ONE HUNDREDTH DAY

House Chamber, Olympia, Tuesday, April 22, 2025

The House was called to order at 12:10 a.m. by the Speaker (Representative Stearns presiding).

Reading of the Journal of the previous day was dispensed with and it was ordered to stand approved. The Clerk called the roll and a quorum was present.

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

SECOND READING

The House resumed consideration of SUBSTITUTE HOUSE BILL NO. 2081 on second reading.

Representative Dent moved the adoption of amendment (1349):

On page 31, line 25, after "manufactured" strike "by a person" and insert "or products that include food and food ingredients, as defined in RCW 82.08.0293, manufactured by a person or an affiliate of such person"

On page 31, line 28, after "sales" insert "and wholesaling of products"

Representative Waters spoke in favor of the adoption of the amendment.

Representative Berg spoke against the adoption of the amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (1349) and the amendment was not adopted by the following vote: Yeas, 45; Nays, 53; Absent, 0; Excused, 0

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Paul, Penner, Richards, Rude, Rule, Salahuddin, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Timmons, Volz, Walsh, Waters and Ybarra

Voting Nay: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Leavitt, Lekanoff, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Peterson, Pollet, Ramel, Reed, Reeves, Ryu, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Walen, Wylie, Zahn and Mme. Speaker

Amendment (1349) was not adopted.

Representative Orcutt moved the adoption of amendment (1347):

On page 31, line 32, after "(iv)" insert "Any Washington taxable income subject to the tax rates in RCW 82.04.260(12) is exempt from the surcharge imposed in this section.

(v)"

Correct any internal references accordingly.

Representatives Orcutt and Bernbaum spoke in favor of the adoption of the amendment.

Amendment (1347) was adopted.

Representative Dye moved the adoption of amendment (1345):

On page 32, after line 15, insert the following:

"(d) The surcharge imposed under this section does not apply to taxable income for wholesale and retail transactions of fuel as defined in RCW 82.38.020."

Representatives Dye and Fitzgibbon spoke in favor of the adoption of the amendment.

Amendment (1345) was adopted.

Representative Springer moved the adoption of amendment (1359):

On page 32, line 16, after "(5)" insert "The surcharge imposed under this section does not apply to a person engaged primarily in the business of warehousing and reselling drugs for human use pursuant to a prescription as defined in RCW 82.04.272.

(6)"

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

With the consent of the House, Representative Springer withdrew amendment (1359).

Representative Berg moved the adoption of amendment (1360):

On page 32, line 19, after "31," strike "2030" and insert "2029"

Representatives Berg and Orcutt spoke in favor of the adoption of the amendment.

Amendment (1360) was adopted.

Representative Abell moved the adoption of amendment (1340):

On page 35, line 22, after "business" insert "directly related to advanced computing business activities and"

On page 35, beginning on line 30, after "to" strike all material through "82.04.290(2)" on line 31 and insert "((~~business activities taxed under RCW 82.04.290(2)~~))advanced computing business

activities, taxed under RCW 82.04.290(2), of a person who is primarily engaged in advanced computing as defined in (f) of this subsection"

On page 36, line 38, after "person" insert "primarily engaged in the business of advanced computing,"

On page 37, after line 16, insert the following:

"(g) The income of any affiliated entity that is excluded from the definition of "select advanced computing business" under (f) of this subsection or is otherwise not primarily engaged in the business activity of advanced computing, is exempt from the surcharge imposed in (a) of this subsection."

Representatives Abell and Dufault spoke in favor of the adoption of the amendment.

Representative Parshley spoke against the adoption of the amendment.

Amendment (1340) was not adopted.

Representative Berg moved the adoption of amendment (1358):

On page 38, line 1, after "(4)" insert "Beginning in fiscal year 2028, and each year thereafter, when the number of qualified Washington state applicants exceeds the available enrollments by 100 at computer science engineering degree programs in four-year state universities, then a commensurate number of computer science and engineering degree enrollments at those state universities must be automatically added and funded for the surcharge imposed under this section to accommodate the additional demand.

(5)"

Representative Berg spoke in favor of the adoption of the amendment.

Representative Orcutt spoke against the adoption of the amendment.

Division was demanded and the demand was sustained. The Speaker (Representative Stearns presiding) divided the House. The result was 56 - YEAS; 39 - NAYS.

Amendment (1358) was adopted.

Representative Walen moved the adoption of amendment (1326):

On page 40, line 39, after "organizations" insert ", or both"

On page 41, beginning on line 1, after "(iii)" strike all material through "(iv)" on line 6

Reletter the remaining subsection consecutively and correct any internal references accordingly.

On page 41, line 10, after "(d)" insert ""Internal revenue code" means the United States internal revenue code of 1986, as amended, as of January 1, 2026, or such subsequent date as the department may provide by rule consistent with this chapter.

(e)"

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

Representative Walen spoke in favor of the adoption of the amendment.

Representative Orcutt spoke against the adoption of the amendment.

Amendment (1326) was adopted.

Representative Abell moved the adoption of amendment (1330):

On page 41, after line 39, insert the following:

"NEW SECTION. **Sec. 501.** Five percent of the revenues collected pursuant to this act must be used to fund the hiring of new law enforcement officers."

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

Representatives Abell, Burnett and Orcutt spoke in favor of the adoption of the amendment.

Representative Fitzgibbon spoke against the adoption of the amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (1330) and the amendment was not adopted by the following vote: Yeas, 45; Nays, 53; Absent, 0; Excused, 0

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Leavitt, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Paul, Penner, Richards, Rude, Rule, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Timmons, Volz, Walsh, Waters and Ybarra

Voting Nay: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Lekanoff, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Peterson, Pollet, Ramel, Reed, Reeves, Ryu, Salahuddin, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Walen, Wylie, Zahn and Mme. Speaker

Amendment (1330) was not adopted.

Representative Couture moved the adoption of amendment (1335):

On page 42, beginning on line 1, strike all of section 501 and insert the following:

"NEW SECTION. **Sec. 501.** (1) This section is the tax performance statement for the taxes contained in this act. This performance statement is only intended to be used for subsequent evaluation of the taxes. It is not intended to create a private right of action by any party or to be used to

determine eligibility for preferential tax treatment.

(2) The legislature intends for the joint legislative audit and review committee to conduct a performance review of:

(a) The changes in the business and occupation tax rates in Part I of this act;

(b) The imposition of the additional business and occupation tax on businesses with Washington taxable income over $250,000,000 in section 201 of this act;

(c) The increase in the additional business and occupation tax rate imposed on financial institutions in section 202 of this act; and

(d) The increase in the advanced computing surcharge rate and annual cap in section 301 of this act.

(3) The performance review should review the impact of each of the changes in the tax law on the business and economic climate of Washington, including:

(a) The number of businesses that ceased operations;

(b) The number of jobs lost; and

(c) The number of businesses that relocated outside of Washington and the number of jobs that were lost due to the relocation.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the joint legislative audit and review committee may refer to any data collected by the state.

(5) The joint legislative audit and review committee must deliver the performance report to the legislature by December 1, 2024."

On page 42, after line 18, insert the following:

"NEW SECTION. **Sec. 509.** Sections 101 through 111, 202, and 301 of this act expire December 31, 2035."

Representatives Couture, Couture (again), Barnard and Orcutt spoke in favor of the adoption of the amendment.

Representative Berg spoke against the adoption of the amendment.

Amendment (1335) was not adopted.

Representative Berg moved the adoption of amendment (1351):

On page 10, beginning line 1, after "percent" strike all material through "$5,000,000" on line 4

Representatives Berg and Orcutt spoke in favor of the adoption of the amendment.

Amendment (1351) was adopted.

The bill was ordered engrossed.

MOTION

Representative Fitzgibbon moved that the rules be suspended, and Engrossed Substitute House Bill No. 2081 be advanced to third reading and be placed on final passage.

An electronic roll call has been requested.

ROLL CALL

The Clerk called the roll on the motion to advance Engrossed Substitute House Bill No. 2081, to third reading, and place the bill on final passage, and the motion carried by the following vote: Yeas, 59; Nays, 39; Absent, 0; Excused, 0

Voting Yea: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Leavitt, Lekanoff, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Paul, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rule, Ryu, Salahuddin, Santos, Scott, Shavers, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Penner, Rude, Schmick, Schmidt, Steele, Stokesbary, Stuebe, Volz, Walsh, Waters and Ybarra

Representatives Fitzgibbon and Scott spoke in favor of the passage of the bill.

Representatives Dufault, Dent, Orcutt and Walsh spoke against the passage of the bill.

The Speaker (Representative Stearns presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2081.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2081, and the bill passed the House by the following vote: Yeas, 50; Nays, 48; Absent, 0; Excused, 0

Voting Yea: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hill, Hunt, Kloba, Leavitt, Lekanoff, Macri, Mena, Morgan, Nance, Ormsby, Ortiz-Self, Parshley, Peterson, Pollet, Ramel, Reed, Reeves, Ryu, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Hackney, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Obras, Orcutt, Paul, Penner, Richards, Rude, Rule, Salahuddin, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Timmons, Volz, Walen, Walsh, Waters and Ybarra

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2081, having received the necessary constitutional majority, was declared passed.

With the consent of the House, ENGROSSED SUBSTITUTE HOUSE BILL NO. 2081 was immediately transmitted to the Senate.

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

THIRD READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2049, Bergquist, Pollet, Santos, Peterson, Fosse, Ryu, Ormsby, Parshley, Macri, Wylie, Berry, Ramel, Street, Gregerson, Doglio, Farivar, Reed, Reeves, Hill and Callanby House Committee on Finance (originally sponsored by Bergquist, Pollet, Santos, Peterson, Fosse, Ryu, Ormsby, Parshley, Macri, Wylie, Berry, Ramel, Street, Gregerson, Doglio, Farivar, Reed, Reeves, Hill and Callan)

Investing in the state's paramount duty to fund K-12 education and build strong and safe communities.

The bill was read the third time.

Representative Bergquist spoke in favor of the passage of the bill.

Representatives Orcutt, Couture, Dufault, Schmick and Barnard spoke against the passage of the bill.

The Speaker (Representative Stearns presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2049.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2049, and the bill passed the House by the following vote: Yeas, 50; Nays, 48; Absent, 0; Excused, 0

Voting Yea: Representatives Berg, Bergquist, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Lekanoff, Macri, Mena, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Peterson, Pollet, Ramel, Reed, Reeves, Ryu, Salahuddin, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Bernbaum, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Morgan, Orcutt, Paul, Penner, Richards, Rude, Rule, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Timmons, Volz, Walsh, Waters and Ybarra

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2049, having received the necessary constitutional majority, was declared passed.

With the consent of the House, ENGROSSED SUBSTITUTE HOUSE BILL NO. 2049 was immediately transmitted to the Senate.

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

SECOND READING

HOUSE BILL NO. 2077, by Representatives Fitzgibbon and Macri

Establishing a tax on certain business activities related to surpluses generated under the zero-emission vehicle program.

The bill was read the second time.

There being no objection, Substitute House Bill No. 2077 was substituted for House Bill No. 2077 and the substitute bill was placed on the second reading calendar.

SUBSTITUTE HOUSE BILL NO. 2077 was read the second time.

Representative Dufault moved the adoption of amendment (1365):

On page 1, line 6, after **"1."** insert "(1)"

On page 2 after line 5, insert the following:

"(2) The legislature finds that Washington state tax policy should not be used to target or punish particular individuals, businesses, or entities. Rather, the legislature intends that Washington state tax policy should only provide for the common welfare. The legislature finds that this is especially true when it could be perceived that any sole individual, business, or entity being taxed is being targeted or punished because of any political position, speech, or other constitutionally protected activity of the individual, business, entity, or group of individuals affiliated with the business or entity. Therefore it is the intent of the legislature to only impose the tax provided for under this chapter during a model year of zero-emission vehicle program implementation in which the department of revenue determines that there is more than one individual, business, or entity that would pay the tax in that model year of program implementation."

On page 6, after line 6, insert the following:

"NEW SECTION. **Sec. 6.** (1) The taxes levied under this chapter may not be imposed for a model year of zero-emission vehicle program implementation if the department determines that the tax has the effect of applying in that model year of program implementation to a singular individual, business, or entity, or if the tax applies only to a group of individuals affiliated with a singular business or entity in that specific model year of program implementation.

(2) For purposes of this section, "business" means any business entity, including a sole proprietorship, corporation, partnership, or other legal entity."

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

Representatives Dufault and Walsh spoke in favor of the adoption of the amendment.

Representative Fitzgibbon spoke against the adoption of the amendment.

MOTION

On motion of Representative Ramel, Representative Fey was excused.

Amendment (1365) was not adopted.

Representative Dye moved the adoption of amendment (1369):

On page 1, beginning on line 6, after **"1."** strike all material through "goals" on page 2, line 5 and insert "(1) The legislature finds that supporting the transition to a clean energy future is important for the health outcomes, economy, and environmental sustainability of Washington state. Incentivizing the adoption of zero-emission vehicles is a part of reducing greenhouse gas emissions and meeting the state's established climate goals.

(2) The legislature finds that imposing taxes on zero-emission vehicle credits would directly penalize businesses and consumers who are actively working to lower carbon emissions and invest in cleaner technologies. Such a tax would create an unnecessary financial barrier to innovation and send the wrong signal to industries and individuals who are choosing to participate in the clean energy transition.

(3) The legislature finds that taxing zero-emission vehicle credits undermines the state's broader efforts to combat climate change and reduce air pollution. Rather than encouraging more widespread adoption of zero-emission vehicles, this policy would discourage the private sector from investing in the very technologies that help Washington meet its climate commitments.

(4) The legislature finds that taxing zero-emission vehicle credits would move the state backwards at a time when urgent action is needed to advance its clean energy goals. Penalizing the use of zero-emission vehicle credits contradicts Washington's commitment to a sustainable future and weakens the incentives that are proven to accelerate the shift away from fossil fuels.

(5) Therefore, the legislature intends to protect zero-emission vehicle credits from taxation to ensure that Washington continues to foster clean energy innovation, reduce greenhouse gas emissions, and advance toward a healthier and more sustainable future for all residents"

Representatives Dye and Dufault spoke in favor of the adoption of the amendment.

Representative Fitzgibbon spoke against the adoption of the amendment.

Amendment (1369) was not adopted.

Representative Dye moved the adoption of amendment (1367):

On page 5, line 34, after "(a)" strike "30" and insert "70"

On page 5, beginning on line 36, after "(b)" strike all material through "70A.54.240" on line 39 and insert "30 percent to the electric vehicle account created in RCW 82.44.200"

Representatives Dye and Walsh spoke in favor of the adoption of the amendment.

Representative Fitzgibbon spoke against the adoption of the amendment.

Amendment (1367) was not adopted.

Representative Couture moved the adoption of amendment (1368):

On page 6, after line 18, insert the following:

"NEW SECTION. **Sec. 7.** (1) It is the legislature's specific public policy objective to:

(a) Increase the number of ZEV credits purchased under the zero-emission vehicle program by vehicle manufacturers that also manufacture vehicles that do not qualify for credits under the zero-emission vehicle program;

(b) Reduce the number of zero-emission vehicles purchased in Washington; and

(c) Increase the purchase price of zero-emission vehicles in Washington.

(2) By December 1, 2030, the joint legislative audit and review committee must complete a review of the effects of the tax established in the chapter and submit a report to the appropriate committees of the legislature. The review must address whether the taxes imposed under this chapter have achieved:

(a) A decrease in the number of zero-emission vehicles purchased or registered in Washington;

(b) An increase in the price of zero-emission vehicles purchased in Washington; and

(c) An increase in the number of ZEV credits purchased by vehicle manufacturers that also manufacture vehicles that do not qualify for credits under the zero-emission vehicle program.

(3) In order to obtain the data necessary to perform the review in subsection (2) of this section, the joint legislative audit and review committee must refer to data or reports of the department of ecology and the department of revenue in implementing chapter 70A.30 RCW and RCW 70A.---(the new chapter created in section 8 of this act), and vehicle licensing and purchase data submitted to the departments of revenue and licensing."

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

Representatives Couture and Dufault spoke in favor of the adoption of the amendment.

Representative Fitzgibbon spoke against the adoption of the amendment.

Amendment (1368) was not adopted.

Representative Penner moved the adoption of amendment (1370):

On page 4, line 20, after "banking" strike "and sale"

On page 4, line 22, after "pooled" insert "or sold"

On page 4, beginning on line 23, after "credits." strike all material through "(b)" on line 28

Correct any internal references accordingly.

On page 6, line 17, after "banked" strike "or sold"

On page 11, beginning on line 31, after "banked" strike "or sold"

Representative Penner spoke in favor of the adoption of the amendment.

Representative Fitzgibbon spoke against the adoption of the amendment.

Amendment (1370) was not adopted.

MOTION

Representative Fitzgibbon moved that the rules be suspended, and Substitute House Bill No. 2077 be advanced to third reading and be placed on final passage.

An electronic roll call has been requested.

ROLL CALL

The Clerk called the roll on the motion to advance Substitute House Bill No. 2077, to third reading, and place on final passage, and the motion carried by the following vote: Yeas, 55; Nays, 42; Absent, 0; Excused, 1

Voting Yea: Representatives Berg, Bergquist, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Leavitt, Lekanoff, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Paul, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Ryu, Salahuddin, Santos, Scott, Shavers, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Bernbaum, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Penner, Rude, Rule, Schmick, Schmidt, Steele, Stokesbary, Stuebe, Timmons, Volz, Walsh, Waters and Ybarra

Excused: Representative Fey

Representative Fitzgibbon spoke in favor of the passage of the bill.

Representative Dufault spoke against the passage of the bill.

The Speaker (Representative Stearns presiding) stated the question before the House to be the final passage of Substitute House Bill No. 2077.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 2077, and the bill passed the House by the following vote: Yeas, 52; Nays, 45; Absent, 0; Excused, 1

Voting Yea: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Lekanoff, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Peterson, Pollet, Ramel, Reed, Reeves, Ryu, Salahuddin, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Leavitt, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Paul, Penner, Richards, Rude, Rule, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Timmons, Volz, Walsh, Waters and Ybarra

Excused: Representative Fey

SUBSTITUTE HOUSE BILL NO. 2077, having received the necessary constitutional majority, was declared passed.

With the consent of the House, SUBSTITUTE HOUSE BILL NO. 2077 was immediately transmitted to the Senate.

The Speaker (Representative Stearns presiding) called upon Representative Shavers to preside.

The Speaker assumed the chair.

SIGNED BY THE SPEAKER

The Speaker signed the following bills:

HOUSE BILL NO. 1009
HOUSE BILL NO. 1018
SUBSTITUTE HOUSE BILL NO. 1023
HOUSE BILL NO. 1039
SUBSTITUTE HOUSE BILL NO. 1079
ENGROSSED HOUSE BILL NO. 1106
HOUSE BILL NO. 1109
HOUSE BILL NO. 1130
SECOND SUBSTITUTE HOUSE BILL NO. 1154
HOUSE BILL NO. 1167
SUBSTITUTE HOUSE BILL NO. 1186
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1213
ENGROSSED HOUSE BILL NO. 1219
SUBSTITUTE HOUSE BILL NO. 1253
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1258
SUBSTITUTE HOUSE BILL NO. 1264
SUBSTITUTE HOUSE BILL NO. 1271
ENGROSSED HOUSE BILL NO. 1382
SUBSTITUTE HOUSE BILL NO. 1392
SECOND SUBSTITUTE HOUSE BILL NO. 1409
SUBSTITUTE HOUSE BILL NO. 1418
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1562
HOUSE BILL NO. 1573
SUBSTITUTE HOUSE BILL NO. 1576
SECOND SUBSTITUTE HOUSE BILL NO. 1587
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1596
SUBSTITUTE HOUSE BILL NO. 1621
ENGROSSED HOUSE BILL NO. 1628
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1651
HOUSE BILL NO. 1757
SUBSTITUTE HOUSE BILL NO. 1811
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1813
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1829
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1837
ENGROSSED HOUSE BILL NO. 1874
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1878
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1946
HOUSE BILL NO. 1970
SECOND SUBSTITUTE HOUSE BILL NO. 1990
ENGROSSED SUBSTITUTE SENATE BILL NO. 5004
ENGROSSED SUBSTITUTE SENATE BILL NO. 5009
ENGROSSED SUBSTITUTE SENATE BILL NO. 5029
SENATE BILL NO. 5032
SUBSTITUTE SENATE BILL NO. 5033
SENATE BILL NO. 5036
SENATE BILL NO. 5077
SENATE BILL NO. 5079
SUBSTITUTE SENATE BILL NO. 5093
SENATE BILL NO. 5138
SUBSTITUTE SENATE BILL NO. 5139
ENGROSSED SUBSTITUTE SENATE BILL NO. 5142
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5148
SUBSTITUTE SENATE BILL NO. 5168
ENGROSSED SUBSTITUTE SENATE BILL NO. 5184
SENATE BILL NO. 5189
ENGROSSED SENATE BILL NO. 5206
SUBSTITUTE SENATE BILL NO. 5212
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5217
ENGROSSED SUBSTITUTE SENATE BILL NO. 5219
ENGROSSED SUBSTITUTE SENATE BILL NO. 5232
SUBSTITUTE SENATE BILL NO. 5253
SUBSTITUTE SENATE BILL NO. 5262
SUBSTITUTE SENATE BILL NO. 5298
ENGROSSED SUBSTITUTE SENATE BILL NO. 5303

ENGROSSED SENATE BILL NO. 5313
SUBSTITUTE SENATE BILL NO. 5314
SENATE BILL NO. 5315
SENATE BILL NO. 5317
SENATE BILL NO. 5343
SUBSTITUTE SENATE BILL NO. 5365
SUBSTITUTE SENATE BILL NO. 5388
ENGROSSED SUBSTITUTE SENATE BILL NO. 5403
SUBSTITUTE SENATE BILL NO. 5412
SUBSTITUTE SENATE BILL NO. 5431
SUBSTITUTE SENATE BILL NO. 5516
SUBSTITUTE SENATE BILL NO. 5528
SUBSTITUTE SENATE BILL NO. 5587
ENGROSSED SENATE BILL NO. 5595
SENATE BILL NO. 5682

The Speaker called upon Representative Shavers to preside.

