brian Blake
Maralyn Chase
Hans Dunshee
William Eickmeyer
Dennis Flannigan
Roger Goodman
Shirley Hankins
Bob Hasegawa
Troy Kelley
Jim McCune
Ed Orcutt
Kirk Pearson
Jamie Pedersen
Mike Sells
Mary Skinner
Chris Strow
Dave Upthegrove

House Commerce and Labor

Steve Conway, *Chair*
Alex Wood, *V. Chair*
Cary Condotta*
Bruce Chandler**
Larry Crouse
Tami Green
Jim Moeller
Brendan Williams

House Community & Economic Development & Trade

Phyllis Kenney, *Chair*
Eric Pettigrew, *V. Chair*
Barbara Bailey*
Joyce McDonald**
Maralyn Chase
Jeannie Darneille
Larry Haler
Christine Rolfes
Pat Sullivan

House Early Learning & Children's Services

Ruth Kagi, *Chair*
Larry Haler*
Maureen Walsh**
Sherry Appleton
Bill Hinkle
Eric Pettigrew
Mary Helen Roberts

House Education

Dave Quall, *Chair*
Don Barlow, *V. Chair*
Skip Priest*
Glenn Anderson**
Kathy Haigh
Joe McDermott
Dan Roach
Sharon Santos
Pat Sullivan

House Environmental Health, Select Committee on

Tom Campbell, *Chair*
Zack Hudgins, *V. Chair*
Dan Newhouse*
Bob Sump**
Maralyn Chase
Steve Hailey
Sam Hunt
Dawn Morrell
Alex Wood

House Finance

Ross Hunter, *Chair*
Bob Hasegawa, *V. Chair*
Ed Orcutt*
Cary Condotta**
Steve Conway
Mark Ericks
Jim McIntire
Dan Roach
Sharon Santos

House Health Care & Wellness

Eileen Cody, *Chair*
Dawn Morrell, *V. Chair*
Bill Hinkle*
Gary Alexander**
Don Barlow
Tom Campbell
Cary Condotta
Richard Curtis
Tami Green
Jim Moeller
Jamie Pedersen
Shay Schual-Berke
Larry Seaquist

House Higher Education

Deb Wallace, *Chair*
Mike Sells, *V. Chair*
Glenn Anderson*
David Buri**
Bob Hasegawa
Fred Jarrett
Jim McIntire
Mary Helen Roberts
Helen Sommers

House Housing

Mark Miloscia, *Chair*
Larry Springer, *V. Chair*
Jim Dunn*
Troy Kelley
Jim McCune
Timm Ormsby
Lynn Schindler

House Human Services

Mary Dickerson, *Chair*
Mary Helen Roberts, *V. Chair*
John Ahern*
Maureen Walsh**
Barbara Bailey
Jeannie Darneille
John McCoy
Al O'Brien

* denotes Ranking Minority Member

** denotes Assistant Ranking Minority Member

Standing Committee Assignments

House Insurance, Financial Services & Consumer Protection

Steve Kirby, *Chair*
Troy Kelley, *V. Chair*
Dan Roach*
Chris Strow**
Christopher Hurst
Jay Rodne
Sharon Santos
Geoff Simpson

House Judiciary

Patricia Lantz, *Chair*
Roger Goodman, *V. Chair*
Jay Rodne*
Judy Warnick**
John Ahern
Dennis Flannigan
Steve Kirby
Jim Moeller
Jamie Pedersen
Charles Ross
Brendan Williams

House Local Government

Geoff Simpson, *Chair*
Deborah Eddy, *V. Chair*
Richard Curtis*
Lynn Schindler**
Charles Ross
Brian Sullivan
Dean Takko

House Public Safety & Emergency Preparedness

Al O'Brien, *Chair*
Christopher Hurst, *V. Chair*
Kirk Pearson*
Charles Ross**
John Ahern
Roger Goodman
John Lovick

House Puget Sound, Select Committee on

Dave Upthegrove, *Chair*
William Eickmeyer, *V. Chair*
Christine Rolfes, *V. Chair*
Bob Sump*
Maureen Walsh**
Al O'Brien
Kirk Pearson
Larry Springer

