ONE HUNDRED-SECOND DAY

MORNING SESSION

Senate Chamber, Olympia
Thursday, April 24, 2025

The Senate was called to order at 10 o'clock a.m. by the President of the Senate, Lt. Governor Heck presiding. The Secretary called the roll and announced to the President that all Senators were present.

The Sergeant at Arms Color Guard consisting of Pages Miss Saanvi Agarwal and Miss Wania Ahsan, presented the Colors.

Page Miss Maya Edwards led the Senate in the Pledge of Allegiance.

The prayer was offered by Reverend James Odden of Chaplain and Religious Coordinator for the Washington State Department of Social and Health Services.

MOTIONS

On motion of Senator Riccelli, the reading of the Journal of the previous day was dispensed with and it was approved.

On motion of Senator Riccelli, Rule 15 was suspended for the remainder of the day for the purpose of allowing continued floor action.

EDITOR'S NOTE: Senate Rule 15 establishes the floor schedule and calls for a lunch and dinner break of 90 minutes each per day during regular daily sessions.

On motion of Senator Riccelli, the Senate advanced to the fourth order of business.

MESSAGES FROM THE HOUSE

April 22, 2025

MR. PRESIDENT:

The House concurred in the Senate amendments to the following bills and passed the bills as amended by the Senate:

ENGROSSED SECOND SUBSTITUTE
HOUSE BILL NO. 1131,
SECOND SUBSTITUTE HOUSE BILL NO. 1162,
ENGROSSED SECOND SUBSTITUTE
HOUSE BILL NO. 1163,
ENGROSSED HOUSE BILL NO. 1329,
SUBSTITUTE HOUSE BILL NO. 1351,
SECOND SUBSTITUTE HOUSE BILL NO. 1359,
SUBSTITUTE HOUSE BILL NO. 1371,
ENGROSSED SECOND SUBSTITUTE
HOUSE BILL NO. 1432,
SUBSTITUTE HOUSE BILL NO. 1460,
SECOND SUBSTITUTE HOUSE BILL NO. 1462,
THIRD SUBSTITUTE HOUSE BILL NO. 1491,
SECOND SUBSTITUTE HOUSE BILL NO. 1497,
SECOND SUBSTITUTE HOUSE BILL NO. 1514,
SECOND SUBSTITUTE HOUSE BILL NO. 1515,
SUBSTITUTE HOUSE BILL NO. 1543,
ENGROSSED SECOND SUBSTITUTE
HOUSE BILL NO. 1648,
SUBSTITUTE HOUSE BILL NO. 1670,
SUBSTITUTE HOUSE BILL NO. 1709,
HOUSE BILL NO. 1731,
SUBSTITUTE HOUSE BILL NO. 1774,
HOUSE BILL NO. 1934,
SECOND SUBSTITUTE HOUSE BILL NO. 1975,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 2015,
and the same are herewith transmitted.
MELISSA PALMER, Deputy Chief Clerk

April 23, 2025

MR. PRESIDENT:

The House has passed:
SUBSTITUTE SENATE BILL NO. 5583,
and the same are herewith transmitted.
MELISSA PALMER, Deputy Chief Clerk

April 23, 2025

MR. PRESIDENT:

The House insists on its position regarding the Senate amendment to ENGROSSED SUBSTITUTE SENATE BILL NO. 5041 and grants the request for a conference thereon. The Speaker has appointed the following members as Conferees: Representatives Berry, Doglio, Schmidt
and the same are herewith transmitted.
MELISSA PALMER, Deputy Chief Clerk

April 23, 2025

MR. PRESIDENT:

The Speaker has signed:
ENGROSSED SECOND SUBSTITUTE
HOUSE BILL NO. 1131,
SECOND SUBSTITUTE HOUSE BILL NO. 1162,
ENGROSSED SECOND SUBSTITUTE
HOUSE BILL NO. 1163,
ENGROSSED SECOND SUBSTITUTE
HOUSE BILL NO. 1232,
ENGROSSED HOUSE BILL NO. 1329,
SUBSTITUTE HOUSE BILL NO. 1351,
SECOND SUBSTITUTE HOUSE BILL NO. 1359,
SUBSTITUTE HOUSE BILL NO. 1371,
ENGROSSED SECOND SUBSTITUTE
HOUSE BILL NO. 1432,
SUBSTITUTE HOUSE BILL NO. 1460,
SECOND SUBSTITUTE HOUSE BILL NO. 1462,
THIRD SUBSTITUTE HOUSE BILL NO. 1491,
SECOND SUBSTITUTE HOUSE BILL NO. 1497,
SECOND SUBSTITUTE HOUSE BILL NO. 1514,
SECOND SUBSTITUTE HOUSE BILL NO. 1515,
SUBSTITUTE HOUSE BILL NO. 1543,
ENGROSSED SECOND SUBSTITUTE
HOUSE BILL NO. 1648,
SUBSTITUTE HOUSE BILL NO. 1670,
SUBSTITUTE HOUSE BILL NO. 1709,
HOUSE BILL NO. 1731,
SUBSTITUTE HOUSE BILL NO. 1774,
HOUSE BILL NO. 1934,
SUBSTITUTE HOUSE BILL NO. 1958,
SECOND SUBSTITUTE HOUSE BILL NO. 1975,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 2015,
and the same are herewith transmitted.
MELISSA PALMER, Deputy Chief Clerk

April 23, 2025

MR. PRESIDENT:

The Speaker has signed:
ENGROSSED SUBSTITUTE SENATE BILL NO. 5014,
SUBSTITUTE SENATE BILL NO. 5025,
SUBSTITUTE SENATE BILL NO. 5323,
SUBSTITUTE SENATE BILL NO. 5370,
ENGROSSED SENATE BILL NO. 5471,
ENGROSSED SENATE BILL NO. 5559,
SUBSTITUTE SENATE BILL NO. 5579,
SENATE BILL NO. 5653,
ENGROSSED SENATE BILL NO. 5662,
SENATE BILL NO. 5672,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5677,
and the same are herewith transmitted.
MELISSA PALMER, Deputy Chief Clerk

Senator Riccelli announced a meeting of the Democratic Caucus.

Senator Warnick announced a meeting of the Republican Caucus.

MOTION

At 10:07 a.m., on motion of Senator Riccelli, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 10:36 a.m. by President Heck.

SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1131,
SECOND SUBSTITUTE HOUSE BILL NO. 1162,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1163,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1232,
ENGROSSED HOUSE BILL NO. 1329,
SUBSTITUTE HOUSE BILL NO. 1351,
SECOND SUBSTITUTE HOUSE BILL NO. 1359,
SUBSTITUTE HOUSE BILL NO. 1371,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1432,
SUBSTITUTE HOUSE BILL NO. 1460,
SECOND SUBSTITUTE HOUSE BILL NO. 1462,
THIRD SUBSTITUTE HOUSE BILL NO. 1491,
SECOND SUBSTITUTE HOUSE BILL NO. 1497,
SECOND SUBSTITUTE HOUSE BILL NO. 1514,
SECOND SUBSTITUTE HOUSE BILL NO. 1515,
SUBSTITUTE HOUSE BILL NO. 1543,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1648,
SUBSTITUTE HOUSE BILL NO. 1670,
SUBSTITUTE HOUSE BILL NO. 1709,
HOUSE BILL NO. 1731,
SUBSTITUTE HOUSE BILL NO. 1774,
HOUSE BILL NO. 1934,
SUBSTITUTE HOUSE BILL NO. 1958,
SECOND SUBSTITUTE HOUSE BILL NO. 1975,
and ENGROSSED SUBSTITUTE HOUSE BILL NO. 2015.

MESSAGE FROM THE HOUSE

April 23, 2025

MR. PRESIDENT:

The House refuses to concur in the Senate amendment(s) to ENGROSSED HOUSE BILL NO. 1217 and asks the Senate for a conference thereon. The Speaker has appointed the following members as conferees; Representatives: Peterson, Macri, Low and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Bateman moved that the Senate grant the request of the House for a conference on Engrossed House Bill No. 1217 and the Senate amendment(s) thereto.

Senator Bateman spoke in favor of the motion.

Senator Goehner spoke against the motion.

The President declared the question before the Senate was the motion by Senator Bateman to grant the request of the House for a conference on Engrossed House Bill No. 1217 and the Senate amendment(s) thereto and the motion was adopted by voice vote.

APPOINTMENT OF CONFERENCE COMMITTEE

The President appointed as members of the Conference Committee on Engrossed House Bill No. 1217 and the House amendment(s) thereto: Senators Alvarado, Bateman and Goehner.

MOTION

On motion of Senator Riccelli, the appointments to the conference committee were confirmed.

Senator Hasegawa announced a meeting of the Democratic Caucus.

Senator Warnick announced a meeting of the Republican Caucus.

MOTION

At 10:40 a.m., on motion of Senator Riccelli, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 12:05 p.m. by President Heck.

MOTIONS

On motion of Senator Riccelli, the Senate advanced to the eighth order of business.

Senator Pedersen moved adoption of the following resolution:

SENATE RESOLUTION
8656

By Senators Pedersen, Robinson, Riccelli, Alvarado, Chapman, Bateman, Hasegawa, Stanford, Hansen, Valdez, Shewmake, Conway, Boehnke, Liias, Slatter, Orwall, Ramos, Warnick, Frame, Holy, Gildon, McCune, Fortunato, King, MacEwen, Harris, Short, Goehner, Christian, Braun, Lovick, Trudeau, Kauffman, Wagoner, and C. Wilson

WHEREAS, Frank Chopp was born in East Bremerton, the grandson of Croatian immigrants who came to the State of

Washington in search of a better life; and

WHEREAS, Frank's father went to work in the Roslyn coal mines at age 12, was an IBEW union electrician at the Puget Sound Naval Shipyard, and his mother was a school cafeteria worker; and

WHEREAS, His politically active parents encouraged their children into public service and taught them to show respect to all people, leading Frank to protest against a local fraternal organization that excluded people of color when he was a student at East Bremerton High School; and

WHEREAS, During and after graduating from the University of Washington, Frank honed his passion for improving the lives of people by serving as a manager of the "little city hall" in Fremont, director of the Pike Market Senior Center, and as a community organizer on housing, transportation, and other issues; and

WHEREAS, Frank became the executive director of the Fremont Public Association (now Solid Ground) and developed food, shelter, housing, home care, legal services, paratransit, arts, and employment programs, and collaborated with other community leaders to secure Magnuson Park for low-income housing and create the Low Income Housing Institute, Survival Services Coalition, Seattle Tenants Union, and many more community programs; and

WHEREAS, In 1994, Frank's dedication to public service resulted in his running for and being elected as State Representative from the 43rd Legislative District in Seattle; and

WHEREAS, Frank quickly rose to leadership, serving as House Minority Leader from 1997-1998, and as Co-Speaker from 1999-2001 when the House was split evenly between Democrats and Republicans; and

WHEREAS, Frank served as Speaker of the House for 20 years and was the longest-serving Speaker in the history of the State of Washington; and

WHEREAS, Frank created, initiated, or presided over an astounding list of accomplishments that changed the lives of families, encouraged by the love and support of his wife Nancy, and children Narayan and Ellie; and

WHEREAS, Frank believed that every person deserved a home, access to health care and healthy food, educational and economic opportunity, and to be treated with respect, a vision he never stopped fighting for; and

WHEREAS, Frank's determined advocacy to improve housing access led to the creation of thousands of public and nonprofit owned homes and shelter programs including groundbreaking successes such as co-founding the Housing Trust Fund, the Homeless Housing and Assistance Act, and the Apple Health and Homes Act; and

WHEREAS, A small sample of Frank's policy legacy includes: An inflation-adjusted minimum wage; paid family and medical leave; Marriage Equality; the Dream Act; the Voting Rights Act; the Long-term Care Trust Act; the Education Legacy Trust Fund; the College Bound Scholarship Program; Apple Health for All Kids; and his staunch defense of the programs that make up the state's social safety net; and

WHEREAS, Frank never sought credit for legislative accomplishments, instead preferring to give credit to others for their hard work and good ideas; and

WHEREAS, Frank focused on common sense solutions and was a strong proponent of the idea of Working Together for One Washington, believing that the Legislature should serve all Washingtonians regardless of where they live or their political views; and

WHEREAS, When he passed away suddenly on March 22, 2025, at age 71, Frank was still getting up every day to do what he loved, encouraging people to find ways they could serve others, and advocating for a better future for all; and

WHEREAS, Frank's tireless work benefited many millions of Washingtonians, and his legacy will continue to benefit millions more in the generations to come;

NOW, THEREFORE, BE IT RESOLVED, That the Washington State Senate honor Speaker Frank Chopp, his dedication and service to the citizens of Washington State, and the example he set for carefully crafted policy solutions, organizing to win and sustain progress, treating people with kindness and respect, and the lasting legacy he leaves behind; and

BE IT FURTHER RESOLVED, That the Washington State Senate extend our deepest condolences to Nancy, Narayan, and Ellie, and give our thanks to them for sharing Frank with us for all these years.

Senators Pedersen, Alvarado, Warnick, Valdez, Wagoner Orwall, MacEwen, Conway, Short, Dhingra, Lovick, Braun, Riccelli, Frame, Saldaña, Hansen, Trudeau, Chapman and Slatter spoke in favor of adoption of the resolution.

The President declared the question before the Senate to be the adoption of Senate Resolution No. 8656.

The motion by Senator Pedersen carried and the resolution was adopted by voice vote.

REMARKS BY THE PRESIDENT

President Heck: “Before the President has the honor to introduce Speaker Chopp’s family he begs your indulgence. As the President has commented on occasion, serving in this institution is an incredible honor and privilege. In fact, something like only 3 or 4 thousand people over our 136-year history have had that privilege and honor. That’s not very many in the wider scheme of things in a state of 8 million people.

And the way that members earn positive distinction during their service here is usually, primarily, in one of two ways, although Speaker Chopp added a third. Those two ways are longevity or high impact differences. Now if we are being honest with one another, not all legislators, not all members measure up. The bulk, the overwhelming majority of people who serve here are journeyman legislators who work in earnest hard effort, doing a good job on behalf of their communities and their neighbors. Those that advance on that continuum, either longevity or high-impact, fewer of them may be good members. Fewer even, than those, may be very good members. And the rarest of all, of course, the greats, are those that probably combine longevity and high impact over that course of time. That’s what makes a great legislator. A once in a generation great legislator. Speaker Chopp added a third dimension. With all due respect, I would say he was the greatest legislator of the last century.

His ability to stay focused on a vision of helping people was rooted in what Franklin Delano Roosevelt told us was the most important ingredient of leadership, empathy. The ability to put yourself in the shoes of someone else. Speaker Chopp did that. And you can not have empathy without humility. And we know Speaker Chopp, for all the reasons that were mentioned here, constantly giving credit to all others for the work that bore his fingerprints. We know that Speaker Chopp had humility because he actually engaged in the ultimate act of humility, he voluntarily stepped away from power. And then he chose to stay, thank you Senator Dhingra. The President believes there is probably not a soul on this floor who when he made that decision, didn’t say out loud or to themselves or to someone else ‘Well, I wonder how that’s gonna work out?’ It worked out magnificently. He continued to serve with incredible effectiveness and grace and

humility. And that's why he very well may be the greatest legislator of the last century."

INTRODUCTION OF SPECIAL GUESTS

The President welcomed and introduced Mrs. Nancy Long, widow of former Speaker Frank Chopp, and Miss Ellie Chopp, daughter of the former Speaker, who were seated in the gallery.

REMARKS BY THE PRESIDENT

President Heck: "Speaker Riccelli. Oh, Senator Riccelli, before you make your motion the President has a point of inquiry. You self-referred as one of few members of your caucus from the east side of the mountains. The President would like to know who the other members in your caucus who are from the east side of the mountains."

Senator Riccelli: "Thank you Mr. President. In my caucus, unfortunately, I am standing up and speaking for 100 percent of the members of my current caucus."

President Heck: "You are not one of few. Just to clarify."

Senator Hasegawa announced a meeting of the Democratic Caucus.

Senator Warnick announced a meeting of the Republican Caucus.

MOTION

At 1:30 p.m., on motion of Senator Riccelli, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 3:17 p.m. by President Heck.

MOTION

On motion of Senator Riccelli, the Senate reverted to the fourth order of business.

MESSAGE FROM THE HOUSE

April 22, 2025

MR. PRESIDENT:

The House passed ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5083 with the following amendment(s): 5083-S2.E AMH MACR H2008.1

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 41.05 RCW to read as follows:

(1) For purposes of this section:

(a) "Contractor" means a health carrier that provides medical insurance offered to public employees and their covered dependents under this chapter, or a third-party administrator contracted by the authority to provide medical coverage to public employees under this chapter.

(b) "The total amount medicare would have reimbursed for the same or similar services" means the amount of reimbursement for a claim that would be paid as if the centers for medicare and medicaid services reimbursed the claim, including applicable postclaim settlements.

(2)(a) Claims submitted for reimbursement under this section must include all the current year centers for medicare and medicaid services required modifiers so that all rebates, incentives, or adjustments that would have applied if reimbursed by medicare apply.

(b) The authority shall adopt rules to determine the equivalent amount of reimbursement for services with a low volume of medicare experience or for which there is no applicable centers for medicare and medicaid services reimbursement for a service.

(3) Beginning January 1, 2027, each contractor, for its health plans that provide medical coverage offered to public employees and their covered dependents, must meet the following requirements:

(a) Except as provided in (b) of this subsection, reimbursement to any in-network hospital licensed under chapter 70.41 RCW located in Washington for inpatient and outpatient hospital services shall be the lesser of billed charges, the contractor's contracted rate for the hospital, or 200 percent of the total amount medicare would have reimbursed for the same or similar services;

(b) Reimbursement for inpatient and outpatient hospital services to any in-network hospital licensed under chapter 70.41 RCW primarily engaged in the care and treatment of children located in:

(i) King county, shall be the lesser of billed charges, the contractor's contracted rate for the hospital, or 150 percent of the hospital-specific medicaid inpatient ratio of cost to charges as determined by the authority; and

(ii) Pierce county, shall be the lesser of billed charges, the contractor's contracted rate for the hospital, or 190 percent of the hospital-specific medicaid inpatient ratio of cost to charges as determined by the authority;

(c) Reimbursement for services provided by rural hospitals certified by the centers for medicare and medicaid services as critical access hospitals may not be less than 101 percent of allowable costs as defined by the United States centers for medicare and medicaid services for purposes of medicare cost reporting;

(d) Reimbursement for in-network primary care services, as defined by the authority, may not be less than 150 percent of the total amount medicare would have reimbursed for the same or similar services;

(e) Reimbursement for in-network nonfacility-based behavioral health services, as defined by the authority, may not be less than 150 percent of the total amount medicare would have reimbursed for the same or similar services;

(f) Except as provided in (g) of this subsection, reimbursement to any out-of-network hospital licensed under chapter 70.41 RCW located in Washington for inpatient and outpatient hospital services shall be the lesser of billed charges or 185 percent of the total amount medicare would have reimbursed for the same or similar services;

(g) Reimbursement for inpatient and outpatient hospital services provided by a hospital licensed under chapter 70.41 RCW and located in Washington to any out-of-network hospital primarily engaged in the care and treatment of children located in:

(i) King county, shall be the lesser of billed charges or 135 percent of the hospital-specific medicaid inpatient ratio of cost to charges as determined by the authority; and

(ii) Pierce county, shall be the lesser of billed charges or 175 percent of the hospital-specific medicaid inpatient ratio of cost to charges as determined by the authority; and

(h) A provider who is reimbursed in accordance with (f) or (g) of this subsection may not charge to or collect from the patient or a person who is financially responsible for the patient an amount in addition to the reimbursement paid under (f) or (g) of this subsection other than cost-sharing amounts authorized by the

terms of the health plan.

(4) Except as provided in subsection (3)(c) of this section, this section does not apply to:

(a) Rural hospitals certified by the centers for medicare and medicaid services as sole community hospitals or critical access hospitals except for hospitals that are owned or operated by a health system that owns or operates more than two acute care hospitals licensed under chapter 70.41 RCW;

(b) Hospitals located on an island operating within a public hospital district in Skagit county; or

(c) Hospitals that are not currently designated as a critical access hospital, do not meet current federal eligibility requirements for designation as a critical access hospital, have combined medicaid and medicare inpatient days greater than 60 percent of all hospital inpatient days, and are located on the land of a federally recognized Indian tribe.

(5) Nothing in this section prohibits a contractor from reimbursing a hospital through a nonfee-for-service payment methodology, so long as the payments incentivize higher quality or improved health outcomes and the contractor continues to comply with the reimbursement requirements in this section.

(6) Premiums must take into account changes in reimbursement for hospital, primary care, and behavioral health services anticipated to result from the application of this section.

(7) At the request of the authority for monitoring, enforcement, or program and quality improvement activities, a contractor must provide cost and quality of care information and data to the authority and may not enter into an agreement with a provider or third party that would restrict the contractor from providing this information or data.

(8)(a) By December 31, 2030, the authority, in consultation with the office of the insurance commissioner, shall provide a report to the governor's office and relevant committees of the legislature analyzing the initial impacts of this section on network access, enrollee premiums and cost sharing, and state expenditures for medical coverage offered to public employees under this chapter. The report may include recommendations for legislative changes to the policy established in this section.

(b) By December 31, 2034, the authority, in consultation with the office of the insurance commissioner, shall provide a second report to the governor's office and relevant committees of the legislature providing an updated analysis on the impacts of this section on network access, enrollee premiums and cost sharing, and state expenditures for medical coverage offered to public employees under this chapter. The report may include recommendations for legislative changes to the policy established in this section.

(9) For the purposes of this section, reimbursement for inpatient and outpatient services does not include charges for professional services.

(10) The authority may adopt rules to implement this section, including rules for levying fines and taking other contract actions it deems necessary to enforce compliance with this section."

Correct the title.

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Robinson moved that the Senate concur in the House amendment(s) to Engrossed Second Substitute Senate Bill No. 5083.

Senators Robinson and Muzzall spoke in favor of the motion.

The President declared the question before the Senate to be the motion by Senator Robinson that the Senate concur in the House amendment(s) to Engrossed Second Substitute Senate Bill No. 5083.

The motion by Senator Robinson carried and the Senate concurred in the House amendment(s) to Engrossed Second Substitute Senate Bill No. 5083 by voice vote.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute Senate Bill No. 5083, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5083, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 29; Nays, 19; Absent, 0; Excused, 0.

Voting yea: Senators Alvarado, Bateman, Chapman, Cleveland, Conway, Cortes, Dhingra, Frame, Hansen, Hasegawa, Kauffman, Krishnadasan, Liias, Lovelett, Lovick, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Shewmake, Slatter, Stanford, Trudeau, Valdez, Wellman and Wilson, C.

Voting nay: Senators Boehnke, Braun, Christian, Dozier, Fortunato, Gildon, Goehner, Harris, Holy, King, MacEwen, McCune, Muzzall, Schoesler, Short, Torres, Wagoner, Warnick and Wilson, J.

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5083, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MESSAGE FROM THE HOUSE

April 24, 2025

MR. PRESIDENT:

The House has passed:

SUBSTITUTE SENATE BILL NO. 5790,
SENATE BILL NO. 5807,

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MESSAGE FROM THE HOUSE

April 22, 2025

MR. PRESIDENT:

The House passed SENATE BILL NO. 5761 with the following amendment(s): 5761 AMH APP H2169.1

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 13.34.212 and 2024 c 25 s 1 are each amended to read as follows:

(1)(a) The court shall appoint an attorney for a child in a dependency proceeding six months after granting a petition to terminate the parent and child relationship pursuant to RCW 13.34.180 and when there is no remaining parent with parental rights.

(b) The court may appoint one attorney to a group of siblings, unless there is a conflict of interest, or such representation is otherwise inconsistent with the rules of professional conduct.

(c) Subject to availability of amounts appropriated for this specific purpose, the state shall pay the costs of legal services

provided by an attorney appointed pursuant to (a) of this subsection if the legal services are provided in accordance with the rules of professional conduct, the standards of practice, caseload limits, and training guidelines adopted by the statewide children's representation work group pursuant to section 5, chapter 180, Laws of 2010 until such time that new recommendations are adopted by the children's representation work group established in section 9, chapter 210, Laws of 2021.

(d) The office of civil legal aid is responsible for implementation of (c) of this subsection as provided in RCW 2.53.045.

(e) Legal services provided by an attorney pursuant to (a) of this subsection do not include representation of the child in any appellate proceedings relative to the termination of the parent and child relationship.

(2)(a) The court may appoint an attorney to represent the child's position in any dependency action on its own initiative, or upon the request of a parent, the child, a guardian ad litem, a caregiver, or the department.

(b)(i) If the court has not already appointed an attorney for a child, or the child is not represented by a privately retained attorney:

(A) The child's caregiver, or any individual, may refer the child to an attorney for the purposes of filing a motion to request appointment of an attorney at public expense; or

(B) The child or any individual may retain an attorney for the child for the purposes of filing a motion to request appointment of an attorney at public expense.

(ii) Nothing in this subsection changes or alters the confidentiality provisions of RCW 13.50.100.

(c) The department and the child's guardian ad litem shall each notify a child of the child's right to request an attorney and shall ask the child whether the child wishes to have an attorney. The department and the child's guardian ad litem shall notify the child and make this inquiry immediately after:

(i) The date of the child's 12th birthday; or

(ii) Assignment of a case involving a child age 12 or older.

(d) The department and the child's guardian ad litem shall repeat the notification and inquiry at least annually and upon the filing of any motion or petition affecting the child's placement, services, or familial relationships.

(e) The notification and inquiry is not required if the child has already been appointed an attorney.

(f) The department shall note in the child's individual service and safety plan, and the guardian ad litem shall note in his or her report to the court, that the child was notified of the right to request an attorney and indicate the child's position regarding appointment of an attorney.

(g) At the first regularly scheduled hearing after:

(i) The date of the child's 12th birthday; or

(ii) The date that a dependency petition is filed pursuant to this chapter on a child age 12 or older;

the court shall inquire whether the child has received notice of his or her right to request an attorney from the department and the child's guardian ad litem. The court shall make an additional inquiry at the first regularly scheduled hearing after the child's 15th birthday. No inquiry is necessary if the child has already been appointed an attorney.

(3) Subject to the availability of amounts appropriated for this specific purpose:

(a) Pursuant to the phase-in schedule set forth in (c) of this subsection (3), the court must appoint an attorney for every child in a dependency proceeding as follows:

(i) For a child under the age of eight, appointment must be made for the dependency and termination action upon the filing of a termination petition. Nothing in this subsection shall be construed to limit the ability of the court to appoint an attorney to represent the child's position in a dependency action on its own initiative, or upon the request of a parent, the child, a guardian ad litem, a caregiver, or the department, prior to the filing of a termination petition.

(ii) For a child between the ages of eight through 17, appointment must be made upon the filing of a new dependency petition at or before the commencement of the shelter care hearing.

(iii) For any pending or open dependency case where the child is unrepresented and is entitled to the appointment of an attorney under (a)(i) or (ii) of this subsection, appointment must be made at or before the next hearing if the child is eligible for representation pursuant to the phase-in schedule. At the next hearing, the court shall inquire into the status of attorney representation for the child, and if the child is not yet represented, appointment must be made at the hearing.

(b) Appointment is not required if the court has already appointed an attorney for the child, or the child is represented by a privately retained attorney.

(c) The statewide children's legal representation program shall develop a schedule for court appointment of attorneys for every child in dependency proceedings that will be phased in on a county-by-county basis over ((~~a seven-year~~)) an 11-year period. The schedule required under this subsection must not add more than 1,250 cases each fiscal year and:

(i) To the extent practicable, prioritize implementation in counties that have:

(A) No current practice of appointment of attorneys for children in dependency cases; or

(B) Significant prevalence of racial disproportionality or disparities in the number of dependent children compared to the general population, or both;

(ii) Include representation in at least:

(A) Three counties beginning July 1, 2022;

(B) Eight counties beginning January 1, 2023;

(C) Fifteen counties beginning January 1, 2024;

(D) Twenty counties beginning January 1, 2025;

(E) Thirty counties beginning January 1, ((~~2026~~)) 2030;

(F) Thirty-six counties beginning ((~~in~~)) January 1, ((~~2027~~)) 2031; and

(iii) Achieve full statewide implementation by January 1, ((~~2028~~)) 2032.

(d) In cases where the statewide children's legal representation program provides funding and where consistent with its administration and oversight responsibilities, the statewide children's legal representation program should prioritize continuity of counsel for children who are already represented at county expense when the statewide children's legal representation program becomes effective in a county. The statewide children's legal representation program shall coordinate with relevant county stakeholders to determine how best to prioritize this continuity of counsel.

(e) The statewide children's legal representation program is responsible for the recruitment, training, and oversight of attorneys providing standards-based representation pursuant to (a) and (c) of this subsection as provided in RCW 2.53.045 and shall ensure that attorneys representing children pursuant to this section provide legal services according to the rules of professional conduct, the standards of practice, caseload limits, and training guidelines adopted by the children's representation work group established in section 9, chapter 210, Laws of 2021.

NEW SECTION. **Sec. 2.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2025, in the omnibus appropriations act, this act is null and void."

Correct the title.

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Frame moved that the Senate concur in the House amendment(s) to Senate Bill No. 5761.

Senators Frame and Gildon spoke in favor of the motion.

The President declared the question before the Senate to be the motion by Senator Frame that the Senate concur in the House amendment(s) to Senate Bill No. 5761.

The motion by Senator Frame carried and the Senate concurred in the House amendment(s) to Senate Bill No. 5761 by voice vote.

The President declared the question before the Senate to be the final passage of Senate Bill No. 5761, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Senate Bill No. 5761, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 45; Nays, 3; Absent, 0; Excused, 0.

Voting yea: Senators Alvarado, Bateman, Boehnke, Braun, Chapman, Cleveland, Conway, Cortes, Dhingra, Dozier, Fortunato, Frame, Gildon, Goehner, Hansen, Harris, Hasegawa, Holy, Kauffman, King, Krishnadasan, Liias, Lovelett, Lovick, MacEwen, Muzzall, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Schoesler, Shewmake, Short, Slatter, Stanford, Torres, Trudeau, Valdez, Warnick, Wellman, Wilson, C. and Wilson, J.

Voting nay: Senators Christian, McCune and Wagoner

SENATE BILL NO. 5761, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MESSAGE FROM THE HOUSE

April 22, 2025

MR. PRESIDENT:

The House passed ENGROSSED SENATE BILL NO. 5769 with the following amendment(s): 5769.E AMH APP H2210.1

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 28A.300.072 and 2023 c 420 s 1 are each amended to read as follows:

(1) The intent of the legislature is to continue and rename transitional kindergarten as the transition to kindergarten program and that the program be established in statute with the goal of assisting eligible children in need of additional preparation to be successful kindergarten students in the following school year. The transition to kindergarten program is not part of the state's statutory program of basic education under RCW 28A.150.200.

(2)(a) The office of the superintendent of public instruction shall administer the transition to kindergarten program and shall adopt rules under chapter 34.05 RCW for the administration of, the allocation of state funding for, and minimum standards and requirements for the transition to kindergarten program((~~. Initial rules, which include expectations for school districts, charter schools as allowed by subsection (7) of this section, and state-tribal education compact schools transitioning existing programs to the new requirements established in this section must be adopted in time for the 2023-24 school year, and permanent rules must be adopted by the beginning of the 2024-25 school year~~)) in accordance with this section.

(b) School districts, charter schools as allowed by subsection (7) of this section, and state-tribal education compact schools operating a transition to kindergarten program shall adopt policies regarding eligibility, recruitment, and enrollment for this program that, at a minimum, meet the requirements of subsection (3) of this section.

(3) The rules adopted under subsection (2) of this section must include, at a minimum, the following requirements for school districts, charter schools as allowed by subsection (7) of this section, and state-tribal education compact schools operating a transition to kindergarten program:

(a)(i) A limitation on program enrollment to eligible children. Eligible children include only those who:

(A) Have been determined to benefit from additional preparation for kindergarten; and

(B) Are at least four years old by August 31st of the school year they enroll in the transition to kindergarten program;

(ii) A requirement, as practicable, for school districts, charter schools as allowed by subsection (7) of this section, and state-tribal education compact schools to prioritize families with the lowest incomes and children most in need for additional preparation to be successful in kindergarten when enrolling eligible children in a transition to kindergarten program;

(iii) Access to the transition to kindergarten program does not constitute an individual entitlement for any particular child.

(b) Except for children who have been excused from participation by their parents or legal guardians, a requirement that the Washington kindergarten inventory of developing skills as established by RCW 28A.655.080 be administered to all eligible children enrolled in a transition to kindergarten program at the beginning of the child's enrollment in the program and at least one more time during the school year.

(c) A requirement that all eligible children enrolled in a transition to kindergarten program be assigned a statewide student identifier and that the transition to kindergarten program be considered a separate class or course for the purposes of data reporting requirements in RCW 28A.320.175.

(d) A requirement that a local child care and early learning needs assessment is conducted before beginning or expanding a transition to kindergarten program that considers the existing availability and affordability of early learning providers, such as the early childhood education and assistance programs, head start programs, and licensed child care centers and family home providers in the region. Data available through the regionalized data dashboard maintained by the department of children, youth, and families or any other appropriate sources may be used to inform the needs assessment required by this subsection.

(e)(i) A requirement that school districts, charter schools as allowed by subsection (7) of this section, and state-tribal education compact schools adhere to guidelines, as developed by the office of the superintendent of public instruction, related to:

(A) Best practices for site readiness of facilities that are used for the program;

(B) Developmentally appropriate curricula designed to assist in maintaining high quality programs; and

(C) Professional development opportunities.

(ii) The office of the superintendent of public instruction must develop a process for conducting site visits of any school district, charter school as allowed by subsection (7) of this section, or state-tribal education compact school operating a transition to kindergarten program and provide feedback on elements listed in

this subsection (3)(e).

(f) A prohibition on charging tuition or other fees to state-funded eligible children for enrollment in a transition to kindergarten program.

(g) A prohibition on establishing a policy of excluding an eligible child due only to the presence of a disability.

(4)(a) The office of the superintendent of public instruction, in collaboration with the department of children, youth, and families, shall develop statewide coordinated eligibility, recruitment, enrollment, and selection best practices and provide technical assistance to those implementing a transition to kindergarten program to support connections with local early learning providers.