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

The flags were escorted to the rostrum by a Sergeant at Arms Color Guard, Pages Aidan FitzGerald and Noah Holm. The Speaker (Representative Shavers presiding) led the Chamber in the Pledge of Allegiance

The prayer was offered by Representative Dave Paul, 10th Legislative District.

SPEAKER'S PRIVILEGE

The Speaker (Representative Shavers presiding) introduced the family of Tony Ventrella, seated in the gallery, who was recognized in House Resolution No. 4654.

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

MESSAGE FROM THE SENATE

Tuesday, April 22, 2025

Mme. Speaker:

The Senate has amended the appointments of conferees to ENGROSSED SUBSITUTE SENATE BILL NO. 5161. The President has appointed the following members as Conferees: Senators Liias, King, Lovick.

and the same is herewith transmitted.

Sarah Bannister, Secretary

MESSAGE FROM THE SENATE

Tuesday, April 22, 2025

Mme. Speaker:

The Senate concurred in the House amendment(s) to the following bills and passed the bills as amended by the House:

ENGROSSED SUBSTITUTE SENATE BILL NO. 5628
SENATE BILL NO. 5680
SUBSTITUTE SENATE BILL NO. 5691

and the same are herewith transmitted.

Sarah Bannister, Secretary

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

FORMAT CHANGED TO ACCOMMODATE TEXT

REPORTS OF STANDING COMMITTEES

April 22, 2025

ESSB 5794 Prime Sponsor, Ways & Means: Adopting recommendations from the tax preference performance review process, eliminating obsolete tax preferences, clarifying legislative intent, and addressing changes in constitutional law. Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (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.

Signed by Representatives Berg, Chair; Street, Vice Chair; Mena; Parshley; Ramel; Santos; Scott; Springer; Walen and Wylie.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Abell; Chase; and Penner.

Referred to Committee on Rules for second reading

April 22, 2025

ESSB 5813 Prime Sponsor, Ways & Means: Increasing funding to the education legacy trust account by creating a more progressive rate structure for the capital gains tax and estate tax. Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (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	10.00%	$0
$1,000,000	$2,000,000	$100,000	14.00%	$1,000,000
$2,000,000	$3,000,000	$240,000	15.00%	$2,000,000
$3,000,000	$4,000,000	$390,000	16.00%	$3,000,000
$4,000,000	$6,000,000	$550,000	18.00%	$4,000,000
$6,000,000	$7,000,000	$910,000	19.00%	$6,000,000
$7,000,000	$9,000,000	$1,100,000	19.50%	$7,000,000
$9,000,000		$1,490,000	20.00%	$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	10.00%	$0
$1,000,000	$2,000,000	$100,000	15.00%	$1,000,000
$2,000,000	$3,000,000	$250,000	17.00%	$2,000,000
$3,000,000	$4,000,000	$420,000	19.00%	$3,000,000
$4,000,000	$6,000,000	$610,000	23.00%	$4,000,000
$6,000,000	$7,000,000	$1,070,000	26.00%	$6,000,000
$7,000,000	$9,000,000	$1,330,000	30.00%	$7,000,000

$9,000,000	$1,930,000	35.00%	$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.

Signed by Representatives Berg, Chair; Street, Vice Chair; Mena; Parshley; Ramel; Santos; Scott; Springer; Walen and Wylie.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Abell; Chase; and Penner.

Referred to Committee on Rules for second reading

April 22, 2025

ESSB 5814 Prime Sponsor, Ways & Means: Modifying the application and administration of certain excise taxes. Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature finds that, through the state's general fund, the state funds public schools, health care, and social services that help Washingtonians to succeed and thrive. These revenues help the state meet its paramount duty to amply provide every child in the state with an education, including children who qualify for special education services, creating the opportunity for each child to succeed in school and achieve success in life. Revenues generated by this act will support health care and other programs that protect the safety and well-being of the public, including behavioral health services for those living with mental illness or substance use disorder, as well as supervision of individuals who have committed crimes. These revenues will also fund social services that provide critical, basic needs assistance for our state's most vulnerable residents, including support for those with developmental disabilities and long-term care for the elderly.

Furthermore, the legislature finds that the state's tax code must be periodically reviewed and updated to ensure that tax policy reflects our modern economy. The legislature recognizes that our state and nation have moved away from a predominantly goods-based economy towards a more service-based economy. As a result, Washington's tax code, which is heavily reliant on sales taxes, continues to reach a narrowing share of economic activity subject to the retail sales tax. Similar to the marketplace fairness act of 2017, which extended retail sales tax to remote retailers with no physical presence in the state to ensure the tax code reflected the growing shift of retail sales toward online sales and away from brick-and-mortar stores located in the state, so too must this legislature consider extending the retail sales tax to computer-related services, as well as remove exemptions to the retail sales tax for digital automated services which have not been updated since 2009, and other services to which it is more appropriate to apply retail sales tax in the state's current economy. The legislature further recognizes that taxes on tobacco products, which have largely gone unchanged over the last several decades, do not adequately capture new and emerging nicotine products. As certain new products come onto the market, they are exempt from excise tax, creating an unfair advantage in the market against their competitors.

Thus, to help meet the state's paramount duty of amply providing every child in the state with an education and to support the health and well-being of Washingtonians, the legislature intends to modernize the sales tax and taxes on nicotine products by extending retail sales tax to select services, repealing certain sales tax exemptions, applying taxes on tobacco to new nicotine products, and requiring certain large businesses to make a one-time prepayment of state sales tax collections.

PART I
EXTENDING RETAIL SALES TAX TO SELECT SERVICES

Sec. 101. RCW 82.04.050 and 2021 c 296 s 8 and 2021 c 143 s 2 are each reenacted and amended to read as follows:

(1)(a) "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than a sale to a person who:

(i) Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person, but a purchase for the purpose of resale by a regional transit authority under RCW 81.112.300 is not a sale for resale; or

(ii) Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

(iii) Purchases for the purpose of consuming the property purchased in producing for sale as a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

(iv) Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(v) Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065; or

(vi) Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (7) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

(b) The term includes every sale of tangible personal property that is used or consumed or to be used or consumed in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property is resold or used as provided in (a)(i) through (vi) of this subsection following such use.

(c) The term also means every sale of tangible personal property to persons engaged in any business that is taxable under RCW 82.04.280(1) (a), (b), and (g), 82.04.290, and 82.04.2908.

(2) The term "sale at retail" or "retail sale" includes the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

(a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of self-service laundry facilities, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

(b) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and also includes the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

(c) The constructing, repairing, or improving of any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;

(d) The cleaning, fumigating, razing, or moving of existing buildings or structures, but does not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" means those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

(e) Automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;

(f) The furnishing of lodging and all other services by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it is presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it is presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same. For the purposes of this section, it is presumed that the sale of and charge made for the furnishing of lodging offered regularly for public occupancy for periods of less than a month constitutes a license to use or enjoy the property subject to sales and use tax and not a rental or lease of property;

(g) The installing, repairing, altering, or improving of digital goods for consumers;

(h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection may be construed to modify

subsection (1) of this section and nothing contained in subsection (1) of this section may be construed to modify this subsection.

(3) The term "sale at retail" or "retail sale" includes the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

(a) Abstract, title insurance, and escrow services;

(b) Credit bureau services;

(c) Automobile parking and storage garage services;

(d) Landscape maintenance and horticultural services but excluding (i) horticultural services provided to farmers and (ii) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;

(e) Service charges associated with tickets to professional sporting events;

(f) The following personal services: Tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services; ((~~and~~))

(g) Investigation, security services, security monitoring services, and armored car services including, but not limited to, background checks, security guard and patrol services, personal and event security, armored car transportation of cash and valuables, and security system services and monitoring. This does not include locksmith services;

(h) Temporary staffing services. For the purposes of this subsection (3), "temporary staffing services" means providing workers to other businesses, except for hospitals licensed under chapter 70.41 or 71.12 RCW, for limited periods of time to supplement their workforce and fill employment vacancies on a contract or for fee basis;

(i)(i) Operating an athletic or fitness facility, including all charges for the use of such a facility or for any associated services and amenities, except as provided in ((~~(g)~~)) (i)(ii) of this subsection.

(ii) Notwithstanding anything to the contrary in ((~~(g)~~))(i)(i) of this subsection (3), the term "sale at retail" and "retail sale" under this subsection does not include:

(A) Separately stated charges for the use of an athletic or fitness facility where such use is primarily for a purpose other than engaging in or receiving instruction in a physical fitness activity;

(B) Separately stated charges for the use of a discrete portion of an athletic or fitness facility, other than a pool, where such discrete portion of the facility does not by itself meet the definition of "athletic or fitness facility" in this subsection;

(C) Separately stated charges for services, such as ((~~advertising,~~)) massage, nutritional consulting, and body composition testing, that do not require the customer to engage in physical fitness activities to receive the service. The exclusion in this subsection (3)((~~(g)~~))(i)(ii)(C) does not apply to personal training services and instruction in a physical fitness activity;

(D) Separately stated charges for physical therapy provided by a physical therapist, as those terms are defined in RCW 18.74.010, or occupational therapy provided by an occupational therapy practitioner, as those terms are defined in RCW 18.59.020, when performed pursuant to a referral from an authorized health care practitioner or in consultation with an authorized health care practitioner. For the purposes of this subsection (3)((~~(g)~~))(i)(ii)(D), an authorized health care practitioner means a health care practitioner licensed under chapter 18.83, 18.25, 18.36A, 18.57, 18.71, or 18.71A RCW, or, until July 1, 2022, chapter 18.57A RCW;

(E) Rent or association fees charged by a landlord or residential association to a tenant or residential owner with access to an athletic or fitness facility maintained by the landlord or residential association, unless the rent or fee varies depending on whether the tenant or owner has access to the facility;

(F) Services provided in the regular course of employment by an employee with access to an athletic or fitness facility maintained by the employer for use without charge by its employees or their family members;

(G) The provision of access to an athletic or fitness facility by an educational institution to its students and staff. However, charges made by an educational institution to its alumni or other members of the public for the use of any of the educational institution's athletic or fitness facilities are a retail sale under this subsection (3)((~~(g)~~))(i). For purposes of this subsection (3)((~~(g)~~))(i)(ii)(G), "educational institution" has the same meaning as in RCW 82.04.170;

(H) Yoga, chi gong, or martial arts classes, training, or events held at a community center, park, school gymnasium, college or university, hospital or other medical facility, private residence, or any other facility that is not operated within and as part of an athletic or fitness facility.

(iii) Nothing in ((~~(g)~~))(i)(ii) of this subsection (3) may be construed to affect the taxation of sales made by the operator of an athletic or fitness facility, where such sales are defined as a retail sale under any provision of this section other than this subsection (3).

(iv) For the purposes of this subsection (3)((~~(g)~~))(i), the following definitions apply:

(A) "Athletic or fitness facility" means an indoor or outdoor facility or portion of a facility that is primarily used for: Exercise classes; strength and conditioning programs; personal training services; tennis, racquetball, handball, squash, or pickleball; or other activities requiring the use of exercise or strength training equipment, such as treadmills, elliptical machines, stair climbers, stationary cycles, rowing machines, pilates equipment, balls, climbing ropes, jump ropes, and weightlifting equipment.

(B) "Martial arts" means any of the various systems of training for physical combat or self-defense. "Martial arts" includes, but is not limited to, karate, kung fu, tae kwon do, Krav Maga, boxing, kickboxing, jujitsu, shootfighting, wrestling, aikido, judo, hapkido, Kendo, tai chi, and mixed martial arts.

(C) "Physical fitness activities" means activities that involve physical exertion for the purpose of improving or maintaining the general fitness, strength, flexibility, conditioning, or health of the participant. "Physical fitness activities" includes participating in yoga, chi gong, or martial arts.

(4)(a) The term also includes the renting or leasing of tangible personal property to consumers.

(b) The term does not include the renting or leasing of tangible personal property where the lease or rental is for the purpose of sublease or subrent.

(5) The term also includes the providing of "competitive telephone service," "telecommunications service," or "ancillary services," as those terms are defined in RCW 82.04.065, to consumers.

(6)(a) The term also includes the sale of prewritten computer software, custom software, and customization of prewritten computer software to a consumer, regardless of the method of delivery to the end user. For purposes of ((~~(a) and (b) of~~)) this subsection (6)(a), the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

(b) ((~~The term "retail sale" does not include the sale of or charge made for:~~

~~(i) Custom software; or~~

~~(ii) The customization of prewritten computer software.~~

~~(c)~~))(i) The term also includes the charge made to consumers for the right to access and use prewritten computer software, custom software, and customization of prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

(ii)(A) The service described in ((~~(c)~~))(b)(i) of this subsection (6) includes the right to access and use prewritten computer software, custom software, and customization of prewritten computer software to perform data processing.

(B) For purposes of this subsection (6)((~~(c)~~))(b)(ii), "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

(7) The term also includes the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement. For purposes of this subsection, "sales price" has the same meaning as in RCW 82.08.010.

(8)(a) The term also includes the following sales to consumers of digital goods, digital codes, and digital automated services:

(i) Sales in which the seller has granted the purchaser the right of permanent use;

(ii) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(iii) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(iv) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(b) A retail sale of digital goods, digital codes, or digital automated services under this subsection (8) includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(c) For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

(9) The term also includes the charge made for providing tangible personal property along with an operator for a fixed or indeterminate period of time. A consideration of this is that the operator is necessary for the tangible personal property to perform as designed. For the purpose of this subsection (9), an operator must do more than maintain, inspect, or set up the tangible personal property.

(10) The term does not include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of 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.

(11) The term also does not include sales of chemical sprays or washes to persons for the purpose of postharvest treatment of fruit for the prevention of scald, fungus, mold, or decay, nor does it include sales of feed, seed, seedlings, fertilizer, agents for enhanced pollination including insects such as bees, and spray materials to: (a) Persons who participate in the federal conservation reserve program, the environmental quality incentives program, the wetlands reserve program, and the wildlife habitat incentives program, or their successors administered by the United States department of agriculture; (b) farmers for the purpose of producing for sale any agricultural product; (c) farmers for the purpose of providing bee pollination services; and (d) farmers acting under cooperative habitat development or access contracts with an organization exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code or the Washington state department of fish and wildlife to produce or improve wildlife habitat on land that the farmer owns or leases.

(12) The term does not include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation. Nor does the term include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor does the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development.

(13) The term does not include the sale of or charge made for labor, services, or tangible personal property pursuant to agreements providing maintenance services for bus, rail, or rail fixed guideway equipment when a regional transit authority is the recipient of the labor, services, or tangible personal property, and a transit agency, as defined in RCW 81.104.015, performs the labor or services.

(14) The term does not include the sale for resale of any service described in this section if the sale would otherwise constitute a "sale at retail" and "retail sale" under this section.

(15)(a) The term "sale at retail" or "retail sale" includes amounts charged, however labeled, to consumers to engage in any of the activities listed in this subsection (15)(a), including the furnishing of any associated equipment or, except as otherwise provided in this subsection, providing instruction in such activities, where such charges are not otherwise defined as a "sale at retail" or "retail sale" in this section:

(i)(A) Golf, including any variant in which either golf balls or golf clubs are used, such as miniature golf, hitting golf balls at a driving range, and golf simulators, and including fees charged by a golf course to a player for using his or her own cart. However, charges for golf instruction are not a retail sale, provided that if the instruction involves the use of a golfing facility that would otherwise require the payment of a fee, such as green fees or driving range fees, such fees, including the applicable retail sales tax, must be separately identified and charged by the golfing facility operator to the instructor or the person receiving the instruction.

(B) Notwithstanding (a)(i)(A) of this subsection (15) and except as otherwise provided in this subsection (15)(a)(i)(B), the term "sale at retail" or "retail sale" does not include amounts charged to participate in, or conduct, a golf tournament or other competitive event. However, amounts paid by event participants to the golf facility operator are retail sales under this subsection (15)(a)(i). Likewise, amounts paid by the event organizer to the golf facility are retail sales under this subsection (15)(a)(i), if such amounts vary based on the number of event participants;

(ii) Ballooning, hang gliding, indoor or outdoor sky diving, paragliding, parasailing, and similar activities;

(iii) Air hockey, billiards, pool, foosball, darts, shuffleboard, ping pong, and similar games;

(iv) Access to amusement park, theme park, and water park facilities, including but not limited to charges for admission and locker or cabana rentals. Discrete charges for rides or other attractions or entertainment that are in addition to the charge for admission are not a retail sale under this subsection (15)(a)(iv). For the purposes of this subsection, an amusement park or theme park is a location that provides permanently affixed amusement rides, games, and other entertainment, but does not include parks or zoos for which the primary purpose is the exhibition of wildlife, or fairs, carnivals, and festivals as defined in (b)(i) of this subsection;

(v) Batting cage activities;

(vi) Bowling, but not including competitive events, except that amounts paid by the event participants to the bowling alley operator are retail sales under this subsection (15)(a)(vi). Likewise, amounts paid by the event organizer to the operator of the bowling alley are retail sales under this subsection (15)(a)(vi), if such amounts vary based on the number of event participants;

(vii) Climbing on artificial climbing structures, whether indoors or outdoors;

(viii) Day trips for sightseeing purposes;

(ix) Bungee jumping, zip lining, and riding inside a ball, whether inflatable or otherwise;

(x) Horseback riding offered to the public, where the seller furnishes the horse to the buyer and providing instruction is not the primary focus of the activity, including guided rides, but not including therapeutic horseback riding provided by an instructor certified by a nonprofit organization that offers national or international certification for therapeutic riding instructors;

(xi) Fishing, including providing access to private fishing areas and charter or guided fishing, except that fishing contests and license fees imposed by a government entity are not a retail sale under this subsection;

(xii) Guided hunting and hunting at game farms and shooting preserves, except that hunting contests and license fees imposed by a government entity are not a retail sale under this subsection;

(xiii) Swimming, but only in respect to (A) recreational or fitness swimming that is open to the public, such as open swim, lap swimming, and special events like kids night out and pool parties during open swim time, and (B) pool parties for private events, such as birthdays, family gatherings, and employee outings. Fees for swimming lessons, to participate in swim meets and other competitions, or to join a swim team, club, or aquatic facility are not retail sales under this subsection (15)(a)(xiii);

(xiv) Go-karting, bumper cars, and other motorized activities where the seller provides the vehicle and the premises where the buyer will operate the vehicle;

(xv) Indoor or outdoor playground activities, such as inflatable bounce structures and other inflatables; mazes; trampolines; slides; ball pits; games of tag, including laser tag and soft-dart tag; and human gyroscope rides, regardless of whether such activities occur at the seller's place of business, but not including playground activities provided for children by a licensed child day care center or licensed family day care provider as those terms are defined in RCW 43.216.010;

(xvi) Shooting sports and activities, such as target shooting, skeet, trap, sporting clays, "5" stand, and archery, but only in respect to discrete charges to members of the public to engage in these activities, but not including fees to enter a competitive event, instruction that is entirely or predominately classroom based, or to join or renew a membership at a club, range, or other facility;

(xvii) Paintball and airsoft activities;

(xviii) Skating, including ice skating, roller skating, and inline skating, but only in respect to discrete charges to members of the public to engage in skating activities, but not including skating lessons, competitive events, team activities, or fees to join or renew a membership at a skating facility, club, or other organization;

(xix) Nonmotorized snow sports and activities, such as downhill and cross-country skiing, snowboarding, ski jumping, sledding, snow tubing, snowshoeing, and similar snow sports and activities, whether engaged in outdoors or in an indoor facility with or without snow, but only in respect to discrete charges to the public for the use of land or facilities to engage in nonmotorized snow sports and activities, such as fees, however labeled, for the use of ski lifts and tows and daily or season passes for access to trails or other areas where nonmotorized snow sports and activities are conducted. However, fees for the following are not retail sales under this subsection (15)(a)(xix): (A) Instructional lessons; (B) permits issued by a governmental entity to park a vehicle on or access public lands; and (C) permits or leases granted by an owner of private timberland for recreational access to areas used primarily for growing and harvesting timber; and

(xx) Scuba diving; snorkeling; river rafting; surfing; kiteboarding; flyboarding; water slides; inflatables, such as water pillows, water trampolines, and water rollers; and similar water sports and activities.

