The House was called to order at 9:55 a.m. by the Speaker.

Reading of the Journal of the previous day was dispensed with and it was ordered to stand approved.

MESSAGE FROM THE SENATE

February 27, 2014

MR. SPEAKER:

The Senate has passed:

ENGROSSED SUBSTITUTE SENATE BILL NO. 6002
and the same are herewith transmitted.

Hunter G. Goodman, Secretary

There being no objection, the House advanced to the fourth order of business.

RESOLUTION

HOUSE RESOLUTION NO. 4694, by Representative Fagan

WHEREAS, It is the policy of the Washington State House of Representatives to recognize the dedication and achievements of professionals in their respective fields; and

WHEREAS, Glenn Crellin became the associate director for research at the Runstad Center for Real Estate Studies at the University of Washington in Seattle; and

WHEREAS, The Washington Center for Real Estate Research at Washington State University, where Crellin was the former director since 1993, merged with the Runstad Center in 2012; and

WHEREAS, Crellin is active in the local and national real estate industries as a member of the American Real Estate Society, the American Real Estate and Urban Economics Association, and the Urban Land Institute; and

WHEREAS, Crellin contributes to economics and real estate studies separate from the University of Washington as a member of the academic review board for the Appraisal Journal and as a reviewer for other journals; and

WHEREAS, Crellin has devoted his studies to the housing market and real estate industry, receiving his B.A. in Economics from Drake University and his M.A. in Economics from the University of Maryland College Park; and

WHEREAS, Crellin's ingenuity led him to devise the Housing Affordability Index, which gauged an individual's ability to purchase a home, during his employment at the National Association of Realtors in the 1980s; and

WHEREAS, This body recognizes Crellin's outstanding work in keeping industry stakeholders, students, the state legislature, and the public informed about real estate and how changes in the industry affect individuals and families; and

WHEREAS, Crellin pioneered the way for researchers and academics to accumulate statistical information regarding homeownership and real estate trends; and

WHEREAS, Crellin's accomplishments throughout his successful career have, no doubt, created a more informed industry, private sector, and citizenry;

NOW, THEREFORE, BE IT RESOLVED, That the Washington State House of Representatives recognize and honor Glenn Crellin for his commitment to providing applicable knowledge of the real estate industry to professionals and the general public and his dedication and passion for helping progress the industry; and

BE IT FURTHER RESOLVED, That the Chief Clerk of the House of Representatives immediately transmit copies of this resolution to Glenn Crellin and Stephen O'Connor, director of the Runstad Center for Real Estate Studies at the University of Washington.

The Speaker stated the question before the House to be adoption of House Resolution No. 4694.

HOUSE RESOLUTION NO. 4694 was adopted.

RESOLUTION

HOUSE RESOLUTION NO. 4695, by Representatives Zeiger, Morrell, and G. Hunt

WHEREAS, The annual Daffodil Festival is a favored tradition for the people of Pierce County and the Northwest; and

WHEREAS, 2014 marks the 81st anniversary of the Daffodil Festival, and the theme of this year's festival is "Ready, Set, Grow!"; and

WHEREAS, The mission of the Daffodil Festival is to focus national and regional attention on our local area as a great place to live and visit, to give the citizens of Pierce County a civic endeavor and to foster civic pride, to give young people and organizations in the local area an opportunity to display their abilities and talents, and to give voice to the citizens' enthusiasm in parades, pageantry, and events; and

WHEREAS, The Daffodil Festival began in 1926 as a modest garden party in Sumner and grew steadily each year until 1934, when the daffodil flowers, which previously had been largely discarded in favor of daffodil bulbs, were used to decorate cars and bicycles for a short parade through Tacoma; and

WHEREAS, The Daffodil Festival will be celebrating its 81st year during the 2014 festival season with the Daffodil Parade being the highlight of the Festival week. The parade travels through the four cities of Tacoma, Puyallup, Sumner, and Orting and consists of 150 entries, including floats, bands, marching, and mounted units. Floats are decorated with thousands of fresh-cut daffodils, and the parade is a bridge that links one generation to another; and

WHEREAS, When the Daffodil Parade is over, the Royalty and their float will travel to over two dozen out-of-town parades to represent and celebrate Pierce County; and