(b) School districts, charter schools as allowed by subsection (7) of this section, and state-tribal education compact schools must consider the best practices developed under this subsection (4) when adopting the policies required under subsection (2)(b) of this section.

(5) Nothing in this section prohibits school districts, charter schools as allowed by subsection (7) of this section, and state-tribal education compact schools from blending or colocating a transition to kindergarten program with other early learning programs.

(6)(a) Funding for the transition to kindergarten program must be based on the following:

(i) The distribution formula established under RCW 28A.150.260 (4)(a), (5), (6), (8), and (10)(a) and (b), calculated using the actual number of annual average full-time equivalent eligible children enrolled in the program. A transition to kindergarten child must be counted as a kindergarten student for purposes of the funding calculations referenced in this subsection, but must be reported separately.

(ii) The distribution formula developed in RCW 28A.160.150 through 28A.160.192, calculated using reported ridership for eligible children enrolled in the program.

(b) Beginning in the 2025-26 school year, the annual average full-time equivalent eligible children enrolled in the program funded in (a) of this subsection may not exceed the state-funded annual average full-time equivalent specified in the omnibus appropriations act. During the 2025-26 and 2026-27 school years, the office of the superintendent of public instruction must prioritize funding for programs funded under (a) of this subsection that operated during the 2024-25 school year.

(c) Funding provided for the transition to kindergarten program is not part of the state's statutory program of basic education under RCW 28A.150.200 and must be expended only for the support of operating a transition to kindergarten program.

(7) Charter schools authorized under RCW 28A.710.080(2) are immediately permitted to operate a transition to kindergarten program under this section. Beginning with the 2025-26 school year, any charter school authorized under RCW 28A.710.080 (1) or (2) is permitted to operate a transition to kindergarten program under this section.

NEW SECTION. **Sec. 2.** (1) The office of the superintendent of public instruction shall collaborate with the department of children, youth, and families to develop a recommended plan for phasing in the transition to kindergarten program. The recommended plan must consider plans for expansion of other state-funded early learning programs including, but not limited to, the early childhood education and assistance program, and prioritize expansion for:

(a) Communities with the highest percentage of unmet needs;

(b) Child care supply and demand;

(c) School districts, charter schools, and state-tribal education compact schools with the highest percentages of students qualifying for free and reduced-price lunch;

(d) School districts, charter schools, and state-tribal education compact schools with high percentages of students with disabilities; and

(e) School districts, charter schools, and state-tribal education compact schools with the lowest kindergarten readiness results on the Washington kindergarten inventory of developing skills.

(2) The plan must include a phased-in approach for expansion that does not exceed five percent growth in statewide annual average full-time enrolled students each year.

(3) The office of the superintendent of public instruction shall submit a report to the legislature and the office of the governor by December 1, 2026, outlining a proposed plan and recommendations for phasing in future transition to kindergarten programs beginning with communities with the highest need.

(4) This section expires July 1, 2027."

Correct the title.

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Wellman moved that the Senate concur in the House amendment(s) to Engrossed Senate Bill No. 5769.

Senators Wellman and Gildon spoke in favor of the motion.

The President declared the question before the Senate to be the motion by Senator Wellman that the Senate concur in the House amendment(s) to Engrossed Senate Bill No. 5769.

The motion by Senator Wellman carried and the Senate concurred in the House amendment(s) to Engrossed Senate Bill No. 5769 by voice vote.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5769, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5769, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 44; Nays, 4; Absent, 0; Excused, 0.

Voting yea: Senators Alvarado, Bateman, Boehnke, Braun, Chapman, Cleveland, Conway, Cortes, Dhingra, Dozier, Frame, Gildon, Goehner, Hansen, Harris, Hasegawa, Holy, Kauffman, King, Krishnadasan, Liias, Lovelett, Lovick, MacEwen, Muzzall, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Schoesler, Shewmake, Short, Slatter, Stanford, Torres, Trudeau, Valdez, Warnick, Wellman, Wilson, C. and Wilson, J.

Voting nay: Senators Christian, Fortunato, McCune and Wagoner

ENGROSSED SENATE BILL NO. 5769, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MESSAGE FROM THE HOUSE

April 22, 2025

MR. PRESIDENT:

The House passed ENGROSSED SUBSTITUTE SENATE BILL NO. 5390 with the following amendment(s): 5390-S.E AMH RYUC H2228.1

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature finds that both visitors and residents of Washington state enjoy the opportunity to recreate and experience the beauty of state-owned public lands, like state parks. The legislature also finds that the costs to provide access to these lands has been successfully supported by user-based recreation fees and that the costs of continued support and access has outpaced the revenue generated by fees. The discover pass and day-use permits that are used to gain access to state-owned lands have been in place since 2011, and the cost for the discover pass and permits has not changed since then. However, the costs to maintain recreational access have steadily increased. The original legislation anticipated the potential need to consider adjustment in the cost of both the discover pass and day-use permits. The legislature intends to maintain recreational access for all by updating the cost of the discover pass commensurate with the inflationary costs to carry out state recreational programs.

Sec. 2. RCW 79A.80.020 and 2017 c 121 s 1 are each amended to read as follows:

(1) Except as otherwise provided in this chapter, a discover pass is required for any motor vehicle to:

(a) Park at any recreation site or lands; or

(b) Operate on any recreation site or lands.

(2) Except as provided in RCW 79A.80.110, the cost of a discover pass is ((~~thirty dollars~~)) $45. Every four years the office of financial management must review the cost of the discover pass and, if necessary, recommend to the legislature an adjustment to the cost of the discover pass to account for inflation.

(3) A discover pass is valid for one year beginning from the date that the discover pass is marked for activation. The activation date may differ from the purchase date pursuant to any policies developed by the agencies.

(4) Sales of discover passes must be consistent with RCW 79A.80.100.

(5) The discover pass must contain space for two motor vehicle license plate numbers. A discover pass is valid only for those vehicle license plate numbers written on the pass. However, the agencies may offer for sale a family discover pass that is fully transferable among vehicles and does not require the placement of a license plate number on the pass to be valid. The agencies must collectively set a price for the sale of a family discover pass that is no more than ((~~fifty dollars~~)) $50. A discover pass is valid only for use with one motor vehicle at any one time.

(6)(a) One complimentary discover pass must be provided to a volunteer who performed ((~~twenty-four~~)) 24 hours of service on agency-sanctioned volunteer projects in a year. The agency must provide vouchers to volunteers identifying the number of volunteer hours they have provided for each project. The vouchers may be brought to an agency to be redeemed for a discover pass.

(b) Married spouses under chapter 26.04 RCW may present an agency with combined vouchers demonstrating the collective performance of ((~~twenty-four~~)) 24 hours of service on agency-sanctioned volunteer projects in a year to be redeemed for a single complimentary discover pass.

(7) A lifetime disabled veteran pass issued under RCW 79A.05.065(3) is the equivalent of a discover pass for purposes of this chapter, as long as the person to whom the pass was issued is a driver or passenger in the vehicle when accessing a site or lands.

Sec. 3. RCW 79A.80.090 and 2020 c 148 s 27 are each amended to read as follows:

(1) The recreation access pass account is created in the state treasury. All moneys received from the sale of discover passes and day-use permits must be deposited into the account.

(2) Each fiscal biennium, the first ((~~seventy-one million dollars~~)) $85,000,000 in revenue must be distributed to the agencies in the following manner:

(a) Eight percent to the department of fish and wildlife and deposited into the limited fish and wildlife account created in RCW 77.12.170(1);

(b) Eight percent to the department of natural resources and deposited into the parkland trust revolving fund created in RCW 43.30.385;

(c) Eighty-four percent to the state parks and recreation commission and deposited into the state parks renewal and stewardship account created in RCW 79A.05.215;

(d) During the 2015-2017 fiscal biennium, expenditures from the recreation access pass account may be used for Skamania county court costs. During the 2015-2017 and 2017-2019 fiscal biennia, expenditures from the recreation access pass account may be used for the state parks and recreation commission, in partnership with the departments of fish and wildlife and natural resources, to develop options and recommendations to improve recreational access fee systems.

(3) Each fiscal biennium, revenues in excess of ((~~seventy-one million dollars~~)) $85,000,000 must be distributed equally among the agencies to the accounts identified in subsection (2) of this section.

Sec. 4. RCW 79A.80.080 and 2013 2nd sp.s. c 15 s 3 are each amended to read as follows:

(1) A discover pass, vehicle access pass, lifetime disabled veteran pass, or day-use permit must be visibly displayed in the front windshield, or otherwise in a prominent location for motor vehicles without a windshield, of any motor vehicle:

(a) Operating on any recreation site or lands; or

(b) Parking at any recreation site or lands.

(2) The discover pass, the vehicle access pass, lifetime disabled veteran pass, or the day-use permit is not required:

(a) On private lands, state-owned aquatic lands other than water access areas, or at agency offices, hatcheries, or other facilities where public business is conducted;

(b) For persons who use, possess, or enter lands owned or managed by the agencies for nonrecreational purposes consistent with a written authorization from the agency, including but not limited to leases, contracts, and easements;

(c) On department of fish and wildlife lands only, for persons possessing a current vehicle access pass pursuant to RCW 79A.80.040; ((~~or~~))

(d) When operating on a road managed by the department of natural resources or the department of fish and wildlife, including a forest or land management road, that is not blocked by a gate; or

(e) For motor vehicles used for off-road recreation that have been transported to a recreation site or lands managed for off-road recreation by another motor vehicle that: (i) Remains parked at the recreation site or lands; and (ii) displays a pass or permit consistent with the requirements of this chapter.

(3)(a) An agency may waive the requirements of this section for any person who has secured the ability to access specific recreational land through the provision of monetary consideration to the agency or for any person attending an event or function that required the provision of monetary compensation to the agency.

(b) Special events and group activities are core recreational activities and major public service opportunities within state parks. When waiving the requirements of this section for special events, the state parks and recreation commission must consider the direct and indirect costs and benefits to the state, local market rental rates, the public service functions of the event sponsor, and

other public interest factors when setting appropriate fees for each event or activity.

(4) Failure to comply with subsection (1) of this section is a natural resource infraction under chapter 7.84 RCW. An agency is authorized to issue a notice of infraction to any person who fails to comply with subsection (1)(a) of this section or to any motor vehicle that fails to comply with subsection (1)(b) of this section.

(5) The penalty for failure to comply with the requirements of this section is ((~~ninety-nine dollars~~)) $99. This penalty must be reduced to ((~~fifty-nine dollars~~)) $59 if an individual provides, within 15 days after the issuance of the notice of violation, proof of purchase of a discover pass to the court ((~~within fifteen days after the issuance of the notice of violation~~)) or evidence that the individual has obtained a lifetime disabled veteran pass under RCW 79A.05.065(3).

Sec. 5. RCW 79A.05.065 and 2011 c 171 s 115 are each amended to read as follows:

(1)(a) The commission shall grant to any person who meets the eligibility requirements specified in this section a senior citizen's pass which shall: (i) Entitle such a person, and members of his or her camping unit, to a ((~~fifty~~)) 50 percent reduction in the campsite rental fee prescribed by the commission; and (ii) entitle such a person to free admission to any state park.

(b) The commission shall grant a senior citizen's pass to any person who applies for the senior citizen's pass and who meets the following requirements:

(i) The person is at least ((~~sixty-two~~)) 62 years of age;

(ii) The person is a domiciliary of the state of Washington and meets reasonable residency requirements prescribed by the commission; and

(iii) The person and his or her spouse have a combined income that would qualify the person for a property tax exemption pursuant to RCW 84.36.381. The financial eligibility requirements of this subsection (1)(b)(iii) apply regardless of whether the applicant for a senior citizen's pass owns taxable property or has obtained or applied for such property tax exemption.

(c) Each senior citizen's pass granted pursuant to this section is valid as long as the senior citizen meets the requirements of (b)(ii) of this subsection. A senior citizen meeting the eligibility requirements of this section may make a voluntary donation for the upkeep and maintenance of state parks.

(d) A holder of a senior citizen's pass shall surrender the pass upon request of a commission employee when the employee has reason to believe the holder fails to meet the criteria in (b) of this subsection. The holder shall have the pass returned upon providing proof to the satisfaction of the director that the holder meets the eligibility criteria for obtaining the senior citizen's pass.

(2)(a) Any resident of Washington who is disabled as defined by the social security administration and who receives social security benefits for that disability, or any other benefits for that disability from any other governmental or nongovernmental source, or who is entitled to benefits for permanent disability under RCW 71A.10.020(((~~(3)~~))) (6) due to unemployability full time at the minimum wage, or who is legally blind or profoundly deaf, or who has been issued a card, decal, or special license plate for a permanent disability under RCW 46.19.010 shall be entitled to receive, regardless of age and upon making application therefor, a disability pass at no cost to the holder. The pass shall: (i) Entitle such a person, and members of his or her camping unit, to a ((~~fifty~~)) 50 percent reduction in the campsite rental fee prescribed by the commission; and (ii) entitle such a person to free admission to any state park.

(b) A card, decal, or special license plate issued for a permanent disability under RCW 46.19.010 may serve as a pass for the holder to entitle that person and members of the person's camping unit to a ((~~fifty~~)) 50 percent reduction in the campsite rental fee prescribed by the commission, and to allow the holder free admission to state parks.

(3) Any resident of Washington who is a veteran and has a service-connected disability of at least ((~~thirty~~)) 30 percent shall be entitled to receive a lifetime ((~~veteran's disability~~)) disabled veteran pass at no cost to the holder. The pass shall: (a) Entitle such a person, and members of his or her camping unit, to free use of any campsite within any state park; and (b) entitle such a person to free admission to any state ((~~park; and (c) entitle such a person to an exemption from any reservation fees~~)) recreation site or lands, as defined in RCW 79A.80.010. A lifetime disabled veteran pass entitles the holder to all of the benefits of a discover pass under chapter 79A.80 RCW.

(4)(a) Any Washington state resident who provides out-of-home care to a child, as either a licensed foster family home or a person related to the child, is entitled to a foster home pass.

(b) An applicant for a foster home pass must request a pass in the manner required by the commission. Upon receipt of a properly submitted request, the commission shall verify with the department of social and health services that the applicant qualifies under (a) of this subsection. Once issued, a foster home pass is valid for the period, which may not be less than one year, designated by the commission.

(c) When accompanied by a child receiving out-of-home care from the pass holder, a foster home pass: (i) Entitles such a person, and members of his or her camping unit, to free use of any campsite within any state park; and (ii) entitles such a person to free admission to any state park.

(d) For the purposes of this subsection (4):

(i) "Out-of-home care" means placement in a foster family home or with a person related to the child under the authority of chapter 13.32A, 13.34, or 74.13 RCW;

(ii) "Foster family home" has the same meaning as defined in RCW 74.15.020; and

(iii) "Person related to the child" means those persons referred to in RCW 74.15.020(2)(a) (i) through (vi).

(5) All passes issued pursuant to this section are valid at all parks any time during the year. However, the pass is not valid for admission to concessionaire operated facilities.

(6) The commission shall negotiate payment and costs, to allow holders of a foster home pass free access and usage of park campsites, with the following nonoperated, nonstate-owned parks: Central Ferry, Chief Timothy, Crow Butte, and Lyons Ferry. The commission shall seek state general fund reimbursement on a biennial basis.

(7) The commission may deny or revoke any Washington state park pass issued under this section at any time for cause, including but not limited to the following:

(a) Residency outside the state of Washington;

(b) Violation of laws or state park rules resulting in eviction from a state park;

(c) Intimidating, obstructing, or assaulting a park employee or park volunteer who is engaged in the performance of official duties;

(d) Fraudulent use of a pass;

(e) Providing false information or documentation in the application for a state parks pass;

(f) Refusing to display or show the pass to park employees when requested; or

(g) Failing to provide current eligibility information upon request by the agency or when eligibility ceases or changes.

(8) This section shall not affect or otherwise impair the power of the commission to continue or discontinue any other programs it has adopted for senior citizens.

(9) The commission may engage in a mutually agreed upon

reciprocal or discounted program for all or specific pass programs with other outdoor recreation agencies.

(10) The commission shall adopt those rules as it finds appropriate for the administration of this section. Among other things, the rules shall prescribe a definition of "camping unit" which will authorize a reasonable number of persons traveling with the person having a pass to stay at the campsite rented by such a person, a minimum Washington residency requirement for applicants for a senior citizen's pass, and an application form to be completed by applicants for a senior citizen's pass.

NEW SECTION. **Sec. 6.** A new section is added to chapter 79A.25 RCW to read as follows:

(1) The office shall convene a work group to review how recreation and park functions are currently funded for the state parks and recreation commission, the department of fish and wildlife, and the department of natural resources. The work group must consist of:

(a) A member from each of the state parks and recreation commission, the department of fish and wildlife, and the department of natural resources;

(b) Two members and two alternates from the senate, with one member and one alternate appointed from each of the two largest caucuses in the senate by the president of the senate; and

(c) Two members and two alternates from the house of representatives, with one member and one alternate appointed from each of the two largest caucuses in the house of representatives by the speaker of the house of representatives.

(2) The work group shall confer with tribal governments as part of the analysis and may engage with the Washington state institute for public policy and a broad range of stakeholders, including representatives from nonmotorized and motorized recreation, the outdoor recreation industry, hunters and anglers, friends or affinity groups, outdoor equity organizations, environmental education, and other relevant public agencies or private entities.

(3) The work group must identify and assess the distinct funding structures, needs, and challenges of each agency as it relates to recreation and park functions. The group shall explore long-term funding strategies that ensure stable and adequate support for each agency's mission and responsibilities, including strategies identified in previously completed reports, where applicable.

(4) Prior to December 1, 2026, the work group must submit a report of the group's findings and recommendations to the appropriate committees of the legislature, the office of financial management, and the governor's office.

(5) The legislative members of the work group shall serve without compensation or remuneration.

(6) This section expires June 30, 2027.

NEW SECTION. **Sec. 7.** Sections 1 through 5 of this act take effect October 1, 2025."

Correct the title.

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Stanford moved that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5390.

Senator Stanford spoke in favor of the motion.

Senator Torres spoke against the motion.

The President declared the question before the Senate to be the motion by Senator Stanford that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5390.

The motion by Senator Stanford carried and the Senate concurred in the House amendment(s) to Engrossed Substitute Senate Bill No. 5390 by voice vote.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5390, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5390, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 27; Nays, 21; Absent, 0; Excused, 0.

Voting yea: Senators Alvarado, Bateman, Chapman, Cleveland, Conway, Cortes, Dhingra, Frame, Hansen, Kauffman, Liias, Lovelett, Lovick, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Shewmake, Slatter, Stanford, Trudeau, Valdez, Wellman and Wilson, C.

Voting nay: Senators Boehnke, Braun, Christian, Dozier, Fortunato, Gildon, Goehner, Harris, Hasegawa, Holy, King, Krishnadasan, MacEwen, McCune, Muzzall, Schoesler, Short, Torres, Wagoner, Warnick and Wilson, J.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5390, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

SUBSTITUTE SENATE BILL NO. 5127,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5192,
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5284,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5291,
SENATE BILL NO. 5319,
SUBSTITUTE SENATE BILL NO. 5394,
SUBSTITUTE SENATE BILL NO. 5419,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5445,
SUBSTITUTE SENATE BILL NO. 5503,
SENATE BILL NO. 5506,
SUBSTITUTE SENATE BILL NO. 5556,
SUBSTITUTE SENATE BILL NO. 5568,
SUBSTITUTE SENATE BILL NO. 5583,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5627,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5628,
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5651,
SENATE BILL NO. 5680,
SUBSTITUTE SENATE BILL NO. 5691,
ENGROSSED SENATE BILL NO. 5721.

MESSAGE FROM THE HOUSE

April 23, 2025

MR. PRESIDENT:

The House passed ENGROSSED SUBSTITUTE SENATE BILL NO. 5813 with the following amendment(s): 5813-S.E AMH FIN H2352.1

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature finds that it is the paramount duty of the state to amply provide every child in the state with an education, creating the opportunity for the child to succeed in school and thrive in life. The legislature further finds that high quality early learning and child care is critical to a child's success in school and life, as it supports the development of the child's social-emotional, physical, cognitive, and language skills. The legislature further finds that the state's higher education system ensures Washington residents have the opportunity to succeed in a competitive global economy.

(2) The legislature further finds that in 2024, when given the opportunity to retain investments in the education legacy trust account for high quality early learning and child care, 64.11 percent of Washington voters in 32 of its 39 counties voted to uphold the excise tax on sales of long-term capital assets for this purpose.

(3) Therefore, the legislature will fund ongoing support of public K-12 education, early learning and child care, and higher education, by dedicating revenues from this act to the education legacy trust account. The legislature further recognizes that a tax system that is fair, balanced, and works for everyone is essential to help all Washingtonians grow and thrive. Washington's tax system remains the second most regressive in the nation as it asks those with the least to pay the most as a percentage of their income. Low-income Washingtonians pay at least three times more in state and local taxes as a percentage of their income than the state's highest-income households.

(4) To help increase funding to the education legacy trust account, the legislature intends to levy an additional excise tax on the sale or exchange of long-term capital assets, which equals 2.90 percent multiplied by the portion of an individual's Washington capital gains exceeding $1,000,000, and by creating a more progressive rate structure for the estate tax by increasing the top tier rates up to 35 percent. Further, the legislature intends to increase the exclusion amount to $3,000,000 for the estate tax. The legislature recognizes that levying these taxes with a more progressive rate structure, and increasing the exclusion amount for the estate tax, will have the additional effect of making material progress toward rebalancing the state's tax code.

PART I
INCREASING THE CAPITAL GAINS TAX RATE ON ANNUAL LONG-TERM CAPITAL GAINS IN EXCESS OF $1,000,000

Sec. 101. RCW 82.87.040 and 2021 c 196 s 5 are each amended to read as follows:

(1)(a) Beginning January 1, 2022, an excise tax is imposed on the sale or exchange of long-term capital assets. Only individuals are subject to payment of the tax, which equals seven percent multiplied by an individual's Washington capital gains.

(b) Beginning January 1, 2025, an additional excise tax is imposed on the sale or exchange of long-term capital assets, which equals 2.90 percent multiplied by the portion of an individual's Washington capital gains exceeding $1,000,000.

(2) The tax levied in subsection (1) of this section is necessary for the support of the state government and its existing public institutions.

(3) If an individual's Washington capital gains are less than zero for a taxable year, no tax is due under this section and no such amount is allowed as a carryover for use in the calculation of that individual's adjusted capital gain, as defined in RCW 82.87.020(1), for any taxable year. To the extent that a loss carryforward is included in the calculation of an individual's federal net long-term capital gain and that loss carryforward is directly attributable to losses from sales or exchanges allocated to this state under RCW 82.87.100, the loss carryforward is included in the calculation of that individual's adjusted capital gain for the purposes of this chapter. An individual may not include any losses carried back for federal income tax purposes in the calculation of that individual's adjusted capital gain for any taxable year.

(4)(a) The tax imposed in this section applies to the sale or exchange of long-term capital assets owned by the taxpayer, whether the taxpayer was the legal or beneficial owner of such assets at the time of the sale or exchange. The tax applies when the Washington capital gains are recognized by the taxpayer in accordance with this chapter.

(b) For purposes of this chapter:

(i) An individual is considered to be a beneficial owner of long-term capital assets held by an entity that is a pass-through or disregarded entity for federal tax purposes, such as a partnership, limited liability company, S corporation, or grantor trust, to the extent of the individual's ownership interest in the entity as reported for federal income tax purposes.

(ii) A nongrantor trust is deemed to be a grantor trust if the trust does not qualify as a grantor trust for federal tax purposes, and the grantor's transfer of assets to the trust is treated as an incomplete gift under Title 26 U.S.C. Sec. 2511 of the internal revenue code and its accompanying regulations. A grantor of such trust is considered the beneficial owner of the capital assets of the trust for purposes of the tax imposed in this section and must include any long-term capital gain or loss from the sale or exchange of a capital asset by the trust in the calculation of that individual's adjusted capital gain, if such gain or loss is allocated to this state under RCW 82.87.100.

PART II
MODIFYING THE ESTATE TAX

Sec. 201. RCW 83.100.020 and 2013 2nd sp.s. c 2 s 2 are each reenacted and amended to read as follows:

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

(1)(a) The applicable exclusion amount for the decedent's estate is the applicable exclusion amount in effect as of the date of the decedent's death. "Applicable exclusion amount" means:

(i) ((~~One million five hundred thousand dollars~~)) $1,500,000 for decedents dying before January 1, 2006;

(ii) ((~~Two million dollars~~)) $2,000,000 for estates of decedents dying on or after January 1, 2006, and before January 1, 2014; ((~~and~~))

(iii) $2,012,000 for estates of decedents dying on or after January 1, 2014, and before January 1, 2015;

(iv) $2,054,000 for estates of decedents dying on or after January 1, 2015, and before January 1, 2016;

(v) $2,079,000 for estates of decedents dying on or after January 1, 2016, but before January 1, 2017;

(vi) $2,129,000 for estates of decedents dying on or after January 1, 2017, but before January 1, 2018;

(vii) $2,193,000 for estates of decedents dying on or after July 1, 2018, but before July 1, 2025;

(viii) $3,000,000 for estates of decedents dying on or after July 1, 2025, but before January 1, 2026; and

(ix) For estates of decedents dying in calendar year ((~~2014~~)) 2026 and each calendar year thereafter, the amount in (a)((~~(ii)~~)) (viii) of this subsection must be adjusted annually, except as otherwise provided in this subsection (1)(a)((~~(iii)~~)) (ix). The annual adjustment is determined by multiplying ((~~two million dollars~~)) $3,000,000 by the sum of one ((~~plus~~)) and the percentage by which the most recent October consumer price index exceeds the consumer price index for October ((~~2012~~)) 2024, and rounding the result to the nearest ((~~one thousand dollars~~)) $1,000.

No adjustment is made for a calendar year if the adjustment would result in the same or a lesser applicable exclusion amount than the applicable exclusion amount for the immediately preceding calendar year. ((~~The applicable exclusion amount under this subsection (1)(a)(iii) for the decedent's estate is the applicable exclusion amount in effect as of the date of the decedent's death.~~))

(b) For purposes of this subsection (1), "consumer price index" means the consumer price index for all urban consumers, all items, for the Seattle((~~-Tacoma-Bremerton~~)) metropolitan area as calculated by the United States bureau of labor statistics. For the purposes of this subsection (1)(b), "Seattle metropolitan area" means the geographic area sample that includes Seattle and surrounding areas.

(2) "Decedent" means a deceased individual.

(3) "Department" means the department of revenue, the director of that department, or any employee of the department exercising authority lawfully delegated to him or her by the director.

(4) "Federal return" means any tax return required by chapter 11 of the internal revenue code.

(5) "Federal tax" means a tax under chapter 11 of the internal revenue code.

(6) "Federal taxable estate" means the taxable estate as determined under chapter 11 of the internal revenue code without regard to: (a) The termination of the federal estate tax under section 2210 of the internal revenue code or any other provision of law, and (b) the deduction for state estate, inheritance, legacy, or succession taxes allowable under section 2058 of the internal revenue code.

(7) "Gross estate" means "gross estate" as defined and used in section 2031 of the internal revenue code.

(8) "Internal revenue code" means the United States internal revenue code of 1986, as amended or renumbered as of January 1, 2005.

(9) "Person" means any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate, or other entity and, to the extent permitted by law, any federal, state, or other governmental unit or subdivision or agency, department, or instrumentality thereof.

(10) "Person required to file the federal return" means any person required to file a return required by chapter 11 of the internal revenue code, such as the personal representative of an estate.

(11) "Property" means property included in the gross estate.

(12) "Resident" means a decedent who was domiciled in Washington at time of death.

(13) "Taxpayer" means a person upon whom tax is imposed under this chapter, including an estate or a person liable for tax under RCW 83.100.120.

(14) "Transfer" means "transfer" as used in section 2001 of the internal revenue code and includes any shifting upon death of the economic benefit in property or any power or legal privilege incidental to the ownership or enjoyment of property. However, "transfer" does not include a qualified heir disposing of an interest in property qualifying for a deduction under RCW 83.100.046 or ceasing to use the property for farming purposes.

(15) "Washington taxable estate" means the federal taxable estate and includes, but is not limited to, the value of any property included in the gross estate under section 2044 of the internal revenue code, regardless of whether the decedent's interest in such property was acquired before May 17, 2005, (a) plus amounts required to be added to the Washington taxable estate under RCW 83.100.047, (b) less: (i) The applicable exclusion amount under subsection (1) of this section; (ii) the amount of any deduction allowed under RCW 83.100.046; (iii) amounts allowed to be deducted from the Washington taxable estate under RCW 83.100.047; and (iv) the amount of any deduction allowed under RCW 83.100.048.

Sec. 202. RCW 83.100.040 and 2013 2nd sp.s. c 2 s 4 are each amended to read as follows:

(1) A tax in an amount computed as provided in this section is imposed on every transfer of property located in Washington. For the purposes of this section, any intangible property owned by a resident is located in Washington.

(2)(a) ((~~Except~~)) (i) For estates of decedents dying before July 1, 2025, except as provided in (b) of this subsection, the amount of tax is the amount provided in the following table:

If Washington Taxable Estate is at least	But Less Than	The amount of Tax Equals Initial Tax Amount	Plus Tax Rate %	Of Washington Taxable Estate Value Greater than
$0	$1,000,000	$0	10.0%	$0
$1,000,000	$2,000,000	$100,000	14.0%	$1,000,000
$2,000,000	$3,000,000	$240,000	15.0%	$2,000,000
$3,000,000	$4,000,000	$390,000	16.0%	$3,000,000
$4,000,000	$6,000,000	$550,000	18.0%	$4,000,000
$6,000,000	$7,000,000	$910,000	19.0%	$6,000,000
$7,000,000	$9,000,000	$1,100,000	19.5%	$7,000,000
$9,000,000		$1,490,000	20.0%	$9,000,000

(ii) For estates of decedents dying on or after July 1, 2025, except as provided in (b) of this subsection, the amount of tax is the amount provided in the following table:

If Washington Taxable Estate is at least	But Less Than	The amount of Tax Equals Initial Tax Amount	Plus Tax Rate %	Of Washington Taxable Estate Value Greater than
$0	$1,000,000	$0	10.0%	$0
$1,000,000	$2,000,000	$100,000	15.0%	$1,000,000
$2,000,000	$3,000,000	$250,000	17.0%	$2,000,000
$3,000,000	$4,000,000	$420,000	19.0%	$3,000,000
$4,000,000	$6,000,000	$610,000	23.0%	$4,000,000
$6,000,	$7,000,	$1,070,	26.0	$6,000,

000	000	000	0%	000
$7,000,000	$9,000,000	$1,330,000	30.0 0%	$7,000,000
$9,000,000		$1,930,000	35.0 0%	$9,000,000

(b) If any property in the decedent's estate is located outside of Washington, the amount of tax is the amount determined in (a) of this subsection multiplied by a fraction. The numerator of the fraction is the value of the property located in Washington. The denominator of the fraction is the value of the decedent's gross estate. Property qualifying for a deduction under RCW 83.100.046 must be excluded from the numerator and denominator of the fraction.

(3) The tax imposed under this section is a stand-alone estate tax that incorporates only those provisions of the internal revenue code as amended or renumbered as of January 1, 2005, that do not conflict with the provisions of this chapter. The tax imposed under this chapter is independent of any federal estate tax obligation and is not affected by termination of the federal estate tax.

Sec. 203. RCW 83.100.048 and 2013 2nd sp.s. c 2 s 3 are each amended to read as follows:

(1) For the purposes of determining the tax due under this chapter, a deduction is allowed for the value of the decedent's qualified family-owned business interests, not to exceed ((~~two million five hundred thousand dollars~~)) the applicable deduction amount, if:

(a) The value of the decedent's qualified family-owned business interests exceed ((~~fifty~~)) 50 percent of the decedent's Washington taxable estate determined without regard to the deduction for the applicable exclusion amount;

(b) During the eight-year period ending on the date of the decedent's death, there have been periods aggregating five years or more during which:

(i) Such interests were owned by the decedent or a member of the decedent's family;

(ii) There was material participation, within the meaning of section 2032A(e)(6) of the internal revenue code, by the decedent or a member of the decedent's family in the operation of the trade or business to which such interests relate;

(c) The qualified family-owned business interests are acquired by any qualified heir from, or passed to any qualified heir from, the decedent, within the meaning of RCW 83.100.046(2), and the decedent was at the time of his or her death a citizen or resident of the United States; and

(d) The value of the decedent's qualified family-owned business interests is not more than ((~~six million dollars~~)) $6,000,000.

(2)(a) Only amounts included in the decedent's federal taxable estate may be deducted under this subsection.

(b) Amounts deductible under RCW 83.100.046 may not be deducted under this section.

(3)(a) There is imposed an additional estate tax on a qualified heir if, within three years of the decedent's death and before the date of the qualified heir's death:

(i) The material participation requirements described in section 2032A(c)(6)(b)(ii) of the internal revenue code are not met with respect to the qualified family-owned business interest which was acquired or passed from the decedent;

(ii) The qualified heir disposes of any portion of a qualified family-owned business interest, other than by a disposition to a member of the qualified heir's family or a person with an ownership interest in the qualified family-owned business or through a qualified conservation contribution under section 170(h) of the internal revenue code;

(iii) The qualified heir loses United States citizenship within the meaning of section 877 of the internal revenue code or with respect to whom section 877(e)(1) applies, and such heir does not comply with the requirements of section 877(g) of the internal revenue code; or

(iv) The principal place of business of a trade or business of the qualified family-owned business interest ceases to be located in the United States.

(b) The amount of the additional estate tax imposed under this subsection is equal to the amount of tax savings under this section with respect to the qualified family-owned business interest acquired or passed from the decedent.

(c) Interest applies to the tax due under this subsection for the period beginning on the date that the estate tax liability was due under this chapter and ending on the date the additional estate tax due under this subsection is paid. Interest under this subsection must be computed as provided in RCW 83.100.070(2).

(d) The tax imposed by this subsection is due the day that is six months after any taxable event described in (a) of this subsection occurred and must be reported on a return as provided by the department.

(e) The qualified heir is personally liable for the additional tax imposed by this subsection unless he or she has furnished a bond in favor of the department for such amount and for such time as the department determines necessary to secure the payment of amounts due under this subsection. The qualified heir, on furnishing a bond satisfactory to the department, is discharged from personal liability for any additional tax and interest under this subsection and is entitled to a receipt or writing showing such discharge.