(b) Notwithstanding anything to the contrary in this subsection (15), the term "sale at retail" or "retail sale" does not include charges:

(i) Made for admission to, and rides or attractions at, fairs, carnivals, and festivals. For the purposes of this subsection, fairs, carnivals, and festivals are events that do not exceed 21 days and a majority of the amusement rides, if any, are not affixed to real property;

(ii) Made by an educational institution to its students and staff for activities defined as retail sales by (a)(i) through (xx) of this subsection. However, charges made by an educational institution to its alumni or other members of the general public for these activities are a retail sale under this subsection (15). For purposes of this subsection (15)(b)(ii), "educational institution" has the same meaning as in RCW 82.04.170;

(iii) Made by a vocational school for commercial diver training that is licensed by the workforce training and education coordinating board under chapter 28C.10 RCW; or

(iv) Made for day camps offered by a nonprofit organization or state or local governmental entity that provide youth not older than age 18, or that are focused on providing individuals with disabilities or mental illness, the opportunity to participate in a variety of supervised activities.

(16)(a) The term "sale at retail" or "retail sale" includes the purchase or acquisition of tangible personal property and specified services by a person who receives either a qualifying grant exempt from tax under RCW 82.04.767 or 82.16.320 or a grant deductible under RCW 82.04.4339, except for transactions excluded from the definition of "sale at retail" or "retail sale" by any other provision of this section. Nothing in this subsection (16) may be construed to limit the application of any other provision of this section to purchases by a recipient of either a qualifying grant exempt from tax under RCW 82.04.767 or a grant deductible under RCW 82.04.4339, or by any other person.

(b) For purposes of this subsection (16), "specified services" means:

(i) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation;

(ii) The clearing of land or the moving of earth, whether or not associated with activities described in (b)(i) of this subsection (16);

(iii) The razing or moving of existing buildings or structures; and

(iv) Landscape maintenance and horticultural services.

PART II
ELIMINATING CERTAIN DIGITAL AUTOMATED SERVICE EXCLUSIONS

Sec. 201. RCW 82.04.192 and 2020 c 139 s 4 are each amended to read as follows:

(1) "Digital audio works" means works that result from the fixation of a series of musical, spoken, or other sounds, including ringtones.

(2) "Digital audiovisual works" means a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any.

(3)(a) "Digital automated service," except as provided in (b) of this subsection (3), means any service transferred electronically that uses one or more software applications.

(b) "Digital automated service" does not include:

(i) ((~~Any service that primarily involves the application of human effort by the seller, and the human effort originated after the customer requested the service;~~

~~(ii)~~)) The loaning or transferring of money or the purchase, sale, or transfer of financial instruments. For purposes of this subsection (3)(b)((~~(ii)~~))(i), "financial instruments" include cash, accounts receivable and payable, loans and notes receivable and payable, debt securities, equity securities, as well as derivative contracts such as forward contracts, swap contracts, and options;

((~~(iii)~~))(ii) Dispensing cash or other physical items from a machine;

((~~(iv)~~))(iii) Payment processing services;

((~~(v)~~))(iv) Parimutuel wagering and handicapping contests as authorized by chapter 67.16 RCW;

((~~(vi)~~))(v) Telecommunications services and ancillary services as those terms are defined in RCW 82.04.065;

((~~(vii)~~))(vi) The internet and internet access as those terms are defined in RCW 82.04.297;

((~~(viii)~~))(vii) The service described in RCW 82.04.050(6)((~~(c)~~))(b);

((~~(ix)~~))(viii) Online educational programs provided by a:

(A) Public or private elementary or secondary school; or

(B) An institution of higher education as defined in sections 1001 or 1002 of the federal higher education act of 1965 (Title 20 U.S.C. Secs. 1001 and 1002), as existing on July 1, 2009. For purposes of this subsection (3)(b)((~~(ix)~~))(viii)(B), an online educational program must be encompassed within the institution's accreditation;

((~~(x)~~))(ix) Live presentations, such as lectures, seminars, workshops, or courses, where participants are connected to other participants via the internet or telecommunications equipment, which allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time;

((~~(xi)~~))(x) Travel agent services, including online travel services, and automated systems used by travel agents to book reservations;

((~~(xii)~~))(xi)(A) A service that allows the person receiving the service to make online sales of products or services, digital or otherwise, using either: (I) The service provider's website; or (II) the service recipient's website, but only when the service provider's technology is used in creating or hosting the service recipient's website or is used in processing orders from customers using the service recipient's website.

(B) The service described in this subsection (3)(b)((~~(xii)~~))(xi) does not include the underlying sale of the products or services, digital or otherwise, by the person receiving the service;

((~~(xiii)~~))(xii) Advertising services. For purposes of this subsection (3)(b)((~~(xiii)~~))(xii), "advertising services" means all services directly related to the creation, preparation, production, or the dissemination of advertisements. Advertising services include layout, art direction, graphic design, mechanical preparation, production supervision, placement, and rendering advice to a client concerning the best methods of advertising that client's products or services. Advertising services also include 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. Advertising services do not include web hosting services and domain name registration;

(xiii) Telehealth as defined in RCW 18.134.010 or telemedicine as defined in RCW 48.43.735;

(xiv) The mere storage of digital products, digital codes, computer software, or master copies of software. This exclusion from the definition of digital automated services includes providing space on a server for web hosting or the backing up of data or other information;

((~~(xv) Data processing services. For purposes of this subsection (3)(b)(xv), "data processing service" means a primarily automated service provided to a business or other organization where the primary object of the service is the systematic performance of~~

~~operations by the service provider on data supplied in whole or in part by the customer to extract the required information in an appropriate form or to convert the data to usable information. Data processing services include check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities. Data processing does not include the service described in RCW 82.04.050(6)(c);~~)) and

((~~(xvi)~~))(xv) Digital goods.

(4) "Digital books" means works that are generally recognized in the ordinary and usual sense as books.

(5) "Digital code" means a code that provides a purchaser with the right to obtain one or more digital products, if all of the digital products to be obtained through the use of the code have the same sales and use tax treatment. "Digital code" does not include a code that represents a stored monetary value that is deducted from a total as it is used by the purchaser. "Digital code" also does not include a code that represents a redeemable card, gift card, or gift certificate that entitles the holder to select digital products of an indicated cash value. A digital code may be obtained by any means, including email or by tangible means regardless of its designation as song code, video code, book code, or some other term.

(6)(a) "Digital goods," except as provided in (b) of this subsection (6), means sounds, images, data, facts, or information, or any combination thereof, transferred electronically, including, but not limited to, specified digital products and other products transferred electronically not included within the definition of specified digital products.

(b) The term "digital goods" does not include:

(i) Telecommunications services and ancillary services as those terms are defined in RCW 82.04.065;

(ii) Computer software as defined in RCW 82.04.215;

(iii) The internet and internet access as those terms are defined in RCW 82.04.297;

(iv)(A) Except as provided in (b)(iv)(B) of this subsection (6), the representation of a personal or professional service in electronic form, such as an electronic copy of an engineering report prepared by an engineer, where the service primarily involves the application of human effort by the service provider, and the human effort originated after the customer requested the service.

(B) The exclusion in (b)(iv)(A) of this subsection (6) does not apply to photographers in respect to amounts received for the taking of photographs that are transferred electronically to the customer, but only if the customer is an end user, as defined in RCW 82.04.190(11), of the photographs. Such amounts are considered to be for the sale of digital goods; and

(v) Services and activities excluded from the definition of digital automated services in subsection (3)(b)(i) through ((~~(xv)~~))(xiv) of this section and not otherwise described in (b)(i) through (iv) of this subsection (6).

(7) "Digital products" means digital goods and digital automated services.

(8) "Electronically transferred" or "transferred electronically" means obtained by the purchaser by means other than tangible storage media. It is not necessary that a copy of the product be physically transferred to the purchaser. So long as the purchaser may access the product, it will be considered to have been electronically transferred to the purchaser.

(9) "Specified digital products" means electronically transferred digital audiovisual works, digital audio works, and digital books.

(10) "Subscription radio services" means the sale of audio programming by a radio broadcaster as defined in RCW 82.08.0208, except as otherwise provided in this subsection. "Subscription radio services" does not include audio programming that is sold on a pay-per-program basis or that allows the buyer to access a library of programs at any time for a specific charge for that service.

(11) "Subscription television services" means the sale of video programming by a television broadcaster as defined in RCW 82.08.0208, except as otherwise provided in this subsection. "Subscription television services" does not include video programming that is sold on a pay-per-program basis or that allows the buyer to access a library of programs at any time for a specific charge for that service, but only if the seller is not subject to a franchise fee in this state under the authority of Title 47 U.S.C. Sec. 542(a) on the gross revenue derived from the sale.

PART III
CONCERNING THE TAXATION OF NICOTINE PRODUCTS

Sec. 301. RCW 82.26.010 and 2020 c 139 s 31 are each amended to read as follows:

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

(1) "Actual price" means the total amount of consideration for which tobacco products are sold, valued in money, whether received in money or otherwise, including any charges by the seller necessary to complete the sale such as charges for delivery, freight, transportation, or handling.

(2) "Affiliated" means related in any way by virtue of any form or amount of common ownership, control, operation, or management.

(3) "Board" means the liquor and cannabis board.

(4) "Business" means any trade, occupation, activity, or enterprise engaged in for the purpose of selling or distributing tobacco products in this state.

(5) "Cigar" means a roll for smoking that is of any size or shape and that is made wholly or in part of tobacco, irrespective of whether the tobacco is pure or flavored, adulterated

or mixed with any other ingredient, if the roll has a wrapper made wholly or in greater part of tobacco. "Cigar" does not include a cigarette.

(6) "Cigarette" has the same meaning as in RCW 82.24.010.

(7) "Department" means the department of revenue.

(8) "Distributor" means (a) any person engaged in the business of selling tobacco products in this state who brings, or causes to be brought, into this state from without the state any tobacco products for sale, (b) any person who makes, manufactures, fabricates, or stores tobacco products in this state for sale in this state, (c) any person engaged in the business of selling tobacco products without this state who ships or transports tobacco products to retailers in this state, to be sold by those retailers, (d) any person engaged in the business of selling tobacco products in this state who handles for sale any tobacco products that are within this state but upon which tax has not been imposed.

(9) "Indian country" means the same as defined in chapter 82.24 RCW.

(10) "Little cigar" means a cigar that has a cellulose acetate integrated filter.

(11) "Manufacturer" means a person who manufactures and sells tobacco products.

(12) "Manufacturer's representative" means a person hired by a manufacturer to sell or distribute the manufacturer's tobacco products, and includes employees and independent contractors.

(13) "Moist snuff" means tobacco that is finely cut, ground, or powdered; is not for smoking; and is intended to be placed in the oral, but not the nasal, cavity.

(14) "Person" means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, copartnership, joint venture, club, company, joint stock company, business trust, municipal corporation, the state and its departments and institutions, political subdivision of the state of Washington, corporation, limited liability company, association, society, any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise. The term excludes any person immune from state taxation, including the United States or its instrumentalities, and federally recognized Indian tribes and enrolled tribal members, conducting business within Indian country.

(15) "Place of business" means any place where tobacco products are sold or where tobacco products are manufactured, stored, or kept for the purpose of sale, including any vessel, vehicle, airplane, train, or vending machine.

(16) "Retail outlet" means each place of business from which tobacco products are sold to consumers.

(17) "Retailer" means any person engaged in the business of selling tobacco products to ultimate consumers.

(18)(a) "Sale" means any transfer, exchange, or barter, in any manner or by any means whatsoever, for a consideration, and includes and means all sales made by any person.

(b) The term "sale" includes a gift by a person engaged in the business of selling tobacco products, for advertising, promoting, or as a means of evading the provisions of this chapter.

(19)(a) "Taxable sales price" means:

(i) In the case of a taxpayer that is not affiliated with the manufacturer, distributor, or other person from whom the taxpayer purchased tobacco products, the actual price for which the taxpayer purchased the tobacco products;

(ii) In the case of a taxpayer that purchases tobacco products from an affiliated manufacturer, affiliated distributor, or other affiliated person, and that sells those tobacco products to unaffiliated distributors, unaffiliated retailers, or ultimate consumers, the actual price for which that taxpayer sells those tobacco products to unaffiliated distributors, unaffiliated retailers, or ultimate consumers;

(iii) In the case of a taxpayer that sells tobacco products only to affiliated distributors or affiliated retailers, the price, determined as nearly as possible according to the actual price, that other distributors sell similar tobacco products of like quality and character to unaffiliated distributors, unaffiliated retailers, or ultimate consumers;

(iv) In the case of a taxpayer that is a manufacturer selling tobacco products directly to ultimate consumers, the actual price for which the taxpayer sells those tobacco products to ultimate consumers;

(v) In the case of a taxpayer that has acquired tobacco products under a sale as defined in subsection (18)(b) of this section, the price, determined as nearly as possible according to the actual price, that the taxpayer or other distributors sell the same tobacco products or similar tobacco products of like quality and character to unaffiliated distributors, unaffiliated retailers, or ultimate consumers; or

(vi) In any case where (a)(i) through (v) of this subsection do not apply, the price, determined as nearly as possible according to the actual price, that the taxpayer or other distributors sell the same tobacco products or similar tobacco products of like quality and character to unaffiliated distributors, unaffiliated retailers, or ultimate consumers.

(b) For purposes of (a)(i) and (ii) of this subsection only, "person" includes both persons as defined in subsection (14) of this section and any person immune from state taxation, including the United States or its instrumentalities, and federally recognized Indian tribes and enrolled tribal members, conducting business within Indian country.

(c) The department may adopt rules regarding the determination of taxable sales price under this subsection.

(20) "Taxpayer" means a person liable for the tax imposed by this chapter.

(21) "Tobacco products" means cigars, cheroots, stogies, periques, granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco, snuff, snuff flour, cavendish, plug and twist tobacco, fine-cut and other chewing tobaccos, shorts, refuse scraps, clippings,

cuttings and sweepings of tobacco, and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking, and any other product, regardless of form, that contains tobacco or nicotine, whether derived from tobacco or created synthetically, and is intended for human consumption or placement in the oral or nasal cavity or absorption into the human body by any other means, but does not include cigarettes as defined in RCW 82.24.010 or a drug, device, or combination product approved, as of December 31, 2024, for sale by the United States food and drug administration, as those terms are defined in the federal food, drug, and cosmetic act (21 U.S.C. Sec. 301 et seq.) as it exists on the effective date of this section.

(22) "Unaffiliated distributor" means a distributor that is not affiliated with the manufacturer, distributor, or other person from whom the distributor has purchased tobacco products.

(23) "Unaffiliated retailer" means a retailer that is not affiliated with the manufacturer, distributor, or other person from whom the retailer has purchased tobacco products.

PART IV
REQUIRING CERTAIN BUSINESSES TO MAKE A ONE-TIME PREPAYMENT OF STATE SALES TAX COLLECTIONS

Sec. 401. RCW 82.32.045 and 2023 c 374 s 12 are each amended to read as follows:

(1)(a) Except as otherwise provided in this chapter ((~~and~~)), subsection (6) of this section, and (b) of this subsection, payments of the taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, 82.16, and 82.27 RCW, along with reports and returns on forms prescribed by the department, are due monthly within 25 days after the end of the month in which the taxable activities occur.

(b)(i) Monthly filers with $3,000,000 or more taxable retail sales during calendar year 2026 must remit a prepayment on or before June 25, 2027, of the tax imposed under chapter 82.08 RCW equal to 80 percent of the amount of state sales tax collected by the taxpayer during the June 2026 reporting period.

(ii) The tax return and the remaining tax liability are due on or before July 26, 2027. The taxpayer must correct the collection amounts on the regularly filed excise tax return due on or before July 26, 2027.

(2) The department of revenue may relieve any taxpayer or class of taxpayers from the obligation of remitting monthly and may require the return to cover other longer reporting periods, but in no event may returns be filed for a period greater than one year. Except as provided in subsection (3) of this section, for these taxpayers, tax payments are due on or before the last day of the month next succeeding the end of the period covered by the return.

(3) For annual filers, tax payments, along with reports and returns on forms prescribed by the department, are due on or before April 15th of the year immediately following the end of the period covered by the return.

(4) The department of revenue may also require verified annual returns from any taxpayer, setting forth such additional information as it may deem necessary to correctly determine tax liability.

(5) Notwithstanding subsections (1) and (2) of this section, the department may relieve any person of the requirement to file returns if the following conditions are met:

(a) The person's value of products, gross proceeds of sales, or gross income of the business, from all business activities taxable under chapter 82.04 RCW, is less than $125,000 per year;

(b) The person's gross income of the business from all activities taxable under chapter 82.16 RCW is less than $24,000 per year; and

(c) The person is not required to collect or pay to the department of revenue any other tax or fee which the department is authorized to collect.

(6)(a) Taxes imposed under chapter 82.08 or 82.12 RCW on taxable events that occur beginning January 1, 2019, through June 30, 2019, and payable by a consumer directly to the department are due, on returns prescribed by the department, by July 25, 2019.

(b) This subsection (6) does not apply to the reporting and payment of taxes imposed under chapters 82.08 and 82.12 RCW:

(i) On the retail sale or use of motor vehicles, vessels, or aircraft; or

(ii) By consumers who are engaged in business, unless the department has relieved the consumer of the requirement to file returns pursuant to subsection (5) of this section.

Sec. 402. RCW 82.32.050 and 2022 c 282 s 2 and 2022 c 41 s 2 are each reenacted and amended to read as follows:

(1) If upon examination of any returns or from other information obtained by the department it appears that a tax or penalty has been paid less than that properly due, the department shall assess against the taxpayer such additional amount found to be due and shall add thereto interest on the tax only. The department shall notify the taxpayer by mail, or electronically as provided in RCW 82.32.135, of the additional amount and the additional amount shall become due and shall be paid within ((~~thirty~~))30 days from the date of the notice, or within such further time as the department may provide.

(a) For tax liabilities arising before January 1, 1992, interest shall be computed at the rate of nine percent per annum from the last day of the year in which the deficiency is incurred until the earlier of December 31, 1998, or the date of payment. After December 31, 1998, the rate of interest shall be variable and computed as provided in subsection (2) of

this section. The rate so computed shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.

(b) For tax liabilities arising after December 31, 1991, the rate of interest shall be variable and computed as provided in subsection (2) of this section from the last day of the year in which the deficiency is incurred until the date of payment. The rate so computed shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.

(c)(i) Except as otherwise provided in this subsection (1)(c), interest imposed after December 31, 1998, shall be computed from the last day of the month following each calendar year included in a notice, and the last day of the month following the final month included in a notice if not the end of a calendar year, until the due date of the notice.

(ii) For interest associated with annual tax reporting periods having a due date as prescribed in RCW 82.32.045(3), interest must be computed from the last day of April immediately following each such annual reporting period included in the notice, until the due date of the notice.

(iii) For purposes of computing interest under (c)(i) and (ii) of this subsection (1):

(A) The same computation of interest applies regardless of whether the department grants additional time for filing any return under RCW 82.32.080(4)(a)(i).

(B) If the department extends a due date under subsection (3) of this section or RCW 82.32.080(4)(b), and payment is not made in full by the extended due date, interest is computed from the last day of the month in which the extended due date occurs until the date of payment.

(iv) If payment in full is not made by the due date of the notice, additional interest shall be computed under this subsection (1)(c) until the date of payment. The rate of interest shall be variable and computed as provided in subsection (2) of this section. The rate so computed shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.

(2) For the purposes of this section, the rate of interest to be charged to the taxpayer shall be an average of the federal short-term rate as defined in 26 U.S.C. Sec. 1274(d) plus two percentage points. The rate set for each new year shall be computed by taking an arithmetical average to the nearest percentage point of the federal short-term rate, compounded annually. That average shall be calculated using the rates from four months: January, April, and July of the calendar year immediately preceding the new year, and October of the previous preceding year.

(3) During a state of emergency declared under RCW 43.06.010(12), the department, on its own motion or at the request of any taxpayer affected by the emergency, may extend the due date of any assessment or correction of an assessment for additional taxes, penalties, or interest as the department deems proper.

(4) No assessment or correction of an assessment for additional taxes, penalties, or interest due may be made by the department more than four years after the close of the tax year, except (a) against a taxpayer who has not registered as required by this chapter, (b) upon a showing of fraud or of misrepresentation of a material fact by the taxpayer, or (c) where a taxpayer has executed a written waiver of such limitation. The execution of a written waiver shall also extend the period for making a refund or credit as provided in RCW 82.32.060(2).

(5)(a) For taxes remitted under RCW 82.32.045(1)(b), a one-time penalty equal to 10 percent of the amount of the tax due and payable applies for:

(i) The failure of the taxpayer to submit the prepayment of state sales tax pursuant to RCW 82.32.045 collected and remitted under chapter 82.08 RCW; or

(ii) A taxpayer submitting a prepayment pursuant to RCW 82.32.045 lower than 80 percent of the amount of sales tax collected during the June 2026 reporting period.

(b) The department may waive the penalty under (a) of this subsection if the taxpayer provides documentation to the department indicating that the taxpayer's June 2027 taxable retail sales are less than 80 percent of the taxpayer's June 2026 taxable retail sales.

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

(a) "Due date of the notice" means the date indicated in the notice by which the amount due in the notice must be paid, or such later date as provided by RCW 1.12.070(3).

(b) "Return" means any document a person is required by the state of Washington to file to satisfy or establish a tax or fee obligation that is administered or collected by the department and that has a statutorily defined due date. "Return" also means an application for refund under RCW 82.08.0206.

PART V

BUSINESS AND OCCUPATION TAX RATES

NEW SECTION. **Sec. 501.** A new section is added to chapter 82.04 RCW to read as follows:

(1) Upon every person engaging within the state in the business of providing high-technology services, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by a rate of three percent.