WHEREAS, This year's Daffodil Festival Royalty includes Petrice Bokako, Clover Park; Kaetlynn Brown, Sumner; Sydney Brown, Rogers; Megan Chabot, Bethel; Emily Cook, Orting; Caiti Driscoll, Curtis; Delaney Fry, Stadium; Stephanie Jackson-Buena, Chief Leschi; Ji Larson, Lincoln; Lydia Mangan, Henry Foss; Kayla McElligott, Fife; Johnl Milhans, Lakes; Marissa Modestowicz,
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Emerald Ridge; Casey Park, Graham-Kapowsin; Sidney Riess, White River; Emily Saito, Eatonville; Sarah Schroeder, Wilson; Andrea Seaton, Cascade Christian; Kiasa Sims, Emerald Ridge; Connie Smith, Spanaway Lake; Kasey Temple, Franklin Pierce; Nina Thach, Mt. Tahoma; Haley Theriault, Bonney Lake; Kim White, Puyallup; and KayLee Wiest, Washington;

NOW, THEREFORE, BE IT RESOLVED, That the House of Representatives recognize and honor the many contributions made to our state by the Daffodil Festival and its organizers for the past eighty-one years; and

BE IT FURTHER RESOLVED, That copies of this resolution be immediately transmitted by the Chief Clerk of the House of Representatives to the 2014 Daffodil Festival Officers and to the members of the Festival Royalty.

The Speaker stated the question before the House to be adoption of House Resolution No. 4695.

HOUSE RESOLUTION NO. 4695 was adopted.

There being no objection, the House advanced to the fourth order of business.

INTRODUCTION & FIRST READING

HB 2798 by Representative Hunter

AN ACT Relating to payments by the health care authority to managed health care systems; and amending RCW 70.47.110.

Referred to Committee on Appropriations.

ESSB 6002 by Senate Committee on Ways & Means (originally sponsored by Senators Hill and Hargrove)

AN ACT Relating to fiscal matters; amending RCW 41.05.130, 43.43.839, 43.101.220, 43.320.110, 43.350.070, 50.16.010, 51.44.170, 67.70.230, 77.36.170, and 82.08.160; amending 2013 2nd sp.s. c 4 ss 101, 102, 103, 105, 106, 110, 112, 113, 114, 115, 116, 119, 120, 121, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 147, 148, 149, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 401, 402, 501, 502, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 701, 702, 703, 704, 706, 801, 802, 803, 804, 805, 932, 933, 937, 939, and 943 (uncodified); adding new sections to 2013 2nd sp.s. c 4 ss 1073, 1074, 1077, 1078, 1038, 1070, 1064, 1065, 1066, 1067, 1084, 1089, 1102, 1109, 2009, 2037, 3002, 3067, 3066, 3081, 3239, 3240, 5019, 5024, 5042, 5054, 5062, 5072, 5078, 5086, 5131, 5117, and 7014 (uncodified); amending 2013 3rd sp.s. c 1 ss 3 (uncodified); reenacting and amending RCW 70.105D.070 and 70.105D.170; adding new sections to 2013 2nd sp.s. c 19 (uncodified); creating new sections; repealing 2013 2nd sp.s. c 19 ss 7004 and 7013 (uncodified); making appropriations; and declaring an emergency.

There being no objection, the House reverted to the fourth order of business.

1st SUPPLEMENTAL INTRODUCTIONS AND FIRST READING

ESSB 6020 by Senate Committee on Ways & Means (originally sponsored by Senators Honeyford and Keiser)

AN ACT Relating to the capital budget; making appropriations and authorizing expenditures for capital improvements; amending RCW 43.160.080; amending 2013 2nd sp.s. c 19 ss 1073, 1074, 1077, 1078, 1038, 1070, 1064, 1065, 1066, 1067, 1084, 1089, 1102, 1109, 2009, 2037, 3002, 3067, 3066, 3081, 3239, 3240, 5019, 5024, 5042, 5054, 5062, 5072, 5078, 5086, 5131, 5117, and 7014 (uncodified); amending 2013 3rd sp.s. c 1 ss 3 (uncodified); reenacting and amending RCW 70.105D.070 and 70.105D.170; adding new sections to 2013 2nd sp.s. c 19 (uncodified); creating new sections; repealing 2013 2nd sp.s. c 19 ss 7004 and 7013 (uncodified); making appropriations; and declaring an emergency.