(f) Amounts due under this subsection attributable to any qualified family-owned business interest are secured by a lien in favor of the state on the property in respect to which such interest relates. The lien under this subsection (3)(f) arises at the time the Washington return is filed on which a deduction under this section is taken and continues in effect until: (i) The tax liability under this subsection has been satisfied or has become unenforceable by reason of lapse of time; or (ii) the department is satisfied that no further tax liability will arise under this subsection.

(g) Security acceptable to the department may be substituted for the lien imposed by (f) of this subsection.

(h) For purposes of the assessment or correction of an assessment for additional taxes and interest imposed under this subsection, the limitations period in RCW 83.100.095 begins to run on the due date of the return required under (d) of this subsection.

(i) For purposes of this subsection, a qualified heir may not be treated as disposing of an interest described in section 2057(e)(1)(A) of the internal revenue code by reason of ceasing to be engaged in a trade or business so long as the property to which such interest relates is used in a trade or business by any member of the qualified heir's family.

(4)(a) The department may require a taxpayer claiming a deduction under this section to provide the department with the names and contact information of all qualified heirs.

(b) The department may also require any qualified heir to submit to the department on an ongoing basis such information as the department determines necessary or useful in determining whether the qualified heir is subject to the additional tax imposed in subsection (3) of this section. The department may not require such information more frequently than twice per year. The department may impose a penalty on a qualified heir who fails to provide the information requested within ((~~thirty~~)) 30 days of the date the department's written request for the information was sent to the qualified heir. The amount of the penalty under this

subsection is ((~~five hundred dollars~~)) $500 and may be collected in the same manner as the tax imposed under subsection (3) of this section.

(5) For purposes of this section, references to section 2057 of the internal revenue code refer to section 2057 of the internal revenue code, as existing on December 31, 2003.

(6) For purposes of this section, the following definitions apply:

(a) "Applicable deduction amount" means:

(i) $2,500,000 for estates of decedents dying on or after July 1, 2014, but before July 1, 2025;

(ii) $3,000,000 for estates of decedents dying on or after July 1, 2025, but before July 1, 2026; and

(iii) For estates of decedents dying in calendar year 2026 and each calendar year thereafter, the amount in (a)(ii) of this subsection must be adjusted annually, except as otherwise provided in this subsection (6)(a)(iii). The annual adjustment is determined by multiplying $3,000,000 by the sum of one and the percentage by which the most recent October consumer price index exceeds the consumer price index for October 2024, and rounding the result to the nearest $1,000. No adjustment is made for a calendar year if the adjustment would result in the same or a lesser applicable deduction amount than the applicable deduction amount for the immediately preceding calendar year.

(b) "Consumer price index" has the same meaning as in RCW 83.100.020.

(c) "Member of the decedent's family" and "member of the qualified heir's family" have the same meaning as "member of the family" in RCW 83.100.046(((~~(10)~~))).

(((~~(b)~~))) (d) "Qualified family-owned business interest" has the same meaning as provided in section 2057(e) of the internal revenue code of 1986.

(((~~(c)~~))) (e) "Qualified heir" has the same meaning as provided in section 2057(i) of the internal revenue code of 1986.

(7) This section applies to the estates of decedents dying on or after January 1, 2014.

Sec. 204. RCW 83.100.046 and 2010 c 106 s 236 are each amended to read as follows:

(1) For the purposes of determining the Washington taxable estate, a deduction is allowed from the federal taxable estate for:

(a) The value of qualified real property reduced by any amounts allowable as a deduction in respect of the qualified real property under 26 U.S.C. Sec. 2053(a)(4) of the federal internal revenue code, if the decedent was at the time of his or her death a citizen or resident of the United States.

(b) The value of any tangible personal property used by the decedent ((~~or~~)), a member of the decedent's family, or any qualified nonfamilial heir for a qualified use on the date of the decedent's death, reduced by any amounts allowable as a deduction in respect of the tangible personal property under 26 U.S.C. Sec. 2053(a)(4) of the federal internal revenue code, if all of the requirements of subsection (10)(((~~(f)~~))) (h)(i)(A) of this section are met and the decedent was at the time of his or her death a citizen or resident of the United States.

(c) The value of real property that is not deductible under (a) of this subsection solely by reason of subsection (10)(((~~(f)~~))) (h)(i)(B) of this section, reduced by any amounts allowable as a deduction in respect of the real property under 26 U.S.C. Sec. 2053(a)(4) of the federal internal revenue code, if the requirements of subsection (10)(((~~(f)~~))) (h)(i)(C) of this section are met with respect to the property and the decedent was at the time of his or her death a citizen or resident of the United States.

(2) Property will be considered to have been acquired from or to have passed from the decedent if:

(a) The property is so considered under 26 U.S.C. Sec. 1014(b) of the federal internal revenue code;

(b) The property is acquired by any person from the estate; or

(c) The property is acquired by any person from a trust, to the extent the property is includible in the gross estate of the decedent.

(3) If the decedent and the decedent's surviving spouse at any time held qualified real property as community property, the interest of the surviving spouse in the property must be taken into account under this section to the extent necessary to provide a result under this section with respect to the property which is consistent with the result which would have obtained under this section if the property had not been community property.

(4) In the case of any qualified woodland, the value of trees growing on the woodland may be deducted if otherwise qualified under this section.

(5) If property is qualified real property with respect to a decedent, hereinafter in this subsection referred to as the "first decedent," and the property was acquired from or passed from the first decedent to the surviving spouse of the first decedent, active management of the farm by the surviving spouse must be treated as material participation by the surviving spouse in the operation of the farm.

(6) Property owned indirectly by the decedent may qualify for a deduction under this section if owned through an interest in a corporation, partnership, or trust as the terms corporation, partnership, or trust are used in 26 U.S.C. Sec. 2032A(g) of the federal internal revenue code. In order to qualify for a deduction under this subsection, the interest, in addition to meeting the other tests for qualification under this section, must qualify under 26 U.S.C. Sec. 6166(b)(1) of the federal internal revenue code as an interest in a closely held business on the date of the decedent's death and for sufficient other time, combined with periods of direct ownership, to equal at least five years of the eight-year period preceding the death.

(7)(a) If, on the date of the decedent's death, the requirements of subsection (10)(((~~(f)~~))) (h)(i)(C)(II) of this section with respect to the decedent for any property are not met, and the decedent (i) was receiving old age benefits under Title II of the social security act for a continuous period ending on such date, or (ii) was disabled for a continuous period ending on this date, then subsection (10)(((~~(f)~~))) (h)(i)(C)(II) of this section must be applied with respect to the property by substituting "the date on which the longer of such continuous periods began" for "the date of the decedent's death" in subsection (10)(((~~(f)~~))) (h)(i)(C) of this section.

(b) For the purposes of (a) of this subsection, an individual is disabled if the individual has a mental or physical impairment which renders that individual unable to materially participate in the operation of the farm.

(8) Property may be deducted under this section whether or not special valuation is elected under 26 U.S.C. Sec. 2032A of the federal internal revenue code on the federal return. For the purposes of determining the deduction under this section, the value of property is its value as used to determine the value of the gross estate.

(9)(a) In the case of any qualified replacement property, any period during which there was ownership, qualified use, or material participation with respect to the replaced property by the decedent or any member of the decedent's family must be treated as a period during which there was ownership, use, or material participation, as the case may be, with respect to the qualified replacement property.

(b) Subsection (9)(a) of this section does not apply to the extent that the fair market value of the qualified replacement property, as of the date of its acquisition, exceeds the fair market value of the replaced property, as of the date of its disposition.

(c) For the purposes of this subsection (9), the following definitions apply:

(i)(A) "Qualified replacement property" means any real property:

(I) Which is acquired in an exchange which qualifies under 26 U.S.C. Sec. 1031 of the federal internal revenue code; or

(II) The acquisition of which results in the nonrecognition of gain under 26 U.S.C. Sec. 1033 of the federal internal revenue code.

(B) The term "qualified replacement property" only includes property which is used for the same qualified use as the replaced property was being used before the exchange.

(ii) "Replaced property" means the property was:

(A) Transferred in the exchange which qualifies under 26 U.S.C. Sec. 1031 of the federal internal revenue code; or

(B) Compulsorily or involuntarily converted within the meaning of 26 U.S.C. Sec. 1033 of the federal internal revenue code.

(10) For the purposes of this section, the following definitions apply:

(a) "Active management" means the making of the management decisions of a farm, other than the daily operating decisions.

(b) "Employee of a farm" means a person hired by the decedent, or a member of the decedent's family, to work on the farm and who receives a set wage, salary, or benefits. The person must be an active employee of the farm on the date of the death of the decedent. "Employee of a farm" does not include a self-employed person, independent contractor, or tenant farmer.

(c) "Farm" includes stock, dairy, poultry, fruit, furbearing animal, and truck farms; plantations; ranches; nurseries; ranges; greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities; and orchards and woodlands.

(((~~(c)~~))) (d) "Farming purposes" means:

(i) Cultivating the soil or raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of animals on a farm;

(ii) Handling, drying, packing, grading, or storing on a farm any agricultural or horticultural commodity in its unmanufactured state, but only if the owner, tenant, or operator of the farm regularly produces more than one-half of the commodity so treated; and

(iii)(A) The planting, cultivating, caring for, or cutting of trees; or

(B) The preparation, other than milling, of trees for market.

(((~~(d)~~))) (e)(i) "Member of the family" means, with respect to any individual, only:

(A) An ancestor of the individual;

(B) The spouse or state registered domestic partner of the individual;

(C) A lineal descendant of the individual, of the individual's spouse or state registered domestic partner, or of a parent of the individual; or

(D) The spouse or state registered domestic partner of any lineal descendant described in (((~~(d)~~))) (e)(i)(C) of this subsection.

(ii) For the purposes of this subsection (10)(((~~(d)~~))) (e), a legally adopted child of an individual must be treated as the child of such individual by blood.

(((~~(e)~~))) (f) "Qualified heir" means, with respect to any property, a member of the decedent's family who acquired property, or to whom property passed, from the decedent.

(((~~(f)~~))) (g) "Qualified nonfamilial heir" means an employee of a farm who materially participated in the operation of the farm and who acquired property, or to whom property passed, from the decedent. For the purposes of this subsection (10)(g), material participation must be determined in a manner similar to the manner used for purposes of 26 U.S.C. Sec. 1402(a)(1) of the federal internal revenue code.

(h)(i) "Qualified real property" means real property which was acquired from or passed from the decedent to a qualified heir of the decedent and which, on the date of the decedent's death, was being used for a qualified use by the decedent or a member of the decedent's family, but only if:

(A) Fifty percent or more of the adjusted value of the gross estate consists of the adjusted value of real or personal property which:

(I) On the date of the decedent's death, was being used for a qualified use by the decedent or a member of the decedent's family; and

(II) Was acquired from or passed from the decedent to a qualified heir of the decedent;

(B) Twenty-five percent or more of the adjusted value of the gross estate consists of the adjusted value of real property which meets the requirements of (((~~(f)~~))) (h)(i)(A)(II) and (((~~(f)~~))) (h)(i)(C) of this subsection; and

(C) During the eight-year period ending on the date of the decedent's death there have been periods aggregating five years or more during which:

(I) The real property was owned by the decedent or a member of the decedent's family and used for a qualified use by the decedent or a member of the decedent's family; and

(II) There was material participation by the decedent or a member of the decedent's family in the operation of the farm. For the purposes of this subsection (((~~(f)~~))) (10)(h)(i)(C)(II), material participation must be determined in a manner similar to the manner used for purposes of 26 U.S.C. Sec. 1402(a)(1) of the federal internal revenue code.

(ii) For the purposes of this subsection, the term "adjusted value" means:

(A) In the case of the gross estate, the value of the gross estate, determined without regard to any special valuation under 26 U.S.C. Sec. 2032A of the federal internal revenue code, reduced by any amounts allowable as a deduction under 26 U.S.C. Sec. 2053(a)(4) of the federal internal revenue code; or

(B) In the case of any real or personal property, the value of the property for purposes of chapter 11 of the federal internal revenue code, determined without regard to any special valuation under 26 U.S.C. Sec. 2032A of the federal internal revenue code, reduced by any amounts allowable as a deduction in respect of such property under 26 U.S.C. Sec. 2053(a)(4) of the federal internal revenue code.

(((~~(g)~~))) (i) "Qualified use" means the property is used as a farm for farming purposes. In the case of real property which meets the requirements of (((~~(f)~~))) (h)(i)(C) of this subsection, residential buildings and related improvements on the real property occupied on a regular basis by the owner or lessee of the real property or by persons employed by the owner or lessee for the purpose of operating or maintaining the real property, and roads, buildings, and other structures and improvements functionally related to the qualified use must be treated as real property devoted to the qualified use. For tangible personal property eligible for a deduction under subsection (1)(b) of this section, "qualified use" means the property is used primarily for farming purposes on a farm.

(((~~(h)~~))) (j) "Qualified woodland" means any real property which:

(i) Is used in timber operations; and

(ii) Is an identifiable area of land such as an acre or other area for which records are normally maintained in conducting timber operations.

(((~~(i)~~))) (k) "Timber operations" means:

(i) The planting, cultivating, caring for, or cutting of trees; or

(ii) The preparation, other than milling, of trees for market.

PART III
MISCELLANEOUS

NEW SECTION. **Sec. 301.** Section 101 of this act applies to taxes imposed in calendar year 2025 for collection in calendar year 2026.

NEW SECTION. **Sec. 302.** Sections 201 through 204 of this act apply to estates of decedents dying on or after July 1, 2025.

NEW SECTION. **Sec. 303.** This act does not affect any existing right acquired or liability or obligation incurred under the sections amended or repealed in this act or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections.

NEW SECTION. **Sec. 304.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 305.** This act is necessary for the support of the state government and its existing public institutions, and takes effect immediately."

Correct the title.

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Wilson, C. moved that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5813.

Senators Wilson, C. and Gildon spoke in favor of the motion.

The President declared the question before the Senate to be the motion by Senator Wilson, C. that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5813.

The motion by Senator Wilson, C. carried and the Senate concurred in the House amendment(s) to Engrossed Substitute Senate Bill No. 5813 by voice vote.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5813, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5813, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 27; Nays, 21; Absent, 0; Excused, 0.

Voting yea: Senators Alvarado, Bateman, Chapman, Cleveland, Conway, Dhingra, Frame, Hansen, Hasegawa, Kauffman, Liias, Lovelett, Lovick, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Shewmake, Slatter, Stanford, Trudeau, Valdez, Wellman and Wilson, C.

Voting nay: Senators Boehnke, Braun, Christian, Cortes, Dozier, Fortunato, Gildon, Goehner, Harris, Holy, King, Krishnadasan, MacEwen, McCune, Muzzall, Schoesler, Short, Torres, Wagoner, Warnick and Wilson, J.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5813, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MESSAGE FROM THE HOUSE

April 23, 2025

MR. PRESIDENT:

The House passed ENGROSSED SUBSTITUTE SENATE BILL NO. 5814 with the following amendment(s): 5814-S.E AMH STON HARA 435; 5814-S.E AMH BER KRNG 125; 5814-S.E AMH BER KRNG 105; 5814-S.E AMH WALE KRNG 123

On page 29, beginning on line 16, strike all of Part V

Renumber the remaining parts and sections consecutively and correct any internal references accordingly.

On page 6, beginning on line 33, after "services." strike all material through "registration" on page 7, line 8 and insert

"(a) For the purposes of this subsection (3), "advertising services" means all digital and nondigital services related to the creation, preparation, production, or dissemination of advertisements including, but not limited to:

(i) Layout, art direction, graphic design, mechanical preparation, production supervision, placement, referrals, acquisition of advertising space, and rendering advice concerning the best methods of advertising products or services; and

(ii) Online referrals, search engine marketing, and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and evaluation of website traffic for purposes of determining the effectiveness of an advertising campaign.

(b) "Advertising services" do not include:

(i) Web hosting services and domain name registration;

(ii) Services rendered in respect to the following:

(A) "Newspapers" as defined in RCW 82.04.214;

(B) Printing or publishing under RCW 82.04.280; and

(C) "Radio and television broadcasting" within this state as defined in RCW 82.04 (section 1, chapter 9, Laws of 2025); and

(iii) Services rendered in respect to out-of-home advertising, including: billboard advertising; street furniture advertising; transit advertising; place-based advertising, such as in-store display advertising or point-of-sale advertising; dynamic or static signage at live events; naming rights; and fixed signage advertising. Out-of-home advertising does not include direct mail"

On page 6, line 8, after "(g)" strike all material through "(h)" on line 12

Renumber the remaining subsections consecutively and correct any internal references accordingly.

On page 25, beginning on line 17, after "**PART IV**" strike all material through "**PART V**" on page 29, line 16

Renumber the remaining sections consecutively and correct any internal references accordingly.

On page 30, beginning on line 21, strike all of section 605

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Frame moved that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5814.

Senators Frame and Gildon spoke in favor of the motion.

The President declared the question before the Senate to be the

motion by Senator Frame that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5814.

The motion by Senator Frame carried and the Senate concurred in the House amendment(s) to Engrossed Substitute Senate Bill No. 5814 by voice vote.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5814, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5814, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 26; Nays, 22; Absent, 0; Excused, 0.

Voting yea: Senators Alvarado, Bateman, Cleveland, Conway, Dhingra, Frame, Hansen, Hasegawa, Kauffman, Liias, Lovelett, Lovick, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Shewmake, Slatter, Stanford, Trudeau, Valdez, Wellman and Wilson, C.

Voting nay: Senators Boehnke, Braun, Chapman, Christian, Cortes, Dozier, Fortunato, Gildon, Goehner, Harris, Holy, King, Krishnadasan, MacEwen, McCune, Muzzall, Schoesler, Short, Torres, Wagoner, Warnick and Wilson, J.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5814, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MESSAGE FROM THE HOUSE

April 23, 2025

MR. PRESIDENT:

The House passed ENGROSSED SUBSTITUTE SENATE BILL NO. 5752 with the following amendment(s): 5752-S.E AMH BERG H2324.1

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 43.216.556 and 2021 c 199 s 208 are each amended to read as follows:

(1) Funding for the program of early learning established under this chapter must be appropriated to the department. The department shall distribute funding to approved early childhood education and assistance program contractors on the basis of eligible children enrolled.

(2) The program shall be implemented in phases, so that full implementation is achieved in the ((~~2026-27~~)) 2030-31 school year.

(3) Funding shall continue to be phased in each year until full statewide implementation of the early learning program is achieved in the ((~~2026-27~~)) 2030-31 school year, at which time any eligible child is entitled to be enrolled in the program. Entitlement under this section is voluntary enrollment.

(4) School districts and approved community-based early learning providers may contract with the department to provide services under the program. The department shall collaborate with school districts, community-based providers, and educational service districts to promote an adequate supply of approved providers.

Sec. 2. RCW 43.216.505 and 2024 c 225 s 2 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 43.216.500 through 43.216.559, 43.216.900, and 43.216.901.

(1) "Advisory committee" means the advisory committee under RCW 43.216.520.

(2) "Approved programs" means those state-supported education and special assistance programs which are recognized by the department as meeting the minimum program rules adopted by the department to qualify under RCW 43.216.500 through 43.216.550, 43.216.900, and 43.216.901 and are designated as eligible for funding by the department under RCW 43.216.530 and 43.216.540.

(3) "Comprehensive" means an assistance program that focuses on the needs of the child and includes education, health, and family support services.

(4) "Eligible child" means a three to five-year old child who is not age-eligible for kindergarten, is not a participant in a federal or state program providing comprehensive services, and who:

(a) Has a family with an income at or below 50 percent of the state median income adjusted for family size;

(b) Is experiencing homelessness;

(c) Has participated in early head start or a successor federal program providing comprehensive services for children from birth through two years of age, the early support for infants and toddlers program or received class C developmental services, the birth to three early childhood education and assistance program, or the early childhood intervention and prevention services program;

(d) Is eligible for special education due to disability under RCW 28A.155.020;

(e) ((~~Is a member of an assistance unit that is eligible for or is receiving basic food benefits under the federal supplemental nutrition assistance program or the state food assistance program;~~

(~~f~~))) Is Indian as defined in rule by the department after consultation and agreement with Washington state's federally recognized tribes pursuant to RCW 43.216.5052 and is at or below 100 percent of the state median income adjusted for family size; or

((~~(g)~~))) (f) Meets criteria under rules adopted by the department if the number of such children equals not more than ten percent of the total enrollment in the early childhood program. Preference for enrollment in this group shall be given to children from families with the lowest income, children in foster care, or to eligible children from families with multiple needs.

(5) "Experiencing homelessness" means a child without a fixed, regular, and adequate nighttime residence as described in the federal McKinney-Vento homeless assistance act (Title 42 U.S.C., chapter 119, subchapter VI, part B) as it existed on January 1, 2021.

(6) "Family support services" means providing opportunities for parents to:

(a) Actively participate in their child's early childhood program;

(b) Increase their knowledge of child development and parenting skills;

(c) Further their education and training;

(d) Increase their ability to use needed services in the community;

(e) Increase their self-reliance; and

(f) Connect with culturally competent, disability positive therapists and supports where appropriate.

Sec. 3. RCW 43.216.578 and 2024 c 225 s 5 are each amended to read as follows:

(1) ((~~Within resources available under the federal preschool development grant birth to five grant award received in December 2018~~)) Subject to the availability of amounts appropriated for this specific purpose, the department shall develop a plan for phased implementation of a birth to three early childhood education and

assistance program pilot project for eligible children under thirty-six months old. Funds to implement the pilot project may include a combination of federal, state, or private sources.

(2) The department may adopt rules to implement the pilot project and may waive or adapt early childhood education and assistance program requirements when necessary to allow for the operation of the birth to three early childhood education and assistance program. The department shall consider early head start rules and regulations when developing the provider and family eligibility requirements and program requirements. Any deviations from early head start standards, rules, or regulations must be identified and explained by the department in its annual report under subsection (6) of this section.

(3)(a) Upon securing adequate funds to begin implementation, the pilot project programs must be delivered through child care centers and family home providers who meet minimum licensing standards and are enrolled in the early achievers program.

(b) The department must determine minimum early achievers ratings scores for programs participating in the pilot project.

(4) When selecting pilot project locations for service delivery, the department may allow each pilot project location to have up to three classrooms per location. When selecting and approving pilot project locations, the department shall attempt to select a combination of rural, urban, and suburban locations. The department shall prioritize locations with programs currently operating early head start, head start, or the early childhood education and assistance program.

(5) ((~~Until November 1, 2024, to be eligible for the birth to three early childhood education and assistance program, a child's family income must be at or below one hundred thirty percent of the federal poverty level and the child must be under thirty-six months old. Beginning November 1, 2024, to~~)) (a) To be eligible for the birth to three early childhood education and assistance program, a child must be under 36 months old and either:

(((~~(a)~~))) (i) From a family with a household income at or below 130 percent of the federal poverty level; or

(((~~(b)~~))) (ii) A member of an assistance unit that is eligible for or is receiving basic food benefits under the federal supplemental nutrition assistance program or the state food assistance program.

(b) Enrollment of children in the birth to three early childhood education and assistance program is as space is available and subject to the availability of amounts appropriated for this specific purpose.

(6) Beginning November 1, 2020, and each November 1st thereafter during pilot project activity, the department shall submit an annual report to the governor and legislature that includes a status update that describes the planning work completed, the status of funds secured, and any implementation activities of the pilot project. Implementation activity reports must include a description of the participating programs and number of children and families served.

Sec. 4. RCW 43.216.578 and 2024 c 225 s 6 are each amended to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, the department shall administer a birth to three early childhood education and assistance program for eligible children under thirty-six months old. Funds to implement the program may include a combination of federal, state, or private sources.

(2) The department may adopt rules to implement the program and may waive or adapt early childhood education and assistance program requirements when necessary to allow for the operation of the birth to three early childhood education and assistance program. The department shall consider early head start rules and regulations when developing the provider and family eligibility requirements and program requirements.

(3)(a) The birth to three early childhood education and assistance program must be delivered through child care centers and family home providers who meet minimum licensing standards and are enrolled in the early achievers program.

(b) The department must determine minimum early achievers ratings scores for participating contractors.

(4)(a) To be eligible for the birth to three early childhood education and assistance program, a child must be under 36 months old and either:

(((~~(a)~~))) (i) From a family with a household income at or below 50 percent of the state median income; or

(((~~(b)~~))) (ii) A member of an assistance unit that is eligible for or is receiving basic food benefits under the federal supplemental nutrition assistance program or the state food assistance program.

(b) Enrollment of children in the birth to three early childhood education and assistance program is as space is available and subject to the availability of amounts appropriated for this specific purpose.

Sec. 5. RCW 43.216.802 and 2024 c 225 s 1 and 2024 c 67 s 2 are each reenacted and amended to read as follows:

(1) It is the intent of the legislature to increase working families' access to affordable, high quality child care and to support the expansion of the workforce to support businesses and the statewide economy.

(2) A family is eligible for working connections child care when the household's annual income is at or below 60 percent of the state median income adjusted for family size and:

(a) The child receiving care is: (i) Less than 13 years of age; or (ii) less than 19 years of age and has a verified special need according to department rule or is under court supervision; and

(b) The household meets all other program eligibility requirements established in this chapter or in rule by the department as authorized by RCW 43.216.055 or 43.216.065 or any other authority granted by this chapter.

(3) Beginning July 1, ((~~2025~~)) 2029, a family is eligible for working connections child care when the household's annual income is above 60 percent and at or below 75 percent of the state median income adjusted for family size and:

(a) The child receiving care is: (i) Less than 13 years of age; or (ii) less than 19 years of age and has a verified special need according to department rule or is under court supervision; and

(b) The household meets all other program eligibility requirements established in this chapter or in rule by the department as authorized by RCW 43.216.055 or 43.216.065 or any other authority granted by this chapter.

(4) Beginning July 1, ((~~2027~~)) 2031, and subject to the availability of amounts appropriated for this specific purpose, a family is eligible for working connections child care when the household's annual income is above 75 percent of the state median income and is at or below 85 percent of the state median income adjusted for family size and:

(a) The child receiving care is: (i) Less than 13 years of age; or (ii) less than 19 years of age and has a verified special need according to department rule or is under court supervision; and

(b) The household meets all other program eligibility requirements established in this chapter or in rule by the department as authorized by RCW 43.216.055 or 43.216.065 or any other authority granted by this chapter.

(5) Beginning November 1, 2024, when an applicant or consumer is a member of an assistance unit that is eligible for or receiving basic food benefits under the federal supplemental nutrition assistance program or the state food assistance program the department must determine that the household income eligibility requirements in this section are met.

(6) The department must adopt rules to implement this section, including an income phase-out eligibility period.

(7) The department may not consider the citizenship status of an applicant or consumer's child when determining eligibility for working connections child care benefits.

(8) The income eligibility requirements in subsections (2) through (4) of this section do not apply to households eligible for the working connections child care program under RCW 43.216.808((~~, 43.216.810, 43.216.812,~~)) and 43.216.814.

Sec. 6. RCW 43.216.804 and 2024 c 67 s 3 are each amended to read as follows:

(1) Effective until ((~~July 1, 2025~~)) October 1, 2026, the department must calculate a monthly copayment according to the following schedule((~~:~~

~~If the household's income is:~~	~~Then the household's maximum monthly copayment is:~~
~~At or below 20 percent of the state median income~~	~~Waived to the extent allowable under federal law; otherwise, a maximum of $15~~
~~Above 20 percent and at or below 36 percent of the state median income~~	~~$65~~
~~Above 36 percent and at or below 50 percent of the state median income~~	~~$90~~
~~Above 50 percent and at or below 60 percent of the state median income~~	~~$165~~

~~(2) Beginning July 1, 2025, the department must calculate a monthly copayment according to the following schedule~~)):

If the household's income is:	Then the household's maximum monthly copayment is:
At or below 20 percent of the state median income	Waived to the extent allowable under federal law; otherwise, a maximum of $15
Above 20 percent and at or below 36 percent of the state median income	$65
Above 36 percent and at or below 50 percent of the state median income	$90
Above 50 percent and at or below 60 percent of the state median income	$165
Above 60 percent and at or below 75 percent of the state median income	$215

(((~~(3)~~))) (2) Subject to the availability of amounts appropriated for this specific purpose, the department shall adopt a copayment model applicable until October 1, 2026, for households with annual incomes above 75 percent of the state median income and at or below 85 percent of the state median income. The model must calculate a copayment for each household that is no greater than seven percent of the household's countable income within this income range.

(3) Beginning October 1, 2026, the department must calculate a monthly copayment according to the following schedule:

If the household's income is:	Then the household's maximum monthly copayment is:
Below 25 percent of the state median income	$0
At or above 25 percent and below 35 percent of the state median income	25 percent of the state median income for a household of two, multiplied by five percent
At or above 35 percent and below 45 percent of the state median income	35 percent of the state median income for a household of two, multiplied by 5.5 percent
At or above 45 percent and below 55 percent of the state median income	45 percent of the state median income for a household of two, multiplied by six percent
At or above 55 percent of the state median income	55 percent of the state median income for a household of two, multiplied by 6.5 percent

(4) The department may adjust the copayment schedule to comply with federal law.

(5) The department must adopt rules to implement this section.

(6) This section does not apply to households eligible for the working connections child care program under RCW 43.216.808((~~, 43.216.812,~~)) and 43.216.814.

NEW SECTION. **Sec. 7.** (1) In accordance with RCW 43.216.800, authorizations for a working connections child care subsidy are effective for 12 months and any changes related to eligibility in this act only apply to new applications and reapplications. The changes related to eligibility in this act do not apply to consumers who were authorized for a working connections child care subsidy before July 1, 2025 until the next reapplication.

(2) The changes related to the copayment schedule in section 6, chapter . . . (ESSB 5752), Laws of 2025 only apply to new applications and reapplications for a working connections child care subsidy. Consumers authorized for a working connections child care subsidy as of October 1, 2026, must not have their copayments adjusted by the schedule in section 6(3), chapter . . . (ESSB 5752), Laws of 2025 until reapplication.

(3) This section expires December 31, 2027.

Sec. 8. RCW 43.216.806 and 2024 c 282 s 4 are each amended to read as follows:

(1)(a) Subject to the availability of amounts appropriated for this specific purpose, the department may not require an applicant or consumer to meet work requirements as a condition of receiving working connections child care benefits when the applicant or consumer is ((~~in a state registered apprenticeship program or is~~)) a full-time student of a community, technical, or tribal college and is enrolled in:

(i) A vocational education program that leads to a degree or certificate in a specific occupation; or

(ii) An associate degree program.

(b) An applicant or consumer is a full-time student for the purposes of this subsection if the applicant or consumer meets the college's definition of a full-time student.

(c) Subject to the availability of amounts appropriated for this specific purpose, the department may extend the provisions of this subsection to full-time students who are enrolled in a bachelor's degree program or applied baccalaureate degree program.

(2) The department must consider an applicant or consumer's

participation in the birth to three early childhood education and assistance program or the early head start program as an approved activity when determining eligibility for working connections child care benefits.

Sec. 9. RCW 43.216.590 and 2021 c 199 s 304 are each amended to read as follows:

(1) ((~~Beginning July 1, 2022~~)) Subject to the availability of amounts appropriated for this specific purpose, the department shall provide supports to aid eligible providers in providing trauma-informed care. Trauma-informed care supports may be used by eligible providers for the following purposes:

(a) Additional compensation for individual staff who have an infant and early childhood mental health or other child development specialty credential;

(b) Trauma-informed professional development and training;

(c) The purchase of screening tools and assessment materials;

(d) Supportive services for children with complex needs that are offered as fee-for-service within local communities; or

(e) Other related expenses.

(2) This section does not interfere with, impede, or in any way diminish the right of family child care providers to bargain collectively with the state through the exclusive bargaining representatives as provided for under RCW 41.56.028.

(3) The department must adopt rules to implement this section.

(((~~(3)~~))) (4) For the purposes of this section, "eligible provider" means: (a) An employee or owner of a licensed or certified child care center or outdoor nature-based care accepting state subsidy; (b) an employee or owner of a licensed family home provider accepting state subsidy; (c) a contractor or provider of the early childhood education and assistance program or birth to three early childhood education and assistance program; (d) a license-exempt child care program; or (e) an early achievers coach.

Sec. 10. RCW 43.216.090 and 2021 c 199 s 309 are each amended to read as follows:

(1) ((~~The~~)) Subject to the availability of amounts appropriated for this specific purpose, the department shall administer or contract for infant and early childhood mental health consultation services to child care providers and early learning providers participating in the early achievers program.

(2) ((~~Beginning July 1, 2021~~)) Subject to the availability of amounts appropriated for this specific purpose, the department ((~~of children, youth, and families~~)) must have or contract for one infant and early childhood mental health consultation coordinator and must enter into a contractual agreement with an organization providing coaching services to early achievers program participants to hire at least 12 qualified infant and early childhood mental health consultants. The department shall determine, in collaboration with the statewide child care resource and referral network, where the additional consultants should be sited based on factors such as the total provider numbers overlaid with indicators of highest need. The infant and early childhood mental health consultants must support early achievers program coaches and child care providers by providing resources, information, and guidance regarding challenging behavior and expulsions and may travel to assist providers in serving families and children with severe behavioral needs.

(3) The department shall provide, or contract with an entity to provide, reflective supervision and professional development for infant and early childhood mental health consultants to meet national competency standards.

(4) As capacity allows, the department may provide access to infant and early childhood mental health consultation services to caregivers and licensed or certified, military, and tribal early learning providers, license-exempt family, friend, and neighbor care providers, and families with children expelled or at risk of expulsion from child care.

Sec. 11. RCW 43.216.592 and 2021 c 199 s 305 are each amended to read as follows:

(1) ((~~Beginning July 1, 2022~~)) Subject to the availability of amounts appropriated for this specific purpose, the department shall establish a dual language designation and provide subsidy rate enhancements or site-specific grants for licensed or certified child care providers who are accepting state subsidy((~~;~~)) or early childhood education and assistance program contractors; or birth to three early childhood education and assistance program contractors. It is the intent of the legislature to allow uses of rate enhancements or site-specific grants to include increased wages for individual staff who provide bilingual instruction, professional development training, the purchase of dual language and culturally appropriate curricula and accompanying training programs, instructional materials, or other related expenses.