(2) For the purposes of this section, "high-technology services" means the following activities:

(a) Information technology technical consulting services including, but not limited to, planning and designing information technology systems, network systems integration design services, and systems integration design and consulting;

(b) Information technology training services, technical support, and other services including, but not limited to, assisting with network operations and support, help desk services, in-person training related to hardware or software, network system support services, data entry services, and data processing services; and

(c) Custom website development services. For the purposes of this subsection (2)(c), "website development services" means the design, development, and support of a website provided by a website developer to a customer.

NEW SECTION. **Sec. 502.** A new section is added to chapter 82.04 RCW to read as follows:

(1) Upon every person engaging within the state in the business of advertising services, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by a rate of three percent.

(2) For the purposes of this section, "advertising services" include, but are not limited to, all digital and nondigital services directly related to the creation, preparation, production, or dissemination of advertisements. "Advertising services" include layout, art direction, graphic design, mechanical preparation, production supervision, placement, and rendering advice to a client concerning the best methods of advertising that client's products or services. "Advertising services" also include 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. "Advertising services" do not include web hosting services and domain name registration. "Advertising services" also do not include services rendered in respect to printing, publishing, radio, and television.

Sec. 503. RCW 82.04.460 and 2023 c 286 s 5 are each amended to read as follows:

(1) Except as otherwise provided in this section, any person earning apportionable income taxable under this chapter and also taxable in another state must, for the purpose of computing tax liability under this chapter, apportion to this state, in accordance with RCW 82.04.462, that portion of the person's apportionable income derived from business activities performed within this state.

(2) The department must by rule provide a method of apportioning the apportionable income of financial institutions, where such apportionable income is taxable under RCW 82.04.290. The rule adopted by the department must, to the extent feasible, be consistent with the multistate tax commission's recommended formula for the apportionment and allocation of net income of financial institutions as existing on June 1, 2010, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section, except that:

(a) The department's rule must provide for a single factor apportionment method based on the receipts factor; and

(b) The definition of "financial institution" contained in appendix A to the multistate tax commission's recommended formula for the apportionment and allocation of net income of financial institutions is advisory only.

(3) The department may by rule provide a method or methods of apportioning or allocating gross income derived from sales of telecommunications service and competitive telephone service taxed under this chapter, if the gross proceeds of sales subject to tax under this chapter do not fairly represent the extent of the taxpayer's income attributable to this state. The rule must provide for an equitable and constitutionally permissible division of the tax base.

(4) For purposes of this section, the following definitions apply unless the context clearly requires otherwise:

(a) "Apportionable income" means gross income of the business generated from engaging in apportionable activities, including income received from apportionable activities performed outside this state if the income would be taxable under this chapter if received from activities in this state, less the exemptions and deductions allowable under this chapter. For purposes of this subsection, "apportionable activities" means only those activities taxed under:

(i) RCW 82.04.255;

(ii) RCW 82.04.260 (3), (5), (6), (7), (8), (9), (10), and (13);

(iii) RCW 82.04.280(1)(e);

(iv) RCW 82.04.285;

(v) RCW 82.04.286;

(vi) RCW 82.04.290;

(vii) RCW 82.04.2907;

(viii) RCW 82.04.2908;

(ix) RCW 82.04.263, but only to the extent of any activity that would be taxable under any of the provisions enumerated under (a)(i) through (viii) of this subsection (4) if the tax classification in RCW 82.04.263 did not exist; ((~~and~~))

(x) RCW 82.04.280(1)(a) or exempted under RCW 82.04.759, but only with respect to advertising;

(xi) Section 501 of this act; and

(xii) Section 502 of this act.

(b)(i) "Taxable in another state" means that the taxpayer is subject to a business activities tax by another state on its income received from engaging in apportionable activities; or the taxpayer is not subject to a business activities tax by another state on its income received from engaging in apportionable activities, but any other state has jurisdiction to subject the taxpayer to a business activities tax on such income under the substantial nexus standards in RCW 82.04.067(1).

(ii) For purposes of this subsection (4)(b), "business activities tax" and "state" have the same meaning as in RCW 82.04.462.

Sec. 504. RCW 82.04.460 and 2014 c 97 s 304 are each amended to read as follows:

(1) Except as otherwise provided in this section, any person earning apportionable income taxable under this chapter and also taxable in another state must, for the purpose of computing tax liability under this chapter, apportion to this state, in accordance with RCW 82.04.462, that portion of the person's apportionable income derived from business activities performed within this state.

(2) The department must by rule provide a method of apportioning the apportionable income of financial institutions, where such apportionable income is taxable under RCW 82.04.290. The rule adopted by the department must, to the extent feasible, be consistent with the multistate tax commission's recommended formula for the apportionment and allocation of net income of financial institutions as existing on June 1, 2010, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section, except that:

(a) The department's rule must provide for a single factor apportionment method based on the receipts factor; and

(b) The definition of "financial institution" contained in appendix A to the multistate tax commission's recommended formula for the apportionment and allocation of net income of financial institutions is advisory only.

(3) The department may by rule provide a method or methods of apportioning or allocating gross income derived from sales of telecommunications service and competitive telephone service taxed under this chapter, if the gross proceeds of sales subject to tax under this chapter do not fairly represent the extent of the taxpayer's income attributable to this state. The rule must provide for an equitable and constitutionally permissible division of the tax base.

(4) For purposes of this section, the following definitions apply unless the context clearly requires otherwise:

(a) "Apportionable income" means gross income of the business generated from engaging in apportionable activities, including income received from apportionable activities performed outside this state if the income would be taxable under this chapter if received from activities in this state, less the exemptions and deductions allowable under this chapter. For purposes of this subsection, "apportionable activities" means only those activities taxed under:

(i) RCW 82.04.255;

(ii) RCW 82.04.260 (3), (5), (6), (7), (8), (9), (10), and (13);

(iii) RCW 82.04.280(1)(e);

(iv) RCW 82.04.285;

(v) RCW 82.04.286;

(vi) RCW 82.04.290;

(vii) RCW 82.04.2907;

(viii) RCW 82.04.2908;

(ix) RCW 82.04.263, but only to the extent of any activity that would be taxable under any of the provisions enumerated under (a)(i) through (viii) of this subsection (4) if the tax classification in RCW 82.04.263 did not exist; ((~~and~~))

(x) RCW 82.04.260(14) and 82.04.280(1)(a), but only with respect to advertising;

(xi) Section 501 of this act; and

(xii) Section 502 of this act.

(b)(i) "Taxable in another state" means that the taxpayer is subject to a business activities tax by another state on its income received from engaging in apportionable activities; or the taxpayer is not subject to a business activities tax by another state on its income received from engaging in apportionable activities, but any other state has jurisdiction to subject the taxpayer to a business activities tax on such income under the substantial nexus standards in RCW 82.04.067(1).

(ii) For purposes of this subsection (4)(b), "business activities tax" and "state" have the same meaning as in RCW 82.04.462.

PART VI
MISCELLANEOUS

NEW SECTION. **Sec. 601.** 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. 602.** This act is necessary for the support of the state government and its existing public institutions.

NEW SECTION. **Sec. 603.** Sections 101 and 201 of this act take effect October 1, 2025.

NEW SECTION. **Sec. 604.** Section 301 of this act takes effect January 1, 2026.

NEW SECTION. **Sec. 605.** Sections 501 through 503 of this act take effect January 1, 2026.

NEW SECTION. **Sec. 606.** Section 504 of this act takes effect January 1, 2034.

NEW SECTION. **Sec. 607.** Section 503 of this act expires January 1, 2034."

Correct the title.

Signed by Representatives Berg, Chair; Street, Vice Chair; Mena; Parshley; Ramel; Santos; Scott and Walen.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Abell; Chase; Penner; and Springer.

MINORITY recommendation: Without recommendation. Signed by Representative Wylie.

Referred to Committee on Rules for second reading

There being no objection, the bills listed on the day's committee reports under the fifth order of business were referred to the committees so designated.

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

MOTION

There being no objection, the Committee on Rules was relieved of the following bills and the bills were placed on the second reading calendar:

HOUSE BILL NO. 1983
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5083
SUBSTITUTE SENATE BILL NO. 5394
SUBSTITUTE SENATE BILL NO. 5583
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5686
ENGROSSED SUBSTITUTE SENATE BILL NO. 5752
SENATE BILL NO. 5761
ENGROSSED SENATE BILL NO. 5769

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

SECOND READING

ENGROSSED SENATE BILL NO. 5769, by Senators Wellman, Wilson, C. and Nobles

Addressing transition to kindergarten programs.

The bill was read the second time.

There being no objection, the committee striking amendment by the Committee on Appropriations was adopted. For Committee amendment, see Journal, Day 86, Tuesday, April 8, 2025.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representatives Bergquist and Rude spoke in favor of the passage of the bill.

MOTION

On motion of Representative Ramel, Representatives Lekanoff and Hackney were excused.

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Engrossed Senate Bill No. 5769, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Senate Bill No. 5769, as amended by the House, and the bill passed the House by the following vote: Yeas, 79; Nays, 17; Absent, 0; Excused, 2

Voting Yea: Representatives Abell, Barkis, Barnard, Berg, Bergquist, Berry, Bronoske, Burnett, Caldier, Callan, Connors, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Engell, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Griffey, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Ley, Low, Macri, Marshall, McClintock, McEntire, Mena, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Wylie, Ybarra, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Bernbaum, Chase, Corry, Dufault, Dye, Eslick, Graham, Manjarrez, Mendoza, Schmick, Schmidt, Scott, Shavers, Volz, Walsh and Waters

Excused: Representatives Hackney and Lekanoff

ENGROSSED SENATE BILL NO. 5769, as amended by the House, having received the necessary constitutional majority, was declared passed.

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5083, Robinson, Harris, Liias, Nobles, Salomon and Valdezby Senate Committee on Ways & Means (originally sponsored by Robinson, Harris, Liias, Nobles, Salomon and Valdez)

Ensuring access to primary care, behavioral health, and affordable hospital services.

The bill was read the second time.

Representative Macri moved the adoption of the striking amendment (1371):

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.

Representatives Macri and Schmick spoke in favor of the adoption of the striking amendment.

The striking amendment (1371) was adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representative Macri spoke in favor of the passage of the bill.

Representative Schmick spoke against the passage of the bill.

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Engrossed Second Substitute Senate Bill No. 5083, as amended by the House.

ROLL CALL

The Clerk 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 House by the following vote: Yeas, 57; Nays, 39; Absent, 0; Excused, 2

Voting Yea: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hill, Hunt, Kloba, Leavitt, Low, Macri, Mena, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rule, Ryu, Salahuddin, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Timmons, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Penner, Rude, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Volz, Walen, Walsh, Waters and Ybarra

Excused: Representatives Hackney and Lekanoff

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5083, as amended by the House, having received the necessary constitutional majority, was declared passed.

SUBSTITUTE SENATE BILL NO. 5394, Robinson and Noblesby Senate Committee on Ways & Means (originally sponsored by Robinson and Nobles)

Reducing the developmental disabilities administration's no-paid services caseload services.

The bill was read the second time.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

Representative Couture spoke in favor of the passage of the bill.

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Substitute Senate Bill No. 5394.

ROLL CALL

The Clerk called the roll on the final passage of Substitute Senate Bill No. 5394, and the bill passed the House by the following vote: Yeas, 78; Nays, 18; Absent, 0; Excused, 2

Voting Yea: Representatives Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Callan, Connors, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Griffey, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Ley, Low, Macri, Manjarrez, Marshall, McClintock, Mena, Mendoza, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rule, Ryu, Salahuddin, Santos, Shavers, Simmons, Springer, Stearns, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Caldier, Chase, Corry, Dufault, Dye, Graham, Leavitt, McEntire, Rude, Schmick, Schmidt, Scott, Steele, Volz, Walsh, Waters and Ybarra

Excused: Representatives Hackney and Lekanoff

SUBSTITUTE SENATE BILL NO. 5394, having received the necessary constitutional majority, was declared passed.

SENATE BILL NO. 5761, by Senators Frame and Nobles

Developing a schedule for court appointment of attorneys for children and youth in dependency and termination proceedings.

The bill was read the second time.

There being no objection, the committee striking amendment by the Committee on Appropriations was adopted. For Committee amendment, see Journal, Day 86, Tuesday, April 8, 2025.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representative Taylor spoke in favor of the passage of the bill.

Representative Walsh spoke against the passage of the bill.

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Senate Bill No. 5761, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Senate Bill No. 5761, as amended by the House, and the bill passed the House by the following vote: Yeas, 87; Nays, 9; Absent, 0; Excused, 2

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dufault, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Griffey, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Ley, Low, Macri, Marshall, McClintock, Mena, Mendoza, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Voting Nay: Representatives Corry, Graham, Manjarrez, McEntire, Penner, Rude, Scott, Volz and Walsh

Excused: Representatives Hackney and Lekanoff

SENATE BILL NO. 5761, as amended by the House, having received the necessary constitutional majority, was declared passed.

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

THIRD READING

MESSAGE FROM THE SENATE

Wednesday, April 16, 2025

Mme. Speaker:

The Senate has passed SECOND SUBSTITUTE HOUSE BILL NO. 1497, with the following amendment(s): 1497-S2 AMS ENGR S2461.E

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature finds that the state has established goals for the reduction of food waste and wasted food, and management of organic materials. The legislature also finds that it has enacted significant policies in recent years that are already showing promise in helping the state to achieve its food waste, wasted food, and organic materials management goals. More work, however, remains to be done in the organic materials management space, including the refinement of policies enacted in recent years to make the envisioned programs more efficient, implementable, comprehensive, and effective. Therefore, it is the intent of the legislature to take another step forward on the path toward more environmentally and economically sustainable food and organic materials management systems by enacting additional incremental policy changes to this end.

ORGANICS GRANT PROGRAM ELIGIBILITY

Sec. 2. RCW 70A.207.050 and 2024 c 341 s 202 are each amended to read as follows:

(1) The department, through the center, must develop and administer grant programs to support the implementation of the requirements of this act, including the requirements of section 3 of this act, chapter 341, Laws of 2024, and chapter 180, Laws of 2022, with priority given to grants that support the implementation of RCW 70A.205.540 and 70A.205.545. Eligible recipients of grants under this section may include businesses that are subject to organic material management requirements, local governments, federally recognized Indian tribes and federally recognized Indian tribal government entities, nonprofit organizations, or organic material management facilities. Eligible expenses by grant recipients include education, outreach, technical assistance, indoor and outdoor infrastructure, transportation and processing infrastructure, and enforcement costs.

(2) The department may not require, as a condition of financial assistance under this section, that matching funds be made available by a local government recipient. The department must provide assistance to each local government that demonstrates eligibility for grant assistance under this section.

(3) An entity that is not in compliance with the requirements of section 3 of this act is not eligible to receive funding under this section.

COLLECTION BINS, LIDS, AND LABELS

NEW SECTION. **Sec. 3.** A new section is added to chapter 70A.205 RCW to read as follows:

(1)(a) Except as provided in (b) and (d) of this subsection, beginning January 1, 2028, in each jurisdiction planning under this chapter, the indoor or outdoor containers, including lids, smaller than 101 gallons provided to customers for collection services, including multifamily, commercial, government, and other public places, institutional, and curbside residential collection services, must be provided in a color-coded manner consistent with the requirements of subsection (2) of this section in order to reduce contamination.

(b) A jurisdiction or solid waste collection company is not required to replace a functional container or lid to match the coloring requirements in subsection (2) of this section. The requirements of this subsection apply only to solid waste collection containers purchased on or after August 1, 2025, and do not apply to solid waste collection containers purchased by a jurisdiction prior to August 1, 2025.

(c) Jurisdictions and solid waste collection companies are encouraged, prior to January 1, 2028, to provide solid waste collection containers, including lids, that are consistent with subsection (2) of this section.

(d) A jurisdiction planning under this chapter may petition the department for an

exemption from the requirements of subsection (2) of this section.

(i) The department must grant a petition from a jurisdiction allowing the jurisdiction to use a color inconsistent with subsection (2) of this section for the purposes of a charitable program implemented by the jurisdiction, such as for purposes of fundraising for a nonprofit organization.

(ii) The department may grant an exemption in response to a petition from a jurisdiction that demonstrates that the provision of color-coded containers consistent with subsection (2) of this section is not feasible, and the jurisdiction proposes an alternative plan to reduce contamination in the jurisdiction.

(iii) The department must grant an exemption in response to a petition from a jurisdiction that proposes an alternative plan and a timeline to transition its containers, by route, portion of service area or population, or other method, to be color-coded in a manner consistent with the requirements of subsection (2) of this section in the jurisdiction.

(2)(a)(i) In a jurisdiction where source-separated recyclable materials and source-separated organic materials are collected separately, a gray or black container may be used only for the collection of solid waste that is not a source-separated recyclable material or a source-separated organic material;

(ii) In a jurisdiction where source-separated recyclable materials or organic materials are not collected separately, a gray or black container may be used for any solid waste, including organic material or recyclable material that is not separately collected in the jurisdiction.

(b) A blue container may be used only for source-separated recyclable materials. The contents of the blue container must be intended for transport, directly or indirectly, to a facility that recovers the materials designated for collection in the blue container.

(c) A green or brown container may be used only for source-separated organic materials and the contents of green or brown-lidded containers must be intended for transport, directly or indirectly, to an organic materials management facility.

(d)(i) A color other than green, brown, blue, black, or gray may be used only in accordance with any statewide standards that the department elects to develop.

(ii) A jurisdiction may petition the department to continue the use of a dark green color for solid waste other than source-separated recyclable materials, and the department must grant the petition upon determining that the dark green color is easily distinguishable from a light green or brown color used by the jurisdiction for source-separated organic materials.

(e) The department may determine the appropriate container color to be used for materials that could conceivably be placed in multiple types of containers specified in (a) through (d) of this subsection.

(3)(a) By January 1, 2028, each container for curbside, commercial, or public place waste collection must bear a clear and conspicuous label on each container and lid, using background colors or a font that matches the coloring arrangement for containers and lids specified in subsection (2) of this section, specifying the categories of materials that are allowed to be placed in the container. The requirements of this subsection (3) may be satisfied by:

(i) A label placed on a container that includes either written text or graphic images, or both, that indicate the primary categories of materials accepted in that container; or

(ii) Imprinted text or graphic images that indicate the primary categories of materials accepted in that container.

(b) A container with a volume of at least one cubic yard must feature an area with a minimum of one foot by one foot area that contains the label required in (a) of this subsection, and label text with a font height of at least 5 inches.

(c) A container that is located indoors and does not have a lid or that contains multiple compartments must feature a visible label placed in proximity to the location in which solid waste is intended to be deposited.

(d) The requirements of this subsection (3) do not apply to a solid waste collection container that a jurisdiction plans to remove from service prior to January 1, 2030, in order to be consistent with the color-coding provisions of subsection (2) of this section.

(e) Local jurisdictions planning under this chapter are encouraged to provide labels under this subsection:

(i) In multiple languages; and

(ii) That specify the individual types of materials within each category of material that may be placed in each type of solid waste collection container.

(4) Carpets, noncompostable paper, and hazardous wood waste may not be collected in a green or brown container. The department may adopt rules to prohibit additional waste stream contaminants from being placed in a green or brown container or a blue container.

(5) Notwithstanding the applicability of an exemption under subsections (1) through (3) of this section, the contents of containers used for the collection of source-separated recyclable materials must be intended for transport to a facility that recovers the corresponding materials, and the contents of containers used for the collection of organic materials must be intended for transport, directly or indirectly, to an organic materials management facility.

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

(a)(i) "Blue container" means a container where the body of the container is blue and the lid is blue or black in color.

(ii) Hardware, such as hinges and wheels on a blue-lidded container, may be any color.

(b)(i) "Green or brown container" means a container where the body of the container is green or brown and the lid is green, brown, or black in color.

(ii) Hardware, such as hinges and wheels on a green or brown-lidded container, may be any color.

(c)(i) "Gray or black container" means a container where the body of the container is gray or black and the lid is gray or black in color.

(ii) Hardware, such as hinges and wheels on a gray or black-lidded container, may be any color.

(iii) A galvanized metal container or lid that is unpainted and gray or silver in appearance is considered to be a gray container or lid for purposes of this section.

MULTIFAMILY SERVICE OBLIGATIONS

Sec. 4. RCW 70A.205.540 and 2024 c 341 s 301 are each amended to read as follows:

(1) Except as provided in subsection (3) of this section, in each jurisdiction that implements a local solid waste plan under RCW 70A.205.040:

(a) Beginning April 1, 2027, source-separated organic solid waste collection services are required to be provided year-round to:

(i) All single-family residents; and

(ii) Nonresidential customers that generate more than .25 cubic yards per week of organic materials for management;

(b)(i) The department may, by waiver, reduce the collection frequency requirements in (a) of this subsection for the collection of dehydrated food waste or to address food waste managed through other circumstances or technologies that will reduce the volume or odor, or both, of collected food waste.