House Rules

Frank Chopp, *Chair*
Richard DeBolt*
Mike Armstrong
Barbara Bailey
David Buri
Mark Ericks
Doug Ericksen
Bill Grant
Tami Green
Zack Hudgins
Christopher Hurst
Troy Kelley
Lynn Kessler
Dan Kristiansen
John Lovick
John McCoy
Jim McCune
Joyce McDonald
Jim Moeller
Timm Ormsby
Sharon Santos
Larry Springer
Bob Sump
Brendan Williams

House State Government & Tribal Affairs

Sam Hunt, *Chair*
Sherry Appleton, *V. Chair*
Bruce Chandler*
Mike Armstrong**
Tami Green
Joel Kretz
Joe McDermott
Mark Miloscia
Timm Ormsby

House Technology, Energy & Communications

Jeff Morris, *Chair*
John McCoy, *V. Chair*
Larry Crouse*
Jim McCune**
Deborah Eddy
Doug Ericksen
Shirley Hankins
Zack Hudgins
Christopher Hurst
Dean Takko
Kevin Van De Wege

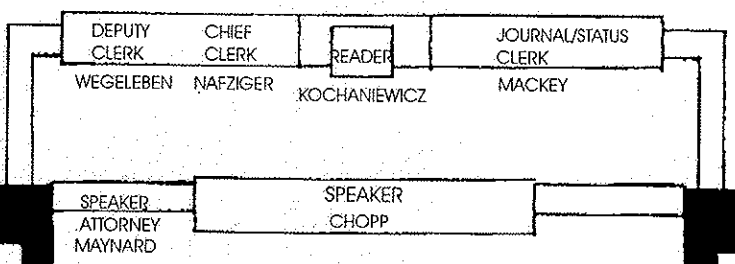
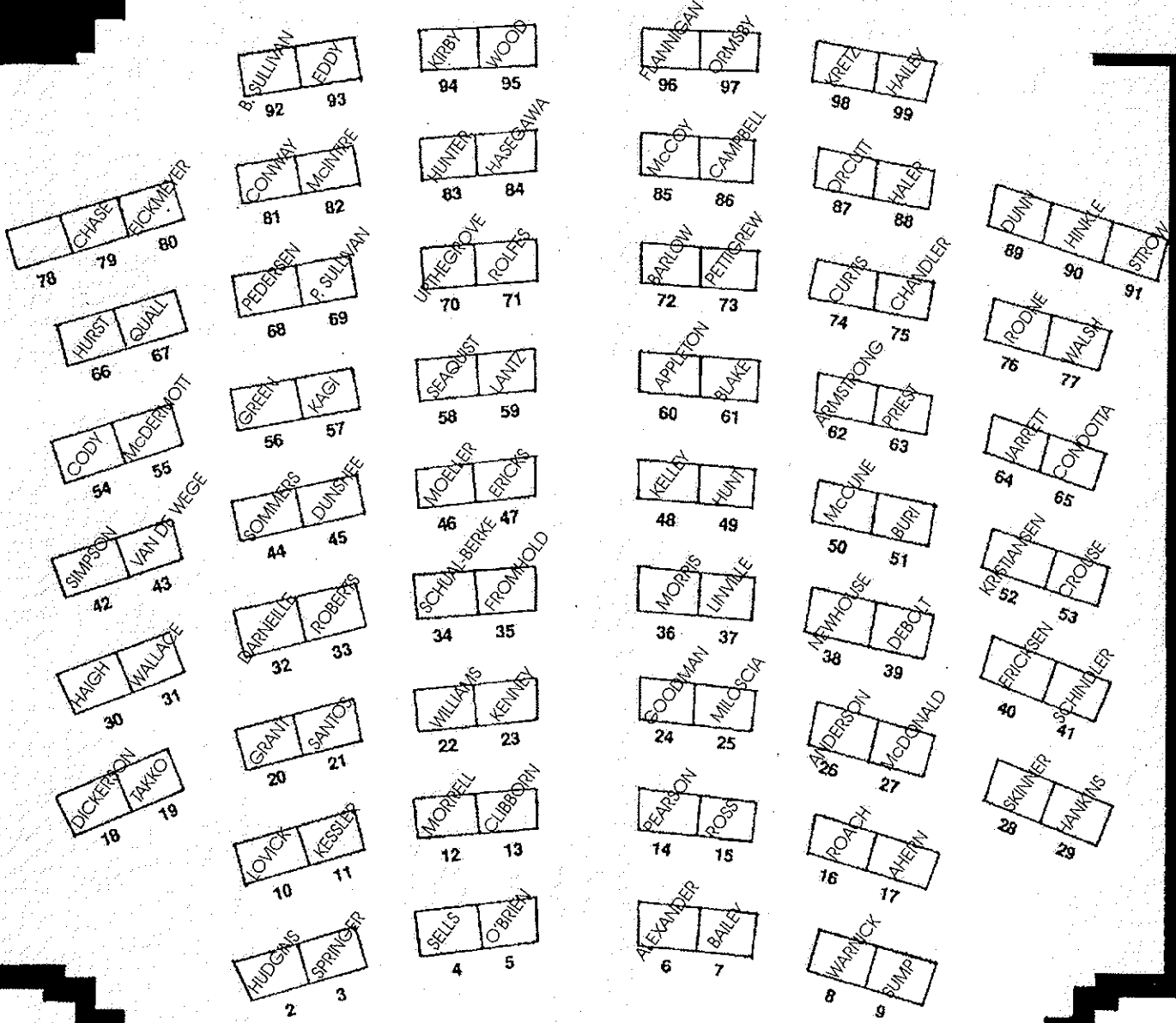
House Transportation