(2) The department must consult with a culturally and linguistically diverse stakeholder advisory group to develop criteria for the dual language designation.

(3) This section does not interfere with, impede, or in any way diminish the right of family child care providers to bargain collectively with the state through the exclusive bargaining representatives as provided for under RCW 41.56.028.

(4) The department must adopt rules to implement this section.

Sec. 12. RCW 43.216.512 and 2024 c 225 s 4 are each amended to read as follows:

(1) The department shall adopt rules that allow the enrollment of children in the early childhood education and assistance program, as space is available, if the number of such children equals not more than 25 percent of total statewide enrollment, when the child is not eligible under RCW 43.216.505 and((~~:~~

~~(a) Has~~)) has a family income level above 36 percent of the state median income but at or below 50 percent of the state median income adjusted for family size and the child meets at least one of the risk factor criterion described in subsection (2) of this section((~~; or~~

~~(b) Is a member of an assistance unit that is eligible for or is receiving basic food benefits under the federal supplemental nutrition assistance program or the state food assistance program~~)).

(2) Children enrolled in the early childhood education and assistance program pursuant to this section must be prioritized for available funded slots according to a prioritization system adopted in rule by the department that considers risk factors that have a disproportionate effect on kindergarten readiness and school performance, including:

(a) Family income as a percent of the state median income;

(b) Child welfare system involvement;

(c) ((~~Eligible for services under part C of the federal individuals with disabilities education act but not eligible for services under part B of the federal individuals with disabilities education act;~~

~~(d)~~)) Domestic violence;

(((~~(e)~~))) (d) English as a second language;

(((~~(f)~~))) (e) Expulsion from an early learning setting;

(((~~(g)~~))) (f) A parent who is incarcerated;

(((~~(h)~~))) (g) A parent with a behavioral health treatment need; and

(((~~(i)~~))) (h) Other risk factors determined by the department to be linked by research to school performance.

(3) Children enrolled in the early childhood education and assistance program under this section are not considered eligible children as defined in RCW 43.216.505 and are not considered to be part of the state-funded entitlement required in RCW 43.216.556.

(4) This section expires August 1, 2030.

NEW SECTION. **Sec. 13.** A new section is added to chapter 43.216 RCW under the subchapter heading "subsidized child care" to read as follows:

(1) The department shall adopt a rule that requires prospective payment to child care providers who accept child care subsidies to occur when child care is expected to begin.

(2) The department shall adopt a rule that prohibits child care providers who accept child care subsidies from claiming a prospective payment when a child has not attended at least one day within the authorization period in the previous month.

NEW SECTION. **Sec. 14.** A new section is added to chapter 43.216 RCW under the subchapter heading "subsidized child care" to read as follows:

By June 1st of every even-numbered year, the department shall publish a cost of quality child care and market rate study and submit the study to the relevant committees of the legislature in compliance with RCW 43.01.036.

Sec. 15. RCW 43.216.800 and 2024 c 67 s 1 are each amended to read as follows:

(1) The department shall establish and implement policies in the working connections child care program to promote stability and quality of care for children from low-income households. These policies shall focus on supporting school readiness for young learners. Policies for the expenditure of funds constituting the working connections child care program must be consistent with the outcome measures established by the department and the standards established in this section intended to promote stability, quality, and continuity of early care and education programming.

(2) As recommended by P.L. 113-186, authorizations for the working connections child care subsidy are effective for 12 months.

((~~(a) A household's 12-month authorization begins on the date that child care is expected to begin.~~

~~(b) If a newly eligible household does not begin care within 12 months of being determined eligible by the department, the household must reapply in order to qualify for subsidy.~~))

(3)(a) The department must extend the homeless grace period, as adopted in department rule as of January 1, 2020, from a four-month grace period to a 12-month grace period.

(b) For the purposes of this subsection, "homeless" means being without a fixed, regular, and adequate nighttime residence as described in the federal McKinney-Vento homeless assistance act (42 U.S.C. Sec. 11434a) as it existed on January 1, 2020.

((~~(4) For purposes of this section, "authorization" means a transaction created by the department that allows a child care provider to claim payment for care. The department may adjust an authorization based on a household's eligibility status.~~))

NEW SECTION. **Sec. 16.** The following acts or parts of acts are each repealed:

(1) RCW 43.216.810 (Expanded eligibility—Registered apprenticeships) and 2024 c 67 s 6; and

(2) RCW 43.216.812 (Expanded eligibility—Child care employees) and 2024 c 282 s 2, 2024 c 67 s 7, & 2023 c 222 s 2.

NEW SECTION. **Sec. 17.** (1) The department of children, youth, and families must partner with a school district and a metropolitan park district to conduct a pilot to increase access to school-age-only child care programs. The pilot must explore processes and system changes to decrease the administrative, regulatory, and financial burdens on school-age-only child care providers operating in public school buildings.

(2) The pilot site must be in a city west of the Cascade mountain range with a population between 215,000 and 250,000 residents and the capacity to serve at least 27,000 students. The park district of the partner site must be willing to provide up to $300,000 in funding to support the work of the partnership, with the total determined after negotiating the workload. The parties may negotiate additional funding by mutual consent, and may also negotiate the addition of other school districts or child care providers by mutual consent.

(3) The pilot must operate in at least three school buildings that had a licensed school-age-only child care site in operation during the 2024-2025 school year.

(4) The pilot must:

(a) Explore and test the feasibility and impact of licensing all child-friendly areas in school buildings;

(b) Explore and test methods for streamlining access to the working connections child care program so that the school district, the park district, and their child care partners can expand access for families. The pilot must allow the school district, the park district, and their child care partners access to the online application portal to support application access to working connections child care for families. The department of children, youth, and families must pay providers directly using policies required under the federal child care and development fund; and

(c) Identify processes, systems, administrative rules, and statutes, that may need to be added, modified, or eliminated in order to support the objectives identified in (a) and (b) of this subsection.

(5) By July 1, 2028, and in compliance with RCW 43.01.036, the department of children, youth, and families must submit a report regarding the pilot to the legislature that includes the pilot's successes and challenges, any recommended changes to regulatory requirements, and the pilot's outcomes for child care program staff, school staff, and students.

(6) This section expires July 1, 2029.

NEW SECTION. **Sec. 18.** If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state, the conflicting part of this act is inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and this finding does not affect the operation of the remainder of this act in its application to the agencies concerned. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state.

NEW SECTION. **Sec. 19.** Except for sections 2 and 4 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2025.

NEW SECTION. **Sec. 20.** Section 3 of this act expires July 1, 2026.

NEW SECTION. **Sec. 21.** (1) Section 4 of this act takes effect July 1, 2026.

(2) Section 2 of this act takes effect August 1, 2030.

Sec. 22. 2021 c 199 s 604 (uncodified) is amended to read as follows:

(1) Section((~~s 204 through 206 and~~)) 403 of this act takes effect July 1, 2026.

(2) Sections 204 through 206 of this act take effect July 1, 2025.

Sec. 23. 2024 c 225 s 7 (uncodified) is amended to read as follows:

(1) Section 2 of this act takes effect August 1, 2030.

((~~Sections 4 and~~)) (2) Section 4 of this act takes effect July 1, 2025.

(3) Section 6 of this act ((~~take~~)) takes effect July 1, 2026.

Sec. 24. 2024 c 225 s 8 (uncodified) is amended to read as follows:

(1) Section 3 of this act expires July 1, 2025.

((~~Sections 3 and~~)) (2) Section 5 of this act ((~~expire~~)) expires July 1, 2026."

Correct the title.

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Wilson, C. moved that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5752.

Senators Wilson, C. and Gildon spoke in favor of the motion.

The President declared the question before the Senate to be the motion by Senator Wilson, C. that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5752.

The motion by Senator Wilson, C. carried and the Senate concurred in the House amendment(s) to Engrossed Substitute Senate Bill No. 5752 by voice vote.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5752, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5752, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 34; Nays, 14; Absent, 0; Excused, 0.

Voting yea: Senators Alvarado, Bateman, Chapman, Cleveland, Conway, Cortes, Dhingra, Frame, Gildon, Goehner, Hansen, Harris, Hasegawa, Kauffman, Krishnadasan, Liias, Lovelett, Lovick, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Shewmake, Slatter, Stanford, Trudeau, Valdez, Warnick, Wellman, Wilson, C. and Wilson, J.

Voting nay: Senators Boehnke, Braun, Christian, Dozier, Fortunato, Holy, King, MacEwen, McCune, Muzzall, Schoesler, Short, Torres and Wagoner

ENGROSSED SUBSTITUTE SENATE BILL NO. 5752, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MESSAGE FROM THE HOUSE

April 23, 2025

MR. PRESIDENT:

The House passed ENGROSSED SUBSTITUTE SENATE BILL NO. 5357 with the following amendment(s): 5357-S.E AMH FITZ H2350.2

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 41.45.010 and 2009 c 561 s 1 are each amended to read as follows:

It is the intent of the legislature to provide a dependable and systematic process for funding the benefits provided to members and retirees of the public employees' retirement system, chapter 41.40 RCW; the teachers' retirement system, chapter 41.32 RCW; the law enforcement officers' and firefighters' retirement systems, chapter 41.26 RCW; the school employees' retirement system, chapter 41.35 RCW; the public safety employees' retirement system, chapter 41.37 RCW; and the Washington state patrol retirement system, chapter 43.43 RCW.

The funding process established by this chapter is intended to achieve the following goals:

(1) To fully fund the public employees' retirement system plans 2 and 3, the teachers' retirement system plans 2 and 3, the school employees' retirement system plans 2 and 3, the public safety employees' retirement system plan 2, and the law enforcement officers' and firefighters' retirement system plan 2 as provided by law;

(2) To fully amortize the total costs of the law enforcement officers' and firefighters' retirement system plan 1, not later than June 30, 2024;

(3) To fully amortize the unfunded actuarial accrued liability in the public employees' retirement system plan 1 and the teachers' retirement system plan 1 within a rolling ten-year period, using methods and assumptions that balance needs for increased benefit security, decreased contribution rate volatility, and affordability of pension contribution rates, while suspending those rates during the 2025-2027 and 2027-2029 fiscal biennia;

(4) To amortize the costs of benefit improvements in the public employees' retirement system plan 1 and the teachers' retirement system plan 1 over a fixed 15-year period;

(5) To establish long-term employer contribution rates which will remain a relatively predictable proportion of the future state budgets; and

((~~(5)~~)) (6) To fund, to the extent feasible, all benefits for plan 2 and 3 members over the working lives of those members so that the cost of those benefits are paid by the taxpayers who receive the benefit of those members' service.

Sec. 2. RCW 41.45.035 and 2016 sp.s. c 36 s 922 are each amended to read as follows:

(1) Beginning July 1, ((~~2001~~)) 2025, the following long-term economic assumptions shall be used by the state actuary for the purposes of RCW 41.45.030 and 44.44.040(4):

(a) The growth in inflation assumption shall be ((~~3.5~~)) 2.75 percent;

(b) The growth in salaries assumption, exclusive of merit or longevity increases, shall be ((~~4.5~~)) 3.25 percent;

(c) The investment rate of return assumption shall be ((~~8~~)) 7.25 percent; and

(d) The growth in system membership assumption shall be ((~~1.25~~)) 1.00 percent for the public employees' retirement system, the public safety employees' retirement system, the school employees' retirement system, the teachers' retirement system, and the law enforcement officers' and firefighters' retirement system. ((~~The assumption shall be .90 percent for the teachers' retirement system; and~~

~~(e) From July 1, 2016, until July 1, 2017, the growth in system membership for the teachers' retirement system shall be 1.25 percent. It is the intent of the legislature to continue this growth rate assumption in the 2017-2019 fiscal biennium.~~))

(2) Beginning July 1, 2009, the growth in salaries assumption for the public employees' retirement system, the public safety employees' retirement system, the teachers' retirement system, the school employees' retirement system, plan 1 of the law enforcement officers' and firefighters' retirement system, and the Washington state patrol retirement system, exclusive of merit or longevity increases, shall be the sum of:

(a) The growth in inflation assumption in subsection (1)(a) of this section; and

(b) The productivity growth assumption of 0.5 percent.

(3) ((~~The following investment rate of return assumptions for the public employees' retirement system, the public safety employees' retirement system, the teachers' retirement system, the school employees' retirement system, plan 1 of the law enforcement officers' and firefighters' retirement system, and the Washington state patrol retirement system, shall be used by the state actuary for the purposes of RCW 41.45.030:~~

~~(a) Beginning July 1, 2013, the investment rate of return assumption shall be 7.9 percent.~~

~~(b) Beginning July 1, 2015, the investment rate of return~~

~~assumption shall be 7.8 percent.~~

~~(c) Beginning July 1, 2017, the investment rate of return assumption shall be 7.7 percent.~~

~~(d)~~)) For valuation purposes, the state actuary shall only use the assumptions in (((~~(a) through (c) of this~~)) subsection (1) of this section after the effective date in (((~~(a) through (c) of this~~)) subsection (1) of this section.

(((~~(c) By June 1, 2017, the state actuary shall submit to the council information regarding the experience and financial condition of each state retirement system, and make recommendations regarding the long-term investment rate of return assumptions set forth in this subsection. The council shall review this and such other information as it may require.~~))

(4)(a) Beginning with actuarial studies done after July 1, 2003, changes to plan asset values that vary from the long-term investment rate of return assumption shall be recognized in the actuarial value of assets over a period that varies up to eight years depending on the magnitude of the deviation of each year's investment rate of return relative to the long-term rate of return assumption. Beginning with actuarial studies performed after July 1, 2004, the actuarial value of assets shall not be greater than one hundred thirty percent of the market value of assets as of the valuation date or less than seventy percent of the market value of assets as of the valuation date. Beginning April 1, 2004, the council, by affirmative vote of four councilmembers, may adopt changes to this asset value smoothing technique. Any changes adopted by the council shall be subject to revision by the legislature.

(b) The state actuary shall periodically review the appropriateness of the asset smoothing method in this section and recommend changes to the council as necessary. Any changes adopted by the council shall be subject to revision by the legislature.

Sec. 3. RCW 41.45.060 and 2020 c 103 s 4 are each amended to read as follows:

(1) The state actuary shall provide preliminary actuarial valuation results based on the economic assumptions and asset value smoothing technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or 41.45.035.

(2) Not later than July 31, 2008, and every two years thereafter, consistent with the economic assumptions and asset value smoothing technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or 41.45.035, the council shall adopt and may make changes to:

(a) A basic state contribution rate for the law enforcement officers' and firefighters' retirement system plan 1;

(b) Basic employer contribution rates for the public employees' retirement system, the teachers' retirement system, and the Washington state patrol retirement system; and

(c) Basic employer contribution rates for the school employees' retirement system and the public safety employees' retirement system for funding both those systems and the public employees' retirement system plan 1.

The council may adopt annual rate changes for any plan for any rate-setting period. The contribution rates adopted by the council shall be subject to revision by the legislature.

(3) The employer and state contribution rates adopted by the council shall be the level percentages of pay that are needed:

(a) To fully amortize the total costs of the law enforcement officers' and firefighters' retirement system plan 1 not later than June 30, 2024;

(b) To fully fund the public employees' retirement system plans 2 and 3, the teachers' retirement system plans 2 and 3, the public safety employees' retirement system plan 2, and the school employees' retirement system plans 2 and 3 in accordance with RCW 41.45.061, 41.45.067, and this section; and

(c) To fully fund the public employees' retirement system plan 1 and the teachers' retirement system plan 1 in accordance with RCW 41.45.070, 41.45.150, and this section.

(4) The aggregate actuarial cost method shall be used to calculate a combined plan 2 and 3 normal cost, a Washington state patrol retirement system normal cost, and a public safety employees' retirement system normal cost.

(5) A modified entry age normal cost method, as set forth in this chapter, shall be used to calculate employer contributions to the public employees' retirement system plan 1 and the teachers' retirement system plan 1.

(6) The employer contribution rate for the public employees' retirement system and the school employees' retirement system shall equal the sum of:

(a) The amount required to pay the combined plan 2 and plan 3 normal cost for the system, subject to any minimum rates applied pursuant to RCW 41.45.155; plus

(b) The amount required to amortize the unfunded actuarial accrued liability in plan 1 of the public employees' retirement system over a rolling ten-year period using projected future salary growth and growth in system membership, and subject to any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(c) ((~~The~~)) Except as described in (d) of this subsection, the amounts required to amortize the costs of any benefit improvements in plan 1 of the public employees' retirement system that become effective after June 30, 2009. The cost of each benefit improvement shall be amortized over a fixed ((~~ten-year~~)) 15-year period using projected future salary growth and growth in system membership. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(d) The amounts required to fully amortize the remaining costs of benefit improvements in the public employees' retirement system plan 1 effective from July 1, 2018, through June 30, 2025, over a fixed 15-year period with the rate between July 1, 2025, and June 30, 2029, being zero. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150.

(7) The employer contribution rate for the public safety employees' retirement system shall equal the sum of:

(a) The amount required to pay the normal cost for the system, subject to any minimum rates applied pursuant to RCW 41.45.155; plus

(b) The amount required to amortize the unfunded actuarial accrued liability in plan 1 of the public employees' retirement system over a rolling ten-year period using projected future salary growth and growth in system membership, and subject to any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(c) ((~~The~~)) Except as described in (d) of this subsection, the amounts required to amortize the costs of any benefit improvements in plan 1 of the public employees' retirement system that become effective after June 30, 2009. The cost of each benefit improvement shall be amortized over a fixed ((~~ten-year~~)) 15-year period using projected future salary growth and growth in system membership. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(d) The amounts required to fully amortize the remaining costs of benefit improvements in the public employees' retirement system plan 1 effective from July 1, 2018, through June 30, 2025, over a fixed 15-year period with the rate between July 1, 2025, and June 30, 2029, being zero. The amounts required under this

subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150.

(8) The employer contribution rate for the teachers' retirement system shall equal the sum of:

(a) The amount required to pay the combined plan 2 and plan 3 normal cost for the system, subject to any minimum rates applied pursuant to RCW 41.45.155; plus

(b) The amount required to amortize the unfunded actuarial accrued liability in plan 1 of the teachers' retirement system over a rolling ten-year period using projected future salary growth and growth in system membership, and subject to any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(c) ((~~The~~)) Except as described in (d) of this subsection, the amounts required to amortize the costs of any benefit improvements in plan 1 of the teachers' retirement system that become effective after June 30, 2009. The cost of each benefit improvement shall be amortized over a fixed ((~~ten-year~~)) 15-year period using projected future salary growth and growth in system membership. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150; plus

(d) The amounts required to fully amortize the remaining costs of benefit improvements in the teachers' retirement system plan 1 effective from July 1, 2018, through June 30, 2025, over a fixed 15-year period with the rate between July 1, 2025, and June 30, 2029, being zero. The amounts required under this subsection are not subject to, and are collected in addition to, any minimum or maximum rates applied pursuant to RCW 41.45.150.

(9) The employer contribution rate for each of the institutions of higher education for the higher education supplemental retirement benefits must be sufficient to fund, as a level percentage of pay, a portion of the projected cost of the supplemental retirement benefits for the institution beginning in 2035, with the other portion supported on a pay-as-you-go basis, either as direct payments by each institution to retirees, or as contributions to the higher education retirement plan supplemental benefit fund. Contributions must continue until the council determines that the institution for higher education supplemental retirement benefit liabilities are satisfied.

(10) The council shall immediately notify the directors of the office of financial management and department of retirement systems of the state and employer contribution rates adopted. The rates shall be effective for the ensuing biennial period, subject to any legislative modifications.

(11) The director shall collect those rates adopted by the council. The rates established in RCW 41.45.062, or by the council, shall be subject to revision by the legislature.

(12) The state actuary shall prepare final actuarial valuation results based on the economic assumptions, asset value smoothing technique, and contribution rates included in or adopted under RCW 41.45.030, 41.45.035, and this section.

Sec. 4. RCW 41.45.070 and 2009 c 561 s 4 are each amended to read as follows:

(1) In addition to the basic employer contribution rate established in RCW 41.45.060 or 41.45.054, the department shall also charge employers of public employees' retirement system, teachers' retirement system, school employees' retirement system, public safety employees' retirement system, or Washington state patrol retirement system members an additional supplemental rate to pay for the cost of additional benefits, if any, granted to members of those systems. Except as provided in subsections (6), (7), and (9) of this section, the supplemental contribution rates required by this section shall be calculated by the state actuary and shall be charged regardless of language to the contrary contained in the statute which authorizes additional benefits.

(2) In addition to the basic member, employer, and state contribution rate established in RCW 41.45.0604 for the law enforcement officers' and firefighters' retirement system plan 2, the department shall also establish supplemental rates to pay for the cost of additional benefits, if any, granted to members of the law enforcement officers' and firefighters' retirement system plan 2. Except as provided in subsection (6) of this section, these supplemental rates shall be calculated by the actuary retained by the law enforcement officers' and firefighters' board and the state actuary through the process provided in RCW 41.26.720(1)(a) and the state treasurer shall transfer the additional required contributions regardless of language to the contrary contained in the statute which authorizes the additional benefits.

(3) ((~~Beginning July 1, 2009, the~~)) The supplemental rate charged under this section to fund benefit increases provided to active members of the public employees' retirement system plan 1 and the teachers' retirement system plan 1 shall be calculated as the level percentage of all system pay needed to fund the cost of the benefit over a fixed ((~~ten-year~~)) 15-year period, using projected future salary growth and growth in system membership. The supplemental rate to fund benefit increases provided to active members of the public employees' retirement system plan 1 shall be charged to all system employers in the public employees' retirement system, the school employees' retirement system, and the public safety employees' retirement system. The supplemental rate to fund benefit increases provided to active members of the teachers' retirement system plan 1 shall be charged to all system employers in the teachers' retirement system.

(4) The supplemental rate charged under this section to fund benefit increases provided to active and retired members of the public employees' retirement system plan 2 and plan 3, the teachers' retirement system plan 2 and plan 3, the public safety employees' retirement system plan 2, the school employees' retirement system plan 2 and plan 3, or the Washington state patrol retirement system shall be calculated as the level percentage of all members' pay needed to fund the cost of the benefit, as calculated under RCW 41.45.060, 41.45.061, 41.45.0631, or 41.45.067.

(5) The supplemental rate charged under this section to fund postretirement adjustments which are provided on a nonautomatic basis to current retirees shall be calculated as the percentage of pay needed to fund the adjustments as they are paid to the retirees. ((~~Beginning July 1, 2009, the~~)) The supplemental rate charged under this section to fund increases in the automatic postretirement adjustments for active or retired members of the public employees' retirement system plan 1 and the teachers' retirement system plan 1 shall be calculated as the level percentage of pay needed to fund the cost of the automatic adjustments over a fixed ((~~ten-year~~)) 15-year period, using projected future salary growth and growth in system membership. The supplemental rate to fund increases in the automatic postretirement adjustments for active members or retired members of the public employees' retirement system plan 1 shall be charged to all system employers in the public employees' retirement system, the school employees' retirement system, and the public safety employees' retirement system. The supplemental rate to fund increases in automatic postretirement adjustments for active members or retired members of the teachers' retirement system plan 1 shall be charged to all system employers in the teachers' retirement system.

(6) A supplemental rate shall not be charged to pay for the cost of additional benefits granted to members pursuant to chapter 340, Laws of 1998.

(7) A supplemental rate shall not be charged to pay for the cost of additional benefits granted to members pursuant to chapter

41.31A RCW; section 309, chapter 341, Laws of 1998; or section 701, chapter 341, Laws of 1998.

(8) A supplemental rate shall not be charged to pay for the cost of additional benefits granted to members and survivors pursuant to chapter 94, Laws of 2006.

(9) A supplemental rate shall not be charged to pay for the cost of the additional benefits granted to members of the teachers' retirement system and the school employees' retirement system plans 2 and 3 in sections 2, 4, 6, and 8, chapter 491, Laws of 2007 until September 1, 2008. A supplemental rate shall not be charged to pay for the cost of the additional benefits granted to members of the public employees' retirement system plans 2 and 3 under sections 9 and 10, chapter 491, Laws of 2007 until July 1, 2008.

Sec. 5. RCW 41.45.150 and 2023 c 396 s 1 are each amended to read as follows:

(1) Beginning July 1, 2015, and ending June 30, 2023, a minimum 3.50 percent contribution is established as part of the basic employer contribution rate for the public employees' retirement system and the public safety employees' retirement system, to be used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

(2) Beginning September 1, 2015, and ending August 31, 2023((~~F:\Journal\2025 Journal\Journal2025\LegDay102\.doc~~)), a minimum 3.50 percent contribution is established as part of the basic employer contribution rate for the school employees' retirement system, to be used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

(3) Beginning September 1, 2015, and ending August 31, 2023, a minimum 5.75 percent contribution is established as part of the basic employer contribution rate for the teachers' retirement system, to be used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

(4)(a) Beginning July 1, 2023, and ending June 30, ((~~2027~~)) 2029, the following employer contribution rates shall be in effect for the public employees' retirement system and the public safety employees' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

Fiscal Year ending:

2024	2025	2026	2027	2028	2029
2.50%	2.00%	((~~1.50%~~)) 0.00%	((~~0.50%~~)) 0.00%	0.0%	0.0%

(b) Beginning July 1, ((~~2027~~)) 2029, a minimum 0.50 percent contribution is established as part of the basic employer contribution rate for the public employees' retirement system and the public safety employees' retirement system, to be used for the sole purpose of amortizing any portion of an unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. This minimum contribution rate shall be in effect when the actuarial value of assets in plan 1 of the public employees' retirement system is less than 100 percent of the actuarial accrued liability.

(5)(a) Beginning September 1, 2023, and ending August 31, ((~~2027~~)) 2029, the following employer contribution rates shall be in effect for the school employees' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

Fiscal Year ending:

2024	2025	2026	2027	2028	2029
2.50%	2.00%	((~~1.50%~~)) 0.00%	((~~0.50%~~)) 0.00%	0.0%	0.0%

(b) Beginning September 1, ((~~2027~~)) 2029, a minimum 0.50 percent contribution is established as part of the basic employer contribution rate for the school employees' retirement system, to be used for the sole purpose of amortizing any portion of an unfunded actuarial accrued liability in the public employees' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. This minimum contribution rate shall be in effect when the actuarial value of assets in plan 1 of the public employees' retirement system is less than 100 percent of the actuarial accrued liability.

(6)(a) Beginning September 1, 2023, and ending August 31, ((~~2027~~)) 2029, the following employer contribution rates shall be in effect for the teachers' retirement system that is used for the sole purpose of amortizing that portion of the unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009.

Fiscal Year ending:

2024	2025	2026	2027	2028	2029
0.50%	0.50%	0.00%	0.00%	0.00%	0.00%

(b) Beginning September 1, ((~~2027~~)) 2029, a minimum 0.50 percent contribution is established as part of the basic employer contribution rate for the teachers' retirement system, to be used for the sole purpose of amortizing any portion of an unfunded actuarial accrued liability in the teachers' retirement system plan 1 that excludes any amounts required to amortize plan 1 benefit improvements effective after June 30, 2009. This minimum contribution rate shall be in effect when the actuarial value of assets in plan 1 of the teachers' retirement system is less than 100 percent of the actuarial accrued liability.

(7) Upon completion of each biennial actuarial valuation, the state actuary shall review the appropriateness of the minimum contribution rates and recommend to the council any adjustments as may be needed due to material changes in benefits or actuarial assumptions, methods, or experience. Any changes adopted by the council shall be subject to revision by the legislature.

NEW SECTION. **Sec. 6.** A new section is added to chapter 41.45 RCW to read as follows, but because of its temporary nature is not codified:

The legislature hereby revises the contribution rates adopted by the council at its July 17, 2024, meeting to reflect the funding policy changes in this act, while completing the council's phase-in of the impact of the 2021 changes in actuarial assumptions on the long-term rate of return:

(1) Beginning July 1, 2025, and ending June 30, 2027, the required total employer contribution rate for the public

employees' retirement system shall be 5.38 percent.

(2) Beginning July 1, 2025, and ending June 30, 2027, the required total employer contribution rate for the public safety employees' retirement system shall be 6.91 percent.

(3) Beginning September 1, 2025, and ending August 31, 2027, the required total employer contribution rate for the teachers' retirement system shall be 7.54 percent.

(4) Beginning September 1, 2025, and ending August 31, 2027, the required total employer contribution rate for the school employees' retirement system shall be 6.87 percent.

(5) Beginning July 1, 2025, and ending June 30, 2027, the required total employer contribution rate for the Washington state patrol retirement system shall be 15.85 percent.

(6) Beginning July 1, 2025, and ending June 30, 2027, the required member contribution rate for the public employees' retirement system plan 2 shall be 5.38 percent.

(7) Beginning July 1, 2025, and ending June 30, 2027, the required member contribution rate for the public safety employees' retirement system plan 2 shall be 6.91 percent.

(8) Beginning September 1, 2025, and ending August 31, 2027, the required member contribution rate for the teachers' retirement system plan 2 shall be 7.54 percent.

(9) Beginning September 1, 2025, and ending August 31, 2027, the required member contribution rate for the school employees' retirement system plan 2 shall be 6.87 percent.

(10) Beginning July 1, 2025, and ending June 30, 2027, the required member contribution rate for the Washington state patrol retirement system shall be 8.75 percent.

NEW SECTION. **Sec. 7.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2025."

Correct the title.

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Conway moved that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5357.

Senator Conway spoke in favor of the motion.

Senators Gildon, MacEwen and Boehnke spoke against the motion.

POINT OF ORDER

Senator Braun: "I believe, Mr. President, that the changes suggested in this bill, specifically changing the return rate, are beyond the scope of the underlying bill."

MOTION

At 3:57 p.m., on motion of Senator Riccelli, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 4:01 p.m. by President Heck.

MOTIONS

On motion of Senator Riccelli, further consideration of Engrossed Substitute Senate Bill No. 5357 was deferred and the bill held its place on the third reading calendar.

At 4:04 p.m., on motion of Senator Riccelli, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 4:06 p.m. by President Heck.

MESSAGE FROM THE HOUSE

April 23, 2025

MR. PRESIDENT:

The House passed ENGROSSED SUBSTITUTE SENATE BILL NO. 5794 with the following amendment(s): 5794-S.E AMH ENGR H2325.E

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature finds that, according to the most recent tax exemption study published by the department of revenue, there are currently 786 tax exemptions for the major state and local tax sources in Washington. The exemptions result in nearly $200,000,000,000 of taxpayer savings for the current biennium. The legislature acknowledges that certain tax preferences, such as the sales and use tax exemption for food and the working families tax credit, are intended to rebalance Washington's tax code for working people. However, the legislature further acknowledges that many existing tax preferences are the result of private interests securing preferential tax treatment.

(2) For that reason, the legislature enacted robust tax preference performance measures to create greater tax preference transparency and accountability and provide a framework for legislators to make informed decisions on the most efficient use of taxpayer dollars. To ensure tax exemptions meet certain public policy objectives, the joint legislative audit and review committee, a nonpartisan legislative agency, routinely evaluates tax preferences based on specific criteria provided in law and reports that information to the legislature each year. The reports provide accurate, comprehensive, unbiased data that policymakers may use to determine if a tax preference should be continued, modified, or repealed. Additionally, the citizen commission for performance measurement of tax preferences is responsible for selecting which tax preferences are reviewed each year and provides comment on the legislative auditor's reports. Both entities provide recommendations to the legislature on the effectiveness of a tax preference in meeting certain performance measures.

(3) Furthermore, the department of revenue assists in the tax preference evaluation process by collecting data from taxpayer beneficiaries and regularly reviewing changes in state and federal law. The analysis by the department and legislative auditor often reveals that a tax exemption is legally obsolete, meaning the specific legal conditions that existed when the exemption was enacted have since changed and the original legislative intent is no longer applicable. Additionally, some tax exemptions are simply not used and should be removed from the tax code to create better clarity for taxpayers.

(4) The legislature recognizes that more progress is needed for the state to have a fair and balanced tax system that provides sustainable and ample funding for public schools, health care, and other programs that protect the safety and well-being of the public, as well as social services that provide critical, basic-needs assistance for our state's most vulnerable residents. The legislature further recognizes that the tax preference performance review process provides an opportunity for policymakers to evaluate the tax code to ensure the state is not losing essential revenue due to inefficient or no longer applicable tax exemptions.

(5) Thus, the legislature intends to enact recommendations from the joint legislative audit and review committee, the citizen commission for performance measurement of tax preferences, and the department of revenue, including eliminating several obsolete tax preferences, clarifying legislative intent to better inform future tax preference performance reviews, adding expiration dates, and other actions aimed at creating a fair and balanced tax system.

PART I
ELIMINATING OBSOLETE TAX PREFERENCES

Sec. 101. RCW 82.04.260 and 2023 c 422 s 5 and 2023 c 286 s 3 are each reenacted and amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of 0.138 percent;

(b) Beginning July 1, 2035, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c)(i) Except as provided otherwise in (c)(iii) of this subsection, beginning July 1, 2035, until January 1, 2046, dairy products; or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products, not including any cannabis-infused product, that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products, such as whey and casein; and

(B) Products comprised of not less than 70 percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d)(i) Beginning July 1, 2035, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state.

(ii) For purposes of this subsection (1)(d), "fruits" and "vegetables" do not include cannabis, useable cannabis, or cannabis-infused products; and

(e) Wood biomass fuel; as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate of 0.138 percent. For the purposes of this section, "wood biomass fuel" means a liquid or gaseous fuel that is produced from lignocellulosic feedstocks, including wood, forest, or field residue and dedicated energy crops, and that does not include wood treated with chemical preservations such as creosote, pentachlorophenol, or copper-chrome-arsenic.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of 0.138 percent.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of 0.138 percent.

(5)(a) Upon every person engaging within this state in the business of acting as a travel agent or tour operator and whose annual taxable amount for the prior calendar year from such business was $250,000 or less; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(b) Upon every person engaging within this state in the business of acting as a travel agent or tour operator and whose annual taxable amount for the prior calendar year from such business was more than $250,000; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent through June 30, 2019, and 0.9 percent beginning July 1, 2019.

(6) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(7) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived

from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

(8)(a) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW 70A.380.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter 70A.384 RCW, multiplied by the rate of 3.3 percent.