(ii) All organic solid waste collected from single-family residents and businesses under this subsection must be managed through organic materials management;

(c) Beginning April 1, 2030, the source-separated organic solid waste collection services specified in (a) of this subsection must be provided ((~~to customers~~)) on a nonelective basis to customers that receive other curbside solid waste services, except that a jurisdiction ((~~may~~))must grant an exemption to a customer that certifies to the jurisdiction that the customer is managing organic material waste on-site or self-hauling its own organic material waste for organic materials management;

(d) Beginning April 1, 2030, each jurisdiction's source-separated organic solid waste collection service must include the acceptance of food waste year-round. The jurisdiction may choose to collect food waste source-separated from other organic materials or may collect food waste commingled with other organic materials; and

(e) Beginning April 1, 2030, all persons, when using curbside collection for disposal, may use only source-separated organic solid waste collection services to discard unwanted organic materials. By January 1, 2027, the department must develop guidance under which local jurisdictions ((~~may~~))must exempt persons from this requirement if organic materials will be managed through an alternative mechanism that provides equal or better environmental outcomes. ((~~Nothing in this section precludes the ability of a person to use on-site composting, the diversion of organic materials to animal feed, self-haul organic materials to a facility, or other means of beneficially managing unwanted organic materials.~~)) For the purposes of this subsection (1)(e), "person" or "persons" does not include multifamily residences, who are instead subject to the provisions of subsection (5) of this section.

(2) ((~~A~~))(a) Except as provided in (b) of this subsection, a jurisdiction may charge and collect fees or rates for the services provided under subsection (1) of this section, consistent with the jurisdiction's authority to impose fees and rates under chapters 35.21, 35A.21, 36.58, and 36.58A RCW.

(b) A jurisdiction providing the services required in this section may not charge, or collect fees or rates from, a person managing organic materials through an alternative mechanism providing equal or better environmental outcomes, including composting, diverting organic materials to animal feed, self-hauling organic materials to an organic materials management facility, or other means of beneficially managing unwanted organic materials.

(3)(a) Except as provided in (e) of this subsection, the requirements of this section do not apply in a jurisdiction if the department determines that the following apply:

(i) The jurisdiction disposed of less than 5,000 tons of solid waste in the most recent year for which data is available; or

(ii) The jurisdiction has a total population of less than 25,000 people.

(b) The requirements of this section do not apply:

(i) In census tracts that have a population density of less than 75 people per square mile that are serviced by the jurisdiction and located in unincorporated portions of a county, as determined by the department, in counties not planning under chapter 36.70A RCW;

(ii) In census tracts that have a population density of greater than 75 people per square mile, where the census tract includes jurisdictions that meet any of the conditions in (a)(i) and (ii) of this subsection, that are serviced by the jurisdiction and located in unincorporated portions of a county, as determined by the department, in counties not planning under chapter 36.70A RCW;

(iii) Outside of urban growth areas designated pursuant to RCW 36.70A.110 in unincorporated portions of a county planning under chapter 36.70A RCW;

(iv) Inside of unincorporated urban growth areas for jurisdictions planning under chapter 36.70A RCW that meet any of the conditions in (a)(i) and (ii) of this subsection; and

(v) In unincorporated urban growth areas in counties with an unincorporated population of less than 25,000 people.

(c) A jurisdiction that collects organic materials, but that does not collect organic materials on a year-round basis as of January 1, 2024, is not required to provide year-round organic solid waste collection

services if it provides those services at least 26 weeks annually.

(d) In addition to the exemptions in (a) through (c) of this subsection, the department may issue a renewable waiver to jurisdictions or portions of a jurisdiction under this subsection for up to five years, based on consideration of factors including the distance to organic materials management facilities, the sufficiency of the capacity to manage organic materials at facilities to which organic materials could feasibly and economically be delivered from the jurisdiction, and restrictions in the transport of organic materials under chapter 17.24 RCW. The department may adopt rules to specify the type of information that a waiver applicant must submit to the department and to specify the department's process for reviewing and approving waiver applications.

(e) Beginning January 1, 2030, the department may adopt a rule to require that the provisions of this section apply in the jurisdictions identified in (b) through (d) of this subsection, but only if the department determines that the goals established in RCW 70A.205.007(1) have not or will not be achieved.

(4) Any city that newly begins implementing an independent solid waste plan under RCW 70A.205.040 after July 1, 2022, must meet the requirements of subsection (1) of this section.

(5)(a) Jurisdictions planning together or independently that submit a preliminary draft solid waste management plan to the department under RCW 70A.205.040 and 70A.205.055(1) after July 1, 2026, must include programs and establish a timeline to implement a phase-in to require collection of source-separated organic materials from multifamily residences in areas subject to the organic materials management requirements of subsections (1) and (3) of this section. The programs and phase-in established under this subsection must include required collection of source-separated organic materials from all newly constructed or substantially remodeled multifamily residential buildings certified for occupancy after the local solid waste plan update takes effect.

(b) Programs established under this subsection may allow for waivers from the requirements for source-separated organic materials for an existing multifamily structure if it is determined that the structure does not have adequate storage space for collection of source-separated organic materials. In cases where space constraints are determined to exist, the feasibility of shared containers by contiguous multifamily structures or between multifamily structures and adjacent businesses shall also be evaluated before a waiver is granted.

(c) For purposes of this subsection (5), "substantially remodeled" means a remodeled building for which the total cost exceeds one-half of the assessed value of the building for property tax purposes at the time the contract for the remodel work was made.

(6) Nothing in this section affects the authority or duties of the department of agriculture related to pest and noxious weed control and quarantine measures under chapter 17.24 RCW.

((~~(6)~~)) (7) No penalty may be assessed on an individual or resident for the improper disposal of organic materials under subsection (1) of this section in a noncommercial or residential setting.

((~~(7)~~)) (8) The department must adopt new rules or amend existing rules adopted under this chapter establishing permit requirements for organic materials management facilities requiring a solid waste handling permit addressing contamination associated with incoming food waste feedstocks and finished products, for environmental benefit.

(9) Nothing in this section precludes the ability of a person to use on-site composting, the diversion of organic materials to animal feed, self-haul organic materials to a facility, or other means of beneficially managing unwanted organic materials.

STATE BUILDING CODE OBLIGATIONS

NEW SECTION. **Sec. 5.** A new section is added to chapter 19.27 RCW to read as follows:

The state building code must facilitate the collection of source-separated organic materials from new multifamily residential and commercial buildings, consistent with the requirements of RCW 70A.205.540 and the goals of RCW 70A.205.007, by ensuring that sufficient space is allocated for solid waste storage, including source-separated organic materials. A city or county may modify or amend the requirements established under this section in order to maintain consistency with requirements established by the city or county under section 6 of this act.

BUILDING OWNER/OPERATOR OBLIGATIONS

NEW SECTION. **Sec. 6.** A new section is added to chapter 70A.205 RCW to read as follows:

The governing body of each county or city may require the owners or operators of new or existing multifamily residential buildings to do any combination of the following:

(1) Provide adequate space for the colocation of organic materials waste and recycling collection containers with garbage containers, or if colocation is not possible, requiring the posting of signage notifying residents of where organic materials waste and recycling containers are located;

(2) Identify organic materials waste collection containers with appropriate and accurate signage and color to differentiate between organic materials waste, recycling, and garbage collection containers; or

(3) Annually provide waste sorting educational material to building residents.

BUSINESS ORGANIC MANAGEMENT

Sec. 7. RCW 70A.205.545 and 2024 c 341 s 302 are each amended to read as follows:

(1)(a) Beginning July 1, 2023, and each July 1st thereafter, the department must determine which counties and any cities preparing independent solid waste management plans:

(i) Provide for businesses to be serviced by providers that collect food waste and organic material waste for delivery to solid waste facilities that provide for the organic materials management of organic material waste and food waste; and

(ii) Are serviced by solid waste facilities that provide for the organic materials management of organic material waste and food waste and have year-round capacity to process and are willing to accept increased volumes of organic materials deliveries.

(b)(i) The department must determine and designate that the restrictions of this section apply to businesses in a jurisdiction unless the department determines that the businesses in some or all portions of the city or county have:

(A) No available businesses that collect and deliver organic materials to solid waste facilities that provide for the organic materials management of organic material waste and food waste; or

(B) No available capacity at the solid waste facilities to which businesses that collect and deliver organic materials could feasibly and economically deliver organic materials from the jurisdiction.

(ii)(A) In the event that a county or city provides a written request and supporting evidence to the department determining that the criteria of (b)(i)(A) of this subsection are met, and the department confirms this determination, then the restrictions of this section apply only in those portions of the jurisdiction that have available service-providing businesses.

(B) In the event that a county or city provides a written request and supporting evidence to the department determining that the criteria of (b)(i)(B) of this subsection are met, and the department confirms this determination, then the restrictions of this section do not apply to the jurisdiction.

(c) The department must make the result of the annual determinations required under this section available on its website.

(d) The requirements of this section may be enforced by jurisdictional health departments ((~~consistent with this chapter~~))<u>or a jurisdiction implementing a plan under this chapter</u>, except that:

(i) A jurisdictional health department may not charge a fee to permit holders to cover the costs of the jurisdictional health department's administration or enforcement of the requirements of this section; and

(ii) Prior to issuing a penalty under this section, a jurisdictional health department <u>or a jurisdiction implementing a plan under this chapter</u> must provide at least two written notices of noncompliance with the requirements of this section to the owner or operator of a business subject to the requirements of this section.

(2)(a)(i) Beginning January 1, 2024, a business that generates at least eight cubic yards of organic material waste per week must arrange for organic materials management services specifically for organic material waste;

(ii) Beginning January 1, 2025, a business that generates at least four cubic yards of organic material waste per week must arrange for organic materials management services specifically for organic material waste; and

(iii) Beginning January 1, 2026, a business that generates at least 96 gallons of organic material waste per week shall arrange for organic materials management services specifically for organic material waste, unless the department determines, by rule, that additional reductions in the landfilling of organic materials would be more appropriately and effectively achieved, at reasonable cost to regulated businesses, through the establishment of a different volumetric threshold of organic waste material than the threshold of 96 gallons of organic material waste per week.

(b) The following wastes do not count for purposes of determining waste volumes in (a) of this subsection:

(i) Wastes that are managed on-site by the generating business;

(ii) Wastes generated from the growth and harvest of food or fiber that are managed off-site by another business engaged in the growth and harvest of food or fiber;

(iii) Wastes that are managed by a business that enters into a voluntary agreement to sell or donate organic materials to another business for off-site use;

(iv) Wastes generated in exceptional volumes as a result of a natural disaster or other infrequent and unpreventable event; and

(v) Wastes generated as a result of a food safety event, such as a product recall, that is due to foreign material or adverse biological activity that requires landfill destruction rather than organic material management.

(3) A business may fulfill the requirements of this section by:

(a) Source separating organic material waste from other waste, subscribing to a service that includes organic material waste collection and organic materials management, and using such a service for organic material waste generated by the business;

(b) Managing its organic material waste on-site or self-hauling its own organic material waste for organic materials management;

(c) Qualifying for exclusion from the requirements of this section consistent with subsection (1)(b) of this section; or

(d) For a business engaged in the growth, harvest, or processing of food or fiber, entering into a voluntary agreement to sell or donate organic materials to another business for off-site use.

(4)(a) A business generating organic material waste shall arrange for any services required by this section in a manner that is consistent with state and local laws and requirements applicable to the collection, handling, or recycling of solid and organic material waste.

(b) Nothing in this section requires a business to dispose of materials in a manner

that conflicts with federal or state public health or safety requirements. Nothing in this section requires businesses to dispose of wastes generated in exceptional volumes as a result of a natural disaster or other infrequent and unpreventable event through the options established in subsection (3) of this section. Nothing in this section prohibits a business from disposing of nonfood organic materials that are not commingled with food waste by using the services of an organic materials management facility that does not accept food waste.

(5) When arranging for gardening or landscaping services, the contract or work agreement between a business subject to this section and a gardening or landscaping service must require that the organic material waste generated by those services be managed in compliance with this chapter.

(6)(a) This section does not limit the authority of a local governmental agency to adopt, implement, or enforce a local organic material waste recycling requirement, or a condition imposed upon a self-hauler, that is more stringent or comprehensive than the requirements of this chapter.

(b) This section does not modify, limit, or abrogate in any manner any of the following:

(i) A franchise granted or extended by a city, county, city and county, or other local governmental agency;

(ii) A contract, license, certificate, or permit to collect solid waste previously granted or extended by a city, county, city and county, or other local governmental agency;

(iii) The right of a business to sell or donate its organic materials; and

(iv) A certificate of convenience and necessity issued to a solid waste collection company under chapter 81.77 RCW.

(c) Nothing in this section modifies, limits, or abrogates the authority of a local jurisdiction with respect to land use, zoning, or facility siting decisions by or within that local jurisdiction.

(d) Nothing in this section changes or limits the authority of the Washington utilities and transportation commission to regulate collection of solid waste, including curbside collection of residential recyclable materials, nor does this section change or limit the authority of a city or town to provide the service itself or by contract under RCW 81.77.020.

(7)(a) The department must create and publish on its website:

(i) The methodology used to determine the businesses that are required to manage organic materials in a manner consistent with the requirements of this section; and

(ii) A list of businesses that are likely to be required to manage organic materials in a manner consistent with the requirements of this section. This list is for purposes of outreach assistance but need not represent a complete or determinative list of businesses required to comply with the requirements of this section.

(b) The department may hire an independent third party to support the implementation of the responsibilities described in (a) of this subsection.

(c) The list created and published under (a) of this subsection must be designed in a manner that facilitates:

(i) Education and outreach by solid waste collection companies, jurisdictional health departments, and local governments; and

(ii) Enforcement by jurisdictional health departments and jurisdictions implementing a plan under this chapter.

(d)(i) In support of the creation of this list, the department may require a solid waste collection company to furnish information that will assist the department in determining the applicability of the requirements of this section to businesses that are currently receiving collection services for organic materials management from the solid waste collection company.

(ii) A solid waste collection company that submits information or records to the department under this section may request that the information or records be made available only for the confidential use of the department, the director, or the appropriate division of the department. The director shall give consideration to the request and if this action is not detrimental to the public interest and is otherwise within accord with the policies and purposes of chapter 43.21A RCW, the director must grant the request for the information to remain confidential as authorized in RCW 43.21A.160.

(8)(a) Prior to imposing a civil penalty under (b) of this subsection when a business has been determined to be in violation of the requirements of this section, a jurisdictional health department or jurisdiction implementing a plan under this chapter must issue at least:

(i) One notification letter to a business informing them of the requirements of this chapter by certified mail; and

(ii) One notice of violation by certified mail subsequent to the notification letter in (a)(i) of this subsection.

(b) After being issued at least the notification letter and at least one notice of violation without the imposition of a penalty under (a) of this subsection, beginning July 1, 2026, a business in violation of the requirements of this section is subject to a minimum civil penalty, imposed by a jurisdiction implementing a plan under this chapter or a jurisdictional health department, in an amount of:

(i) $500 for each day of violation for a first violation by a business that results in a penalty under this section;

(ii) $750 for each day of violation for a second violation by a business that results in a penalty under this section;

(iii) $1,000 for each day of violation for a third or subsequent violation by a business that results in a penalty under this section.

(c) Except as provided in (d) of this subsection, a jurisdictional health department or jurisdiction enforcing the requirements of this section may adopt civil penalties that exceed the minimum penalties specified in (b) of this subsection.

(d) A small business, as defined in RCW 19.85.020, may not be assessed more than

$10,000 in penalties under this section in a single calendar year.

(e) The department may not impose a penalty on a solid waste collection company related to their obligation to disclose information to the department under subsection (7)(d) of this section.

(f) A penalty imposed under this section may be appealed to the pollution control hearings board created in chapter 43.21B RCW.

(9) The definitions in this subsection apply throughout this section unless the context clearly indicates otherwise.

(a)(i) "Business" means a commercial or public entity including, but not limited to, a firm, partnership, proprietorship, joint stock company, corporation, or association that is organized as a for-profit or nonprofit entity.

(ii) "Business" does not include a multifamily residential entity.

(b) "Food waste" has the same meaning as defined in RCW 70A.205.715.

SCHOOL FOOD WASTE I

NEW SECTION. **Sec. 8.** A new section is added to chapter 28A.235 RCW to read as follows:

The office of the superintendent of public instruction shall identify or develop open educational resources for use by schools to integrate mathematics, science, social-emotional, environmental and sustainability, and social studies content standards to help support and prioritize food waste reduction in schools.

SCHOOL FOOD WASTE II

NEW SECTION. **Sec. 9.** A new section is added to chapter 28A.235 RCW to read as follows:

By January 1, 2027, the office of the superintendent of public instruction must leverage existing programs to identify food waste reduction educational best practices and ways to overcome food waste reduction barriers in schools.

SCHOOL FOOD WASTE III

Sec. 10. RCW 15.64.060 and 2015 c 225 s 9 are each amended to read as follows:

(1) A farm-to-school program is created within the department to facilitate increased procurement of Washington grown food by schools.

(2) The department, in consultation with the department of health, the office of the superintendent of public instruction, the department of enterprise services, and Washington State University, shall, in order of priority:

(a) Identify and develop policies and procedures to implement and evaluate the farm-to-school program, including coordinating with school procurement officials, buying cooperatives, and other appropriate organizations to develop uniform procurement procedures and materials, and practical recommendations to facilitate the purchase of Washington grown food by the common schools. These policies, procedures, and recommendations shall be made available to school districts to adopt at their discretion;

(b) Assist food producers, distributors, and food brokers to market Washington grown food to schools by informing them of food procurement opportunities, bid procedures, school purchasing criteria, and other requirements;

(c) Assist schools in connecting with local producers by informing them of the sources and availability of Washington grown food, including food that might be going to waste including, but not limited to, grade B produce, as allowed by federal regulations and local requirements, as well as the nutritional, environmental, and economic benefits of purchasing Washington grown food;

(d) Identify and recommend mechanisms that will increase the predictability of sales for producers and the adequacy of supply for purchasers;

(e) Identify and make available existing curricula, programs and publications that educate students on the nutritional, environmental, and economic benefits of preparing and consuming locally grown food;

(f) Support efforts to advance other farm-to-school connections such as school gardens or farms and farm visits; and

(g) As resources allow, seek additional funds to leverage state expenditures.

(3) The department in cooperation with the office of the superintendent of public instruction shall collect data on the activities conducted pursuant to chapter 215, Laws of 2008 and communicate such data biennially to the appropriate committees of the legislature beginning November 15, 2009. Data collected may include the numbers of schools and farms participating and any increases in the procurement of Washington grown food by the common schools.

(4) As used in this section, RCW 28A.335.190, and 28A.235.170, "Washington grown" means grown and packed or processed in Washington.

SCHOOL FOOD WASTE IV

Sec. 11. RCW 28A.235.180 and 2018 c 8 s 8 are each amended to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, the office of the superintendent of public instruction may coordinate with the department of agriculture to promote and facilitate new and existing regional markets programs, including farm-to-school initiatives established in accordance with RCW 15.64.060, and small farm direct marketing assistance in accordance with RCW 15.64.050. In coordinating with the department of agriculture, the office of the superintendent of public instruction is encouraged to provide technical assistance, including outreach and best practices strategies, to school districts with farm-to-school initiatives.

(2) Subject to the availability of amounts appropriated for this specific purpose, the regional markets programs of

the department of agriculture must be a centralized connection point for schools and other institutions for accessing and sharing information, tools, ideas, and best practices for purchasing Washington-grown food.

(a) In accordance with this subsection (2), program staff from the department of agriculture may provide:

(i) Scale-appropriate information and resources to farms to help them respond to the growing demand for local and direct marketed products; and

(ii) Targeted technical assistance to farmers, food businesses, and buyers, including schools, about business planning, access to markets, product development, distribution infrastructure, and sourcing, procuring, and promoting Washington-grown foods, including food that might be going to waste.

(b) In accordance with this subsection (2), program staff from the department of agriculture may provide technical assistance to:

(i) Support new and existing farm businesses;

(ii) Maintain the economic viability of farms;

(iii) Support compliance with applicable federal, state, and local requirements; and

(iv) Support access and preparation efforts for competing in markets that are a good fit for their scale and products, including schools and public institutions, and direct-to-consumer markets that include, but are not limited to, farmers markets, local retailers, restaurants, value-added product developments, and agritourism opportunities.

(3) Subject to the availability of amounts appropriated for this specific purpose, the regional markets programs of the department of agriculture may support school districts in establishing or expanding farm-to-school initiatives by providing information and guidance to overcome barriers to purchasing Washington-grown food, including food that might be going to waste. In accordance with this subsection (3), regional markets program activities may include, but are not limited to:

(a) Connecting schools and other institutions with farmers and distribution chains;

(b) Overcoming seasonality constraints;

(c) Providing budgeting assistance;

(d) Navigating procurement requirements; ((~~and~~))

(e) Reducing food waste through the purchase of Washington-grown food, consistent with the goals of RCW 70A.205.007 and 70A.205.715; and

(f) Developing educational materials that can be used in cafeterias, classrooms, and in other educational environments.

(4) Subject to the availability of amounts appropriated for this specific purpose, school districts and other institutions may coordinate with the department of agriculture to promote and facilitate new and existing farm-to-school initiatives. School district representatives involved in these initiatives may include, but ((~~fare~~))are not limited to, school nutrition staff, purchasing staff, student representatives, and parent organizations.

