

the department. In practice, my veto will not change the role of the advisory board.

In appointing the representatives to the board, the Governor may only select from lists submitted by nonprofit organizations or associations representing individuals, corporations or associations engaged in the business classification from which such members shall be selected.

While the designation of a representative of the designated groups is acceptable, the requirement that these representatives be selected only from lists submitted by specific organizations is unduly restrictive. I have therefore vetoed in section 3 those items restricting the appointing authority.

With these exceptions, the remainder of Engrossed Senate Bill No. 186 is approved."

CHAPTER 230
[Senate Bill No. 318]
DEPOSIT OF PUBLIC FUNDS IN BANKS CLAIMING
TAX EXEMPTIONS

AN ACT Relating to depositaries and deposits of public funds; adding new sections to chapter 8, Laws of 1965 and to chapter 43.85-RCW; adding new sections to chapter 4, Laws of 1963 and to chapter 36.48 RCW; adding new sections to chapter 7, Laws of 1963 and to chapter 35.38 RCW; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Section 1. There is added to chapter 8, Laws of 1965 and to chapter 43.85 RCW a new section to read as follows:

The state finance committee shall not approve, designate or select as a depositary for any state funds any bank which claims exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state. The director of revenue shall notify the state finance committee on or before July 1, 1969, and quarterly on the first day of October, January, April and July thereafter of the names and addresses of any banks which have claimed exemption from the payment of any of said taxes.

NEW SECTION. Sec. 2. There is added to chapter 8, Laws of 1965 and to chapter 43.85 RCW a new section to read as follows:

The state treasurer or any other state officer shall not deposit state moneys in any bank which claims exemption from the pay-

ment of any sales or compensating use or ad valorem taxes under the laws of this state. The director of revenue shall notify the state treasurer on or before July 1, 1969, and quarterly on the first day of October, January, April and July thereafter of the names and addresses of any banks which have claimed exemption from the payment of any said taxes.

NEW SECTION. Sec. 3. There is added to chapter 4, Laws of 1963 and to chapter 36.48 RCW a new section to read as follows:

A county treasurer shall not approve, designate or select as a depository for any public funds any bank which claims exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state.

NEW SECTION. Sec. 4. There is added to chapter 4, Laws of 1963 and to chapter 36.48 RCW a new section to read as follows:

A county treasurer shall not deposit public moneys in any bank which claims exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state.

NEW SECTION. Sec. 5. There is added to chapter 4, Laws of 1963 and to chapter 36.48 RCW a new section to read as follows:

The director of revenue shall notify each county treasurer on or before July 1, 1969, and quarterly on the first day of October, January, April and July thereafter of the names and addresses of any banks which have claimed exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state.

NEW SECTION. Sec. 6. There is added to chapter 7, Laws of 1965 and to chapter 35.38 RCW a new section to read as follows:

A city or town treasurer shall not approve, designate or select as a depository for any public funds any bank which claims exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state.

NEW SECTION. Sec. 7. There is added to chapter 7, Laws of 1963 and to chapter 35.38 RCW a new section to read as follows:

A city or town treasurer shall not deposit public moneys in

any bank which claims exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state.

NEW SECTION. Sec. 8. There is added to chapter 7, Laws of 1965 and to chapter 35.38 RCW a new section to read as follows:

The director of revenue shall notify each city and town treasurer on or before July 1, 1969, and quarterly on the first day of October, January, April and July thereafter of the names and addresses of any banks which have claimed exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state.

NEW SECTION. Sec. 9. There is added to chapter 8, Laws of 1965 and to chapter 43.85 RCW a new section to read as follows:

Nothing contained in sections 1 through 8 of this 1969 act shall be construed or interpreted to impair the obligation of any contract. Sections 1 through 8 of this 1969 act shall be construed to limit the obligations of the state, any county, or any city or town on any existing contract or agreement for the deposit of public moneys or funds to that which is specifically provided in any such contract to the shortest term or period of time authorized by such contract. All options of the state, a county, or city or town to terminate in any manner whatsoever any agreement in conflict with the provisions of sections 1 through 8 of this 1969 act shall be and hereby are exercised. Every officer, board, commission and employee administering any of the affairs or matters of the state, a county, or city or town and having the right to exercise such an option is hereby directed to exercise such option under penalty of removal -V
from office or public service.