(b) If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

(9) Upon every person engaging within this state as an insurance producer ((~~or title insurance agent~~)) licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

(10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

(11)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007;

(ii) 0.2904 percent beginning July 1, 2007, through March 31, 2020; and

(iii) Beginning April 1, 2020, 0.484 percent, subject to any reduction required under (e) of this subsection (11). The tax rate in this subsection (11)(a)(iii) applies to all business activities described in this subsection (11)(a).

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection (11) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of:

(i) 0.2904 percent through March 31, 2020; and

(ii) Beginning April 1, 2020, the following rates, which are subject to any reduction required under (e) of this subsection (11):

(A) The rate under RCW 82.04.250(1) on the business of making retail sales of tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes; and

(B) 0.484 percent on all other business activities described in this subsection (11)(b).

(c) For the purposes of this subsection (11), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d)(i) In addition to all other requirements under this title, a person reporting under the tax rate provided in this subsection (11) must file a complete annual tax performance report with the department under RCW 82.32.534. However, this requirement does not apply to persons reporting under the tax rate in (a)(iii) of this subsection (11), so long as that rate remains 0.484 percent, or under any of the tax rates in (b)(ii)(A) and (B) of this subsection (11), so long as those tax rates remain the rate imposed pursuant to RCW 82.04.250(1) and 0.484 percent, respectively.

(ii) Nothing in (d)(i) of this subsection (11) may be construed as affecting the obligation of a person reporting under a tax rate provided in this subsection (11) to file a complete annual tax performance report with the department under RCW 82.32.534: (A) Pursuant to another provision of this title as a result of claiming a tax credit or exemption; or (B) pursuant to (d)(i) of this subsection (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of this subsection (11) for periods ending before April 1, 2020.

(e)(i) After March 31, 2021, the tax rates under (a)(iii) and (b)(ii) of this subsection (11) must be reduced to 0.357 percent provided the conditions in RCW 82.04.2602 are met. The effective date of the rates authorized under this subsection (11)(e) must occur on the first day of the next calendar quarter that is at least 60 days after the department receives the last of the two written notices pursuant to RCW 82.04.2602 (3) and (4).

(ii) Both a significant commercial airplane manufacturer separately and the rest of the aerospace industry as a whole, receiving the rate of 0.357 percent under this subsection (11)(e) are subject to the aerospace apprenticeship utilization rates required under RCW 49.04.220 by April 1, 2026, or five years after the effective date of the 0.357 percent rate authorized under this subsection (11)(e), whichever is later, as determined by the department of labor and industries.

(iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply to this subsection (11)(e).

(f)(i) Except as provided in (f)(ii) of this subsection (11), this subsection (11) does not apply on and after July 1, 2040.

(ii) With respect to the manufacturing of commercial airplanes or making sales, at retail or wholesale, of commercial airplanes, this subsection (11) does not apply on and after July 1st of the

year in which the department makes a determination that any final assembly or wing assembly of any version or variant of a commercial airplane that is the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850 has been sited outside the state of Washington. This subsection (11)(f)(ii) only applies to the manufacturing or sale of commercial airplanes that are the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850. This subsection (11)(f)(ii) continues to apply during the time that a person is subject to the tax rate in (a)(iii) of this subsection (11).

(g) For the purposes of this subsection, "a significant commercial airplane manufacturer" means a manufacturer of commercial airplanes with at least 50,000 full-time employees in Washington as of January 1, 2021.

(12)(a) Until July 1, 2045, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2045.

(b) Until July 1, 2045, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; (ii) timber products into other timber products or wood products; or (iii) products defined in RCW 19.27.570(1); as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2045.

(c) Until July 1, 2045, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; (iii) wood products manufactured by that person from timber or timber products; or (iv) products defined in RCW 19.27.570(1) manufactured by that person; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, wood products, or products defined in RCW 19.27.570(1) multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2045.

(d) Until July 1, 2045, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection (12)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within 30 months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than 50 percent recycled paper and that also use nonpetroleum-based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having 50 percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection (12)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recovered paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection (12) must file a complete annual tax performance report with the department under RCW 82.32.534.

(g) Nothing in this subsection (12) may be construed to affect the taxation of any activity defined as a retail sale in RCW 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

(13) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

Sec. 102. RCW 82.04.260 and 2023 c 422 s 5 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of 0.138 percent;

(b) Beginning July 1, 2035, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period

required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c)(i) Except as provided otherwise in (c)(iii) of this subsection, beginning July 1, 2035, until January 1, 2046, dairy products; or selling dairy products that the person has manufactured to purchasers who either transport in the ordinary course of business the goods out of state or purchasers who use such dairy products as an ingredient or component in the manufacturing of a dairy product; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state or sold to a manufacturer for use as an ingredient or component in the manufacturing of a dairy product.

(ii) For the purposes of this subsection (1)(c), "dairy products" means:

(A) Products, not including any cannabis-infused product, that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products, such as whey and casein; and

(B) Products comprised of not less than 70 percent dairy products that qualify under (c)(ii)(A) of this subsection, measured by weight or volume.

(iii) The preferential tax rate provided to taxpayers under this subsection (1)(c) does not apply to sales of dairy products on or after July 1, 2023, where a dairy product is used by the purchaser as an ingredient or component in the manufacturing in Washington of a dairy product;

(d)(i) Beginning July 1, 2035, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state.

(ii) For purposes of this subsection (1)(d), "fruits" and "vegetables" do not include cannabis, useable cannabis, or cannabis-infused products; and

(e) Wood biomass fuel; as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate of 0.138 percent. For the purposes of this section, "wood biomass fuel" means a liquid or gaseous fuel that is produced from lignocellulosic feedstocks, including wood, forest, or field residue and dedicated energy crops, and that does not include wood treated with chemical preservations such as creosote, pentachlorophenol, or copper-chrome-arsenic.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of 0.138 percent.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of 0.138 percent.

(5)(a) Upon every person engaging within this state in the business of acting as a travel agent or tour operator and whose annual taxable amount for the prior calendar year from such business was $250,000 or less; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(b) Upon every person engaging within this state in the business of acting as a travel agent or tour operator and whose annual taxable amount for the prior calendar year from such business was more than $250,000; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent through June 30, 2019, and 0.9 percent beginning July 1, 2019.

(6) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

(7) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

(8)(a) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW 70A.380.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter 70A.384

RCW, multiplied by the rate of 3.3 percent.

(b) If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

(9) Upon every person engaging within this state as an insurance producer ((~~or title insurance agent~~)) licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

(10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

(11)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007;

(ii) 0.2904 percent beginning July 1, 2007, through March 31, 2020; and

(iii) Beginning April 1, 2020, 0.484 percent, subject to any reduction required under (e) of this subsection (11). The tax rate in this subsection (11)(a)(iii) applies to all business activities described in this subsection (11)(a).

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection (11) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of:

(i) 0.2904 percent through March 31, 2020; and

(ii) Beginning April 1, 2020, the following rates, which are subject to any reduction required under (e) of this subsection (11):

(A) The rate under RCW 82.04.250(1) on the business of making retail sales of tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes; and

(B) 0.484 percent on all other business activities described in this subsection (11)(b).

(c) For the purposes of this subsection (11), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d)(i) In addition to all other requirements under this title, a person reporting under the tax rate provided in this subsection (11) must file a complete annual tax performance report with the department under RCW 82.32.534. However, this requirement does not apply to persons reporting under the tax rate in (a)(iii) of this subsection (11), so long as that rate remains 0.484 percent, or under any of the tax rates in (b)(ii)(A) and (B) of this subsection (11), so long as those tax rates remain the rate imposed pursuant to RCW 82.04.250(1) and 0.484 percent, respectively.

(ii) Nothing in (d)(i) of this subsection (11) may be construed as affecting the obligation of a person reporting under a tax rate provided in this subsection (11) to file a complete annual tax performance report with the department under RCW 82.32.534: (A) Pursuant to another provision of this title as a result of claiming a tax credit or exemption; or (B) pursuant to (d)(i) of this subsection (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of this subsection (11) for periods ending before April 1, 2020.

(e)(i) After March 31, 2021, the tax rates under (a)(iii) and (b)(ii) of this subsection (11) must be reduced to 0.357 percent provided the conditions in RCW 82.04.2602 are met. The effective date of the rates authorized under this subsection (11)(e) must occur on the first day of the next calendar quarter that is at least 60 days after the department receives the last of the two written notices pursuant to RCW 82.04.2602 (3) and (4).

(ii) Both a significant commercial airplane manufacturer separately and the rest of the aerospace industry as a whole, receiving the rate of 0.357 percent under this subsection (11)(e) are subject to the aerospace apprenticeship utilization rates required under RCW 49.04.220 by April 1, 2026, or five years after the effective date of the 0.357 percent rate authorized under this subsection (11)(e), whichever is later, as determined by the department of labor and industries.

(iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply to this subsection (11)(e).

(f)(i) Except as provided in (f)(ii) of this subsection (11), this subsection (11) does not apply on and after July 1, 2040.

(ii) With respect to the manufacturing of commercial airplanes or making sales, at retail or wholesale, of commercial airplanes, this subsection (11) does not apply on and after July 1st of the year in which the department makes a determination that any final assembly or wing assembly of any version or variant of a commercial airplane that is the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850 has been sited outside the state of Washington. This subsection (11)(f)(ii) only applies to the manufacturing or sale of commercial airplanes that are the basis of a siting of a significant commercial airplane manufacturing program in the state under RCW 82.32.850. This subsection (11)(f)(ii) continues to apply during the time that a person is subject to the tax rate in (a)(iii) of this subsection (11).

(g) For the purposes of this subsection, "a significant commercial airplane manufacturer" means a manufacturer of commercial airplanes with at least 50,000 full-time employees in Washington as of January 1, 2021.

(12)(a) Until July 1, 2045, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2045.

(b) Until July 1, 2045, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; (ii) timber products into other timber products or wood products; or (iii) products defined in RCW 19.27.570(1); as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire,

equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2045.

(c) Until July 1, 2045, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; (iii) wood products manufactured by that person from timber or timber products; or (iv) products defined in RCW 19.27.570(1) manufactured by that person; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, wood products, or products defined in RCW 19.27.570(1) multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2045.

(d) Until July 1, 2045, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection (12)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within 30 months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than 50 percent recycled paper and that also use nonpetroleum-based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having 50 percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection (12)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recovered paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection (12) must file a complete annual tax performance report with the department under RCW 82.32.534.

(g) Nothing in this subsection (12) may be construed to affect the taxation of any activity defined as a retail sale in RCW 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

(13) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(14)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.35 percent until July 1, 2024, and 0.484 percent thereafter.

(b) A person reporting under the tax rate provided in this subsection (14) must file a complete annual tax performance report with the department under RCW 82.32.534.

Sec. 103. RCW 48.14.0201 and 2016 c 133 s 2 are each amended to read as follows:

(1) As used in this section, "taxpayer" means a health maintenance organization as defined in RCW 48.46.020, a health care service contractor as defined in chapter 48.44 RCW, or a self-funded multiple employer welfare arrangement as defined in RCW 48.125.010.

(2) Each taxpayer must pay a tax on or before the first day of March of each year to the state treasurer through the insurance commissioner's office. The tax must be equal to the total amount of all premiums and prepayments for health care services collected or received by the taxpayer under RCW 48.14.090 during the preceding calendar year multiplied by the rate of two percent. For tax purposes, the reporting of premiums and prepayments must be on a written basis or on a paid-for basis consistent with the basis required by the annual statement.

(3) Taxpayers must prepay their tax obligations under this section. The minimum amount of the prepayments is the percentages of the taxpayer's tax obligation for the preceding calendar year recomputed using the rate in effect for the current year. For the prepayment of taxes due during the first calendar year, the minimum amount of the prepayments is the percentages of the taxpayer's tax obligation that would have been due had the tax been in effect during the previous calendar year. The tax prepayments must be paid to the state treasurer through the commissioner's office by the due dates and in the following amounts:

(a) On or before June 15, ((~~forty-five~~)) 45 percent;

(b) On or before September 15, ((~~twenty-five~~)) 25 percent;

(c) On or before December 15, ((~~twenty-five~~)) 25 percent.

(4) For good cause demonstrated in writing, the commissioner may approve an amount smaller than the preceding calendar year's tax obligation as recomputed for calculating the health maintenance organization's, health care service contractor's, self-funded multiple employer welfare arrangement's, or certified health plan's prepayment obligations for the current tax year.

(5)(a) Except as provided in (b) of this subsection, moneys collected under this section are deposited in the general fund.

(b) Beginning January 1, 2014, moneys collected from taxpayers for premiums written on qualified health benefit plans and qualified dental plans offered through the health benefit exchange under chapter 43.71 RCW must be deposited in the

health benefit exchange account under RCW 43.71.060.

(6) The taxes imposed in this section do not apply to:

(a) Amounts received by any taxpayer from the United States or any instrumentality thereof as prepayments for health care services provided under Title XVIII (medicare) of the federal social security act.

(b) Amounts received by any taxpayer from the state of Washington as prepayments for health care services provided under:

(i) The medical care services program as provided in RCW 74.09.035; or

(ii) The Washington basic health plan on behalf of subsidized enrollees as provided in chapter 70.47 RCW.

(c) Amounts received by any health care service contractor as defined in chapter 48.44 RCW, or any health maintenance organization as defined in chapter 48.46 RCW, as prepayments for health care services included within the definition of practice of dentistry under RCW 18.32.020, except amounts received for pediatric oral services that qualify as coverage for the minimum essential coverage requirement under P.L. 111-148 (2010), as amended, and for stand-alone family dental plans as defined in RCW 43.71.080(4)(a), only when offered in the individual market, as defined in RCW 48.43.005((~~(27)~~)), or to a small group, as defined in RCW 48.43.005((~~(33)~~)).

(d) Participant contributions to self-funded multiple employer welfare arrangements that are not taxable in this state.

(7) Beginning January 1, 2000, the state preempts the field of imposing excise or privilege taxes upon taxpayers and no county, city, town, or other municipal subdivision has the right to impose any such taxes upon such taxpayers. This subsection is limited to premiums and payments for health benefit plans offered by health care service contractors under chapter 48.44 RCW, health maintenance organizations under chapter 48.46 RCW, and self-funded multiple employer welfare arrangements as defined in RCW 48.125.010. The preemption authorized by this subsection must not impair the ability of a county, city, town, or other municipal subdivision to impose excise or privilege taxes upon the health care services directly delivered by the employees of a health maintenance organization under chapter 48.46 RCW.

(8)(a) The taxes imposed by this section apply to a self-funded multiple employer welfare arrangement only in the event that they are not preempted by the employee retirement income security act of 1974, as amended, 29 U.S.C. Sec. 1001 et seq. The arrangements and the commissioner must initially request an advisory opinion from the United States department of labor or obtain a declaratory ruling from a federal court on the legality of imposing state premium taxes on these arrangements. Once the legality of the taxes has been determined, the multiple employer welfare arrangement certified by the insurance commissioner must begin payment of these taxes.

(b) If there has not been a final determination of the legality of these taxes, then beginning on the earlier of (i) the date the fourth multiple employer welfare arrangement has been certified by the insurance commissioner, or (ii) April 1, 2006, the arrangement must deposit the taxes imposed by this section into an interest bearing escrow account maintained by the arrangement. Upon a final determination that the taxes are not preempted by the employee retirement income security act of 1974, as amended, 29 U.S.C. Sec. 1001 et seq., all funds in the interest bearing escrow account must be transferred to the state treasurer.

(9) The effect of transferring contracts for health care services from one taxpayer to another taxpayer is to transfer the tax prepayment obligation with respect to the contracts.

(10) On or before June 1st of each year, the commissioner must notify each taxpayer required to make prepayments in that year of the amount of each prepayment and must provide remittance forms to be used by the taxpayer. However, a taxpayer's responsibility to make prepayments is not affected by failure of the commissioner to send, or the taxpayer to receive, the notice or forms.

Sec. 104. RCW 82.04.405 and 1998 c 311 s 4 are each amended to read as follows:

((~~This~~)) (1) Except as provided in subsection (2) of this section, this chapter shall not apply to the gross income of credit unions organized under the laws of this state, any other state, or the United States.

(2)(a) Beginning October 1, 2025, if a credit union organized under the laws of this state merges or acquires a bank that is regulated by the department of financial institutions, the credit union no longer qualifies for the exemption from business and occupation tax in subsection (1) of this section and is subject to tax equal to the gross income of the credit union, multiplied by 1.2 percent.

(b) This subsection (2) does not apply to transactions for which an application has been submitted for regulatory approval prior to the effective date of this section.

NEW SECTION. **Sec. 105.** The following acts or parts of acts are each repealed:

(1) RCW 82.04.062 ("Sale at wholesale," "sale at retail" excludes sale of precious metal bullion and monetized bullion—Computation of tax) and 1985 c 471 s 5;

(2) RCW 82.16.0497 (Credit—Light and power business, gas distribution business) and 2020 c 139 s 26, 2006 c 213 s 1, & 2001 c 214 s 13;

(3) RCW 82.04.44525 (Credit—New employment for international service activities in eligible areas—Designation of census tracts for eligibility—Records—Tax due upon ineligibility—Interest assessment—Information from employment security department) and 2009 c 535 s 1104, 2008 c 81 s 9, & 1998 c 313 s 2;

(4) RCW 82.04.4292 (Deductions—Interest on investments or loans secured by mortgages or deeds of trust) and 2012 2nd sp.s. c 6 s 102, 2010 1st sp.s. c 23 s 301, & 1980 c 37 s 12;

(5) RCW 82.04.29005 (Tax on loan interest—2012 2nd sp.s. c 6) and 2012 2nd sp.s. c 6 s 101; and

(6) RCW 82.04.434 (Credit—Public safety standards and testing) and 1991 c 13 s 1.

PART II
CORRECTING INTERNAL REFERENCES

Sec. 201. RCW 82.04.29004 and 2019 c 420 s 2 are each amended to read as follows:

(1) Beginning January 1, 2020, in addition to any other taxes imposed under this chapter, an additional tax is imposed on specified financial institutions. The additional tax is equal to the gross income of the business taxable under RCW 82.04.290(2) multiplied by the rate of 1.2 percent.

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

(a) "Affiliated" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person. For purposes of this subsection (2)(a), "control" means the possession, directly or indirectly, of more than ((~~fifty~~)) 50 percent of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise.

(b) "Consolidated financial institution group" means all financial institutions that are affiliated with each other.

(c) "Consolidated financial statement" means a consolidated financial institution group's consolidated reports of condition and

income filed with the federal financial institutions examination council, or successor agency.

(d) "Financial institution" means:

(i) Any corporation or other business entity chartered under Titles 30A, 30B, 31, 32, and 33 RCW, or registered under the federal bank holding company act of 1956, as amended, or registered as a savings and loan holding company under the federal national housing act, as amended;

(ii) A national bank organized and existing as a national bank association pursuant to the provisions of the national bank act, 12 U.S.C. Sec. 21 et seq.;

(iii) A savings association or federal savings bank as defined in the federal deposit insurance act, 12 U.S.C. Sec. 1813(b)(1);

(iv) Any bank or thrift institution incorporated or organized under the laws of any state;

(v) Any corporation organized under the provisions of 12 U.S.C. Sec. 611 through 631;

(vi) Any agency or branch of a foreign depository as defined in 12 U.S.C. Sec. 3101 ((~~that is not exempt under RCW 82.04.315~~));

(vii) A production credit association organized under the federal farm credit act of 1933, all of whose stock held by the federal production credit corporation has been retired;

(viii) Any corporation or other business entity who receives gross income taxable under RCW 82.04.290, and whose voting interests are more than ((~~fifty~~)) 50 percent owned, directly or indirectly, by any person or business entity described in (d)(i) through (vii) of this subsection other than an insurance company liable for the insurance premiums tax under RCW 48.14.020 or any other company taxable under chapter 48.14 RCW;

(ix)(A) A corporation or other business entity that receives more than ((~~fifty~~)) 50 percent of its total gross income for federal income tax purposes from finance leases. For purposes of this subsection, a "finance lease" means a lease that meets two requirements:

(I) It is the type of lease permitted to be made by national banks (see 12 U.S.C. Sec. 24(7) and (10), comptroller of the currency regulations, part 23, leasing (added by 56 C.F.R. Sec. 28314, June 20, 1991, effective July 22, 1991), and regulation Y of the federal reserve system 12 C.F.R. Part 225.25, as amended); and

(II) It is the economic equivalent of an extension of credit, i.e., the lease is treated by the lessor as a loan for federal income tax purposes. In no event does a lease qualify as an extension of credit where the lessor takes depreciation on such property for federal income tax purposes.

(B) For this classification to apply, the average of the gross income in the current tax year and immediately preceding two tax years must satisfy the more than ((~~fifty~~)) 50 percent requirement;

(x) Any other person or business entity, other than an insurance general agent taxable under RCW 82.04.280(1)(e), an insurance business exempt from the business and occupation tax under RCW 82.04.320, a real estate broker taxable under RCW 82.04.255, a securities dealer or international investment management company taxable under RCW 82.04.290(2), that receives more than ((~~fifty~~)) 50 percent of its gross receipts from activities that a person described in (d)(ii) through (vii) and (ix) of this subsection is authorized to transact.

(e)(i) "Specified financial institution" means a financial institution that is a member of a consolidated financial institution group that reported on its consolidated financial statement for the previous calendar year annual net income of at least ((~~one billion dollars~~)) $1,000,000,000, not including net income attributable to noncontrolling interests, as the terms "net income" and "noncontrolling interest" are used in the consolidated financial statement.

(ii) If financial institutions are no longer required to file consolidated financial statements, "specified financial institution" means any person that was subject to the additional tax in this section in at least two of the previous four calendar years.

(3) The department must notify the fiscal committees of the legislature if financial institutions are no longer required to file consolidated financial statements.

(4) To aid in the effective administration of the additional tax imposed in this section, the department may require a person believed to be a specified financial institution to disclose whether it is a member of a consolidated financial institution group and, if so, to identify all other members of its consolidated financial institution group. A person failing to comply with this subsection is deemed to have intended to evade tax payable under this section and is subject to the penalty in RCW 82.32.090(7) on any tax due under this section by the person and any financial institution affiliated with the person.

(5) Taxes collected under this section must be deposited into the general fund.

Sec. 202. RCW 82.04.280 and 2019 c 449 s 1 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of: (a) Printing materials other than newspapers, and of publishing periodicals or magazines; (b) building, repairing or improving any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used, primarily for foot or vehicular traffic including mass transportation vehicles of any kind and including any readjustment, reconstruction or relocation of the facilities of any public, private or cooperatively owned utility or railroad in the course of such building, repairing or improving, the cost of which readjustment, reconstruction, or relocation, is the responsibility of the public authority whose street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle is being built, repaired or improved; (c) extracting for hire or processing for hire, except persons taxable as extractors for hire or processors for hire under another section of this chapter; (d) operating a cold storage warehouse or storage warehouse, but not including the rental of cold storage lockers; (e) representing and performing services for fire or casualty insurance companies as an independent resident managing general agent licensed under the provisions of chapter 48.17 RCW; (f) radio and television broadcasting, but excluding revenues from network, national, and regional advertising computed either: (i) As a standard deduction that the department must publish by rule by September 30, 2020, and by September 30th of every fifth year thereafter, based on the national average thereof as reported by the United States census bureau's economic census; or (ii) in lieu thereof by itemization by the individual broadcasting station, and excluding that portion of revenue represented by the out-of-state audience computed as a ratio to the broadcasting station's total audience as measured by the 0.5 millivolt/meter signal strength contour for AM radio, the one millivolt/meter or ((~~sixty~~)) 60 dBu signal strength contour for FM radio, the ((~~twenty-eight~~)) 28 dBu signal strength contour for television channels two through six, the ((~~thirty-six~~)) 36 dBu signal strength contour for television channels seven through ((~~thirteen~~)) 13, and the ((~~forty-one~~)) 41 dBu signal strength contour for television channels ((~~fourteen~~)) 14 through ((~~sixty-nine~~)) 69 with delivery by wire, satellite, or any other means, if any; (g) engaging in activities which bring a person within the definition of consumer contained in RCW 82.04.190(6); as to such persons, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.484

percent.

(2) For the purposes of this section, the following definitions apply unless the context clearly requires otherwise.

(a) "Cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or fowl, or any combination thereof, at a desired temperature to maintain the quality of the product for orderly marketing.

(b) "Storage warehouse" means a building or structure, or any part thereof, in which goods, wares, or merchandise are received for storage for compensation, except field warehouses, fruit warehouses, fruit packing plants, warehouses licensed under chapter 22.09 RCW, public garages storing automobiles, railroad freight sheds, docks and wharves, and "self-storage" or "mini storage" facilities whereby customers have direct access to individual storage areas by separate entrance. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity taxable under RCW 82.04.272 is conducted.

(c) "Periodical or magazine" means a printed publication, other than a newspaper, issued regularly at stated intervals at least once every three months, including any supplement or special edition of the publication.

PART III
ELIMINATING THE BUSINESS AND OCCUPATION TAX EXEMPTION FOR THE RENTAL OR LEASE OF INDIVIDUAL STORAGE SPACE AT SELF-SERVICE STORAGE FACILITIES

Sec. 301. RCW 82.04.290 and 2020 c 2 s 3 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of providing qualifying international investment management services, as to such persons, the amount of tax with respect to such business is equal to the gross income or gross proceeds of sales of the business multiplied by a rate of 0.275 percent.

(2)(a) Upon every person engaging within this state in any business activity other than or in addition to an activity taxed explicitly under another section in this chapter or subsection (1) or (3) of this section; as to such persons the amount of tax on account of such activities is equal to the gross income of the business multiplied by the rate of:

(i) 1.75 percent; or

(ii) 1.5 percent for:

(A) Any person subject to the surcharge imposed under RCW 82.04.299;

(B) Any person whose gross income of the business subject to the tax imposed under this subsection (2), for the immediately preceding calendar year, was less than ((~~one million dollars~~)) $1,000,000, unless (I) the person is affiliated with one or more other persons, and (II) the aggregate gross income of the business subject to the tax imposed under this subsection (2) for all affiliated persons was greater than or equal to ((~~one million dollars~~)) $1,000,000 for the immediately preceding calendar year; and

(C) Hospitals as defined in RCW 70.41.020, including any hospital that comes within the scope of chapter 71.12 RCW if the hospital is also licensed under chapter 70.41 RCW. This subsection (2)(a)(ii)(C) must not be construed as modifying RCW 82.04.260(10).

(b) This subsection (2) includes, among others, and without limiting the scope hereof (whether or not title to materials used in the performance of such business passes to another by accession, confusion or other than by outright sale), persons engaged in the business of rendering any type of service which does not constitute a "sale at retail" or a "sale at wholesale." The value of advertising, demonstration, and promotional supplies and materials furnished to an agent by his or her principal or supplier to be used for informational, educational, and promotional purposes is not considered a part of the agent's remuneration or commission and is not subject to taxation under this section.

(c) 14.3 percent of the revenues collected under (a)(i) of this subsection (2) must be deposited into the workforce education investment account created in RCW 43.79.195.

(d)(i) To aid in the effective administration of this subsection (2), the department may require a person claiming to be subject to the 1.5 percent tax rate under (a)(ii)(B) of this subsection (2) to identify all of the person's affiliates, including their department tax registration number or unified business identifier number, as may be applicable, or to certify that the person is not affiliated with any other person. Requests under this subsection (2)(d)(i) must be in writing and may be made electronically.

(ii) If the department establishes, by clear, cogent, and convincing evidence, that a person, with intent to evade the additional taxes due under the 1.75 percent tax rate in (a)(i) of this subsection (2), failed to provide the department with complete and accurate information in response to a written request under (d)(i) of this subsection (2) within ((~~thirty~~)) 30 days of such request, the person is ineligible for the 1.5 percent tax rate in (a)(ii) of this subsection (2) for the entire current calendar year and the following four calendar years. However, the department must waive the provisions of this subsection (2)(d)(ii) for any tax reporting period that the person is otherwise eligible for the 1.5 percent tax rate in (a)(ii) of this subsection (2) if (A) the department has not previously determined that the person failed to fully comply with (d)(i) of this subsection (2), and (B) within ((~~thirty~~)) 30 days of the notice of additional tax due as a result of the person's failure to fully comply with (d)(i) of this subsection (2) the department determines that the person has come into full compliance with (d)(i) of this subsection (2). This subsection (2)(d) applies only with respect to persons claiming entitlement to the 1.5 percent tax rate solely by reason of (a)(ii)(B) of this subsection (2).

(e) For the purposes of (a)(ii)(B) of this subsection (2), if a taxpayer is subject to the reconciliation provisions of RCW 82.04.462(4), and calculates gross income of the business subject to the tax imposed under this subsection (2) for the immediately preceding calendar year, or aggregate gross income of the business subject to the tax imposed under this subsection (2) for the immediately preceding calendar year for all affiliated persons, based on incomplete information, the taxpayer must correct the reporting for the current calendar year when complete information for the immediately preceding calendar year is available.

(f) For purposes of this subsection (2), the definitions in this subsection (2)(f) apply:

(i) "Affiliate" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person; and

(ii) "Control" means the possession, directly or indirectly, of more than ((~~eighty~~)) 80 percent of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise.

(3)(a) Until July 1, 2040, upon every person engaging within this state in the business of performing aerospace product development for others, as to such persons, the amount of tax with respect to such business is equal to the gross income of the business multiplied by a rate of 0.9 percent.

(b) A person reporting under the tax rate provided in this subsection (3) must file a complete annual report with the

department under RCW 82.32.534.

(c) "Aerospace product development" has the meaning as provided in RCW 82.04.4461.

(4) The rates in subsection (2)(a) of this section apply upon every person in this state engaging in the business of renting or leasing individual storage space at self-service storage facilities as defined in RCW 19.150.010.

Sec. 302. RCW 82.04.390 and 1961 c 15 s 82.04.390 are each amended to read as follows:

This chapter shall not apply to gross proceeds derived from the sale of real estate. A sale of real estate does not include the gross proceeds derived from individual storage space rentals or individual storage space leases for 30 days or longer at a self-service storage facility as defined in RCW 19.150.010. This however, shall not be construed to allow a deduction of amounts received as commissions from the sale of real estate, nor as fees, handling charges, discounts, interest or similar financial charges resulting from, or relating to, real estate transactions.

PART IV
MISCELLANEOUS

NEW SECTION. **Sec. 401.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 402.** This act is necessary for the support of the state government and its existing public institutions.

NEW SECTION. **Sec. 403.** Section 101 of this act expires January 1, 2034.

NEW SECTION. **Sec. 404.** Section 102 of this act takes effect January 1, 2034.

NEW SECTION. **Sec. 405.** Sections 301 and 302 of this act take effect April 1, 2026.

NEW SECTION. **Sec. 406.** Except for sections 102, 301, and 302 of this act, this act takes effect January 1, 2026."

Correct the title.

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Salomon moved that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5794.

Senators Salomon and Gildon spoke in favor of the motion.

The Vice President Pro Tempore declared the question before the Senate to be the motion by Senator Salomon that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5794.

The motion by Senator Salomon carried and the Senate concurred in the House amendment(s) to Engrossed Substitute Senate Bill No. 5794 by voice vote.

The Vice President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5794, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5794, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 26; Nays, 22; Absent, 0; Excused, 0.

Voting yea: Senators Alvarado, Bateman, Cleveland, Conway, Dhingra, Frame, Hansen, Hasegawa, Kauffman, Liias, Lovelett, Lovick, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Shewmake, Slatter, Stanford, Trudeau, Valdez, Wellman and Wilson, C.

Voting nay: Senators Boehnke, Braun, Chapman, Christian, Cortes, Dozier, Fortunato, Gildon, Goehner, Harris, Holy, King, Krishnadasan, MacEwen, McCune, Muzzall, Schoesler, Short, Torres, Wagoner, Warnick and Wilson, J.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5794, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MESSAGE FROM THE HOUSE

April 23, 2025

MR. PRESIDENT:

The House passed ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5686 with the following amendment(s): 5686-S2.E AMH PETE H2211.1

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 61.24.005 and 2021 c 151 s 2 are each amended to read as follows:

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

(1) "Affiliate of beneficiary" means any entity which controls, is controlled by, or is under common control with a beneficiary.

(2) "Assessment" means all sums chargeable by the association against a unit, including any assessments levied for common expenses, fines or fees levied or imposed by the association pursuant to chapters 64.32, 64.34, 64.38, and 64.90 RCW or the governing documents, interest and late charges on any delinquent account, and all costs of collection incurred by the association in connection with the collection of a delinquent owner's account, including reasonable attorneys' fees.

(3) "Association" means an association subject to chapter 64.32, 64.34, 64.38, or 64.90 RCW.

(4) "Beneficiary" means the holder of the instrument or document evidencing the obligations secured by the deed of trust, excluding persons holding the same as security for a different obligation.

(((~~(3)~~))) (5) "Borrower" means a person or a general partner in a partnership, including a joint venture, that is liable for all or part of the obligations secured by the deed of trust under the instrument or other document that is the principal evidence of such obligations, or the person's successors if they are liable for those obligations under a written agreement with the beneficiary.

(((~~(4)~~))) (6) "Commercial loan" means a loan that is not made primarily for personal, family, or household purposes.

(((~~(5)~~))) (7) "Department" means the department of commerce or its designee.

(((~~(6)~~))) (8) "Fair value" means the value of the property encumbered by a deed of trust that is sold pursuant to a trustee's sale. This value shall be determined by the court or other appropriate adjudicator by reference to the most probable price, as of the date of the trustee's sale, which would be paid in cash or other immediately available funds, after deduction of prior liens and encumbrances with interest to the date of the trustee's sale, for which the property would sell on such date after reasonable exposure in the market under conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under duress.

(((~~(7)~~))) (9) "Grantor" means a person, or its successors, who executes a deed of trust to encumber the person's interest in property as security for the performance of all or part of the borrower's obligations.

(((~~(8)~~))) (10) "Guarantor" means any person and its successors who is not a borrower and who guarantees any of the obligations secured by a deed of trust in any written agreement other than the deed of trust.

(((~~(9)~~))) (11) "Housing counselor" means a housing counselor that has been approved by the United States department of housing and urban development or approved by the Washington state housing finance commission.

(((~~(10)~~))) (12) "Notice of delinquency" means a notice of delinquency as that phrase is used in chapters 64.32, 64.34, 64.38, and 64.90 RCW.

(13) "Owner-occupied" means property that is the principal residence of the borrower.