(5) Subject to the availability of amounts appropriated for this specific purpose, the office of the superintendent of public instruction may award grants to school districts to collaborate with community-based organizations, food banks, and farms or gardens for reducing high school dropout occurrences through farm engagement projects. Projects established by school districts that receive grants in accordance with this section must:

(a) Primarily target low-income and disengaged youth who have dropped out or who are at risk of dropping out of high school; and

(b) Provide participating youth with opportunities for:

(i) Performing community service, including, but not limited to, building food gardens for low-income families, and work-based learning and employment during the school year and summer through farm or garden programs;

(ii) Earning core and elective credits applied toward high school graduation, including but not limited to, science, health, and career and technical education credits;

(iii) Receiving development support and services, including social and emotional learning, counseling, leadership training, and career and college guidance; and

(iv) Improving food security for themselves and their community through the project.

COMPOSTABLE PRODUCT LABELING

NEW SECTION. **Sec. 12.** A new section is added to chapter 70A.455 RCW to read as follows:

The on-product marking requirements under this chapter, including the logo, coloring, and wording requirements of RCW 70A.455.040(2)(b), do not apply to paper-based sheets that are intended for use in the cooking process. The exemption from the requirements of this chapter does not apply to requirements other than marking requirements. Labeling consistent with the requirements of RCW 70A.455.020(2)(b) must be included on the packaging for any paper-based sheets that are exempted under this section.

Sec. 13. RCW 43.21B.110 and 2024 c 347 s 5, 2024 c 340 s 4, and 2024 c 339 s 16 are each reenacted and amended to read as follows:

(1) The hearings board shall only have jurisdiction to hear and decide appeals from the following decisions of the department, the director, local conservation districts, the air pollution control boards or authorities as established pursuant to chapter 70A.15 RCW, local health departments, the department of natural resources, the department of fish and wildlife, the parks and recreation commission, and authorized public entities described in chapter 79.100 RCW:

(a) Civil penalties imposed pursuant to chapter 70A.230 RCW and RCW 18.104.155, 70A.15.3160, 70A.300.090, 70A.20.050, 70A.230.020, 70A.205.280, 70A.205.545, 70A.355.070, 70A.430.070, 70A.500.260, 70A.505.100, 70A.505.110, 70A.530.040, 70A.350.070, 70A.515.060, 70A.245.040, 70A.245.050, 70A.245.070, 70A.245.080, 70A.245.130, 70A.245.140, 70A.65.200, 70A.455.090, 70A.550.030, 70A.555.110, 70A.560.020, 70A.565.030, 76.09.170, 77.55.440, 78.44.250, 88.46.090, 90.03.600, 90.46.270, 90.48.144, 90.56.310, 90.56.330, and 90.64.102.

(b) Orders issued pursuant to RCW 18.104.043, 18.104.060, 18.104.130, 43.27A.190, 70A.15.2520, 70A.15.3010, 70A.15.4530, 70A.15.6010, 70A.205.280, 70A.214.140, 70A.300.120, 70A.350.070, 70A.245.020, 70A.65.200, 70A.505.100, 70A.555.110, 70A.560.020, 70A.565.030, 86.16.020, 88.46.070, 90.03.665, 90.14.130, 90.46.250, 90.48.120, 90.48.240, 90.56.330, and 90.64.040.

(c) Except as provided in RCW 90.03.210(2), the issuance, modification, or termination of any permit, certificate, or license by the department or any air authority in the exercise of its jurisdiction, including the issuance or termination of a waste disposal permit, the denial of an application for a waste disposal permit, the modification of the conditions or the terms of a waste disposal permit, a decision to approve or deny a solid waste management plan under RCW 70A.205.055, approval or denial of an application for a beneficial use determination under RCW 70A.205.260, an application for a change under RCW 90.03.383, or a permit to distribute reclaimed water under RCW 90.46.220.

(d) Decisions of local health departments regarding the granting or denial of solid waste permits pursuant to chapter 70A.205 RCW, including appeals by the department as provided in RCW 70A.205.130.

(e) Decisions of local health departments regarding the issuance and enforcement of permits to use or dispose of biosolids under RCW 70A.226.090.

(f) Decisions of the department regarding waste-derived fertilizer or micronutrient fertilizer under RCW 15.54.820.

(g) Decisions of local conservation districts related to the denial of approval or denial of certification of a dairy nutrient management plan; conditions contained in a plan; application of any dairy nutrient management practices, standards, methods, and technologies to a particular dairy farm; and failure to adhere to the plan review and approval timelines in RCW 90.64.026 as provided in RCW 90.64.028.

(h) Any other decision by the department or an air authority which pursuant to law must be decided as an adjudicative proceeding under chapter 34.05 RCW.

(i) Decisions of the department of natural resources, the department of fish and wildlife, and the department that are reviewable under chapter 76.09 RCW, and the department of natural resources' appeals of county, city, or town objections under RCW 76.09.050(7).

(j) Forest health hazard orders issued by the commissioner of public lands under RCW 76.06.180.

(k) Decisions of the department of fish and wildlife to issue, deny, condition, or modify a hydraulic project approval permit under chapter 77.55 RCW, to issue a stop work order, to issue a notice to comply, to issue a civil penalty, or to issue a notice of intent to disapprove applications.

(l) Decisions of the department of natural resources that are reviewable under RCW 78.44.270.

(m) Decisions of an authorized public entity under RCW 79.100.010 to take temporary possession or custody of a vessel or to contest the amount of reimbursement owed that are reviewable by the hearings board under RCW 79.100.120.

(n) Decisions of the department of ecology that are appealable under RCW 70A.245.020 to set recycled minimum postconsumer content for covered products or to temporarily exclude types of covered products in plastic containers from minimum postconsumer recycled content requirements.

(o) Orders by the department of ecology under RCW 70A.455.080.

(2) The following hearings shall not be conducted by the hearings board:

(a) Hearings required by law to be conducted by the shorelines hearings board pursuant to chapter 90.58 RCW, except where appeals to the pollution control hearings board and appeals to the shorelines hearings board have been consolidated pursuant to RCW 43.21B.340.

(b) Hearings conducted by the department pursuant to RCW 70A.15.3010, 70A.15.3070, 70A.15.3080, 70A.15.3090, 70A.15.3100, 70A.15.3110, and 90.44.180.

(c) Appeals of decisions by the department under RCW 90.03.110 and 90.44.220.

(d) Hearings conducted by the department to adopt, modify, or repeal rules.

(3) Review of rules and regulations adopted by the hearings board shall be subject to review in accordance with the provisions of the administrative procedure act, chapter 34.05 RCW.

NEW SECTION. **Sec. 14.** 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.

NEW SECTION. **Sec. 15.** 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."

On page 1, line 3 of the title, after "systems;" strike the remainder of the title and insert "amending RCW 70A.207.050, 70A.205.540, 70A.205.545, 15.64.060, and 28A.235.180; reenacting and amending RCW 43.21B.110; adding new sections to chapter 70A.205 RCW; adding a new section to chapter 19.27 RCW; adding new sections to chapter 28A.235 RCW; adding a new section to chapter

70A.455 RCW; creating new sections; and prescribing penalties."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 1497 and advanced the bill, as amended by the Senate, to final passage.

Representative Doglio spoke in favor of the passage of the bill.

Representative Dye spoke against the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1497, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1497, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 59; Nays, 37; Absent, 0; Excused, 2

Voting Yea: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hill, Hunt, Kloba, Leavitt, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Paul, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rule, Ryu, Salahuddin, Santos, Scott, Shavers, Simmons, Springer, Stearns, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Waters, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Penner, Rude, Schmick, Schmidt, Steele, Stokesbary, Volz, Walsh and Ybarra

Excused: Representatives Hackney and Lekanoff

SECOND SUBSTITUTE HOUSE BILL NO. 1497, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 15, 2025

Mme. Speaker:

The Senate has passed SECOND SUBSTITUTE HOUSE BILL NO. 1514, with the following amendment(s): 1514-S2 AMS ENET S2636.1

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 80.04.010 and 2024 c 348 s 1 are each amended to read as follows:

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

(1) "Automatic location identification" means a system by which information about a caller's location, including the seven-digit number or ten-digit number used to place a 911 call or a different seven-digit number or ten-digit number to which a return call can be made from the public switched network, is forwarded to a public safety answering point for display.

(2) "Automatic number identification" means a system that allows for the automatic display of the seven-digit or ten-digit number used to place a 911 call.

(3) "Battery charging facility" includes a "battery charging station" and a "rapid charging station" as defined in RCW 82.08.816.

(4) "Cogeneration facility" means any machinery, equipment, structure, process, or property, or any part thereof, installed or acquired for the primary purpose of the sequential generation of electrical or mechanical power and useful heat from the same primary energy source or fuel.

(5) "Commission" means the utilities and transportation commission.

(6) "Commissioner" means one of the members of such commission.

(7) "Competitive telecommunications company" means a telecommunications company which has been classified as such by the commission pursuant to RCW 80.36.320.

(8) "Competitive telecommunications service" means a service which has been classified as such by the commission pursuant to RCW 80.36.330.

(9) "Corporation" includes a corporation, company, association or joint stock association.

(10) "Department" means the department of health.

(11) "Electric plant" includes all real estate, fixtures and personal property operated, owned, used or to be used for or in connection with or to facilitate the generation, transmission, distribution, sale or furnishing of electricity for light, heat, or power for hire; and any conduits, ducts or other devices, materials, apparatus or property for containing, holding or carrying conductors used or to be used for the transmission of electricity for light, heat or power.

(12)(a) "Electrical company" includes any corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever (other than a railroad or street railroad company generating electricity solely for railroad or street railroad purposes or for the use of its tenants and not for sale to others), and every city or town owning, operating or managing any electric plant for hire within this state. An electrical company may own, operate, or manage any thermal energy network within this state.

(b) "Electrical company" does not include a company or person employing a cogeneration facility solely for the generation of electricity for its own use or the use of its tenants or for sale to an electrical company, state or local public agency, municipal corporation, or quasi municipal corporation engaged in the sale or distribution of electrical energy, but not for sale to others, unless such company or person is otherwise an electrical company.

(13) "Facilities" means lines, conduits, ducts, poles, wires, cables, cross-arms, receivers, transmitters, instruments,

machines, appliances, instrumentalities and all devices, real estate, easements, apparatus, property and routes used, operated, owned or controlled by any telecommunications company to facilitate the provision of telecommunications service.

(14) "Gas company" includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receiver appointed by any court whatsoever, and every city or town, owning, controlling, operating or managing any gas plant within this state. A gas company may own, control, operate, or manage any thermal energy network within this state.

(15) "Gas plant" includes all real estate, fixtures and personal property, owned, leased, controlled, used or to be used for or in connection with the transmission, distribution, sale or furnishing of natural gas, or the manufacture, transmission, distribution, sale or furnishing of other type gas, for light, heat or power.

(16) "LATA" means a local access transport area as defined by the commission in conformance with applicable federal law.

(17) "Local exchange company" means a telecommunications company providing local exchange telecommunications service.

(18) "Noncompetitive telecommunications service" means any service which has not been classified as competitive by the commission.

(19) "Person" includes an individual, a firm or partnership.

(20) "Private shared telecommunications services" includes the provision of telecommunications and information management services and equipment within a user group located in discrete private premises in building complexes, campuses, or high-rise buildings, by a commercial shared services provider or by a user association, through privately owned customer premises equipment and associated data processing and information management services and includes the provision of connections to the facilities of a local exchange and to interexchange telecommunications companies.

(21) "Private switch automatic location identification service" means a service that enables automatic location identification to be provided to a public safety answering point for 911 calls originating from station lines served by a private switch system.

(22)(a) "Private telecommunications system" means a telecommunications system controlled by a person or entity for the sole and exclusive use of such person, entity, or affiliate thereof, including the provision of private shared telecommunications services by such person or entity.

(b) "Private telecommunications system" does not include a system offered for hire, sale, or resale to the general public.

(23) "Public service company" includes every gas company, electrical company, telecommunications company, wastewater company, and water company. Ownership or operation of a cogeneration facility does not, by itself, make a company or person a public service company.

(24) "Radio communications service company" includes every corporation, company, association, joint stock association, partnership, and person, their lessees, trustees, or receivers appointed by any court, and every city or town making available facilities to provide radio communications service, radio paging, or cellular communications service for hire, sale, or resale.

(25) "Service" is used in this title in its broadest and most inclusive sense.

(26) "System of sewerage" means collection, treatment, and disposal facilities and services for sewerage, or storm or surface water runoff.

(27) "Telecommunications" is the transmission of information by wire, radio, optical cable, electromagnetic, or other similar means. As used in this definition, "information" means knowledge or intelligence represented by any form of writing, signs, signals, pictures, sounds, or any other symbols.

(28) "Telecommunications company" includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, and every city or town owning, operating or managing any facilities used to provide telecommunications for hire, sale, or resale to the general public within this state.

(29) "Thermal energy" means piped noncombustible fluids used for transferring heat into and out of buildings for the purpose of either: (a) Eliminating any resultant on-site greenhouse gas emissions of all types of heating and cooling processes including, but not limited to, comfort heating and cooling, domestic hot water, and refrigeration; (b) improving energy efficiency; or (c) both (a) and (b) of this subsection.

(30)(a) "Thermal energy company" means any private person, company, association, partnership, joint venture, or corporation engaged in or proposing to engage in thermal energy services, and may additionally engage in developing and producing thermal energy.

(b) A thermal energy company does not include any gas company, electrical company, or public utility district that owns, controls, operates, or manages a thermal energy network.

(c) A thermal energy company does not include a homeowners' association providing service to units solely within its own buildings.

(d) A thermal energy company does not include a company that develops, produces, or provides thermal energy independently from the company involved in the thermal energy distribution system.

(31) "Thermal energy network" means all real estate, fixtures, and personal property operated, owned, used, or to be used for or in connection with or to facilitate a utility-scale distribution infrastructure project that supplies thermal energy. A thermal energy network may not rely on combustion to create thermal energy, except for emergency backup purposes.

((~~(31)~~))(32) "Thermal energy services" means transmitting, distributing,

delivering, furnishing, or selling to or for the public thermal energy from a thermal energy system for any beneficial use other than electricity generation and includes such ancillary services as energy audits, metering, billing, maintenance, and repairs related to thermal energy.

(33) "Thermal energy system" means any system that provides thermal energy for space heating, space cooling, or process uses from a central plant, distributed plant, or combined heat and power facility, and that distributes the thermal energy to two or more buildings through a network of pipes. A thermal energy system includes, but is not limited to, a thermal energy network.

(34)(a) "Wastewater company" means a corporation, company, association, joint stock association, partnership and person, their lessees, trustees, or receivers that owns or proposes to develop and own a system of sewerage that is designed for a peak flow of 27,000 to 100,000 gallons per day if treatment is by a large on-site sewerage system, or to serve one hundred or more customers.

(b) For purposes of commission jurisdiction, wastewater company does not include: (i) Municipal, county, or other publicly owned systems of sewerage; or (ii) wastewater company service to customers outside of an urban growth area as defined in RCW 36.70A.030.

((~~(32)~~))(35)(a) "Water company" includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, and every city or town owning, controlling, operating, or managing any water system for hire within this state.

(b) For purposes of commission jurisdiction, "water company" does not include any water system serving less than 100 customers where the average annual gross revenue per customer does not exceed $300 per year, which revenue figure may be increased annually by the commission by rule adopted pursuant to chapter 34.05 RCW to reflect the rate of inflation as determined by the implicit price deflator of the United States department of commerce. The measurement of customers or revenues must include all portions of water companies having common ownership or control, regardless of location or corporate designation.

(c) "Control" is defined by the commission by rule and does not include management by a satellite agency as defined in chapter 70A.100 RCW if the satellite agency is not an owner of the water company.

(d) "Water company" also includes, for auditing purposes only, nonmunicipal water systems which are referred to the commission pursuant to an administrative order from the department, or the city or county as provided in RCW 80.04.110.

(e) Water companies exempt from commission regulation are subject to the provisions of chapter 19.86 RCW. A water company cannot be removed from regulation except with the approval of the commission. Water companies subject to regulation may petition the commission for removal from regulation if the number of customers falls below 100 or the average annual revenue per customer falls below $300. The commission is authorized to maintain continued regulation if it finds that the public interest so requires.

((~~(33)~~))(36) "Water system" includes all real estate, easements, fixtures, personal property, dams, dikes, head gates, weirs, canals, reservoirs, flumes or other structures or appliances operated, owned, used or to be used for or in connection with or to facilitate the supply, storage, distribution, sale, furnishing, diversion, carriage, apportionment or measurement of water for power, irrigation, reclamation, manufacturing, municipal, domestic or other beneficial uses for hire.

Sec. 2. RCW 80.04.550 and 2015 3rd sp.s. c 19 s 12 are each amended to read as follows:

(1) It is the intent of the legislature to exempt from commission regulation ((~~thermal energy services provided by~~)) thermal energy companies in operation or under development before July 1, 2025, and combined heat and power facilities that are not otherwise regulated under this title. Nothing in this section shall prevent the commission from issuing or enforcing any order affecting combined heat and power facilities owned or operated by an electrical company that are subsidized by a regulated service.

(2) Nothing in this title shall authorize the commission to make or enforce any order affecting rates, tolls, rentals, contracts or charges for service rendered, or the adequacy or sufficiency of the facilities, equipment, instrumentalities, or buildings, or the reasonableness of rules or regulations made, furnished, used, supplied, or in force affecting any ((~~thermal energy system owned and operated by any thermal energy company or by a combined heat and power facility engaged in thermal energy services.~~

~~(3) For the purposes of this section:~~

~~(a) "Thermal energy company" means any private person, company, association, partnership, joint venture, or corporation engaged in or proposing to engage in developing, producing, transmitting, distributing, delivering, furnishing, or selling to or for the public thermal energy services for any beneficial use other than electricity generation;~~

~~(b) "Thermal energy system" means any system that provides thermal energy for space heating, space cooling, or process uses from a central plant or combined heat and power facility, and that distributes the thermal energy to two or more buildings through a network of pipes;~~

~~(c) "Thermal energy" means heat or cold in the form of steam, heated or chilled water, or any other heated or chilled fluid or gaseous medium; and~~

~~(d) "Thermal energy services" means the provision of thermal energy from a thermal energy system and includes such ancillary services as energy audits, metering, billing, maintenance, and repairs related to thermal energy~~)):

(a) Thermal energy company operating a thermal energy system that has less than five independent customers and less than 250 residential end users, unless the thermal energy company chooses to opt-in to commission regulation by providing the commission with a request to opt-in to regulation in writing.

(i) For the purposes of this section, "independent customer" means a unique direct customer receiving thermal energy for one or more buildings through one or more metered services.

(ii) For the purposes of this section, "residential end user" means a household in a dwelling unit that is not a direct customer of a thermal energy company but is located within a residential multifamily building or residential portion of a mixed-use building served by a thermal energy company.

(iii) If a thermal energy company's exempted thermal energy system grows to have five or more independent customers and 250 or more residential end users, the thermal energy company must submit the thermal energy system to the commission in a general rate case filing no later than 12 months after surpassing the exemption threshold so the commission can set the rates and charges of the thermal energy company;

(b) Thermal energy company owning and operating any thermal energy system in operation before July 1, 2025, unless the thermal energy company chooses to opt-in to commission regulation by providing the commission with a request to opt-in to regulation in writing;

(c) A combined heat and power facility engaged in thermal energy services, unless such a facility chooses to opt-in to commission regulation by providing the commission with a request to opt-in to regulation in writing.

(3) A thermal energy company that chooses to opt-in to commission regulation must remain under commission regulation and cannot subsequently opt-out of commission regulation.

(4) A thermal energy company that owns a thermal energy system that is under development but has not commenced operation as of July 1, 2025, is not subject to commission regulation if the thermal energy company notifies the commission in writing of the company's plans to operate the thermal energy system.

(5) The legislature finds that gas companies maintain their priority for developing thermal energy network pilot projects as provided in RCW 80.28.460.

Sec. 3. RCW 80.28.005 and 1994 c 268 s 1 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Bondable conservation investment" means all expenditures made by electrical, gas, or water companies with respect to energy or water conservation measures and services intended to improve the efficiency of electricity, gas, or water end use, including related carrying costs if:

(a) The conservation measures and services do not produce assets that would be bondable utility property under the general utility mortgage of the electrical, gas, or water company;

(b) The commission has determined that the expenditures were incurred in conformance with the terms and conditions of a conservation service tariff in effect with the commission at the time the costs were incurred, and at the time of such determination the commission finds that the company has proven that the costs were prudent, that the terms and conditions of the financing are reasonable, and that financing under this chapter is more favorable to the customer than other reasonably available alternatives;

(c) The commission has approved inclusion of the expenditures in rate base and has not ordered that they be currently expensed; and

(d) The commission has not required that the measures demonstrate that energy savings have persisted at a certain level for a certain period before approving the cost of these investments as bondable conservation investment.

(2) "Conservation bonds" means bonds, notes, certificates of beneficial interests in trusts, or other evidences of indebtedness or ownership that:

(a) The commission determines at or before the time of issuance are issued to finance or refinance bondable conservation investment by an electrical, gas or water company; and

(b) Rely partly or wholly for repayment on conservation investment assets and revenues arising with respect thereto.

(3) "Conservation investment assets" means the statutory right of an electrical, gas, or water company:

(a) To have included in rate base all of its bondable conservation investment and related carrying costs; and

(b) To receive through rates revenues sufficient to recover the bondable conservation investment and the costs of equity and debt capital associated with it, including, without limitation, the payment of principal, premium, if any, and interest on conservation bonds.