NEW SECTION. Sec. 10. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, -V

v- and shall take effect immediately.

Passed the Senate March 18, 1969

Passed the House April 11, 1969

Approved by the Governor April 18, 1969, with the exception of a certain item in section 9 and all of section 10 which are vetoed

Filed in office of Secretary of State May 14, 1969

NOTE: Governor's explanation of partial veto is as follows:
"...Senate Bill No. 318 would prohibit the State Finance Committee, the State Treasurer or other state officers, county treasurers or city or town treasurers from selecting or designating as a depository for state, county or city funds any bank that claims exemption from the retail sales tax, the use tax or ad valorem taxes.

Banks are not exempt from these taxes under the state law. However, the United States Supreme Court last June affirmed that under federal law, national banks are exempt from state sales and use taxes. This case interpreted an 1864 statute, setting limits on how national banks may be taxed. A bill has been introduced in the present Congress to make federally chartered banks subject to state sales and use taxes.

The national banks of the State of Washington have paid the sales tax and use tax throughout the history of the revenue act and have not claimed exemption in any case that has come to the attention of the Department of Revenue. However, the publicity given to the Supreme Court decision has raised the possibility that national bank officers could be pressured by their stockholders to refuse to pay these taxes.

The first eight sections prohibit state and local officers from depositing public funds with institutions that claim exemption from state sales, use and ad valorem taxes.

Section 9 states that the act is not to be construed to impair existing contracts for the deposit of public funds, but is to be construed to limit the obligations under any existing contracts with banks claiming exemptions to the shortest possible term or period of time authorized by such contracts. The act specifically exercises all options to terminate existing contracts for the deposit of public funds that are inconsistent with the terms of the act. Further, all public officers are directed to exercise such options on penalty of removal from office.

Removal from office is properly reserved for serious misconduct of public officials. Under Senate Bill No. 318, a clerical error resulting in the failure to exercise an option to terminate a deposit agreement would require the removal of all public officials responsible. This is an unnecessarily harsh penalty, particularly since Senate Bill No. 318 itself exercises all options

to terminate deposit agreements with banks which claim exemption from state taxes. I have therefore vetoed the penalty provision.

Section 10 is an emergency clause. No national bank has claimed an exemption from these state taxes. An emergency clause denies the right of referendum. Under our Constitution, an emergency clause should be used only under circumstances dictating a recognizable emergency. No emergency has been demonstrated in this case. I have therefore vetoed Section 10.

With the exception of a certain item in Section 9 and all of Section 10 which I have vetoed, the remainder of Senate Bill No. 318 is approved."

CHAPTER 231
[Engrossed Senate Bill No. 474]
MIGRANT FARM WORKERS--
HOUSING AND SANITATION STANDARDS

AN ACT Relating to public health; establishing housing and sanitation standards for migrant farm workers and their families; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Section 1. (1) All housing, without exclusion

on account of the number of units or their location and without regard to whether the housing is publicly or privately owned, together with the land areas appurtenant thereto, heretofore and now provided by employers, growers, management, and any other persons, for occupancy by workers or by workers and their dependents, in agriculture, shall be governed as to health and sanitation standards by the rules and regulations for the regulation of labor camps as promulgated by the state board of health, effective March 11, 1960.

(2) All new housing and new construction together with the land areas appurtenant thereto which shall be started on and after the effective date of this act, and is to be provided by employers, growers, management, or any other persons, for occupancy by workers or by workers and their dependents, in agriculture, shall comply with the rules and regulations of the state board of health pertaining to labor camps, filed with the office of the code reviser on November 20, 1968 and future amendments and revisions thereof.