(((~~(11)~~))) (14) "Person" means any natural person, or legal or governmental entity.

(((~~(12)~~))) (15) "Record" and "recorded" includes the appropriate registration proceedings, in the instance of registered land.

(((~~(13)~~))) (16) "Residential real property" means property consisting solely of a single-family residence, a residential condominium unit, or a residential cooperative unit. For the purposes of the application of RCW 61.24.163, residential real property includes residential real property of up to four units.

(((~~(14)~~))) (17) "Senior beneficiary" means the beneficiary of a deed of trust that has priority over any other deeds of trust encumbering the same residential real property.

(((~~(15)~~))) (18) "Tenant-occupied property" means property consisting solely of residential real property that is the principal residence of a tenant subject to chapter 59.18 RCW or other building with four or fewer residential units that is the principal residence of a tenant subject to chapter 59.18 RCW.

(((~~(16)~~))) (19) "Trustee" means the person designated as the trustee in the deed of trust or appointed under RCW 61.24.010(2).

(((~~(17)~~))) (20) "Trustee's sale" means a nonjudicial sale under a deed of trust undertaken pursuant to this chapter.

(21) "Unit owner" means an owner of an apartment, unit, or lot in an association subject to chapter 64.32, 64.34, 64.38, or 64.90 RCW.

NEW SECTION. **Sec. 2.** A new section is added to chapter 61.24 RCW to read as follows:

(1) A unit owner who is or may become delinquent to an association for an assessment charged may contact a housing counselor to receive housing counseling services.

(2) Housing counselors have a duty to act in good faith to assist unit owners by:

(a) Preparing the unit owner for meetings with the association;

(b) Advising the unit owner about what documents the unit owner must have to seek a repayment plan, modification, or other resolution of an assessment charged or that may be charged in the future by the association;

(c) Informing the unit owner about the alternatives to foreclosure, including a repayment plan, modification, or other possible resolution of an assessment charged or that may be charged in the future by the association; and

(d) Providing other guidance, advice, and education as the housing counselor considers necessary.

(3) Nothing in RCW 64.32.200, 64.34.364, 64.38.100, 64.90.485, or this section precludes a meeting or negotiations between the housing counselor, unit owner, and the association at any time, including after the issuance of a notice of delinquency by the association for past due assessments to the unit owner by the association.

(4) A unit owner who seeks the assistance of a housing counselor may use the assistance of an attorney at any time.

(5)(a) A housing counselor or attorney assisting a unit owner may refer the unit owner to mediation, pursuant to RCW 61.24.163.

(b) Prior to referring the unit owner to mediation, the housing counselor or attorney shall submit a written request to the association on behalf of the unit owner requesting that the unit owner and association meet and confer over the assessment charged.

(c) The meet and confer session should occur within 30 days of the housing counselor's or attorney's request to the association to meet and confer, or at a later date as otherwise agreed by the parties.

(d) During the meet and confer session, the participants must address the issues which led to the delinquency that may enable the unit owner and the association to reach a resolution including, but not limited to, a delinquent assessment payment plan, waiver of association imposed late fees or attorneys' fees, modification of a delinquent assessment, modification of late fees or charges associated with a delinquent assessment, or any other workout plan.

(e) The meet and confer session may be held by telephone or videoconference.

(f) For the meet and confer session, the unit owner and the association shall be responsible for their own respective attorneys' fees, if any are incurred. Legal representation is not required for either party participating in the meet and confer session.

(g) Following the meet and confer session, the housing counselor or attorney shall determine whether mediation is appropriate based on the individual circumstances.

(h) If the association refuses to participate in the meet and confer session within 30 days of the request, or otherwise fails to respond to the request within 30 days, then the unit owner may be referred to mediation pursuant to RCW 61.24.163.

(i) If the unit owner refuses to participate in the meet and confer session after it has been scheduled, then the housing counselor or attorney may not refer the matter to mediation; however, when a notice of trustee's sale has been recorded creating insufficient time to meet and confer, or where a judgment in foreclosure is pending and there is insufficient time to meet and confer, a unit owner may be referred to mediation regardless of whether the unit owner participates in a meet and confer session.

(6) During the time period between the date that the request to meet and confer is made and the date that the meet and confer session with the association is held, the association is prohibited from charging to the unit owner any attorneys' fees the association may have incurred attempting to collect the past due assessment.

(7) The referral to mediation may be made at any time after the meet and confer session occurs, after refusal to participate by the association, or after 30 days has passed since the request was made with no response from the association, but no later than 90 days prior to the date of sale listed in a notice of trustee's sale provided to the unit owner, or for a judicial foreclosure, at any time prior to the entry of a judgment in foreclosure. If an amended notice of trustee's sale is recorded after the trustee sale has been stayed pursuant to RCW 61.24.130, the unit owner may be referred to mediation no later than 25 days prior to the date of sale listed in the amended notice of trustee's sale. Nothing in this section requires a delay or prohibits the referral of a unit owner to mediation once a notice of trustee's sale has been recorded or judicial foreclosure has been filed.

(8) Housing counselors providing assistance to unit owners under this section are not liable for civil damages resulting from any acts or omissions in providing assistance, unless the acts or omissions constitute gross negligence or willful or wanton misconduct.

(9) Housing counselors shall provide information to the department to assist the department in its annual report to the legislature as required under RCW 61.24.163(22). The information provided to the department by the housing counselors should include outcomes of foreclosures and be similar to the information requested in the national foreclosure mortgage counseling client level foreclosure outcomes report form.

Sec. 3. RCW 61.24.163 and 2023 c 206 s 5 are each amended to read as follows:

(1) The foreclosure mediation program established in this section applies only to borrowers or unit owners who have been referred to mediation by a housing counselor or attorney. The mediation program under this section is not governed by chapter 7.07 RCW and does not preclude mediation required by a court or other provision of law.

(2) For deed of trust foreclosure, the referral to mediation may be made any time after a notice of default has been issued but no later than 90 days prior to the date of sale listed in the notice of trustee's sale. If an amended notice of trustee's sale is recorded after the trustee sale has been stayed pursuant to RCW 61.24.130, the borrower may be referred to mediation no later than 25 days prior to the date of sale listed in the amended notice of trustee's sale. If the borrower has failed to elect to mediate within the applicable time frame, the borrower and the beneficiary may, but are under no duty to, agree in writing to enter the foreclosure mediation program. ((~~The mediation program under this section is not governed by chapter 7.07 RCW and does not preclude mediation required by a court or other provision of law.~~

~~(2)~~)) (3) For association foreclosures, the referral to mediation may be made as specified in section 2(7) of this act. If the unit owner has failed to elect to mediate within the applicable time frame, the unit owner and the association may, but are under no duty to, agree in writing to enter the foreclosure mediation program.

(4) A housing counselor or attorney referring a borrower or unit owner to mediation shall send a notice to the borrower or unit owner and the department, stating that mediation is appropriate.

(((~~(3)~~))) (5) Within 10 days of receiving the notice, the department shall:

(a) Send a notice to the beneficiary or association, the borrower or unit owner, the housing counselor or attorney who referred the borrower, and the trustee, if applicable, stating that the parties have been referred to mediation. The notice must include the statements and list of documents and information described in subsections (((~~(4)~~))) (6) and (((~~(5)~~))) (7) of this section and a statement explaining each party's responsibility to pay the mediator's fee; and

(b) Select a mediator and notify the parties of the selection.

(((~~(4) Within~~))) (6) For deed of trust foreclosures:

(a) Within 23 days of the department's notice that the parties have been referred to mediation, the borrower shall transmit the documents required for mediation to the mediator and the beneficiary. The required documents include an initial homeowner financial information worksheet as required by the department. The worksheet must include, at a minimum, the following information:

(((~~(a)~~))) (i) The borrower's current and future income;

(((~~(b)~~))) (ii) Debts and obligations;

(((~~(c)~~))) (iii) Assets;

(((~~(d)~~))) (iv) Expenses;

(((~~(e)~~))) (v) Tax returns for the previous two years;

(((~~(f)~~))) (vi) Hardship information;

(((~~(g)~~))) (vii) Other applicable information commonly required by any applicable federal mortgage relief program.

(((~~(5)~~))) (b) Within 20 days of the beneficiary's receipt of the borrower's documents under this subsection, the beneficiary shall transmit the documents required for mediation to the mediator and the borrower. The required documents include:

(((~~(a)~~))) (i) An accurate statement containing the balance of the loan within 30 days of the date on which the beneficiary's documents are due to the parties;

(((~~(b)~~))) (ii) Copies of the note and deed of trust;

(((~~(c)~~))) (iii) Proof that the entity claiming to be the beneficiary is the owner of any promissory note or obligation secured by the deed of trust. Sufficient proof may be a copy of the declaration described in RCW 61.24.030(7)(a);

(((~~(d)~~))) (iv) The best estimate of any arrearage and an itemized statement of the arrearages;

(((~~(e)~~))) (v) An itemized list of the best estimate of fees and charges outstanding;

(((~~(f)~~))) (vi) The payment history and schedule for the preceding twelve months, or since default, whichever is longer, including a breakdown of all fees and charges claimed;

(((~~(g)~~))) (vii) All borrower-related and mortgage-related input data used in any net present values analysis. If no net present values analysis is required by the applicable federal mortgage relief program, then the input data required under the federal deposit insurance corporation and published in the federal deposit insurance corporation loan modification program guide, or if that calculation becomes unavailable, substantially similar input data as determined by the department;

(((~~(h)~~))) (viii) An explanation regarding any denial for a loan modification, forbearance, or other alternative to foreclosure in sufficient detail for a reasonable person to understand why the decision was made;

(((~~(i)~~))) (ix) Appraisal or other broker price opinion most recently relied upon by the beneficiary not more than 90 days old at the time of the scheduled mediation; and

(((~~(j)~~))) (x) The portion or excerpt of the pooling and servicing agreement or other investor restriction that prohibits the beneficiary from implementing a modification, if the beneficiary claims it cannot implement a modification due to limitations in a pooling and servicing agreement or other investor restriction, and documentation or a statement detailing the efforts of the beneficiary to obtain a waiver of the pooling and servicing agreement or other investor restriction provisions.

(((~~(6)~~))) (7) For association foreclosures:

(a) Within 23 days of the department's notice that the parties have been referred to mediation, the association shall transmit the documents required for mediation to the mediator and the unit owner. The required documents include:

(i) An itemized ledger for the preceding 12 months, or since the assessments became past due, whichever is longer. The ledger shall include an itemized list of all dues, fines, special assessments, and any other charges owed, with the date and amount for each item. The ledger should include the total balance owed at the time the ledger is transmitted, accurate within 30 days of the date on which the association's documents are due to the parties;

(ii) Copies of all association liens placed against the property;

(iii) Copies of the current association declarations, bylaws, and any other governing documents for the association.

(b) Within 20 days of the unit owner's receipt of the association's documents, the unit owner shall transmit the documents required for mediation to the mediator and the association. The required documents include:

(i) Evidence of any unit owner payments to the association that are not reflected on the association ledger, if any;

(ii) Statement of hardship, if relevant;

(iii) If the unit owner is interested in a payment plan, a proposed

schedule of payments to resolve the arrears.

(8) Within 70 days of receiving the referral from the department, the mediator shall convene a mediation session in the county where the property is located, unless the parties agree on another location. The parties may agree to extend the time in which to schedule the mediation session. If the parties agree to extend the time, the beneficiary or association shall notify the trustee, if applicable, of the extension and the date the mediator is expected to issue the mediator's certification.

(((~~(7)~~))) (9)(a) The mediator may schedule phone conferences, consultations with the parties individually, and other communications to ensure that the parties have all the necessary information and documents to engage in a productive mediation.

(b) The mediator must send written notice of the time, date, and location of the mediation session to the borrower or unit owner, the beneficiary or association, and the department at least 30 days prior to the mediation session. At a minimum, the notice must contain:

(i) A statement that the borrower or unit owner may be represented in the mediation session by an attorney or other advocate;

(ii) A statement that a person with authority to agree to a resolution, including a proposed settlement, loan modification, repayment plan for assessments, modification of obligations related to the payment of assessments, or dismissal or continuation of the foreclosure proceeding, must be present either in person or on the telephone or videoconference during the mediation session; and

(iii) A statement that the parties have a duty to mediate in good faith and that failure to mediate in good faith may impair the beneficiary's or association's ability to foreclose on the property or the borrower's or unit owner's ability to modify the loan, modify obligations relating to the payment of assessments, or take advantage of other alternatives to foreclosure.

(((~~(8)~~))) (10)(a) The borrower, the beneficiary or authorized agent, and the mediator must meet in person for the mediation session. In an association foreclosure, the unit owner and association or authorized agent and the mediator are encouraged to meet in person for the mediation session, but may meet by telephone or videoconference. However, a person with authority to agree to a resolution on behalf of the beneficiary or association may be present over the telephone or videoconference during the mediation session.

(b) After the mediation session commences, the mediator may continue the mediation session once, and any further continuances must be with the consent of the parties.

(((~~(9) The~~)) (11) For deed of trust foreclosures, the participants in mediation must address the issues of foreclosure that may enable the borrower and the beneficiary to reach a resolution, including but not limited to reinstatement, modification of the loan, restructuring of the debt, or some other workout plan. To assist the parties in addressing issues of foreclosure, the mediator may require the participants to consider the following:

(a) The borrower's current and future economic circumstances, including the borrower's current and future income, debts, and obligations for the previous 60 days or greater time period as determined by the mediator;

(b) The net present value of receiving payments pursuant to a modified mortgage loan as compared to the anticipated net recovery following foreclosure;

(c) Any affordable loan modification calculation and net present value calculation when required under any federal mortgage relief program and any modification program related to loans insured by the federal housing administration, the veterans administration, and the rural housing service. If such a calculation is not provided or required, then the beneficiary must provide the net present value data inputs established by the federal deposit insurance corporation and published in the federal deposit insurance corporation loan modification program guide or other net present value data inputs as designated by the department. The mediator may run the calculation in order for a productive mediation to occur and to comply with the mediator certification requirement; and

(d) Any other loss mitigation guidelines to loans insured by the federal housing administration, the veterans administration, and the rural housing service, if applicable.

(((~~(10)~~))) (12) For association foreclosures, the participants in mediation must address the issues which led to foreclosure that may enable the unit owner and the association to reach a resolution including, but not limited to, a delinquent assessment payment plan, waiver of association imposed late fees or attorneys' fees, modification of a delinquent assessment, modification of late fees or charges associated with a delinquent assessment, or any other workout plan.

(13) A violation of the duty to mediate in good faith as required under this section may include:

(a) Failure to timely participate in mediation without good cause;

(b) Failure of the borrower ((~~or~~)), the unit owner, the beneficiary, or the association to provide the documentation required before mediation or pursuant to the mediator's instructions;

(c) Failure of a party to designate representatives with adequate authority to fully settle, compromise, or otherwise reach resolution with the borrower or unit owner in mediation; ((~~and~~))

(d) A request by a beneficiary that the borrower waive future claims he or she may have in connection with the deed of trust, as a condition of agreeing to a modification, except for rescission claims under the federal truth in lending act. Nothing in this section precludes a beneficiary from requesting that a borrower dismiss with prejudice any pending claims against the beneficiary, its agents, loan servicer, or trustee, arising from the underlying deed of trust, as a condition of modification; and

(e) A request by the association that the unit owner waive future claims against the association. Nothing in this section precludes an association from requesting that a unit owner dismiss any civil claims against the association related to the present delinquency.

(((~~(11)~~))) (14) If the mediator reasonably believes a borrower or unit owner will not attend a mediation session based on the borrower's or unit owner's conduct, such as the lack of response to the mediator's communications, the mediator may cancel a scheduled mediation session and send a written cancellation to the department and the trustee and send copies to the parties. The beneficiary or association may proceed with the foreclosure after receipt of the mediator's written confirmation of cancellation.

(((~~(12)~~))) (15) Within seven business days after the conclusion of the mediation session, the mediator must send a written certification to the department and the trustee and send copies to the parties of:

(a) The date, time, and location of the mediation session;

(b) The names of all persons attending in person and by telephone or videoconference, at the mediation session;

(c) Whether a resolution was reached by the parties, including whether the default or delinquency was cured by reinstatement, modification, or restructuring of the debt, repayment plan, or some other alternative to foreclosure was agreed upon by the parties;

(d) Whether the parties participated in the mediation in good faith; and

(e) ((~~If~~)) For deed of trust foreclosures, if a written agreement was not reached, a description of any net present value test used, along with a copy of the inputs, including the result of any net

present value test expressed in a dollar amount.

(((~~(13)~~))) (16) If the parties are unable to reach an agreement, the beneficiary or association may proceed with the foreclosure after receipt of the mediator's written certification.

(((~~(14)~~))) (17)(a) The mediator's certification that the beneficiary or association failed to act in good faith in mediation constitutes a defense to the nonjudicial foreclosure action that was the basis for initiating the mediation. In any action to enjoin the foreclosure, the beneficiary or association is entitled to rebut the allegation that it failed to act in good faith.

(b) The mediator's certification that the beneficiary or association failed to act in good faith during mediation does not constitute a defense to a judicial foreclosure or a future nonjudicial foreclosure action if a modification of the loan or delinquent assessment payment plan is agreed upon and the borrower subsequently defaults or unit owner fails to pay assessments.

(c) If an affordable loan modification is not offered in the mediation or a written agreement was not reached and the mediator's certification shows that the net present value of the modified loan exceeds the anticipated net recovery at foreclosure, that showing in the certification constitutes a basis for the borrower to enjoin the foreclosure.

(((~~(15)~~))) (18) The mediator's certification that the borrower or unit owner failed to act in good faith in mediation authorizes the beneficiary or association to proceed with the foreclosure.

(((~~(16)~~))) (19)(a) If a borrower or unit owner has been referred to mediation before a notice of trustee sale has been recorded, a trustee may not record the notice of sale until the trustee receives the mediator's certification stating that the mediation has been completed. If the trustee does not receive the mediator's certification, the trustee may record the notice of sale after 10 days from the date the certification to the trustee was due. If, after a notice of sale is recorded under this subsection (((~~(16)~~))) (19)(a), the mediator subsequently issues a certification finding that the beneficiary or association violated the duty of good faith, the certification constitutes a basis for the borrower or unit owner to enjoin the foreclosure.

(b) If a borrower or unit owner has been referred to mediation after the notice of sale was recorded, the sale may not occur until the trustee receives the mediator's certification stating that the mediation has been completed.

(((~~(17)~~))) (c) If a unit owner has been referred to mediation before the filing of a judicial foreclosure, the association may not file a complaint for judicial foreclosure until the association receives the mediator's certification stating that the mediation has been completed. If a unit owner has been referred to mediation after the filing of a judicial foreclosure, but prior to the issuance of a judgment in the foreclosure action, the association may not seek judgment in the foreclosure action until the association receives the mediator's certification stating that the mediation has been completed. If the association does not receive the mediator's certification, the association may file for judicial foreclosure or move for judgment in a judicial foreclosure action after 10 days from the date the certification to the association was due. If an association entitled to bring a judicial foreclosure action participates in mediation under this section, the time spent in mediation shall not be a part of the time limited for the commencement of the judicial foreclosure action.

(20) A mediator may charge reasonable fees as authorized by this subsection or as authorized by the department. Unless the fee is waived, the parties agree otherwise, or the department otherwise authorizes, a foreclosure mediator's fee may not exceed $400 for preparing, scheduling, and conducting a mediation session lasting between one hour and three hours. For a mediation session exceeding three hours, the foreclosure mediator may charge a reasonable fee, as authorized by the department. The mediator must provide an estimated fee before the mediation, and payment of the mediator's fee must be divided equally between the beneficiary and the borrower, or between the association and the unit owner. The beneficiary and the borrower, or the association and the unit owner, must tender the ((~~loan~~)) mediator's fee within 30 calendar days from receipt of the department's letter referring the parties to mediation or pursuant to the mediator's instructions.

(((~~(18)~~))) (21) For association foreclosures, the unit owner and the association shall be responsible for their own respective attorneys' fees, if any are incurred during mediation under this section. Legal representation is not required for either party participating in an association foreclosure mediation.

(22) Beginning December 1, 2012, and every year thereafter, the department shall report annually to the legislature on:

(a) The performance of the program, including the number((~~s~~)) of borrowers who are referred to mediation by a housing counselor or attorney. Beginning December 1, 2026, the report must also include the number of unit owners who are referred to mediation by a housing counselor or attorney;

(b) The results of the mediation program, including the number of mediations requested by housing counselors and attorneys, the number of certifications of good faith issued, the number of borrowers and beneficiaries who failed to mediate in good faith, and the reasons for the failure to mediate in good faith, if known, the numbers of loans restructured or modified, the change in the borrower's monthly payment for principal and interest and the number of principal write-downs and interest rate reductions, and, to the extent practical, the number of borrowers who report a default within a year of restructuring or modification. Beginning December 1, 2026, the report must also include the number of unit owners and associations who failed to mediate in good faith, and the reasons for the failure to mediate in good faith, if known, the number of debts for delinquent assessments restructured or modified, the change in the unit owner's periodic assessment payments including any reductions in late charges or interest rates, and, to the extent practical, the number of unit owners who report a delinquency within a year of restructuring or modification;

(c) The information received by housing counselors regarding outcomes of foreclosures; and

(d) Any recommendations for changes to the statutes regarding the mediation program.

(((~~(19)~~))) (23) This section does not apply to certain federally insured depository institutions, as specified in RCW 61.24.166.

(24) The department shall make information and resources regarding common interest community foreclosures and related foreclosure programs and resources publicly available online. The information shall be made available in language translations that the department provides in its other programs and when the information is requested verbally the department shall use a phone-based or other similar interpretive service. The information to be provided must include, but is not limited to, the following:

(a) The housing counseling program;

(b) The meet and confer process;

(c) The foreclosure mediation program;

(d) Language translations of the notice of delinquency for past due assessments; and

(e) Any other programs and resources that the department determines are relevant.

Sec. 4. RCW 61.24.165 and 2023 c 206 s 6 are each amended to read as follows:

(1) Except as provided in subsection (3) of this section, RCW

61.24.163 applies only to deeds of trust that are recorded against residential real property of up to four units.

(2) RCW 61.24.163 does not apply to deeds of trust:

(a) Securing a commercial loan;

(b) Securing obligations of a grantor who is not the borrower or a guarantor;

(c) Securing a purchaser's obligations under a seller-financed sale; or

(d) Where the grantor is a partnership, corporation, or limited liability company, or where the property is vested in a partnership, corporation, or limited liability company at the time the notice of default is issued.

(3) RCW 61.24.163 ((~~does not apply to association beneficiaries subject to chapter 64.32, 64.34, or 64.38 RCW~~)) also applies to associations seeking to foreclose liens or deficiencies via nonjudicial or judicial foreclosure.

(4) For purposes of referral and mediation under RCW 61.24.163, a person may be referred to mediation if the borrower or unit owner is deceased and the person is a successor in interest of the deceased borrower or unit owner. The referring counselor or attorney must determine a person's eligibility under this section and indicate the grounds for eligibility on the referral to mediation submitted to the department. For the purposes of mediation under RCW 61.24.163, the person must be treated as a "borrower" or "unit owner." This subsection does not impose an affirmative duty on the beneficiary to accept an assumption of the loan.

(5) For purposes of referral and mediation under RCW 61.24.163, a person may be referred to mediation if the person has been awarded title to the property in a proceeding for dissolution or legal separation. The referring counselor or attorney must determine the person's eligibility under this section and indicate the grounds for eligibility on the referral to mediation submitted to the department. For the purposes of mediation under RCW 61.24.163, the person must be treated as a "borrower" or "unit owner." This subsection does not impose an affirmative duty on the beneficiary to accept an assumption of the loan.

NEW SECTION. **Sec. 5.** A new section is added to chapter 61.24 RCW to read as follows:

(1) A unit owner who is or may become delinquent to an association for an assessment charged may contact a housing counselor to receive housing counseling services.

(2) Housing counselors have a duty to act in good faith to assist unit owners by:

(a) Preparing the unit owner for meetings with the association;

(b) Advising the unit owner about what documents the unit owner must have to seek a repayment plan, modification, or other resolution of an assessment charged or that may be charged in the future by the association;

(c) Informing the unit owner about the alternatives to foreclosure, including a repayment plan, modification, or other possible resolution of an assessment charged or that may be charged in the future by the association; and

(d) Providing other guidance, advice, and education as the housing counselor considers necessary.

(3) Nothing in RCW 64.90.485 or this section precludes a meeting or negotiations between the housing counselor, unit owner, and the association at any time, including after the issuance of a notice of delinquency by the association for past due assessments to the unit owner by the association.

(4) A unit owner who seeks the assistance of a housing counselor may use the assistance of an attorney at any time.

(5)(a) A housing counselor or attorney assisting a unit owner may refer the unit owner to mediation, pursuant to RCW 61.24.163.

(b) Prior to referring the unit owner to mediation, the housing counselor or attorney shall submit a written request to the association on behalf of the owner requesting that the unit owner and association meet and confer over the assessment charged.

(c) The meet and confer session should occur within 30 days of the housing counselor's or attorney's request to the association to meet and confer, or at a later date as otherwise agreed by the parties.

(d) During the meet and confer session, the participants must address the issues which led to the delinquency that may enable the unit owner and the association to reach a resolution including, but not limited to, a delinquent assessment payment plan, waiver of association imposed late fees or attorneys' fees, modification of a delinquent assessment, modification of late fees or charges associated with a delinquent assessment, or any other workout plan.

(e) The meet and confer session may be held by telephone or videoconference.

(f) For the meet and confer session, the unit owner and the association shall be responsible for their own respective attorneys' fees, if any are incurred. Legal representation is not required for either party participating in the meet and confer session.

(g) Following the meet and confer session, the housing counselor or attorney shall determine whether mediation is appropriate based on the individual circumstances.

(h) If the association refuses to participate in the meet and confer session within 30 days of the request, or otherwise fails to respond to the request within 30 days, then the unit owner may be referred to mediation pursuant to RCW 61.24.163.

(i) If the unit owner refuses to participate in the meet and confer session after it has been scheduled, then the housing counselor or attorney may not refer the matter to mediation; however, when a notice of trustee's sale has been recorded creating insufficient time to meet and confer, or where a judgment in foreclosure is pending and there is insufficient time to meet and confer, a unit owner may be referred to mediation regardless of whether the unit owner participates in a meet and confer session.

(6) During the time period between the date that the request to meet and confer is made and the date that the meet and confer session with the association is held, the association is prohibited from charging to the unit owner any attorneys' fees the association may have incurred attempting to collect the past due assessment.

(7) The referral to mediation may be made at any time after the meet and confer session occurs, after refusal to participate by the association, or after 30 days has passed since the request was made with no response from the association, but no later than 90 days prior to the date of sale listed in a notice of trustee's sale provided to the unit owner, or for a judicial foreclosure, at any time prior to the entry of a judgment in foreclosure. If an amended notice of trustee's sale is recorded after the trustee sale has been stayed pursuant to RCW 61.24.130, the unit owner may be referred to mediation no later than 25 days prior to the date of sale listed in the amended notice of trustee's sale. Nothing in this section requires a delay or prohibits the referral of a unit owner to mediation once a notice of trustee's sale has been recorded or a judicial foreclosure has been filed.

(8) Housing counselors providing assistance to unit owners under this section are not liable for civil damages resulting from any acts or omissions in providing assistance, unless the acts or omissions constitute gross negligence or willful or wanton misconduct.

(9) Housing counselors shall provide information to the department to assist the department in its annual report to the legislature as required under RCW 61.24.163(22). The information provided to the department by the housing counselors should include outcomes of foreclosures and be similar to the information requested in the national foreclosure mortgage counseling client level foreclosure outcomes report form.

Sec. 6. RCW 61.24.165 and 2024 c 321 s 413 are each amended to read as follows:

(1) Except as provided in subsection (3) of this section, RCW 61.24.163 applies only to deeds of trust that are recorded against residential real property of up to four units.

(2) RCW 61.24.163 does not apply to deeds of trust:

(a) Securing a commercial loan;

(b) Securing obligations of a grantor who is not the borrower or a guarantor;

(c) Securing a purchaser's obligations under a seller-financed sale; or

(d) Where the grantor is a partnership, corporation, or limited liability company, or where the property is vested in a partnership, corporation, or limited liability company at the time the notice of default is issued.

(3) RCW 61.24.163 ((~~does not apply to association beneficiaries subject to chapter 64.90 RCW~~)) also applies to associations seeking to foreclose liens or deficiencies via nonjudicial or judicial foreclosure.

(4) For purposes of referral and mediation under RCW 61.24.163, a person may be referred to mediation if the borrower or unit owner is deceased and the person is a successor in interest of the deceased borrower or unit owner. The referring counselor or attorney must determine a person's eligibility under this section and indicate the grounds for eligibility on the referral to mediation submitted to the department. For the purposes of mediation under RCW 61.24.163, the person must be treated as a "borrower" or "unit owner." This subsection does not impose an affirmative duty on the beneficiary to accept an assumption of the loan.

(5) For purposes of referral and mediation under RCW 61.24.163, a person may be referred to mediation if the person has been awarded title to the property in a proceeding for dissolution or legal separation. The referring counselor or attorney must determine the person's eligibility under this section and indicate the grounds for eligibility on the referral to mediation submitted to the department. For the purposes of mediation under RCW 61.24.163, the person must be treated as a "borrower" or "unit owner." This subsection does not impose an affirmative duty on the beneficiary to accept an assumption of the loan.

Sec. 7. RCW 61.24.005 and 2021 c 151 s 2 are each amended to read as follows:

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

(1) "Affiliate of beneficiary" means any entity which controls, is controlled by, or is under common control with a beneficiary.

(2) "Assessment" means all sums chargeable by the association against a unit, including any assessments levied for common expenses, fines or fees levied or imposed by the association pursuant to chapter 64.90 RCW or the governing documents, interest and late charges on any delinquent account, and all costs of collection incurred by the association in connection with the collection of a delinquent owner's account, including reasonable attorneys' fees.

(3) "Association" means an association subject to chapter 64.90 RCW.

(4) "Beneficiary" means the holder of the instrument or document evidencing the obligations secured by the deed of trust, excluding persons holding the same as security for a different obligation.

(((~~3~~))) (5) "Borrower" means a person or a general partner in a partnership, including a joint venture, that is liable for all or part of the obligations secured by the deed of trust under the instrument or other document that is the principal evidence of such obligations, or the person's successors if they are liable for those obligations under a written agreement with the beneficiary.

(((~~4~~))) (6) "Commercial loan" means a loan that is not made primarily for personal, family, or household purposes.

(((~~5~~))) (7) "Department" means the department of commerce or its designee.

(((~~6~~))) (8) "Fair value" means the value of the property encumbered by a deed of trust that is sold pursuant to a trustee's sale. This value shall be determined by the court or other appropriate adjudicator by reference to the most probable price, as of the date of the trustee's sale, which would be paid in cash or other immediately available funds, after deduction of prior liens and encumbrances with interest to the date of the trustee's sale, for which the property would sell on such date after reasonable exposure in the market under conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under duress.

(((~~7~~))) (9) "Grantor" means a person, or its successors, who executes a deed of trust to encumber the person's interest in property as security for the performance of all or part of the borrower's obligations.

(((~~8~~))) (10) "Guarantor" means any person and its successors who is not a borrower and who guarantees any of the obligations secured by a deed of trust in any written agreement other than the deed of trust.

(((~~9~~))) (11) "Housing counselor" means a housing counselor that has been approved by the United States department of housing and urban development or approved by the Washington state housing finance commission.

(((~~10~~))) (12) "Notice of delinquency" means a notice of delinquency as that phrase is used in chapter 64.90 RCW.

(13) "Owner-occupied" means property that is the principal residence of the borrower.

(((~~11~~))) (14) "Person" means any natural person, or legal or governmental entity.

(((~~12~~))) (15) "Record" and "recorded" includes the appropriate registration proceedings, in the instance of registered land.

(((~~13~~))) (16) "Residential real property" means property consisting solely of a single-family residence, a residential condominium unit, or a residential cooperative unit. For the purposes of the application of RCW 61.24.163, residential real property includes residential real property of up to four units.

(((~~14~~))) (17) "Senior beneficiary" means the beneficiary of a deed of trust that has priority over any other deeds of trust encumbering the same residential real property.

(((~~15~~))) (18) "Tenant-occupied property" means property consisting solely of residential real property that is the principal residence of a tenant subject to chapter 59.18 RCW or other building with four or fewer residential units that is the principal residence of a tenant subject to chapter 59.18 RCW.

(((~~16~~))) (19) "Trustee" means the person designated as the trustee in the deed of trust or appointed under RCW 61.24.010(2).

(((~~17~~))) (20) "Trustee's sale" means a nonjudicial sale under a deed of trust undertaken pursuant to this chapter.

(21) "Unit owner" means an owner of a unit in an association subject to chapter 64.90 RCW.

NEW SECTION. **Sec. 8.** A new section is added to chapter 61.24 RCW to read as follows:

(1) For each residential mortgage loan, as defined in RCW 31.04.015(24), originated within or outside of the state of Washington and related to property located within the state of Washington, excepting only reverse mortgage loans issued to seniors over the age of 61, a foreclosure prevention fee of $80 shall be assessed and due and payable at the time of closing by the escrow agent or other settlement or closing agent processing the loan closing into the foreclosure fairness account created in RCW 61.24.172. This foreclosure prevention fee may be financed

in the loan and paid from the loan proceeds or from any borrower cash contribution at the time of closing. The department may make policies and procedures related to the implementation, collection, remittance, and management of the fee and may enter into individualized agreements governing the efficient remittance of the fee.

(2) At or before the time that the foreclosure prevention fee is assessed under subsection (1) of this section, the escrow agent or other settlement or closing agent must provide the borrower with a notice of the foreclosure prevention fee and its purpose. The department must create a notice form that an escrow agent or other settlement or closing agent may use to satisfy this notice requirement. The notice form must include the toll-free numbers for the statewide foreclosure hotline recommended by the housing finance commission.