(4) "Finance subsidiary" means any corporation, company, association, joint stock association, or trust that is beneficially owned, directly or indirectly, by an electrical, gas, or water company, or in the case of a trust issuing conservation bonds consisting of beneficial interests, for which an electrical, gas, or water company or a subsidiary thereof is the grantor, or an unaffiliated entity formed for the purpose of financing or refinancing approved conservation investment, and that acquires conservation investment assets directly or indirectly from such company in a transaction approved by the commission.

(5) "Thermal energy" has the same definition as in RCW 80.04.010.

(6) "Thermal energy company" has the same definition as in RCW 80.04.010.

(7) "Thermal energy network" has the same definition as in RCW 80.04.010.

(8) "Thermal energy services" has the same definition as in RCW 80.04.010.

(9) "Thermal energy system" has the same definition as in RCW 80.04.010.

Sec. 4. RCW 80.28.010 and 2023 c 105 s 6 are each amended to read as follows:

(1) All charges made, demanded or received by any gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company for gas, electricity ((~~or~~)), water, or thermal energy, or for any service rendered or to be rendered in connection therewith, shall be just, fair, reasonable and sufficient. Reasonable charges necessary to cover the cost of administering the collection of voluntary donations for the purposes of supporting the development and implementation of evergreen community management plans and ordinances under RCW 80.28.300 must be deemed as prudent and necessary for the operation of a utility.

(2) Every gas company, electrical company, wastewater company, ((~~and~~)) water company, and thermal energy company shall furnish and supply such service, instrumentalities and facilities as shall be safe, adequate and efficient, and in all respects just and reasonable.

(3) All rules and regulations issued by any gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company, affecting or pertaining to the sale or distribution of its product or service, must be just and reasonable.

(4) Utility service for residential space heating shall not be terminated between November 15 through March 15 if the customer:

(a) Notifies the utility of the inability to pay the bill. This notice should be provided within five business days of receiving a payment overdue notice unless there are extenuating circumstances. If the customer fails to notify the utility within five business days and service is terminated, the customer can, by fulfilling the requirements of this section, receive the protections of this chapter;

(b) Provides self-certification of household income for the prior twelve months to a grantee of the department of commerce, which administers federally funded energy assistance programs. The grantee shall determine that the household income does not exceed the maximum allowed for eligibility under the state's plan for low-income energy assistance under 42 U.S.C. 8624 and shall provide a dollar figure that is seven percent of household income. The grantee may verify information provided in the self-certification;

(c) Has applied for home heating assistance from applicable government and private sector organizations and certifies that any assistance received will be applied to the current bill and future utility bills;

(d) Has applied for low-income weatherization assistance to the utility or other appropriate agency if such assistance is available for the dwelling;

(e) Agrees to a payment plan and agrees to maintain the payment plan. The plan will be designed both to pay the past due bill by the following October 15th and to pay for continued utility service. If the past due bill is not paid by the following October 15, the customer is not eligible for protections under this chapter until the past due bill is paid. The plan may not require monthly payments in excess of seven percent of the customer's monthly income plus one-twelfth of any arrearage accrued from the date application is made and thereafter during November 15 through March 15. A customer may agree to pay a higher percentage during this period, but shall not be in default unless payment during this period is less than seven percent of monthly income plus one-twelfth of any arrearage accrued from the date application is made and thereafter. If assistance payments are received by the customer subsequent to implementation of the plan, the customer shall contact the utility to reformulate the plan; and

(f) Agrees to pay the moneys owed even if the customer moves.

(5) The utility shall:

(a) Include in any notice that an account is delinquent and that service may be subject to termination, a description of the customer's duties in this section;

(b) Assist the customer in fulfilling the requirements under this section;

(c) Be authorized to transfer an account to a new residence when a customer who has established a plan under this section moves from one residence to another within the same utility service area;

(d) Be permitted to disconnect service if the customer fails to honor the payment program except on the days indicated in subsection (8) of this section. Utilities may continue to disconnect service for those practices authorized by law other than for nonpayment as provided for in this subsection. Customers who qualify for payment plans under this section who default on their payment plans and are disconnected can be reconnected and maintain the protections afforded under this chapter by paying all amounts that would have been due and owing under the terms of the applicable payment plan, absent default, on the date on which service is reconnected; and

(e) Advise the customer in writing at the time it disconnects service that it will restore service if the customer contacts the utility and fulfills the other requirements of this section.

(6) A payment plan implemented under this section is consistent with RCW 80.28.080.

(7) Every gas company ((~~and~~)), electrical company, and thermal energy company shall offer residential customers the option of a budget billing or equal payment plan. The budget billing or equal payment plan shall be offered low-income customers eligible under the state's plan for low-income energy assistance prepared in accordance with 42 U.S.C. 8624(C)(1) without limiting availability to certain months of the year, without regard to the length of time the customer has occupied the premises, and without regard to whether the customer is the tenant or owner of the premises occupied.

(8)(a) Every electrical company ((~~and~~)), water company, and thermal energy company

must have and must abide by the terms of a tariff approved by the commission that prohibits the electrical company ((~~or~~)), water company, or thermal energy company from effecting, due to lack of payment, an involuntary termination of electric ((~~or~~)), water, or thermal energy utility service to any residential user, including tenants of metered apartment buildings and residents of mobile homes, on any day for which the national weather service has issued or has announced that it intends to issue a heat-related alert, such as an excessive heat warning, a heat advisory, an excessive heat watch, or a similar alert, for the area in which the residential user's address is located.

(b) Nothing in this subsection (8) limits the authority of the commission to prohibit an electrical company ((~~or~~)), water company, or thermal energy company from terminating electric ((~~or~~)), water, or thermal energy utility service in accordance with an approved tariff, rule, or order, in circumstances independent of the weather.

(9)(a) A residential user at whose dwelling electric ((~~or~~)), water, or thermal energy utility service has been disconnected for lack of payment may request that the utility reconnect service on any day for which the national weather service has issued or has announced that it intends to issue a heat-related alert, such as an excessive heat warning, a heat advisory, an excessive heat watch, or a similar alert, for the area in which the residential user's address is located. The utility shall, through a process approved by the commission, inform all customers in the notice of disconnection of the ability to seek reconnection and provide clear and specific information on how to make that request, including how to contact the utility.

(b) Upon receipt of a request made pursuant to (a) of this subsection, the utility shall promptly make a reasonable attempt to reconnect service to the dwelling. The utility, in connection with a request made pursuant to (a) of this subsection, may require the residential user to enter into a payment plan prior to reconnecting service to the dwelling. If the utility requires the residential user to enter into a repayment plan, the repayment plan must comply with subsection (10) of this section.

(10) A repayment plan required by a utility pursuant to subsection (9)(b) of this section will be designed both to pay the past due bill by the following May 15th, or as soon as possible after May 15th if needed to maintain monthly payments that are no greater than six percent of the customer's monthly income, and to pay for continued utility service. The plan may not require monthly payments in excess of six percent of the customer's monthly income. A customer may agree to pay a higher percentage during this period, but will not be in default unless payment during this period is less than six percent of the customer's monthly income. If assistance payments are received by the customer subsequent to implementation of the plan, the customer shall contact the utility to reformulate the plan.

(11) Every gas company, electrical company, wastewater company, ((~~and~~)) water company, and thermal energy company shall construct and maintain such facilities in connection with the manufacture and distribution of its product, or provision of its services, as will be efficient and safe to its employees and the public.

(12) An agreement between the customer and the utility, whether oral or written, does not waive the protections afforded under this chapter.

(13) In establishing rates or charges for water service, water companies as defined in RCW 80.04.010 may consider the achievement of water conservation goals and the discouragement of wasteful water use practices.

(14) On an annual basis, each utility must submit a report to the commission that includes the total number of electric ((~~or~~)), water, or thermal energy disconnections that occurred on each day for which the national weather service issued, or announced that it intended to issue, a heat-related alert.

Sec. 5. RCW 80.28.020 and 2011 c 214 s 12 are each amended to read as follows:

Whenever the commission shall find, after a hearing had upon its own motion, or upon complaint, that the rates or charges demanded, exacted, charged or collected by any gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company, for gas, electricity, wastewater company services, ((~~or~~)) water, or thermal energy, or in connection therewith, or that the rules, regulations, practices or contracts affecting such rates or charges are unjust, unreasonable, unjustly discriminatory or unduly preferential, or in any wise in violation of the provisions of the law, or that such rates or charges are insufficient to yield a reasonable compensation for the service rendered, the commission shall determine the just, reasonable, or sufficient rates, charges, regulations, practices or contracts to be thereafter observed and in force, and shall fix the same by order.

Sec. 6. RCW 80.28.030 and 2021 c 65 s 96 are each amended to read as follows:

(1) Whenever the commission finds, after such hearing, that the illuminating or heating power, purity or pressure of gas, the efficiency of electric lamp supply, the voltage of the current supplied for light, heat or power, the quality of wastewater company services, ((~~or~~)) the purity, quality, volume, and pressure of water, or the quality or quantity of thermal energy, supplied by any gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company, as the case may be, is insufficient, impure, inadequate or inefficient, it shall order such improvement in the manufacture, distribution or supply of gas, in the manufacture, transmission or supply of electricity, in the operation of the

services and facilities of wastewater companies, or in the storage, distribution or supply of water, or in the quality or quantity of thermal energy, or in the methods employed by such gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company, as will in its judgment be efficient, adequate, just and reasonable. Failure of a water company to comply with state board of health standards adopted under RCW 43.20.050(2)(a) or department standards adopted under chapter 70A.100 RCW for purity, volume, and pressure is prima facie evidence that the water supplied is insufficient, impure, inadequate, or inefficient. Failure of a wastewater company to comply with standards and permit conditions adopted and implemented under chapter 70A.115 or 90.48 RCW for treatment and disposal of sewerage, is prima facie evidence that the system of sewerage is insufficient, inadequate, or inefficient.

(2) In ordering improvements in the storage, distribution, or supply of water, the commission shall consult and coordinate with the department of health. In the event that a water company fails to comply with an order of the commission within the deadline specified in the order, the commission may request that the department petition the superior court of Thurston county to place the company in receivership pursuant to chapter 7.60 RCW.

(3) In ordering improvements to the system of sewerage, the commission shall consult and coordinate with the department of health or the department of ecology, as appropriate to the agencies' jurisdiction. In the event that a wastewater company fails to comply with an order of the commission within the deadline specified in the order, the commission may petition the superior court of Thurston county to place the company in receivership pursuant to chapter 7.60 RCW.

Sec. 7. RCW 80.28.040 and 2011 c 214 s 14 are each amended to read as follows:

(1) Whenever the commission finds, after hearing, that any rules, regulations, measurements or the standard thereof, practices, acts or services of any such gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company are unjust, unreasonable, improper, insufficient, inefficient or inadequate, or that any service which may be reasonably demanded is not furnished, the commission shall fix the reasonable rules, regulations, measurements or the standard thereof, practices, acts or service to be thereafter furnished, imposed, observed and followed, and shall fix the same by order or rule.

(2) In ordering improvements to the service of any water company, the commission shall consult and coordinate with the department of health. In the event that a water company fails to comply with an order of the commission within the deadline specified in the order, the commission may request that the department petition the superior court of Thurston county to place the company in receivership pursuant to chapter 7.60 RCW.

(3) In ordering improvements to the service of any system of sewerage, the commission shall consult and coordinate with the department of health or the department of ecology, as appropriate to the agencies' jurisdiction. In the event that a wastewater company fails to comply with an order of the commission within the deadline specified in the order, the commission may petition the superior court of Thurston county to place the company in receivership pursuant to chapter 7.60 RCW.

Sec. 8. RCW 80.28.050 and 2011 c 214 s 15 are each amended to read as follows:

Every gas company, electrical company, wastewater company, ((~~and~~)) water company, and thermal energy company shall file with the commission and shall print and keep open to public inspection schedules in such form as the commission may prescribe, showing all rates and charges made, established or enforced, or to be charged or enforced, all forms of contract or agreement, all rules and regulations relating to rates, charges or service, used or to be used, and all general privileges and facilities granted or allowed by such gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company.

Sec. 9. RCW 80.28.060 and 2011 c 214 s 16 are each amended to read as follows:

(1) Unless the commission otherwise orders, no change may be made in any rate or charge or in any form of contract or agreement or in any rule or regulation relating to any rate, charge or service, or in any general privilege or facility which shall have been filed and published by a gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company in compliance with the requirements of RCW 80.28.050 except after thirty days' notice to the commission and publication for thirty days, which notice must plainly state the changes proposed to be made in the schedule then in force and the time when the change will go into effect and all proposed changes must be shown by printing, filing and publishing new schedules, or shall be plainly indicated upon the schedules in force at the time and kept open to public inspection. Proposed changes may be suspended by the commission within thirty days or before the stated effective date of the proposed change, whichever is later. The commission, for good cause shown, may allow changes without requiring the thirty days' notice by duly filing, in such manner as it may direct, an order specifying the changes so to be made and the time when it takes effect. All such changes must be immediately indicated upon its schedules by the company affected. When any change is made in any rate or charge, form of contract or agreement, or any rule or regulation relating to any rate or charge or service, or in any general privilege or facility, the effect of which is to increase any rate or charge, then in existence, attention must be directed on the copy filed with the commission to such increase by some

character immediately preceding or following the item in such schedule, such character to be in form as designated by the commission.

(2) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 10. RCW 80.28.065 and 1993 c 245 s 2 are each amended to read as follows:

(1) Upon request by an electrical ((~~or~~)), gas, or thermal energy company, the commission may approve a tariff schedule that contains rates or charges for energy conservation measures, services, or payments provided to individual property owners or customers. The tariff schedule shall require the electrical ((~~or~~)), gas, or thermal energy company to enter into an agreement with the property owner or customer receiving services at the time the conservation measures, services, or payments are initially provided. The tariff schedule may allow for the payment of the rates or charges over a period of time and for the application of the payment obligation to successive property owners or customers at the premises where the conservation measures or services were installed or performed or with respect to which the conservation payments were made.

(2) The electrical ((~~or~~)), gas, or thermal energy company shall record a notice of a payment obligation, containing a legal description, resulting from an agreement under this section with the county auditor or recording officer as provided in RCW 65.04.030.

(3) The commission may prescribe by rule other methods by which an electrical ((~~or~~)), gas, or thermal energy company shall notify property owners or customers of any such payment obligation.

Sec. 11. RCW 80.28.068 and 2021 c 188 s 3 are each amended to read as follows:

(1) Upon its own motion, or upon request by an electrical ((~~or~~)), gas, or thermal energy company, or other party to a general rate case hearing, or other proceeding to set rates, the commission may approve rates, charges, services, and/or physical facilities at a discount, or through grants, for low-income senior customers and low-income customers. Expenses and lost revenues as a result of these discounts, grants, or other low-income assistance programs shall be included in the company's cost of service and recovered in rates to other customers. Each gas ((~~or~~)), electrical, or thermal energy company must propose a low-income assistance program comprised of a discount rate for low-income senior customers and low-income customers as well as grants and other low-income assistance programs. The commission shall approve, disapprove, or approve with modifications each gas ((~~or~~)), electrical, or thermal energy company's low-income assistance discount rate and grant program. The gas ((~~or~~)), electrical, or thermal energy company must use reasonable and good faith efforts to seek approval for low-income program design, eligibility, operation, outreach, and funding proposals from its low-income and equity advisory groups in advance of filing such proposals with the commission. In order to remove barriers and to expedite assistance, low-income discounts or grants approved under this section must be provided in coordination with community-based organizations in the gas ((~~or~~)), electrical, or thermal energy company's service territory including, but not limited to, grantees of the department of commerce, community action agencies, and community-based nonprofit organizations. Nothing in this section may be construed as limiting the commission's authority to approve or modify tariffs authorizing low-income discounts or grants.

(2) Eligibility for a low-income discount rate or grant established in this section may be established upon verification of a low-income customer's receipt of any means-tested public benefit, or verification of eligibility for the low-income home energy assistance program, or its successor program, for which eligibility does not exceed the low-income definition set by the commission pursuant to RCW 19.405.020. The public benefits may include, but are not limited to, assistance that provides cash, housing, food, or medical care including, but not limited to, temporary assistance for needy families, supplemental security income, emergency assistance to elders, disabled, and children, supplemental nutrition assistance program benefits, public housing, federally subsidized or state-subsidized housing, the low-income home energy assistance program, veterans' benefits, and similar benefits.

(3) Each gas ((~~or~~)), electrical, or thermal energy company shall conduct substantial outreach efforts to make the low-income discounts or grants available to eligible customers and must provide annual reports to the commission as to the gas ((~~or~~)), electrical, or thermal energy company's outreach activities and results. Such outreach: (a) Shall be made at least semiannually to inform customers of available rebates, discounts, credits, and other cost-saving mechanisms that can help them lower their monthly bills for gas ((~~or~~)), electrical, or thermal energy service; and (b) may be in the form of any customary and usual methods of communication or distribution including, without limitation, widely broadcast communications with customers, direct mailing, telephone calls, electronic communications, social media postings, in-person contacts, websites of the gas ((~~or~~)), electrical, or thermal energy company, press releases, and print and electronic media, that are designed to increase access to and participation in bill assistance programs.

(4) Outreach may include establishing an automated program of matching customer accounts with lists of recipients of the means-tested public benefit programs and, based on the results of the matching program, to presumptively offer a low-income discount rate or grant to eligible customers

so identified. However, the gas ((~~or~~)), electrical, or thermal energy company must within 60 days of the presumptive enrollment inform such a low-income customer of the presumptive enrollment and all rights and obligations of a customer under the program, including the right to withdraw from the program without penalty.

(5) A residential customer eligible for a low-income discount rate must receive the service on demand.

(6) A residential customer may not be charged for initiating or terminating low-income discount rates, grants, or any other form of energy assistance.

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

(a) "Energy burden" has the same meaning as defined in RCW 19.405.020.

(b) "Low-income" has the same meaning as defined in RCW 19.405.020.

(c) "Physical facilities" includes, but may not be limited to, a community solar project as defined in RCW 80.28.370.

Sec. 12. RCW 80.28.070 and 1961 c 14 s 80.28.070 are each amended to read as follows:

Nothing in this chapter shall be taken to prohibit a gas company, electrical company ((~~or~~)), water company, or thermal energy company from establishing a sliding scale of charges, whereby a greater charge is made per unit for a lesser than a greater quantity for gas, electricity ((~~or~~)), water, or thermal energy, or any service rendered or to be rendered.

Sec. 13. RCW 80.28.075 and 1988 c 166 s 2 are each amended to read as follows:

Upon request by a natural gas company ((~~or~~)), an electrical company, or a thermal energy company, the commission may approve a tariff that includes banded rates for any nonresidential natural gas ((~~or~~)), electric, or thermal energy service that is subject to effective competition from energy suppliers not regulated by the utilities and transportation commission. "Banded rate" means a rate that has a minimum and maximum rate. Rates may be changed within the rate band upon such notice as the commission may order.

Sec. 14. RCW 80.28.080 and 2011 c 214 s 17 are each amended to read as follows:

(1)(a) Except as provided otherwise in this subsection, no gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company may charge, demand, collect or receive a greater or less or different compensation for any service rendered or to be rendered than the rates and charges applicable to such service as specified in its schedule filed and in effect at the time, nor may any such company directly or indirectly refund or remit in any manner or by any device any portion of the rates or charges so specified, or furnish its product at free or reduced rates except to its employees and their families, and its officers, attorneys, and agents; to hospitals, charitable and eleemosynary institutions and persons engaged in charitable and eleemosynary work; to indigent and destitute persons; to national homes or state homes for disabled volunteer soldiers and soldiers' and sailors' homes.

For the purposes of this subsection (1):

(i) "Employees" includes furloughed, pensioned and superannuated employees, persons who have become disabled or infirm in the service of any such company; and

(ii) "Families" includes the families of those persons named in this proviso, the families of persons killed or dying in the service, also the families of persons killed, and the surviving spouse prior to remarriage, and the minor children during minority of persons who died while in the service of any of the companies named in this subsection (1).

(b) Water companies may furnish free or at reduced rates water for the use of the state, or for any project in which the state is interested.

(c) Gas companies, electrical companies, wastewater companies, ((~~and~~)) water companies, and thermal energy companies may charge the defendant for treble damages awarded in lawsuits successfully litigated under RCW 80.28.240.

(2) No gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company may extend to any person or corporation any form of contract or agreement or any rule or regulation or any privilege or facility except such as are regularly and uniformly extended to all persons and corporations under like circumstances.

Sec. 15. RCW 80.28.090 and 2011 c 214 s 18 are each amended to read as follows:

No gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company may make or grant any undue or unreasonable preference or advantage to any person, corporation, or locality, or to any particular description of service in any respect whatsoever, or subject any particular person, corporation or locality or any particular description of service to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

Sec. 16. RCW 80.28.100 and 2011 c 214 s 19 are each amended to read as follows:

No gas company, electrical company, wastewater company, ((~~or~~)) water company, or thermal energy company may, directly or indirectly, or by any special rate, rebate, drawback or other device or method, charge, demand, collect or receive from any person or corporation a greater or less compensation for gas, electricity, wastewater company services, ((~~or~~)) water, or thermal energy, or for any service rendered or to be rendered, or in connection therewith, except as authorized in this chapter, than it charges, demands, collects or receives from any other person or corporation for doing a like or contemporaneous service with respect thereto under the same or substantially similar circumstances or conditions. If the commission finds any instance of a thermal

energy resource provider injecting thermal energy into a thermal energy system that exceeds system needs and creates system imbalance, the commission may issue rules to address such an issue to ensure ratepayers are not charged for energy that does not provide a benefit.