There being no objection, the bill listed on the day’s 1st supplemental introduction sheet under the fourth order of business was read the first time and under suspension of the rules was placed on the second reading calendar.

There being no objection, the House advanced to the fifth order of business.

REPORTS OF STANDING COMMITTEES

HB 2224 Prime Sponsor, Representative Dunshee: Concerning the 2013-2015 supplemental capital budget. Reported by Committee on Capital Budget
MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Dunshoe, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Appleton; Christian; Riccelli; Robinson; Senn; Smith; Stonier and Warnick.

MINORITY recommendation: Do not pass. Signed by Representative Scott.

Passed to Committee on Rules for second reading.

February 27, 2014

HB 2797 Prime Sponsor, Representative Dunshoe: Funding all-day kindergarten and early elementary class size reduction facility needs with lottery revenues. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Dunshoe, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Appleton; Christian; Riccelli; Robinson; Scott; Senn; Smith; Stonier and Warnick.

Referred to Committee on .

February 27, 2014

2SSB 6330 Prime Sponsor, Committee on Ways & Means: Promoting affordable housing in unincorporated areas of rural counties within urban growth areas. Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. This section is the tax preference performance statement for the tax preference contained in RCW 84.14.040 and 84.14.060. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(2) It is the legislature's specific public policy objective to stimulate the construction of new multifamily housing in urban growth areas located in unincorporated areas of rural counties where housing options, including affordable housing options, are severely limited. It is the legislature's intent to provide the value of new housing construction, conversion, and rehabilitation improvements qualifying under chapter 84.14 RCW an exemption from ad valorem property taxation for eight to twelve years, as provided for in RCW 84.14.020, in order to provide incentives to developers to construct new multifamily housing thereby increasing the number of affordable housing units for low to moderate-income residents in certain rural counties.

(3) If a review finds that at least twenty percent of the new housing is developed and occupied by households making at or below eighty percent of the area median income, at the time of occupancy, adjusted for family size for the county where the project is located or where the housing is intended exclusively for owner occupancy, the household may earn up to one hundred fifteen percent of the area median income, at the time of sale, adjusted for family size for the county where the project is located, then the legislature intends to extend the expiration date of the tax preference.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the joint legislative audit and review committee may refer to data provided by counties in which beneficiaries are utilizing the preference, the office of financial management, the department of commerce, the United States department of housing and urban development, and other data sources as needed by the joint legislative audit and review committee.

Sec. 2. RCW 84.14.007 and 2012 c 194 s 1 are each amended to read as follows:

It is the purpose of this chapter to encourage increased residential opportunities, including affordable housing opportunities, in cities that are required to plan or choose to plan under the growth management act within urban centers where the governing authority of the affected city has found there is insufficient housing opportunities, including affordable housing opportunities. It is further the purpose of this chapter to stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in urban centers having insufficient housing opportunities that will increase and improve residential opportunities, including affordable housing opportunities, within these urban centers. To achieve these purposes, this chapter provides for special valuations in residentially deficient urban centers for eligible improvements associated with multifamily housing, which includes affordable housing. It is an additional purpose of this chapter to allow unincorporated areas of rural counties that are within urban growth areas to stimulate housing opportunities and for certain counties to stimulate housing opportunities near college campuses to promote dense, transit-oriented, walkable college communities.

Sec. 3. RCW 84.14.010 and 2012 c 194 s 2 are each reenacted and amended to read as follows:

(Unless the context clearly requires otherwise) The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Affordable housing" means residential housing that is rented by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed thirty percent of the household's monthly income. For the purposes of housing intended for owner occupancy, "affordable housing" means residential housing that is within the means of low or moderate-income households.

(2) "Campus facilities master plan" means the area that is defined by the University of Washington as necessary for the future growth and development of its campus facilities for branch campuses authorized under RCW 28B.45.020.