Sec. 9. RCW 61.24.172 and 2021 c 151 s 9 are each amended to read as follows:

The foreclosure fairness account is created in the custody of the state treasurer. All receipts received under RCW 61.24.174, as it existed prior to July 1, 2016, 61.24.173, ((~~and~~)) 61.24.190, and section 8 of this act must be deposited into the account. Only the director of the department of commerce or the director's designee may authorize expenditures from the account. Funding to agencies and organizations under this section must be provided by the department through an interagency agreement or other applicable contract instrument. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. ((~~Biennial expenditures from the account must be used as follows: Four hundred thousand dollars to fund the counselor referral hotline.~~)) The ((~~remaining~~)) funds shall be distributed as follows: (1) ((~~Sixty-nine~~)) 50 percent for the purposes of providing housing counseling activities to benefit borrowers; (2) eight percent to the office of the attorney general to be used by the consumer protection division to enforce this chapter; (3) ((~~six~~)) 16.5 percent to the office of civil legal aid to be used for the purpose of contracting with qualified legal aid programs for legal representation of homeowners in matters relating to foreclosure; (4) 15 percent to fund the foreclosure prevention hotline; (5) 0.5 percent to fund outreach; and (6) 10 percent to the department to be used for implementation and operation of the foreclosure fairness act. Funds provided under ((~~this~~)) subsection (3) of this section must be used to supplement, not supplant, other federal, state, and local funds((~~; and (4) seventeen percent to the department to be used for implementation and operation of the foreclosure fairness act~~)).

The department shall enter into interagency agreements to contract with the Washington state housing finance commission and other appropriate entities to implement the foreclosure fairness act.

NEW SECTION. **Sec. 10.** A new section is added to chapter 61.24 RCW to read as follows:

By December 31, 2025, the department shall provide a report to the appropriate committees of the legislature on the number and amounts received from the notice of default fee remitted under RCW 61.24.190 and the foreclosure prevention fee remitted under section 8 of this act into the foreclosure fairness account authorized under RCW 61.24.172 for revenue collected from July 1, 2025, through November 30, 2025, and then post such information on the department website annually thereafter.

Sec. 11. RCW 64.32.200 and 2023 c 214 s 2 are each amended to read as follows:

(1) The declaration may provide for the collection of all sums assessed by the association of apartment owners for the share of the common expenses chargeable to any apartment and the collection may be enforced in any manner provided in the declaration including, but not limited to, (a) 10 days notice shall be given the delinquent apartment owner to the effect that unless such assessment is paid within 10 days any or all utility services will be forthwith severed and shall remain severed until such assessment is paid, or (b) collection of such assessment may be made by such lawful method of enforcement, judicial or extra-judicial, as may be provided in the declaration and/or bylaws.

(2) All sums assessed by the association of apartment owners but unpaid for the share of the common expenses chargeable to any apartment shall constitute a lien on such apartment prior to all other liens except only (a) tax liens on the apartment in favor of any assessing unit and/or special district, and (b) all sums unpaid on all mortgages of record. Such lien is not subject to the ban against execution or forced sales of homesteads under RCW 6.13.080 and, subject to the provisions in subsection (5) of this section, may be foreclosed by suit by the manager or board of directors, acting on behalf of the apartment owners, in like manner as a mortgage of real property. In any such foreclosure the apartment owner shall be required to pay a reasonable rental for the apartment, if so provided in the bylaws, and the plaintiff in such foreclosures shall be entitled to the appointment of a receiver to collect the same. The manager or board of directors, acting on behalf of the apartment owners, shall have power, unless prohibited by the declaration, to bid on the apartment at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment, the period of redemption shall be eight months after the sale. Suit to recover any judgment for any unpaid common expenses shall be maintainable without foreclosing or waiving the liens securing the same.

(3) Where the mortgagee of a mortgage of record or other purchaser of an apartment obtains possession of the apartment as a result of foreclosure of the mortgage, such possessor, his or her successors and assigns shall not be liable for the share of the common expenses or assessments by the association of apartment owners chargeable to such apartment which became due prior to such possession. Such unpaid share of common expenses of assessments shall be deemed to be common expenses collectible from all of the apartment owners including such possessor, his or her successors and assigns.

(4)(a) ((~~When the association, or the manager or board of directors on its behalf, mails to the apartment owner by first-class mail the first notice of delinquency for past due assessments to the apartment address and to any other address that the owner has provided to the association, the association shall include a first preforeclosure notice that states~~)) No later than 30 days after an assessment becomes past due, an association must provide a notice of delinquency to an apartment owner by first-class mail that meets the following criteria. The notice of delinquency must:

(i) Be mailed to the apartment address and to any other address that an apartment owner has provided to the association for the transmission of notice, and by email if the apartment owner's electronic address is known to the association;

(ii) Be provided in English and any other language indicated as a preference for correspondence by an apartment owner. Translation inaccuracies shall not diminish a good faith effort to provide notice in a preferred language other than English; and

(iii) Include a first preforeclosure notice that states as follows:

THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS
FROM THE APARTMENT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.
THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING YOUR HOME.

CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW to assess your situation and refer you to mediation if you might benefit. **DO NOT DELAY**.

BE CAREFUL of people who claim they can help you. There are many individuals and businesses that prey upon borrowers in distress.

REFER TO THE CONTACTS BELOW for sources of assistance.

SEEKING ASSISTANCE

Housing counselors and legal assistance may be available at little or no cost to you. Housing counselors and attorneys may assist you in meeting and conferring with your association to resolve the past due assessments, and based on the circumstances refer you to the foreclosure mediation program. If you would like assistance in determining your rights and opportunities to keep your house, you may contact the following:

The statewide foreclosure hotline for assistance and referral to housing counselors recommended by the Housing Finance Commission

Telephone: . . . . . Website: . . . . . .

The United States Department of Housing and Urban Development

Telephone: . . . . . Website: . . . . . .

The statewide civil legal aid hotline for assistance and referrals to other housing counselors and attorneys

Telephone: . . . . . Website: . . . . . .

The association shall obtain the toll-free numbers and website information from the department of commerce for inclusion in the notice.

(b) Notwithstanding any other provisions of this chapter, until the 15th day after providing an apartment owner with a notice of delinquency that meets the requirements in (a) of this subsection, an association may not:

(i) Take any other action to collect a delinquent assessment; or

(ii) Charge an apartment owner for any costs related to the collection of the delinquent assessment except for:

(A) The actual costs of printing and mailing the notice of delinquency;

(B) An administrative fee of no more than $10 related to providing the notice of delinquency; and

(C) A single late fee of no more than $50 or five percent of the amount of the unpaid assessment which triggered the fee, whichever is less.

(c) If, when a delinquent account is referred to an association's attorney, the first preforeclosure notice required under (a) of this subsection has not yet been mailed to the apartment owner, the association or the association's attorney shall mail the first preforeclosure notice to the apartment owner in order to satisfy the requirement in (a) of this subsection.

(((~~(c)~~)) (d) Mailing the first preforeclosure notice pursuant to (a) of this subsection does not satisfy the requirement in subsection (5)(b) of this section to mail a second preforeclosure notice at or after the date that assessments have become past due for at least 90 days. The second preforeclosure notice may not be mailed sooner than 60 days after the first preforeclosure notice is mailed.

(e) The association must maintain the preforeclosure information required under this section and make it available to apartment owners in accordance with RCW 64.32.170.

(5) An association, or the manager or board of directors on its behalf, may not commence an action to foreclose a lien on an apartment under this section unless:

(a) The apartment owner, at the time the action is commenced, owes at least a sum equal to the greater of:

(i) Three months or more of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account; or

(ii) $2,000 of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account;

(b) At or after the date that assessments have become past due for at least 90 days, but no sooner than 60 days after the first preforeclosure notice required in subsection (4)(a) of this section is mailed, the association has mailed, by first-class mail, to the owner, at the apartment address and to any other address which the owner has provided to the association, a second notice of delinquency, which must include a second preforeclosure notice that contains the same information as the first preforeclosure notice provided to the apartment owner pursuant to subsection (4)(a) of this section. The second preforeclosure notice may not be mailed sooner than 60 days after the first preforeclosure notice required in subsection (4)(a) of this section is mailed;

(c) At least 90 days have elapsed from the date the minimum amount required in (a) of this subsection has accrued; ((~~and~~))

(d) If the apartment owner was referred to mediation pursuant to RCW 61.24.163, until the mediation is completed and the certification of mediation is issued or after 10 days from the date the mediator's certification was due to the association; and

(e) The board approves commencement of a foreclosure action specifically against that apartment.

(6) Every aspect of a collection, foreclosure, sale, or other conveyance under this section, including the method, advertising, time, date, place, and terms, must be commercially reasonable.

Sec. 12. RCW 64.34.364 and 2023 c 214 s 4 are each amended to read as follows:

(1) The association has a lien on a unit for any unpaid assessments levied against a unit from the time the assessment is due.

(2) A lien under this section shall be prior to all other liens and encumbrances on a unit except: (a) Liens and encumbrances recorded before the recording of the declaration; (b) a mortgage on the unit recorded before the date on which the assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the unit. A lien under this section is not subject to the provisions of chapter 6.13 RCW.

(3) Except as provided in subsections (4) and (5) of this section, the lien shall also be prior to the mortgages described in subsection (2)(b) of this section to the extent of assessments for common expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the association pursuant to RCW 64.34.360(1) which would have become due during the six months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the association or a mortgagee, the date of a trustee's sale in a nonjudicial foreclosure by a mortgagee, or the date of recording of the declaration of forfeiture in a proceeding by the vendor under a real estate contract.

(4) The priority of the association's lien against units encumbered by a mortgage held by an eligible mortgagee or by a mortgagee which has given the association a written request for a notice of delinquent assessments shall be reduced by up to three months if and to the extent that the lien priority under subsection (3) of this section includes delinquencies which relate to a period after such holder becomes an eligible mortgagee or has given such notice and before the association gives the holder a written notice of the delinquency. This subsection does not affect the priority of mechanics' or material suppliers' liens, or the priority of liens for

other assessments made by the association.

(5) If the association forecloses its lien under this section nonjudicially pursuant to chapter 61.24 RCW, as provided by subsection (9) of this section, the association shall not be entitled to the lien priority provided for under subsection (3) of this section.

(6) Unless the declaration otherwise provides, if two or more associations have liens for assessments created at any time on the same real estate, those liens have equal priority.

(7) Recording of the declaration constitutes record notice and perfection of the lien for assessments. While no further recording of any claim of lien for assessment under this section shall be required to perfect the association's lien, the association may record a notice of claim of lien for assessments under this section in the real property records of any county in which the condominium is located. Such recording shall not constitute the written notice of delinquency to a mortgagee referred to in subsection (2) of this section.

(8) A lien for unpaid assessments and the personal liability for payment of assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within three years after the amount of the assessments sought to be recovered becomes due.

(9) The lien arising under this section may be enforced judicially by the association or its authorized representative in the manner set forth in chapter 61.12 RCW. The lien arising under this section may be enforced nonjudicially in the manner set forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust if the declaration (a) contains a grant of the condominium in trust to a trustee qualified under RCW 61.24.010 to secure the obligations of the unit owners to the association for the payment of assessments, (b) contains a power of sale, (c) provides in its terms that the units are not used principally for agricultural or farming purposes, and (d) provides that the power of sale is operative in the case of a default in the obligation to pay assessments. The association or its authorized representative shall have the power, unless prohibited by the declaration, to purchase the unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this section shall prohibit an association from taking a deed in lieu of foreclosure.

(10) From the time of commencement of an action by the association to foreclose a lien for nonpayment of delinquent assessments against a unit that is not occupied by the owner thereof, the association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the unit as and when due. If the rental is not paid, the receiver may obtain possession of the unit, refurbish it for rental up to a reasonable standard for rental units in this type of condominium, rent the unit or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the unit, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent assessments. Only a receiver may take possession and collect rents under this subsection, and a receiver shall not be appointed less than 90 days after the delinquency. The exercise by the association of the foregoing rights shall not affect the priority of preexisting liens on the unit.

(11) Except as provided in subsection (3) of this section, the holder of a mortgage or other purchaser of a unit who obtains the right of possession of the unit through foreclosure shall not be liable for assessments or installments thereof that became due prior to such right of possession. Such unpaid assessments shall be deemed to be common expenses collectible from all the unit owners, including such mortgagee or other purchaser of the unit. Foreclosure of a mortgage does not relieve the prior owner of personal liability for assessments accruing against the unit prior to the date of such sale as provided in this subsection.

(12) In addition to constituting a lien on the unit, each assessment shall be the joint and several obligation of the owner or owners of the unit to which the same are assessed as of the time the assessment is due. In a voluntary conveyance, the grantee of a unit shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Suit to recover a personal judgment for any delinquent assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

(13) The association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent assessments or installments thereof. In the absence of another established nonusurious rate, delinquent assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the assessments became delinquent.

(14) The association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

(15) The association upon written request shall furnish to a unit owner or a mortgagee a statement signed by an officer or authorized agent of the association setting forth the amount of unpaid assessments against that unit. The statement shall be furnished within fifteen days after receipt of the request and is binding on the association, the board of directors, and every unit owner, unless and to the extent known by the recipient to be false.

(16) To the extent not inconsistent with this section, the declaration may provide for such additional remedies for collection of assessments as may be permitted by law.

(17)(a) ((~~When the association mails to the unit owner by first-class mail the first notice of delinquency for past due assessments to the unit address and to any other address that the owner has provided to the association, the association shall include a first preforeclosure notice that states~~)) No later than 30 days after an assessment becomes past due, an association must provide a notice of delinquency to a unit owner by first-class mail that meets the following criteria. The notice of delinquency must:

(i) Be mailed to the unit address and to any other address that a unit owner has provided to the association for the transmission of notice, and by email if the unit owner's electronic address is known to the association;

(ii) Be provided in English and any other language indicated as a preference for correspondence by a unit owner. Translation inaccuracies shall not diminish a good faith effort to provide notice in a preferred language other than English; and

(iii) Include a first preforeclosure notice that states as follows:

THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS
FROM THE UNIT OWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.
THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING YOUR HOME.

CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW to

assess your situation and refer you to mediation if you might benefit. **DO NOT DELAY**.

BE CAREFUL of people who claim they can help you. There are many individuals and businesses that prey upon borrowers in distress.

REFER TO THE CONTACTS BELOW for sources of assistance.

SEEKING ASSISTANCE

Housing counselors and legal assistance may be available at little or no cost to you. Housing counselors and attorneys may assist you in meeting and conferring with your association to resolve the past due assessments, and based on the circumstances refer you to the foreclosure mediation program. If you would like assistance in determining your rights and opportunities to keep your house, you may contact the following:

The statewide foreclosure hotline for assistance and referral to housing counselors recommended by the Housing Finance Commission

Telephone: . . . . . Website: . . . . . .

The United States Department of Housing and Urban Development

Telephone: . . . . . Website: . . . . . .

The statewide civil legal aid hotline for assistance and referrals to other housing counselors and attorneys

Telephone: . . . . . Website: . . . . . .

The association shall obtain the toll-free numbers and website information from the department of commerce for inclusion in the notice.

(b) Notwithstanding any other provisions of this chapter, until the 15th day after providing a unit owner with a notice of delinquency that meets the requirements in (a) of this subsection, an association may not:

(i) Take any other action to collect a delinquent assessment; or

(ii) Charge a unit owner for any costs related to the collection of the delinquent assessment except for:

(A) The actual costs of printing and mailing the notice of delinquency;

(B) An administrative fee of no more than $10 related to providing the notice of delinquency; and

(C) A single late fee of no more than $50 or five percent of the amount of the unpaid assessment which triggered the fee, whichever is less.

(c) If, when a delinquent account is referred to an association's attorney, the first preforeclosure notice required under (a) of this subsection has not yet been mailed to the unit owner, the association or the association's attorney shall mail the first preforeclosure notice to the unit owner in order to satisfy the requirement in (a) of this subsection.

((~~(c)~~)) (d) Mailing the first preforeclosure notice pursuant to (a) of this subsection does not satisfy the requirement in subsection (18)(b) of this section to mail a second preforeclosure notice at or after the date that assessments have become past due for at least 90 days. The second preforeclosure notice may not be mailed sooner than 60 days after the first preforeclosure notice is mailed.

(e) The association must maintain the preforeclosure information required under this section and make it available to unit owners in accordance with RCW 64.34.372.

(18) An association may not commence an action to foreclose a lien on a unit under this section unless:

(a) The unit owner, at the time the action is commenced, owes at least a sum equal to the greater of:

(i) Three months or more of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account; or

(ii) $2,000 of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account;

(b) At or after the date that assessments have become past due for at least 90 days, but no sooner than 60 days after the first preforeclosure notice required in subsection (17)(a) of this section is mailed, the association has mailed, by first-class mail, to the owner, at the unit address and to any other address which the owner has provided to the association, a second notice of delinquency, which must include a second preforeclosure notice that contains the same information as the first preforeclosure notice provided to the unit owner pursuant to subsection (17)(a) of this section. The second preforeclosure notice may not be mailed sooner than 60 days after the first preforeclosure notice required in subsection (17)(a) of this section is mailed;

(c) At least 90 days have elapsed from the date the minimum amount required in (a) of this subsection has accrued; ((~~and~~))

(d) If the unit owner has been referred to mediation pursuant to RCW 61.24.163, until the mediation is completed and the certification of mediation is issued or after 10 days from the date the mediator's certification was due to the association; and

(e) The board approves commencement of a foreclosure action specifically against that unit.

(19) Every aspect of a collection, foreclosure, sale, or other conveyance under this section, including the method, advertising, time, date, place, and terms, must be commercially reasonable.

Sec. 13. RCW 64.38.100 and 2023 c 214 s 6 are each amended to read as follows:

(1)(a) If the governing documents of an association provide for a lien on the lot of any owner for unpaid assessments, ((~~the association shall include the following first preforeclosure notice when mailing to the lot owner by first-class mail the first notice of delinquency to the lot address and to any other address that the owner has provided to the association~~)) no later than 30 days after an assessment becomes past due, an association must provide a notice of delinquency to a lot owner by first-class mail that meets the following criteria. The notice of delinquency must:

(i) Be mailed to the lot address and to any other address that a lot owner has provided to the association for the transmission of notice, and by email if the lot owner's electronic address is known to the association;

(ii) Be provided in English and any other language indicated as a preference for correspondence by a lot owner. Translation inaccuracies shall not diminish a good faith effort to provide notice in a preferred language other than English; and

(iii) Include a first preforeclosure notice that states as follows:

THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS
FROM THE HOMEOWNERS' ASSOCIATION TO WHICH YOUR HOME BELONGS.
THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING YOUR HOME.

CONTACT A HOUSING COUNSELOR OR AN ATTORNEY LICENSED IN WASHINGTON NOW to assess your situation and refer you to mediation if you might benefit. **DO NOT DELAY**.

BE CAREFUL of people who claim they can help you. There are many individuals and businesses that prey upon borrowers in distress.

REFER TO THE CONTACTS BELOW for sources of assistance.

SEEKING ASSISTANCE

Housing counselors and legal assistance may be available at little or no cost to you. Housing counselors and attorneys may assist you in meeting and conferring with your association to resolve the past due assessments, and based on the circumstances refer you to the foreclosure mediation program. If you would like assistance in determining your rights and opportunities to keep your house, you may contact the following:

The statewide foreclosure hotline for assistance and referral to housing counselors recommended by the Housing Finance Commission

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Telephone: . . . . . Website: . . . . . .

The association shall obtain the toll-free numbers and website information from the department of commerce for inclusion in the notice.

(b) Notwithstanding any other provisions of this chapter, until the 15th day after providing a lot owner with a notice of delinquency that meets the requirements in (a) of this subsection, an association may not:

(i) Take any other action to collect a delinquent assessment; or

(ii) Charge a lot owner for any costs related to the collection of the delinquent assessment except for:

(A) The actual costs of printing and mailing the notice of delinquency;

(B) An administrative fee of no more than $10 related to providing the notice of delinquency; and

(C) A single late fee of no more than $50 or five percent of the amount of the unpaid assessment which triggered the fee, whichever is less.

(c) If, when a delinquent account is referred to an association's attorney, the first preforeclosure notice required under (a) of this subsection has not yet been mailed to the lot owner, the association or the association's attorney shall mail the first preforeclosure notice to the lot owner in order to satisfy the requirement in (a) of this subsection.

((~~(c)~~)) (d) Mailing the first preforeclosure notice pursuant to (a) of this subsection does not satisfy the requirement in subsection (2)(b) of this section to mail a second preforeclosure notice at or after the date that assessments have become past due for at least 90 days. The second preforeclosure notice may not be mailed sooner than 60 days after the first preforeclosure notice is mailed.

(e) The association must maintain the preforeclosure information required under this section and make it available to lot owners in accordance with RCW 64.38.045.

(2) If the governing documents of an association provide for a lien on the lot of any owner for unpaid assessments, the association may not commence an action to foreclose the lien unless:

(a) The lot owner, at the time the action is commenced, owes at least a sum equal to the greater of:

(i) Three months or more of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account; or

(ii) $2,000 of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account;

(b) At or after the date that assessments have become past due for at least 90 days, but no sooner than 60 days after the first preforeclosure notice required in subsection (1)(a) of this section is mailed, the association has mailed, by first-class mail, to the owner, at the lot address and to any other address which the owner has provided to the association, a second notice of delinquency, which must include a second preforeclosure notice that contains the same information as the first preforeclosure notice provided to the lot owner pursuant to subsection (1)(a) of this section. The second preforeclosure notice may not be mailed sooner than 60 days after the first preforeclosure notice required in subsection (1)(a) of this section is mailed;

(c) At least 90 days have elapsed from the date the minimum amount required in (a) of this subsection has accrued; ((~~and~~))

(d) If the lot owner was referred to mediation pursuant to RCW 61.24.163, until the mediation is completed and the certification of mediation is issued or after 10 days from the date the mediator's certification was due to the association;

(e) The board approves commencement of a foreclosure action specifically against that lot.

(3) Every aspect of a collection, foreclosure, sale, or other conveyance under this section, including the method, advertising, time, date, place, and terms, must be commercially reasonable.

Sec. 14. RCW 64.90.485 and 2024 c 321 s 319 are each amended to read as follows:

(1) The association has a statutory lien on each unit for any unpaid assessment against the unit from the time such assessment is due.

(2) A lien under this section has priority over all other liens and encumbrances on a unit except:

(a) Liens and encumbrances recorded before the recordation of the declaration and, in a cooperative, liens and encumbrances that the association creates, assumes, or takes subject to;

(b) Except as otherwise provided in subsection (3) of this section, a security interest on the unit recorded before the date on which the unpaid assessment became due or, in a cooperative, a security interest encumbering only the unit owner's interest and perfected before the date on which the unpaid assessment became due; and

(c) Liens for real estate taxes and other state or local governmental assessments or charges against the unit or cooperative.

(3)(a) A lien under this section also has priority over the security interests described in subsection (2)(b) of this section to the extent of an amount equal to the following:

(i) The common expense assessments, excluding any amounts for capital improvements, based on the periodic budget adopted by the association pursuant to RCW 64.90.480(1), along with any specially allocated assessments that are properly assessable against the unit under such periodic budget, which would have become due in the absence of acceleration during the six months immediately preceding the institution of proceedings to foreclose either the association's lien or a security interest described in subsection (2)(b) of this section;

(ii) The association's actual costs and reasonable attorneys' fees incurred in foreclosing its lien but incurred after the giving of the notice described in (a)(iii) of this subsection; provided, however, that the costs and reasonable attorneys' fees that will have priority under this subsection (3)(a)(ii) shall not exceed $2,000 or an amount equal to the amounts described in (a)(i) of this subsection, whichever is less;

(iii) The amounts described in (a)(ii) of this subsection shall be prior only to the security interest of the holder of a security interest on the unit recorded before the date on which the unpaid assessment became due and only if the association has given that holder not less than 60 days' prior written notice that the owner of the unit is in default in payment of an assessment. The notice shall contain:

(A) Name of the borrower;

(B) Recording date of the trust deed or mortgage;

(C) Recording information;

(D) Name of condominium, unit owner, and unit designation stated in the declaration or applicable supplemental declaration;

(E) Amount of unpaid assessment; and

(F) A statement that failure to, within 60 days of the written notice, submit the association payment of six months of assessments as described in (a)(i) of this subsection will result in the priority of the amounts described in (a)(ii) of this subsection; and

(iv) Upon payment of the amounts described in (a)(i) and (ii) of this subsection by the holder of a security interest, the association's lien described in this subsection (3)(a) shall thereafter be fully subordinated to the lien of such holder's security interest on the unit.

(b) For the purposes of this subsection:

(i) "Institution of proceedings" means either:

(A) The date of recording of a notice of trustee's sale by a deed of trust beneficiary;

(B) The date of commencement, pursuant to applicable court rules, of an action for judicial foreclosure either by the association or by the holder of a recorded security interest; or

(C) The date of recording of a notice of intention to forfeit in a real estate contract forfeiture proceeding by the vendor under a real estate contract.

(ii) "Capital improvements" does not include making, in the ordinary course of management, repairs to common elements or replacements of the common elements with substantially similar items, subject to: (A) Availability of materials and products, (B) prevailing law, or (C) sound engineering and construction standards then prevailing.

(c) The adoption of a periodic budget that purports to allocate to a unit any fines, late charges, interest, attorneys' fees and costs incurred for services unrelated to the foreclosure of the association's lien, other collection charges, or specially allocated assessments assessed under RCW 64.90.480 (6) or (7) does not cause any such items to be included in the priority amount affecting such unit.

(4) Subsections (2) and (3) of this section do not affect the priority of mechanics' or material suppliers' liens to the extent that law of this state other than chapter 277, Laws of 2018 gives priority to such liens, or the priority of liens for other assessments made by the association.

(5) A lien under this section is not subject to chapter 6.13 RCW.

(6) If the association forecloses its lien under this section nonjudicially pursuant to chapter 61.24 RCW, as provided under subsection (13) of this section, the association is not entitled to the lien priority provided for under subsection (3) of this section, and is subject to the limitations on deficiency judgments as provided in chapter 61.24 RCW.

(7) Unless the declaration provides otherwise, if two or more associations have liens for assessments created at any time on the same property, those liens have equal priority as to each other, and any foreclosure of one such lien shall not affect the lien of the other.

(8) Recording of the declaration constitutes record notice and perfection of the statutory lien created under this section. Further notice or recordation of any claim of lien for assessment under this section is not required, but is not prohibited.

(9) A lien for unpaid assessments and the personal liability for payment of those assessments are extinguished unless proceedings to enforce the lien or collect the debt are instituted within six years after the full amount of the assessments sought to be recovered becomes due.

(10) This section does not prohibit actions against unit owners to recover sums for which subsection (1) of this section creates a lien or prohibit an association from taking a deed in lieu of foreclosure.

(11) The association upon written request must furnish to a unit owner or a mortgagee a statement signed by an officer or authorized agent of the association setting forth the amount of unpaid assessments or the priority amount against that unit, or both. The statement must be furnished within 15 days after receipt of the request and is binding on the association, the board, and every unit owner unless, and to the extent, known by the recipient to be false. The liability of a recipient who reasonably relies upon the statement must not exceed the amount set forth in any statement furnished pursuant to this section or RCW 64.90.640(1)(b).

(12) In a cooperative, upon nonpayment of an assessment on a unit, the unit owner may be evicted in the same manner as provided by law in the case of an unlawful holdover by a commercial tenant, and the lien may be foreclosed as provided under this section.

(13) The association's lien may be foreclosed in accordance with (a) and (b) of this subsection.

(a) In a common interest community other than a cooperative, the association's lien may be foreclosed judicially in accordance with chapter 61.12 RCW, subject to any rights of redemption under chapter 6.23 RCW.

(b) The lien may be enforced nonjudicially in the manner set forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust if the declaration: Contains a grant of the common interest community in trust to a trustee qualified under RCW 61.24.010 to secure the obligations of the unit owners to the association for the payment of assessments, contains a power of sale, provides in its terms that the units are not used principally for agricultural purposes, and provides that the power of sale is operative in the case of a default in the obligation to pay assessments. The association or its authorized representative may purchase the unit at the foreclosure sale and acquire, hold, lease, mortgage, or convey the unit. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption is eight months.

(c) In a cooperative in which the unit owners' interests in the units are real estate, the association's lien must be foreclosed in like manner as a mortgage on real estate or by power of sale under (b) of this subsection.

(d) In a cooperative in which the unit owners' interests in the units are personal property, the association's lien must be foreclosed in like manner as a security interest under chapter 62A.9A RCW.

(e) No member of the association's board, or their immediate family members or affiliates, are eligible to bid for or purchase, directly or indirectly, any interest in a unit at a foreclosure of the association's lien. For the purposes of this subsection, "immediate family member" includes spouses, domestic partners, children, siblings, parents, parents-in-law, and stepfamily members; and "affiliate" of a board member includes any person controlled by the board member, including any entity in which the board member is a general partner, managing member, majority member, officer, or director. Nothing in this subsection prohibits an association from bidding for or purchasing interest in a unit at a foreclosure of the association's lien.

(14) If the unit owner's interest in a unit in a cooperative is real estate, the following requirements apply:

(a) The association, upon nonpayment of assessments and compliance with this subsection, may sell that unit at a public sale or by private negotiation, and at any time and place. The association must give to the unit owner and any lessee of the unit owner reasonable notice in a record of the time, date, and place of

any public sale or, if a private sale is intended, of the intention of entering into a contract to sell and of the time and date after which a private conveyance may be made. Such notice must also be sent to any other person that has a recorded interest in the unit that would be cut off by the sale, but only if the recorded interest was on record seven weeks before the date specified in the notice as the date of any public sale or seven weeks before the date specified in the notice as the date after which a private sale may be made. The notices required under this subsection may be sent to any address reasonable in the circumstances. A sale may not be held until five weeks after the sending of the notice. The association may buy at any public sale and, if the sale is conducted by a fiduciary or other person not related to the association, at a private sale.

(b) Unless otherwise agreed to or as stated in this section, the unit owner is liable for any deficiency in a foreclosure sale.

(c) The proceeds of a foreclosure sale must be applied in the following order:

(i) The reasonable expenses of sale;

(ii) The reasonable expenses of securing possession before sale; the reasonable expenses of holding, maintaining, and preparing the unit for sale, including payment of taxes and other governmental charges and premiums on insurance; and, to the extent provided for by agreement between the association and the unit owner, reasonable attorneys' fees, costs, and other legal expenses incurred by the association;

(iii) Satisfaction of the association's lien;

(iv) Satisfaction in the order of priority of any subordinate claim of record; and

(v) Remittance of any excess to the unit owner.

(d) A good-faith purchaser for value acquires the unit free of the association's debt that gave rise to the lien under which the foreclosure sale occurred and any subordinate interest, even though the association or other person conducting the sale failed to comply with this section. The person conducting the sale must execute a conveyance to the purchaser sufficient to convey the unit and stating that it is executed by the person after a foreclosure of the association's lien by power of sale and that the person was empowered to make the sale. Signature and title or authority of the person signing the conveyance as grantor and a recital of the facts of nonpayment of the assessment and of the giving of the notices required under this subsection are sufficient proof of the facts recited and of the authority to sign. Further proof of authority is not required even though the association is named as grantee in the conveyance.

(e) At any time before the association has conveyed a unit in a cooperative or entered into a contract for its conveyance under the power of sale, the unit owners or the holder of any subordinate security interest may cure the unit owner's default and prevent sale or other conveyance by tendering the performance due under the security agreement, including any amounts due because of exercise of a right to accelerate, plus the reasonable expenses of proceeding to foreclosure incurred to the time of tender, including reasonable attorneys' fees and costs of the creditor.

(15) In an action by an association to collect assessments or to foreclose a lien on a unit under this section, the court may appoint a receiver to collect all sums alleged to be due and owing to a unit owner before commencement or during pendency of the action. The receivership is governed under chapter 7.60 RCW. During pendency of the action, the court may order the receiver to pay sums held by the receiver to the association for any assessments against the unit. The exercise of rights under this subsection by the association does not affect the priority of preexisting liens on the unit.

(16) Except as provided in subsection (3) of this section, the holder of a mortgage or other purchaser of a unit who obtains the right of possession of the unit through foreclosure is not liable for assessments or installments of assessments that became due prior to such right of possession. Such unpaid assessments are deemed to be common expenses collectible from all the unit owners, including such mortgagee or other purchaser of the unit. Foreclosure of a mortgage does not relieve the prior unit owner of personal liability for assessments accruing against the unit prior to the date of such sale as provided in this subsection.

(17) In addition to constituting a lien on the unit, each assessment is the joint and several obligation of the unit owner of the unit to which the same are assessed as of the time the assessment is due. A unit owner may not exempt himself or herself from liability for assessments. In a voluntary conveyance other than by foreclosure, the grantee of a unit is jointly and severally liable with the grantor for all unpaid assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee. Suit to recover a personal judgment for any delinquent assessment is maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

(18) The association may from time to time establish reasonable late charges and a rate of interest to be charged, not to exceed the maximum rate calculated under RCW 19.52.020, on all subsequent delinquent assessments or installments of assessments. If the association does not establish such a rate, delinquent assessments bear interest from the date of delinquency at the maximum rate calculated under RCW 19.52.020 on the date on which the assessments became delinquent.

(19) The association is entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent assessments, whether or not such collection activities result in a suit being commenced or prosecuted to judgment. The prevailing party is also entitled to recover costs and reasonable attorneys' fees in such suits, including any appeals, if it prevails on appeal and in the enforcement of a judgment.

(20) To the extent not inconsistent with this section, the declaration may provide for such additional remedies for collection of assessments as may be permitted by law.

(21)(a) ((~~When the association mails to the unit owner by first-class mail the first notice of delinquency for past due assessments to the unit address and to any other address that the owner has provided to the association, the association shall include a first preforeclosure notice that states~~)) No later than 30 days after an assessment becomes past due, an association must provide a notice of delinquency to a unit owner by first-class mail that meets the following criteria. The notice of delinquency must:

(i) Be mailed to the unit address and to any other address that a unit owner has provided to the association for the transmission of notice, and by email if the unit owner's electronic address is known to the association;

(ii) Be provided in English and any other language indicated as a preference for correspondence by a unit owner. Translation inaccuracies shall not diminish a good faith effort to provide notice in a preferred language other than English; and

(iii) Include a first preforeclosure notice that states as follows:

THIS IS A NOTICE OF DELINQUENCY FOR PAST DUE ASSESSMENTS
FROM THE UNIT OWNERS ASSOCIATION TO WHICH YOUR HOME BELONGS.
THIS NOTICE IS ONE STEP IN A PROCESS THAT COULD RESULT IN YOUR LOSING YOUR HOME.