Judy Clibborn, *Chair*
Dennis Flannigan, *V. Chair*
Fred Jarrett*
Lynn Schindler**
Sherry Appleton
Mike Armstrong
Tom Campbell
Richard Curtis
Mary Dickerson
Deborah Eddy
Doug Ericksen
Steve Hailey
Shirley Hankins
Zack Hudgins
Dan Kristiansen
John Lovick
Jay Rodne
Christine Rolfes
Mike Sells
Geoff Simpson
Larry Springer
Brian Sullivan
Dean Takko
Dave Upthegrove
Deb Wallace
Alex Wood

* denotes Ranking Minority Member

** denotes Assistant Ranking Minority Member

2007 HOUSE SEATING



2007 Legislative Session Senate Seating

| | | | | | | | |
|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|---------------|----------------|
| Hatfield 19 | Marr 6 | Kastama 25 | Berkey 38 | Tom 48 | Pridemore 49 | Oemig 45 | Jacobsen 46 |
| Kilmer 26 | Hobbs 44 | Kauffman 47 | Keiser 33 | Shin 21 | Sheldon 35 | Poulsen 34 | |
| Brandland 42 | Holmquist 13 | Honeyford 15 | Hargrove 24 | Kline 37 | Regala 27 | | |
| Stevens 39 | Parlette 12 | Swecker 20 | Weinstein 41 | Kohl-Welles 36 | Rasmussen 2 | | |
| Zarelli 18 | Hewitt 16 | Schoesler 9 | Eide 30 | Rockefeller 23 | Fairley 32 | | |
| Roach 31 | Clements 14 | Pflug 5 | Brown 3 | Spanel 40 | Murray 43 | | |
| Benton 17 | Carrell 28 | Delvin 8 | Franklin 29 | McAuliffe 1 | Haugen 10 | | |
| | McCaslin 4 | Morton 7 | Fraser 22 | Prentice 11 | | | |

= District

| | | | | | |
|-------------------------------|-----------------|---|---------------|----------------------------------|--------------------------------|
| Sgt. at Arms | Microphones | Journal Clerk | Reading Clerk | Secretary of the Senate | Deputy Secretary of the Senate |
| Jim Ruble | Lucretia Turner | Linda Jansson | Ken Edmonds | Tom Hoemann | Brad Hendrickson |
| Senate Counsel Mike Hoover | | President of the Senate Lieutenant Governor Brad Owen | | Senate Counsel Marty Lovinger | |
| Press Desk | | | | | |