(3) "City" means either (a) a city or town with a population of at least fifteen thousand, (b) the largest city or town, if there is no city or town with a population of at least fifteen thousand, located in a county planning under the growth management act, or (c) a city or town with a population of at least five thousand located in a county subject to the provisions of RCW 36.70A.215.

(4) "County" means a county with an unincorporated population of at least three hundred fifty thousand.

(5) "Governing authority" means the local legislative authority of a city or a county having jurisdiction over the property for which an exemption may be applied for under this chapter.

(6) "Growth management act" means chapter 36.70A RCW.

(7) "High cost area" means a county where the third quarter median house price for the previous year as reported by the Washington center for real estate research at Washington State University is equal to or greater than one hundred thirty percent of the statewide median house price published during the same time period.

(8) "Household" means a single person, family, or unrelated persons living together.

(9) "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below eighty percent of the median family income adjusted for family
size, for the county where the project is located, as reported by the United States department of housing and urban development. For cities located in high-cost areas, "low-income household" means a household that has an income at or below one hundred percent of the median family income adjusted for family size, for the county where the project is located.

10. "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is more than eighty percent but is at or below one hundred fifteen percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development. For cities located in high-cost areas, "moderate-income household" means a household that has an income that is more than one hundred percent, but at or below one hundred fifty percent, of the median family income adjusted for family size, for the county where the project is located.

11. "Multiple-unit housing" means a building having four or more dwelling units not designed or used as transient accommodations and not including hotels and motels. Multifamily units may result from new construction or rehabilitated or conversion of vacant, underutilized, or substandard buildings to multifamily housing.

12. "Owner" means the property owner of record.

13. "Permanent residential occupancy" means multiunit housing that provides either rental or owner occupancy on a nontransient basis. This includes owner-occupied or rental accommodation that is leased for a period of at least one month. This excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

14. "Rehabilitation improvements" means modifications to existing structures, that are vacant for twelve months or longer, that are made to achieve a condition of substantial compliance with existing building codes or modification to existing occupied structures which increase the number of multifamily housing units.

15. "Residential targeted area" means an area within an urban center or urban growth area that has been designated by the governing authority as a residential targeted area in accordance with this chapter. With respect to designations after July 1, 2007, "residential targeted area" may not include a campus facilities master plan.

16. "Rural county" means a county with a population between fifty thousand and seventy-one thousand and bordering Puget Sound.

17. "Substantial compliance" means compliance with local building or housing code requirements that are typically required for rehabilitation as opposed to new construction.

18. "Urban center" means a compact identifiable district where urban residents may obtain a variety of products and services. An urban center must contain:

a. Several existing or previous, or both, business establishments that may include but are not limited to shops, offices, banks, restaurants, governmental agencies;

b. Adequate public facilities including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and

c. A mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial or office, or both, use.

Sec. 4. RCW 84.14.040 and 2012 c 194 s 4 are each amended to read as follows:

1. The following criteria must be met before an area may be designated as a residential targeted area:

a. The area must be within an urban center, as determined by the governing authority;

b. The area must lack, as determined by the governing authority, sufficient available, desirable, and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center, if the affordable, desirable, attractive, and livable places to live were available;

c. The providing of additional housing opportunity, including affordable housing, in the area, as determined by the governing authority, will assist in achieving one or more of the stated purposes of this chapter; and

d. If the residential targeted area is designated by a county, the area must be located in an unincorporated area of the county that is within an urban growth area under RCW 36.70A.110 and the area must be: (i) In a rural county, served by a sewer system and designated by a county prior to January 1, 2013; or (ii) in a county that includes a campus of an institution of higher education, as defined in RCW 28B.92.030, where at least one thousand two hundred students live on campus during the academic year.

2. For the purpose of designating a residential targeted area or areas, the governing authority may adopt a resolution of intention to so designate an area as generally described in the resolution. The resolution must state the time and place of a hearing to be held by the governing authority to consider the designation of the area and may include such other information pertaining to the designation of the area as the governing authority determines to be appropriate to apprise the public of the action intended.