CONTACT A HOUSING COUNSELOR OR AN

ATTORNEY LICENSED IN WASHINGTON NOW to assess your situation and refer you to mediation if you might benefit. **DO NOT DELAY**.

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Housing counselors and legal assistance may be available at little or no cost to you. Housing counselors and attorneys may assist you in meeting and conferring with your association to resolve the past due assessments, and based on the circumstances refer you to the foreclosure mediation program. If you would like assistance in determining your rights and opportunities to keep your house, you may contact the following:

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Telephone: . . . . . Website: . . . . . .

The association shall obtain the toll-free numbers and website information from the department of commerce for inclusion in the notice.

(b) Notwithstanding any other provisions of this chapter, until the 15th day after providing a unit owner with a notice of delinquency that meets the requirements in (a) of this subsection, an association may not:

(i) Take any other action to collect a delinquent assessment; or

(ii) Charge a unit owner for any costs related to the collection of the delinquent assessment except for:

(A) The actual costs of printing and mailing the notice of delinquency;

(B) An administrative fee of no more than $10 related to providing the notice of delinquency; and

(C) A single late fee of no more than $50 or five percent of the amount of the unpaid assessment which triggered the fee, whichever is less.

(c) If, when a delinquent account is referred to an association's attorney, the first preforeclosure notice required under (a) of this subsection has not yet been mailed to the unit owner, the association or the association's attorney shall mail the first preforeclosure notice to the unit owner in order to satisfy the requirement in (a) of this subsection.

(((~~(c)~~)) (d) Mailing the first preforeclosure notice pursuant to (a) of this subsection does not satisfy the requirement in subsection (22)(b) of this section to mail a second preforeclosure notice at or after the date that assessments have become past due for at least 90 days. The second preforeclosure notice may not be mailed sooner than 60 days after the first preforeclosure notice is mailed.

(e) The association must maintain the preforeclosure information required under this section and make it available to unit owners in accordance with RCW 64.90.495.

(22) An association may not commence an action to foreclose a lien on a unit under this section unless:

(a) The unit owner, at the time the action is commenced, owes at least a sum equal to the greater of:

(i) Three months or more of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account; or

(ii) $2,000 of assessments, not including fines, late charges, interest, attorneys' fees, or costs incurred by the association in connection with the collection of a delinquent owner's account;

(b) At or after the date that assessments have become past due for at least 90 days, but no sooner than 60 days after the first preforeclosure notice required in subsection (21)(a) of this section is mailed, the association has mailed, by first-class mail, to the owner, at the unit address and to any other address which the owner has provided to the association, a second notice of delinquency, which must include a second preforeclosure notice that contains the same information as the first preforeclosure notice provided to the owner pursuant to subsection (21)(a) of this section. The second preforeclosure notice may not be mailed sooner than 60 days after the first preforeclosure notice required in subsection (21)(a) of this section is mailed;

(c) At least 90 days have elapsed from the date the minimum amount required in (a) of this subsection has accrued; ((~~and~~))

(d) If the unit owner was referred to mediation pursuant to RCW 61.24.163, until the mediation is completed and the certification of mediation is issued or after 10 days from the date the mediator's certification was due to the association; and

(e) The board approves commencement of a foreclosure action specifically against that unit.

(23) Every aspect of a collection, foreclosure, sale, or other conveyance under this section, including the method, advertising, time, date, place, and terms, must be commercially reasonable.

Sec. 15. RCW 64.32.170 and 2023 c 409 s 1 are each amended to read as follows:

(1) An association of apartment owners must retain the following:

(a) The current budget, detailed records of receipts and expenditures affecting the operation and administration of the association, and other appropriate accounting records within the last seven years;

(b) Minutes of all meetings of its apartment owners and board other than executive sessions, a record of all actions taken by the apartment owners or board without a meeting, and a record of all actions taken by a committee in place of the board on behalf of the association;

(c) The names of current apartment owners, addresses used by the association to communicate with them, and the number of votes allocated to each apartment;

(d) Its original or restated declaration, organizational documents, all amendments to the declaration and organizational documents, and all rules currently in effect;

(e) All financial statements and tax returns of the association for the past seven years;

(f) A list of the names and addresses of its current board members and officers;

(g) Its most recent annual report delivered to the secretary of state, if any;

(h) Copies of contracts to which it is or was a party within the last seven years;

(i) Materials relied upon by the board or any committee to approve or deny any requests for design or architectural approval for a period of seven years after the decision is made;

(j) Materials relied upon by the board or any committee concerning a decision to enforce the governing documents for a period of seven years after the decision is made;

(k) Copies of insurance policies under which the association is a named insured;

(l) Any current warranties provided to the association;

(m) Copies of all notices provided to apartment owners or the

association in accordance with this chapter or the governing documents; ((~~and~~))

(n) Ballots, proxies, absentee ballots, and other records related to voting by apartment owners for one year after the election, action, or vote to which they relate; and

(o) The preforeclosure information required by RCW 64.32.200(4).

(2)(a) Subject to subsections (3) through (5) of this section, and except as provided in (b) of this subsection, all records required to be retained by an association of apartment owners must be made available for examination and copying by all apartment owners, holders of mortgages on the apartments, and their respective authorized agents as follows, unless agreed otherwise:

(i) During reasonable business hours or at a mutually convenient time and location; and

(ii) At the offices of the association or its managing agent.

(b) The list of apartment owners required to be retained by an association under subsection (1)(c) of this section is not required to be made available for examination and copying by holders of mortgages on the apartments.

(3) Records retained by an association of apartment owners must have the following information redacted or otherwise removed prior to disclosure:

(a) Personnel and medical records relating to specific individuals;

(b) Contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated;

(c) Existing or potential litigation or mediation, arbitration, or administrative proceedings;

(d) Existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the governing documents;

(e) Legal advice or communications that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including communications with the managing agent or other agent of the association;

(f) Information the disclosure of which would violate a court order or law;

(g) Records of an executive session of the board;

(h) Individual apartment files other than those of the requesting apartment owner;

(i) Unlisted telephone number or electronic address of any apartment owner or resident;

(j) Security access information provided to the association for emergency purposes; or

(k) Agreements that for good cause prohibit disclosure to the members.

(4) In addition to the requirements in subsection (3) of this section, an association of apartment owners must, prior to disclosure of the list of apartment owners required to be retained by an association under subsection (1)(c) of this section, redact or otherwise remove the address of any apartment owner or resident who is known to the association to be a participant in the address confidentiality program described in chapter 40.24 RCW or any similar program established by law.

(5)(a) Except as provided in (b) and (c) of this subsection, an association of apartment owners may charge a reasonable fee for producing and providing copies of any records under this section and for supervising the apartment owner's inspection.

(b) An apartment owner is entitled to receive a free annual electronic or paper copy of the list retained under subsection (1)(c) of this section from the association.

(c) An apartment owner is entitled to receive a free electronic or paper copy of the preforeclosure information retained under subsection (1)(o) of this section from the association which must be provided in English and any other language indicated as a preference for correspondence by an apartment owner. Translation inaccuracies shall not diminish a good faith effort to provide preforeclosure information in a preferred language other than English.

(6) A right to copy records under this section includes the right to receive copies by photocopying or other means, including through an electronic transmission if available upon request by the apartment owner.

(7) An association of apartment owners is not obligated to compile or synthesize information.

(8) Information provided pursuant to this section may not be used for commercial purposes.

(9) An association of apartment owners' managing agent must deliver all of the association's original books and records to the association immediately upon termination of its management relationship with the association, or upon such other demand as is made by the board. An association managing agent may keep copies of the association records at its own expense.

(10) All books and records shall be kept in accordance with good accounting procedures and be audited at least once a year by an auditor outside of the organization.

(11) This section applies to records in the possession of the association on July 23, 2023, and to records created or maintained after July 23, 2023. An association has no liability under this section for records disposed of prior to July 23, 2023.

Sec. 16. RCW 64.34.372 and 2023 c 409 s 2 are each amended to read as follows:

(1) The association shall keep financial records sufficiently detailed to enable the association to comply with RCW 64.34.425. All financial and other records of the association, including but not limited to checks, bank records, and invoices, are the property of the association. At least annually, the association shall prepare, or cause to be prepared, a financial statement of the association in accordance with generally accepted accounting principles. The financial statements of condominiums consisting of 50 or more units shall be audited at least annually by a certified public accountant. In the case of a condominium consisting of fewer than 50 units, an annual audit is also required but may be waived annually by unit owners other than the declarant of units to which 60 percent of the votes are allocated, excluding the votes allocated to units owned by the declarant.

(2) The funds of an association shall be kept in accounts in the name of the association and shall not be commingled with the funds of any other association, nor with the funds of any manager of the association or any other person responsible for the custody of such funds. Any reserve funds of an association shall be kept in a segregated account and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two persons who are officers or directors of the association.

(3) An association must retain the following:

(a) The current budget, detailed records of receipts and expenditures affecting the operation and administration of the association, and other appropriate accounting records within the last seven years;

(b) Minutes of all meetings of its unit owners and board other than executive sessions, a record of all actions taken by the unit owners or board without a meeting, and a record of all actions taken by a committee in place of the board on behalf of the association;

(c) The names of current unit owners, addresses used by the association to communicate with them, and the number of votes allocated to each unit;

(d) Its original or restated declaration, organizational documents, all amendments to the declaration and organizational documents, and all rules currently in effect;

(e) All financial statements and tax returns of the association for the past seven years;

(f) A list of the names and addresses of its current board members and officers;

(g) Its most recent annual report delivered to the secretary of state, if any;

(h) Copies of contracts to which it is or was a party within the last seven years;

(i) Materials relied upon by the board or any committee to approve or deny any requests for design or architectural approval for a period of seven years after the decision is made;

(j) Materials relied upon by the board or any committee concerning a decision to enforce the governing documents for a period of seven years after the decision is made;

(k) Copies of insurance policies under which the association is a named insured;

(l) Any current warranties provided to the association;

(m) Copies of all notices provided to unit owners or the association in accordance with this chapter or the governing documents; ((~~and~~))

(n) Ballots, proxies, absentee ballots, and other records related to voting by unit owners for one year after the election, action, or vote to which they relate; and

(o) The preforeclosure information required by RCW 64.34.364(17).

(4)(a) Subject to subsections (5) through (7) of this section, and except as provided in (b) of this subsection, all records required to be retained by an association must be made available for examination and copying by all unit owners, holders of mortgages on the units, and their respective authorized agents as follows, unless agreed otherwise:

(i) During reasonable business hours or at a mutually convenient time and location; and

(ii) At the offices of the association or its managing agent.

(b) The list of unit owners required to be retained by an association under subsection (3)(c) of this section is not required to be made available for examination and copying by holders of mortgages on the units.

(5) Records retained by an association must have the following information redacted or otherwise removed prior to disclosure:

(a) Personnel and medical records relating to specific individuals;

(b) Contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated;

(c) Existing or potential litigation or mediation, arbitration, or administrative proceedings;

(d) Existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the governing documents;

(e) Legal advice or communications that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including communications with the managing agent or other agent of the association;

(f) Information the disclosure of which would violate a court order or law;

(g) Records of an executive session of the board;

(h) Individual unit files other than those of the requesting unit owner;

(i) Unlisted telephone number or electronic address of any unit owner or resident;

(j) Security access information provided to the association for emergency purposes; or

(k) Agreements that for good cause prohibit disclosure to the members.

(6) In addition to the requirements in subsection (5) of this section, an association must, prior to disclosure of the list of unit owners required to be retained by an association under subsection (3)(c) of this section, redact or otherwise remove the address of any unit owner or resident who is known to the association to be a participant in the address confidentiality program described in chapter 40.24 RCW or any similar program established by law.

(7)(a) Except as provided in (b) and (c) of this subsection, an association may charge a reasonable fee for producing and providing copies of any records under this section and for supervising the unit owner's inspection.

(b) A unit owner is entitled to receive a free annual electronic or paper copy of the list retained under subsection (3)(c) of this section from the association.

(c) A unit owner is entitled to receive a free electronic or paper copy of the preforeclosure information retained under subsection (3)(o) of this section from the association which must be provided in English and any other language indicated as a preference for correspondence by a unit owner. Translation inaccuracies shall not diminish a good faith effort to provide preforeclosure information in a preferred language other than English.

(8) A right to copy records under this section includes the right to receive copies by photocopying or other means, including through an electronic transmission if available upon request by the unit owner.

(9) An association is not obligated to compile or synthesize information.

(10) Information provided pursuant to this section may not be used for commercial purposes.

(11) An association's managing agent must deliver all of the association's original books and records to the association immediately upon termination of its management relationship with the association, or upon such other demand as is made by the board. An association managing agent may keep copies of the association records at its own expense.

(12) This section applies to records in the possession of the association on July 23, 2023, and to records created or maintained after July 23, 2023. An association has no liability under this section for records disposed of prior to July 23, 2023.

Sec. 17. RCW 64.38.045 and 2023 c 409 s 3 are each amended to read as follows:

(1) The association or its managing agent shall keep financial and other records sufficiently detailed to enable the association to fully declare to each owner the true statement of its financial status. All financial and other records of the association, including but not limited to checks, bank records, and invoices, in whatever form they are kept, are the property of the association. Each association managing agent shall turn over all original books and records to the association immediately upon termination of the management relationship with the association, or upon such other demand as is made by the board of directors. An association managing agent is entitled to keep copies of association records. All records which the managing agent has turned over to the association shall be made reasonably available for the examination and copying by the managing agent.

(2) At least annually, the association shall prepare, or cause to be prepared, a financial statement of the association. The financial statements of associations with annual assessments of $50,000 or more shall be audited at least annually by an independent certified public accountant, but the audit may be waived if 67 percent of the votes cast by owners, in person or by proxy, at a meeting of the association at which a quorum is present, vote each year to waive the audit.

(3) The funds of the association shall be kept in accounts in the name of the association and shall not be commingled with the

funds of any other association, nor with the funds of any manager of the association or any other person responsible for the custody of such funds.

(4) An association must retain the following:

(a) The current budget, detailed records of receipts and expenditures affecting the operation and administration of the association, and other appropriate accounting records within the last seven years;

(b) Minutes of all meetings of its owners and board other than executive sessions, a record of all actions taken by the owners or board without a meeting, and a record of all actions taken by a committee in place of the board on behalf of the association;

(c) The names of current owners, addresses used by the association to communicate with them, and the number of votes allocated to each lot;

(d) Its original or restated declaration, organizational documents, all amendments to the declaration and organizational documents, and all rules currently in effect;

(e) All financial statements and tax returns of the association for the past seven years;

(f) A list of the names and addresses of its current board members and officers;

(g) Its most recent annual report delivered to the secretary of state, if any;

(h) Copies of contracts to which it is or was a party within the last seven years;

(i) Materials relied upon by the board or any committee to approve or deny any requests for design or architectural approval for a period of seven years after the decision is made;

(j) Materials relied upon by the board or any committee concerning a decision to enforce the governing documents for a period of seven years after the decision is made;

(k) Copies of insurance policies under which the association is a named insured;

(l) Any current warranties provided to the association;

(m) Copies of all notices provided to owners or the association in accordance with this chapter or the governing documents; ((~~and~~))

(n) Ballots, proxies, absentee ballots, and other records related to voting by owners for one year after the election, action, or vote to which they relate; and

(o) The preforeclosure information required by RCW 64.38.100(1).

(5)(a) Subject to subsections (6) through (8) of this section, and except as provided in (b) of this subsection, all records required to be retained by an association must be made available for examination and copying by all owners, holders of mortgages on the lots, and their respective authorized agents as follows, unless agreed otherwise:

(i) During reasonable business hours or at a mutually convenient time and location; and

(ii) At the offices of the association or its managing agent.

(b) The list of owners required to be retained by an association under subsection (4)(c) of this section is not required to be made available for examination and copying by holders of mortgages on the lots.

(6) Records retained by an association must have the following information redacted or otherwise removed prior to disclosure:

(a) Personnel and medical records relating to specific individuals;

(b) Contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated;

(c) Existing or potential litigation or mediation, arbitration, or administrative proceedings;

(d) Existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the governing documents;

(e) Legal advice or communications that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including communications with the managing agent or other agent of the association;

(f) Information the disclosure of which would violate a court order or law;

(g) Records of an executive session of the board;

(h) Individual lot files other than those of the requesting owner;

(i) Unlisted telephone number or electronic address of any owner or resident;

(j) Security access information provided to the association for emergency purposes; or

(k) Agreements that for good cause prohibit disclosure to the members.

(7) In addition to the requirements in subsection (6) of this section, an association must, prior to disclosure of the list of owners required to be retained by an association under subsection (4)(c) of this section, redact or otherwise remove the address of any owner or resident who is known to the association to be a participant in the address confidentiality program described in chapter 40.24 RCW or any similar program established by law.

(8)(a) Except as provided in (b) and (c) of this subsection, an association may charge a reasonable fee for producing and providing copies of any records under this section and for supervising the owner's inspection.

(b) An owner is entitled to receive a free annual electronic or paper copy of the list retained under subsection (4)(c) of this section from the association.

(c) An owner is entitled to receive a free electronic or paper copy of the preforeclosure information retained under subsection (4)(o) of this section from the association which must be provided in English and any other language indicated as a preference for correspondence by an owner. Translation inaccuracies shall not diminish a good faith effort to provide preforeclosure information in a preferred language other than English.

(9) A right to copy records under this section includes the right to receive copies by photocopying or other means, including through an electronic transmission if available upon request by the owner.

(10) An association is not obligated to compile or synthesize information.

(11) Information provided pursuant to this section may not be used for commercial purposes.

(12) An association's managing agent must deliver all of the association's original books and records to the association immediately upon termination of its management relationship with the association, or upon such other demand as is made by the board. An association managing agent may keep copies of the association records at its own expense.

(13) This section applies to records in the possession of the association on July 23, 2023, and to records created or maintained after July 23, 2023. An association has no liability under this section for records disposed of prior to July 23, 2023.

Sec. 18. RCW 64.90.495 and 2024 c 321 s 320 are each amended to read as follows:

(1) An association must retain the following:

(a) The current budget, detailed records of receipts and expenditures affecting the operation and administration of the association, and other appropriate accounting records within the last seven years;

(b) Minutes of all meetings of its unit owners and board other than executive sessions, a record of all actions taken by the unit owners or board without a meeting, and a record of all actions taken by a committee in place of the board on behalf of the

association;

(c) The names of current unit owners, addresses used by the association to communicate with them, and the number of votes allocated to each unit;

(d) Its original or restated declaration, organizational documents, all amendments to the declaration and organizational documents, and all rules currently in effect;

(e) All financial statements and tax returns of the association for the past seven years;

(f) A list of the names and addresses of its current board members and officers;

(g) Its most recent annual report delivered to the secretary of state, if any;

(h) Financial and other records sufficiently detailed to enable the association to comply with RCW 64.90.640;

(i) Copies of contracts to which it is or was a party within the last seven years;

(j) Materials relied upon by the board or any committee to approve or deny any requests for design or architectural approval for a period of seven years after the decision is made;

(k) Materials relied upon by the board or any committee concerning a decision to enforce the governing documents for a period of seven years after the decision is made;

(l) Copies of insurance policies under which the association is a named insured;

(m) Any current warranties provided to the association;

(n) Copies of all notices provided to unit owners or the association in accordance with this chapter or the governing documents;

(o) Ballots, proxies, absentee ballots, and other records related to voting by unit owners for one year after the election, action, or vote to which they relate;

(p) Originals or copies of any plans and specifications delivered by the declarant pursuant to RCW 64.90.420(1);

(q) Originals or copies of any instruments of conveyance for any common elements included within the common interest community but not appurtenant to the units delivered by the declarant pursuant to RCW 64.90.420(1); ((~~and~~))

(r) Originals or copies of any permits or certificates of occupancy for the common elements in the common interest community delivered by the declarant pursuant to RCW 64.90.420(1); and

(s) The preforeclosure information required by RCW 64.90.485 (21).

(2)(a) Subject to subsections (3) through (5) of this section, and except as provided in (b) of this subsection, all records required to be retained by an association must be made available for examination and copying by all unit owners, holders of mortgages on the units, and their respective authorized agents as follows, unless agreed otherwise:

(i) During reasonable business hours and at the offices of the association or its managing agent, or at a mutually convenient time and location; and

(ii) Upon 10 days' notice unless the size of the request or need to redact information reasonably requires a longer time, but in no event later than 21 days without a court order allowing a longer time.

(b) The list of unit owners required to be retained by an association under subsection (1)(c) of this section is not required to:

(i) Be made available for examination and copying by holders of mortgages on the units; or

(ii) Contain the electronic addresses of unit owners who have elected to keep such addresses confidential pursuant to RCW 64.90.515(3)(a).

(3) Records retained by an association must have the following information redacted or otherwise removed prior to disclosure:

(a) Personnel and medical records relating to specific individuals;

(b) Contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated;

(c) Existing or potential litigation or mediation, arbitration, or administrative proceedings;

(d) Existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the governing documents;

(e) Legal advice or communications that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including communications with the managing agent or other agent of the association;

(f) Information the disclosure of which would violate a court order or law;

(g) Records of an executive session of the board;

(h) Individual unit files other than those of the requesting unit owner;

(i) Unlisted telephone number of any unit owner or resident, electronic address of any unit owner that elects to keep such electronic address confidential, or electronic address of any resident;

(j) Security access information provided to the association for emergency purposes;

(k) Agreements that for good cause prohibit disclosure to the members; or

(l) Any information which would compromise the secrecy of a ballot cast under RCW 64.90.455(9).

(4) In addition to the requirements in subsection (3) of this section, an association must, prior to disclosure of the list of unit owners required to be retained by an association under subsection (1)(c) of this section, redact or otherwise remove the address of any unit owner or resident who is known to the association to be a participant in the address confidentiality program described in chapter 40.24 RCW or any similar program established by law.

(5)(a) Except as provided in (b) and (c) of this subsection, an association may charge a reasonable fee for producing and providing copies of any records under this section and for supervising the unit owner's inspection.

(b) A unit owner is entitled to receive a free annual electronic or written copy of the list retained under subsection (1)(c) of this section from the association.

(c) A unit owner is entitled to receive a free electronic or written copy of the preforeclosure information retained under subsection (1)(s) of this section from the association which must be provided in English and any other language indicated as a preference for correspondence by a unit owner. Translation inaccuracies shall not diminish a good faith effort to provide preforeclosure information in a preferred language other than English.

(6) A right to copy records under this section includes the right to receive copies by photocopying or other means, including through an electronic transmission if available upon request by the unit owner.

(7) An association is not obligated to compile or synthesize information.

(8) Information provided pursuant to this section may not be used for commercial purposes.

(9) An association's managing agent must deliver all of the association's original books and records to the association upon termination of its management relationship with the association, or upon such other demand as is made by the board. Electronic

records must be provided within five business days of termination or the board's demand and written records must be provided within 10 business days of termination or the board's demand. An association managing agent may keep copies of the association records at its own expense.

NEW SECTION. **Sec. 19.** (1) Sections 1 through 4 and 11 through 14 of this act take effect January 1, 2026.

(2) Sections 5 through 7 of this act take effect January 1, 2028.

NEW SECTION. **Sec. 20.** Sections 1, 2, 4, 11 through 13, and 15 through 17 of this act expire January 1, 2028."

Correct the title.

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Orwall moved that the Senate concur in the House amendment(s) to Engrossed Second Substitute Senate Bill No. 5686.

Senators Orwall and Goehner spoke in favor of the motion.

MOTION

On motion of Senator Nobles, Senators Alvarado and Bateman were excused.

The Vice President Pro Tempore declared the question before the Senate to be the motion by Senator Orwall that the Senate concur in the House amendment(s) to Engrossed Second Substitute Senate Bill No. 5686.

The motion by Senator Orwall carried and the Senate concurred in the House amendment(s) to Engrossed Second Substitute Senate Bill No. 5686 by voice vote.

The Vice President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Second Substitute Senate Bill No. 5686, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5686, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 27; Nays, 19; Absent, 0; Excused, 2.

Voting yea: Senators Chapman, Cleveland, Conway, Cortes, Dhingra, Frame, Hansen, Hasegawa, Kauffman, Krishnadasan, Liias, Lovelett, Lovick, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Shewmake, Slatter, Stanford, Trudeau, Valdez, Wellman and Wilson, C.

Voting nay: Senators Boehnke, Braun, Christian, Dozier, Fortunato, Gildon, Goehner, Harris, Holy, King, MacEwen, McCune, Muzzall, Schoesler, Short, Torres, Wagoner, Warnick and Wilson, J.

Excused: Senators Alvarado and Bateman

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5686, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MESSAGE FROM THE HOUSE

April 23, 2025

MR. PRESIDENT:

The House receded from its amendment(s) to ENGROSSED SUBSTITUTE SENATE BILL NO. 5143. Under suspension of the rules, the bill was returned to second reading for the purposes of amendment(s). The House adopted the following amendment(s): 5143-S.E AMH MENA OMLI 285, and passed the bill as amended by the House.

On page 26, line 17, after "to" strike "a legislator's" and insert "an"

On page 26, line 25, after "resources;" strike "and"

On page 26, line 28, after "award" insert ";

(v) A legislator if the information posted has a direct and tangible relationship to a legislative proposal or policy introduced in the legislature; and

(vi) Commemorations or celebrations of Washington state historical events, holidays, or persons who are not current legislators"

On page 27, line 5, after "(2)" strike "This" and insert "((~~This~~)) Subsection (1) of this"

On page 28, at the beginning of line 16, strike "~~distinction~~)); and" insert "~~distinction; and~~))"

On page 28, line 22, after "responsibilities" insert "; and

(f) Activities with a legislative nexus as described under section 12 of this act. For the official legislative website of a legislator, this subsection is subject to subsection (2)(c)(ii) of this section. Official legislative websites that are not the official legislative website of a legislator are not subject to subsection (2)(c)(ii) of this section but may not directly or indirectly reference a ballot measure or legislator running for elected office, during the period described in subsection (2)(c)(ii) of this section"

On page 29, line 3, after "(2)" strike "This" and insert "((~~This~~)) Subsection (1) of this"

On page 30, at the beginning of line 14, strike "~~distinction~~)); and" insert "~~distinction; and~~))"

On page 30, line 20, after "responsibilities" insert "; and

(f) Activities with a legislative nexus as described under section 12 of this act. For the official legislative website of a legislator, this subsection is subject to subsection (2)(c)(ii) of this section. Official legislative websites that are not the official legislative website of a legislator are not subject to subsection (2)(c)(ii) of this section but may not directly or indirectly reference a ballot measure or legislator running for elected office, during the period described in subsection (2)(c)(ii) of this section"

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Gildon moved that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5143.

Senators Gildon and Valdez spoke in favor of the motion.

The Vice President Pro Tempore declared the question before the Senate to be the motion by Senator Gildon that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5143.

The motion by Senator Gildon carried and the Senate concurred in the House amendment(s) to Engrossed Substitute Senate Bill No. 5143 by voice vote.

The Vice President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5143, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5143, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 45; Nays, 1; Absent, 0; Excused, 2.

Voting yea: Senators Boehnke, Braun, Chapman, Christian, Cleveland, Conway, Cortes, Dhingra, Dozier, Fortunato, Frame, Gildon, Goehner, Hansen, Harris, Hasegawa, Holy, Kauffman, King, Krishnadasan, Liias, Lovelett, Lovick, MacEwen, Muzzall, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Schoesler, Shewmake, Short, Slatter, Stanford, Torres, Trudeau, Valdez, Wagoner, Warnick, Wellman, Wilson, C. and Wilson, J.

Voting nay: Senator McCune

Excused: Senators Alvarado and Bateman

ENGROSSED SUBSTITUTE SENATE BILL NO. 5143, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MESSAGE FROM THE HOUSE

April 23, 2025

MR. PRESIDENT:

The House receded from its amendment(s) to SENATE BILL NO. 5571. Under suspension of the rules, the bill was returned to second reading for the purposes of amendment(s). The House adopted the following amendment(s): 5571 AMH BURN H2250.4, and passed the bill as amended by the House.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 35.21 RCW to read as follows:

(1) Except as provided in subsection (3) of this section, a city is prohibited from requiring or excluding exterior cladding materials that are in compliance with the state building code.

(2) "Exterior cladding" means a nonload-bearing material attached to the exterior of a building.

(3) The limitation in this section does not apply to homeowners' associations governed by chapter 64.38 RCW, plat communities governed by chapter 64.90 RCW, structures in an area designated as a local historic district, structures located in an area designated as a historic district on the national register of historic places, structures designated as a local, state, or national historic landmark, areas subject to provisions of the international wildland urban interface code adopted by a city or town, and any city or town with old world Bavarian architectural themed building requirements in law. Furthermore, a city or town that adopts building codes requiring fire-resistant siding materials as protection from wildfire is not in violation of the provisions of this section.

NEW SECTION. **Sec. 2.** A new section is added to chapter 35A.21 RCW to read as follows:

(1) Except as provided in subsection (3) of this section, a code city is prohibited from requiring or excluding exterior cladding materials that are in compliance with the state building code.

(2) "Exterior cladding" means a nonload-bearing material attached to the exterior of a building.

(3) The limitation in this section does not apply to homeowners' associations governed by chapter 64.38 RCW, plat communities governed by chapter 64.90 RCW, structures in an area designated as a local historic district, structures located in an area designated as a historic district on the national register of historic places, structures designated as a local, state, or national historic landmark, areas subject to provisions of the international wildland urban interface code adopted by a code city, and any code city with old world Bavarian architectural themed building requirements in law. Furthermore, a code city that adopts building codes requiring fire-resistant siding materials as protection from wildfire is not in violation of the provisions of this section.

NEW SECTION. **Sec. 3.** A new section is added to chapter 36.01 RCW to read as follows:

(1) Except as provided in subsection (3) of this section, a county is prohibited from requiring or excluding exterior cladding materials that are in compliance with the state building code.

(2) "Exterior cladding" means a nonload-bearing material attached to the exterior of a building.

(3) The limitation in this section does not apply to homeowners' associations governed by chapter 64.38 RCW, plat communities governed by chapter 64.90 RCW, structures in an area designated as a local historic district, structures located in an area designated as a historic district on the national register of historic places, structures designated as a local, state, or national historic landmark, areas subject to provisions of the international wildland urban interface code adopted by a county, and any structures in a county that are adjacent to a city or code city with old world Bavarian architectural themed building requirements in law. Furthermore, a county that adopts building codes requiring fire-resistant siding materials as protection from wildfire is not in violation of the provisions of this section."

Correct the title.

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

MOTION

Senator Salomon moved that the Senate concur in the House amendment(s) to Senate Bill No. 5571.

Senators Salomon and Torres spoke in favor of the motion.

The President declared the question before the Senate to be the motion by Senator Salomon that the Senate concur in the House amendment(s) to Senate Bill No. 5571.

The motion by Senator Salomon carried and the Senate concurred in the House amendment(s) to Senate Bill No. 5571 by voice vote.

The President declared the question before the Senate to be the final passage of Senate Bill No. 5571, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Senate Bill No. 5571, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 33; Nays, 15; Absent, 0; Excused, 0.

Voting yea: Senators Alvarado, Bateman, Chapman, Cleveland, Conway, Cortes, Dhingra, Frame, Goehner, Hansen, Harris, Hasegawa, Holy, Kauffman, King, Krishnadasan, Liias, Lovelett, Lovick, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Shewmake, Slatter, Stanford, Trudeau, Valdez, Wellman and Wilson, C.

Voting nay: Senators Boehnke, Braun, Christian, Dozier, Fortunato, Gildon, MacEwen, McCune, Muzzall, Schoesler, Short, Torres, Wagoner, Warnick and Wilson, J.

SENATE BILL NO. 5571, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

RULING BY THE PRESIDENT

President Heck: "Senator Braun, as to you point of order as to whether or not the House amendment is beyond the scope and object of Engrossed Substitute Senate Bill No. 5357, An act relating to actuarial funding of pension systems, the President finds that the House amendments change the Senate-passed version of this bill in two important regards, namely statutorily changing the projected rate of return and suspending payments to the unfunded liability system. The President makes, Senator Braun, the President makes no judgement as to whether or not it is good policy to have changed the rate of return, notwithstanding the recommendation of the Pension Policy Committee. The President makes no judgement as to whether or not it is good policy to suspend the unfunded liability payments for four years. The President finds that the underlying bill as passed by the Senate had a clear purpose, a change to allow the Legislature to responsibly leverage the well-funded status of Washington's pension system to alleviate fiscal pressure while ensuring the stability and long-term sustainability of the pension systems. Disagreements about whether or not the House amendment achieves that purpose certainly can be had, but the President finds that the House amendments to the senate bill are in keeping with its scope and object."

The President declared the question before the Senate to be the motion by Senator Conway that the Senate concur in the House amendment(s) to Engrossed Substitute Senate Bill No. 5357.

The motion by Senator Conway carried and the Senate concurred in the House amendment(s) to Engrossed Substitute Senate Bill No. 5357 by voice vote.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5357, as amended by the House.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5357, as amended by the House, and the bill passed the Senate by the following vote: Yeas, 29; Nays, 19; Absent, 0; Excused, 0.

Voting yea: Senators Alvarado, Bateman, Chapman, Cleveland, Conway, Cortes, Dhingra, Frame, Hansen, Hasegawa, Kauffman, Krishnadasan, Liias, Lovelett, Lovick, Nobles, Orwall, Pedersen, Riccelli, Robinson, Saldaña, Salomon, Shewmake, Slatter, Stanford, Trudeau, Valdez, Wellman and Wilson, C.

Voting nay: Senators Boehnke, Braun, Christian, Dozier, Fortunato, Gildon, Goehner, Harris, Holy, King, MacEwen, McCune, Muzzall, Schoesler, Short, Torres, Wagoner, Warnick and Wilson, J.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5357, as amended by the House, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

Senator Warnick announced a meeting of the Republican Caucus.

Senator Hasegawa announced a meeting of the Democratic Caucus.

MOTION

At 4:32 p.m., on motion of Senator Riccelli, the Senate was declared to be at ease until 4:45 p.m.

The Senate was called to order at 4:45 p.m. by President Heck.

MOTION

At 4:47 p.m., on motion of Senator Riccelli, the Senate adjourned until 10 o'clock a.m. Friday, April 25, 2025.

DENNY HECK, President of the Senate

SARAH BANNISTER, Secretary of the Senate