3. The governing authority must give notice of a hearing held under this chapter by publication of the notice once each week for two consecutive weeks, not less than seven days, nor more than thirty days before the date of the hearing in a paper having a general circulation in the city or county where the proposed residential targeted area is located. The notice must state the time, date, place, and purpose of the hearing and generally identify the area proposed to be designated as a residential targeted area.

4. Following the hearing, or a continuance of the hearing, the governing authority may designate all or a portion of the area described in the resolution of intent as a residential targeted area if it finds, in its sole discretion, that the criteria in subsections (1) through (3) of this section have been met.

5. After designation of a residential targeted area, the governing authority must adopt and implement standards and guidelines to be utilized in considering applications and making the determinations required under RCW 84.14.060. The standards and guidelines must establish basic requirements for both new construction and rehabilitation, which must include:

a. Application process and procedures;

b. Requirements that address demolition of existing structures and site utilization; and

c. Building requirements that may include elements addressing parking, height, density, environmental impact, and compatibility with the existing surrounding property and such other amenities as will attract and keep permanent residents and that will properly enhance the livability of the residential targeted area in which they are to be located.

6. The governing authority may adopt and implement, either as conditions to eight-year exemptions or as conditions to an extended exemption period under RCW 84.14.020(1)(a)(ii)(B), or both, more stringent income eligibility, rent, or sale price limits, including limits that apply to a higher percentage of units, than the minimum conditions for an extended exemption period under RCW 84.14.020(1)(a)(ii)(B). For any multiunit housing located in an unincorporated area of a county, a property owner seeking tax incentives under this chapter must commit to renting or selling at least twenty percent of the multifamily housing units as affordable housing units to low and moderate-income households. In the case of multiunit housing intended exclusively for owner occupancy, the minimum requirement of this subsection (6) may be satisfied solely through housing affordable to moderate-income households.

Sec. 5. RCW 84.14.060 and 2012 c 194 s 6 are each amended to read as follows:

1. The duly authorized administrative official or committee of the city or county may approve the application if it finds that:
(a) A minimum of four new units are being constructed or in the case of occupied rehabilitation or conversion a minimum of four additional multifamily units are being developed;
(b) If applicable, the proposed multiunit housing project meets the affordable housing requirements as described in RCW 84.14.020;
(c) The proposed project is or will be, at the time of completion, in conformance with all local plans and regulations that apply at the time the application is approved;
(d) The owner has complied with all standards and guidelines adopted by the city or county under this chapter; and
(e) The site is located in a residential targeted area of an urban center or urban growth area that has been designated by the governing authority in accordance with procedures and guidelines indicated in RCW 84.14.040.

(2) An application may not be approved after July 1, 2007, if any part of the proposed project site is within a campus facilities master plan, except as provided in RCW 84.14.040(1)(d).

(3) An application may not be approved for a residential targeted area in a rural county on or after January 1, 2020.”

Correct the title.

Signed by Representatives Carlyle, Chair; Tharinger, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Fitzgibbon; Hansen; Lytton; Pollet; Reykdal; Springer; Vick and Wilcox.

Passed to Committee on Rules for second reading.

February 28, 2014
SSB 6362 Prime Sponsor, Committee on Higher Education: Creating efficiencies for institutions of higher education. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Dunshee, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Appleton; Christian; Riccelli; Robinson; Scott; Senn; Smith; Stonier and Warnick.

Passed to Committee on Rules for second reading.

February 27, 2014
SB 6405 Prime Sponsor, Senator Baumgartner: Providing greater consistency in how nonprofit tax-exempt property may be used without jeopardizing the property's tax-exempt status. Reported by Committee on Finance

MAJORITY recommendation: Do pass. Signed by Representatives Carlyle, Chair; Tharinger, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Fitzgibbon; Hansen; Lytton; Pollet; Reykdal; Springer; Vick and Wilcox.

Passed to Committee on Rules for second reading.

There being no objection, the bills, listed on the day’s committee reports under the fifth order of business were referred to the committees so designated with the exception of HOUSE BILL NO. 2797 which was placed on the second reading calendar.

There being no objection, the House advanced to the eleventh order of business.

There being no objection, the House adjourned until 10:00 a.m., March 3, 2014, the 50th Day of the Regular Session.

FRANK CHOPP, Speaker BARBARA BAKER, Chief Clerk
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