Sec. 17. RCW 80.28.120 and 2011 c 214 s 21 are each amended to read as follows:

Every gas, water, wastewater, ((~~or~~)) electrical, or thermal energy company owning, operating or managing a plant or system for the distribution and sale of gas, water ((~~or~~)), electricity, or thermal energy, or the provision of wastewater company services to the public for hire is, and is held to be, a public service company as to such plant or system and as to all gas, water, wastewater company services, ((~~or~~)) electricity, or thermal energy distributed or furnished therefrom, whether such gas, water, wastewater company services, ((~~or~~)) electricity, or thermal energy be sold wholesale or retail or be distributed wholly to the general public or in part as surplus gas, water, wastewater company services, ((~~or~~)) electricity, or thermal energy to manufacturing or industrial concerns or to other public service companies or municipalities for redistribution. Nothing in this title may be construed to prevent any gas company, electrical company ((~~or~~)), water company, or thermal energy company from continuing to furnish its product or the use of its lines, equipment or service under any contract or contracts in force on June 7, 1911, at the rates fixed in such contract or contracts. However, the commission has power, in its discretion, to direct by order that such contract or contracts be terminated by the company party thereto and thereupon such contract or contracts must be terminated by such company as and when directed by such order.

Sec. 18. RCW 80.28.130 and 2024 c 351 s 15 are each amended to read as follows:

Whenever the commission finds, after hearing had upon its own motion or upon complaint, that repairs or improvements, to, or changes in, any gas plant, electrical plant, system of sewerage, ((~~or~~)) water system, or thermal energy system ought to be made, or that any additions or extensions should reasonably be made thereto, in order to promote the security or convenience of the public or employees, or in order to secure adequate service or facilities for manufacturing, distributing or supplying gas, electricity, wastewater company services, ((~~or~~)) water, or thermal energy, the commission may enter an order directing that such reasonable repairs, improvements, changes, additions or extensions of such gas plant, electrical plant, system of sewerage, ((~~or~~)) water system, or thermal energy system be made. The commission may require a large combination utility as defined in RCW 80.86.010 to incorporate any existing pipeline safety and replacement plans under this section into an integrated system plan established under RCW 80.86.020.

NEW SECTION. **Sec. 19.** A new section is added to chapter 80.28 RCW to read as follows:

The commission may appoint inspectors of thermal energy meters who shall, when required by the commission, inspect, examine, prove, and ascertain the accuracy of any and all thermal energy meters used or intended to be used for measuring and ascertaining the quantity of thermal energy, and inspect, examine, and ascertain the accuracy of all apparatus for testing and proving the accuracy of thermal energy meters, and when found to be or made to be correct, stamp or mark all such meters and apparatus with some suitable device to be prescribed by the commission. No thermal energy company may furnish, set, or put in use any thermal energy meters which have not been approved by the commission.

Sec. 20. RCW 80.28.160 and 1961 c 14 s 80.28.160 are each amended to read as follows:

Every gas company, electrical company ((~~and~~)), water company, and thermal energy company shall prepare and maintain such suitable premises, apparatus and facilities as may be required and approved by the commission for testing and proving the accuracy of gas, electric ((~~or~~)), water, or thermal energy meters furnished for use by it by which apparatus every meter may be tested.

Sec. 21. RCW 80.28.170 and 1961 c 14 s 80.28.170 are each amended to read as follows:

If any consumer to whom a meter has been furnished shall request the commission in writing to inspect such meter, the commission shall have the same inspected and tested, and if the same, on being so tested, shall be found to be more than four percent if an electric meter, ((~~or~~)) more than two percent if a gas meter, ((~~or~~)) more than two percent if a water meter, or more than two percent if a thermal energy meter, defective or incorrect to the prejudice of the consumer, the expense of such inspection and test shall be borne by the gas company, electrical company ((~~or~~)), water company, or thermal energy company, and if the same, on being so tested shall be found to be correct within the limits of error prescribed by the provisions of this section, the expense of such inspection and test shall be borne by the consumer.

Sec. 22. RCW 80.28.240 and 2011 c 214 s 24 are each amended to read as follows:

(1) A utility may bring a civil action for damages against any person who commits, authorizes, solicits, aids, abets, or attempts to:

(a) Divert, or cause to be diverted, utility services by any means whatsoever;

(b) Make, or cause to be made, any connection or reconnection with property owned or used by the utility to provide utility service without the authorization or consent of the utility;

(c) Prevent any utility meter or other device used in determining the charge for

utility services from accurately performing its measuring function by tampering or by any other means;

(d) Tamper with any property owned or used by the utility to provide utility services; or

(e) Use or receive the direct benefit of all or a portion of the utility service with knowledge of, or reason to believe that, the diversion, tampering, or unauthorized connection existed at the time of the use or that the use or receipt was without the authorization or consent of the utility.

(2) In any civil action brought under this section, the utility may recover from the defendant as damages three times the amount of actual damages, if any, plus the cost of the suit and reasonable attorney's fees, plus the costs incurred on account of the bypassing, tampering, or unauthorized reconnection, including but not limited to costs and expenses for investigation, disconnection, reconnection, service calls, and expert witnesses.

(3) Any damages recovered under this section in excess of the actual damages sustained by the utility may be taken into account by the utilities and transportation commission or other applicable rate-making agency in establishing utility rates.

(4) As used in this section:

(a) "Customer" means the person in whose name a utility service is provided;

(b) "Divert" means to change the intended course or path of electricity, gas, ((~~or~~)) water, or thermal energy without the authorization or consent of the utility;

(c) "Person" means any individual, partnership, firm, association, or corporation or government agency;

(d) "Reconnection" means the commencement of utility service to a customer or other person after service has been lawfully disconnected by the utility;

(e) "Tamper" means to rearrange, injure, alter, interfere with, or otherwise prevent from performing the normal or customary function;

(f) "Utility" means any electrical company, gas company, wastewater company, ((~~or~~)) water company, or thermal energy company, as those terms are defined in RCW 80.04.010, and includes any electrical, gas, system of sewerage, ((~~or~~)) water system, or thermal energy system operated by any public agency; and

(g) "Utility service" means the provision of electricity, gas, water, wastewater company services, thermal energy, or any other service or commodity furnished by the utility for compensation.

Sec. 23. RCW 80.28.430 and 2021 c 188 s 4 are each amended to read as follows:

(1) A gas company ((~~or~~)), electrical company, or thermal energy company shall, upon request, enter into one or more written agreements with organizations that represent broad customer interests in regulatory proceedings conducted by the commission, subject to commission approval in accordance with subsection (2) of this section, including but not limited to organizations representing low-income, commercial, and industrial customers, vulnerable populations, or highly impacted communities. The agreement must govern the manner in which financial assistance may be provided to the organization. More than one gas company, electrical company, thermal energy company, or organization representing customer interests may join in a single agreement. Any agreement entered into under this section must be approved, approved with modifications, or rejected by the commission. The commission must consider whether the agreement is consistent with a reasonable allocation of financial assistance provided to organizations pursuant to this section among classes of customers of the gas or electrical company.

(2) Before administering an agreement entered into under subsection (1) of this section, the commission shall, by rule or order, determine:

(a) The amount of financial assistance, if any, that may be provided to any organization;

(b) The manner in which the financial assistance is distributed;

(c) The manner in which the financial assistance is recovered in the rates of the gas company ((~~or~~)), electrical company, or thermal energy company under subsection (3) of this section; and

(d) Other matters necessary to administer the agreement.

(3) The commission shall allow a gas company ((~~or~~)), electrical company, or thermal energy company that provides financial assistance under this section to recover the amounts provided in rates. The commission shall allow a gas company ((~~or~~)), electrical company, or thermal energy company to defer inclusion of those amounts in rates if the gas company ((~~or~~)), electrical company, or thermal energy company so elects. An agreement under this section may not provide for payment of any amounts to the commission.

(4) Organizations representing vulnerable populations or highly impacted communities must be prioritized for funding under this section.

NEW SECTION. **Sec. 24.** A new section is added to chapter 80.28 RCW to read as follows:

(1) Upon its own motion, or upon request by an electrical company or a thermal energy company, or other party to a general rate case hearing, or other proceeding to set rates, the commission may authorize an electrical company to provide discounted rates to a company operating a thermal energy network in the electrical company's service area.

(2) The commission may authorize an electrical company to provide such discounted rates if the thermal energy network operates in a way that allows the electrical company to deliver electricity more efficiently than an electrical company's standard electric service, including if the thermal energy network shifts load off of peak demand.

(3) If the commission approves discounted rates as described in this section, the commission must consider the benefits of reduced input costs to operate thermal

energy networks in future proceedings to set rates for thermal energy networks.

NEW SECTION. **Sec. 25.** A new section is added to chapter 80.04 RCW to read as follows:

The commission must follow the national and international development of interoperability standards for thermal energy networks and report to the appropriate committees of the legislature by December 1, 2027, on the maturity and readiness for adoption of these standards.

NEW SECTION. **Sec. 26.** 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."

On page 1, line 2 of the title, after "networks;" strike the remainder of the title and insert "amending RCW 80.04.010, 80.04.550, 80.28.005, 80.28.010, 80.28.020, 80.28.030, 80.28.040, 80.28.050, 80.28.060, 80.28.065, 80.28.068, 80.28.070, 80.28.075, 80.28.080, 80.28.090, 80.28.100, 80.28.120, 80.28.130, 80.28.160, 80.28.170, 80.28.240, and 80.28.430; adding new sections to chapter 80.28 RCW; adding a new section to chapter 80.04 RCW; and creating a new section."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 1514 and advanced the bill, as amended by the Senate, to final passage.

Representative Ramel spoke in favor of the passage of the bill.

Representative Dye spoke against the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1514, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1514, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 70; Nays, 26; Absent, 0; Excused, 2

Voting Yea: Representatives Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Connors, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Engell, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Griffey, Hill, Hunt, Jacobsen, Keaton, Kloba, Leavitt, Macri, Mena, Nance, Obras, Orcutt, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rule, Ryu, Salahuddin, Santos, Scott, Shavers, Simmons, Springer, Stearns, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Burnett, Caldier, Chase, Corry, Dufault, Dye, Eslick, Graham, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Morgan, Ormsby, Rude, Schmick, Schmidt, Steele, Stokesbary, Volz and Walsh

Excused: Representatives Hackney and Lekanoff

SECOND SUBSTITUTE HOUSE BILL NO. 1514, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 15, 2025

Mme. Speaker:

The Senate has passed THIRD SUBSTITUTE HOUSE BILL NO. 1491, with the following amendment(s): 1491-S3 AMS ENGR S2814.E

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature finds that the state has made groundbreaking investments in state-of-the-art mass transit and intermodal infrastructure. The legislature finds that to maximize the state's return on these investments, land use policies and practices must allow housing development to keep pace with progress being implemented in transportation infrastructure development. The legislature also intends new development to reflect the state's commitment to affordable housing and vibrant, walkable, accessible urban environments that improve health, expand multimodal transportation options, and include varied community facilities, parks, and green spaces that are open to people of all income levels.

The legislature recognizes that cities planning under chapter 36.70A RCW require direction and technical assistance to ensure the benefits of state transportation investments are maximized and shared equitably while avoiding unnecessary programmatic and cost burdens to local governments in their comprehensive planning, code enactment, and permit processing workloads. The legislature further recognizes that regulatory flexibility and local control are also important features of optimal planning outcomes.

Sec. 2. RCW 36.70A.030 and 2024 c 152 s 1 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Active transportation" means forms of pedestrian mobility including walking or running, the use of a mobility assistive device such as a wheelchair, bicycling and cycling irrespective of the number of wheels, and the use of small personal devices such as foot scooters or skateboards. Active transportation includes both traditional and electric assist bicycles and other devices. Planning for active transportation must consider and address accommodation pursuant to the Americans with disabilities act and the distinct needs of each form of active transportation.

(2) "Active transportation facilities" means facilities provided for the safety and

mobility of active transportation users including, but not limited to, trails, as defined in RCW 47.30.005, sidewalks, bike lanes, shared-use paths, and other facilities in the public right-of-way.

(3) "Administrative design review" means a development permit process whereby an application is reviewed, approved, or denied by the planning director or the planning director's designee based solely on objective design and development standards without a public predecision hearing, unless such review is otherwise required by state or federal law, or the structure is a designated landmark or historic district established under a local preservation ordinance. A city may utilize public meetings, hearings, or voluntary review boards to consider, recommend, or approve requests for variances from locally established design review standards.

(4) "Adopt a comprehensive land use plan" means to enact a new comprehensive land use plan or to update an existing comprehensive land use plan.

(5) "Affordable housing" means, unless the context clearly indicates otherwise, residential housing whose monthly costs, including utilities other than telephone, do not exceed ((~~thirty~~))30 percent of the monthly income of a household whose income is:

(a) For rental housing, 60 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development; or

(b) For owner-occupied housing, 80 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

(6) "Agricultural land" means land primarily devoted to the commercial production of horticultural, viticultural, floricultural, dairy, apiary, vegetable, or animal products or of berries, grain, hay, straw, turf, seed, Christmas trees not subject to the excise tax imposed by RCW 84.33.100 through 84.33.140, finfish in upland hatcheries, or livestock, and that has long-term commercial significance for agricultural production.

(7) "City" means any city or town, including a code city.

(8) "Comprehensive land use plan," "comprehensive plan," or "plan" means a generalized coordinated land use policy statement of the governing body of a county or city that is adopted pursuant to this chapter.

(9) "Cottage housing" means residential units on a lot with a common open space that either: (a) Is owned in common; or (b) has units owned as condominium units with property owned in common and a minimum of 20 percent of the lot size as open space.

(10) "Courtyard apartments" means attached dwelling units arranged on two or three sides of a yard or court.

(11) "Critical areas" include the following areas and ecosystems: (a) Wetlands; (b) areas with a critical recharging effect on aquifers used for potable water; (c) fish and wildlife habitat conservation areas; (d) frequently flooded areas; and (e) geologically hazardous areas. "Fish and wildlife habitat conservation areas" does not include such artificial features or constructs as irrigation delivery systems, irrigation infrastructure, irrigation canals, or drainage ditches that lie within the boundaries of and are maintained by a port district or an irrigation district or company.

(12) "Department" means the department of commerce.

(13) "Development regulations" or "regulation" means the controls placed on development or land use activities by a county or city, including, but not limited to, zoning ordinances, critical areas ordinances, shoreline master programs, official controls, planned unit development ordinances, subdivision ordinances, and binding site plan ordinances together with any amendments thereto. A development regulation does not include a decision to approve a project permit application, as defined in RCW 36.70B.020, even though the decision may be expressed in a resolution or ordinance of the legislative body of the county or city.

(14) "Emergency housing" means temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless that is intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families. Emergency housing may or may not require occupants to enter into a lease or an occupancy agreement.

(15) "Emergency shelter" means a facility that provides a temporary shelter for individuals or families who are currently homeless. Emergency shelter may not require occupants to enter into a lease or an occupancy agreement. Emergency shelter facilities may include day and warming centers that do not provide overnight accommodations.

(16) "Environmental justice" means the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to development, implementation, and enforcement of environmental laws, regulations, and policies. Environmental justice includes addressing disproportionate environmental and health impacts in all laws, rules, and policies with environmental impacts by prioritizing vulnerable populations and overburdened communities and the equitable distribution of resources and benefits.

(17) "Extremely low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below ((~~thirty~~))30 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

(18) "Forestland" means land primarily devoted to growing trees for long-term commercial timber production on land that can be economically and practically managed for such production, including Christmas trees subject to the excise tax imposed under RCW 84.33.100 through 84.33.140, and

that has long-term commercial significance. In determining whether forestland is primarily devoted to growing trees for long-term commercial timber production on land that can be economically and practically managed for such production, the following factors shall be considered: (a) The proximity of the land to urban, suburban, and rural settlements; (b) surrounding parcel size and the compatibility and intensity of adjacent and nearby land uses; (c) long-term local economic conditions that affect the ability to manage for timber production; and (d) the availability of public facilities and services conducive to conversion of forestland to other uses.

(19) "Freight rail dependent uses" means buildings and other infrastructure that are used in the fabrication, processing, storage, and transport of goods where the use is dependent on and makes use of an adjacent short line railroad. Such facilities are both urban and rural development for purposes of this chapter. "Freight rail dependent uses" does not include buildings and other infrastructure that are used in the fabrication, processing, storage, and transport of coal, liquefied natural gas, or "crude oil" as defined in RCW 90.56.010.

(20) "Geologically hazardous areas" means areas that because of their susceptibility to erosion, sliding, earthquake, or other geological events, are not suited to the siting of commercial, residential, or industrial development consistent with public health or safety concerns.

(21) "Green infrastructure" means a wide array of natural assets and built structures within an urban growth area boundary, including parks and other areas with protected tree canopy, and management practices at multiple scales that manage wet weather and that maintain and restore natural hydrology by storing, infiltrating, evapotranspiring, and harvesting and using stormwater.

(22) "Green space" means an area of land, vegetated by natural features such as grass, trees, or shrubs, within an urban context and less than one acre in size that creates public value through one or more of the following attributes:

(a) Is accessible to the public;

(b) Promotes physical and mental health of residents;

(c) Provides relief from the urban heat island effects;

(d) Promotes recreational and aesthetic values;

(e) Protects streams or water supply; or

(f) Preserves visual quality along highway, road, or street corridors.

(23) "Long-term commercial significance" includes the growing capacity, productivity, and soil composition of the land for long-term commercial production, in consideration with the land's proximity to population areas, and the possibility of more intense uses of the land.

(24) "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below ((~~eighty~~))80 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

(25) "Major transit stop" means:

(a) A stop on a high capacity transportation system funded or expanded under the provisions of chapter 81.104 RCW, except for any stop that solely serves express bus service or serves express bus service and other bus services not otherwise meeting the definition of major transit stop;

(b) Commuter rail stops;

(c) Stops on rail or fixed guideway systems; or

(d) Stops on bus rapid transit routes, including those stops that are under construction.

(26) "Middle housing" means buildings that are compatible in scale, form, and character with single-family houses and contain two or more attached, stacked, or clustered homes including duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked flats, courtyard apartments, and cottage housing.

(27) "Minerals" include gravel, sand, and valuable metallic substances.

(28) "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below 120 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

(29) "Overburdened community" means a geographic area where vulnerable populations face combined, multiple environmental harms and health impacts, and includes, but is not limited to, highly impacted communities as defined in RCW 19.405.020.

(30) "Per capita vehicle miles traveled" means the number of miles traveled using cars and light trucks in a calendar year divided by the number of residents in Washington. The calculation of this value excludes vehicle miles driven conveying freight.

(31) "Permanent supportive housing" is subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the resident's health status, and connect the resident of the housing with community-based health care, treatment, or employment services. Permanent supportive housing is subject to all of the rights and responsibilities defined in chapter 59.18 RCW.

(32) "Public facilities" include streets, roads, highways, sidewalks, street and road

lighting systems, traffic signals, domestic water systems, storm and sanitary sewer systems, parks and recreational facilities, and schools.

(33) "Public services" include fire protection and suppression, law enforcement, public health, education, recreation, environmental protection, and other governmental services.

(34) "Recreational land" means land so designated under RCW 36.70A.1701 and that, immediately prior to this designation, was designated as agricultural land of long-term commercial significance under RCW 36.70A.170. Recreational land must have playing fields and supporting facilities existing before July 1, 2004, for sports played on grass playing fields.

(35) "Rural character" refers to the patterns of land use and development established by a county in the rural element of its comprehensive plan:

(a) In which open space, the natural landscape, and vegetation predominate over the built environment;

(b) That foster traditional rural lifestyles, rural-based economies, and opportunities to both live and work in rural areas;

(c) That provide visual landscapes that are traditionally found in rural areas and communities;

(d) That are compatible with the use of the land by wildlife and for fish and wildlife habitat;

(e) That reduce the inappropriate conversion of undeveloped land into sprawling, low-density development;

(f) That generally do not require the extension of urban governmental services; and

(g) That are consistent with the protection of natural surface water flows and groundwater and surface water recharge and discharge areas.

(36) "Rural development" refers to development outside the urban growth area and outside agricultural, forest, and mineral resource lands designated pursuant to RCW 36.70A.170. Rural development can consist of a variety of uses and residential densities, including clustered residential development, at levels that are consistent with the preservation of rural character and the requirements of the rural element. Rural development does not refer to agriculture or forestry activities that may be conducted in rural areas.

(37) "Rural governmental services" or "rural services" include those public services and public facilities historically and typically delivered at an intensity usually found in rural areas, and may include domestic water systems and fire and police protection services associated with rural development and normally not associated with urban areas. Rural services do not include storm or sanitary sewers, except as otherwise authorized by RCW 36.70A.110(4).

(38) "Short line railroad" means those railroad lines designated class II or class III by the United States surface transportation board.

(39) "Single-family zones" means those zones where single-family detached housing is the predominant land use.

(40) "Stacked flat" means dwelling units in a residential building of no more than three stories on a residential zoned lot in which each floor may be separately rented or owned.

(41) "Townhouses" means buildings that contain three or more attached single-family dwelling units that extend from foundation to roof and that have a yard or public way on not less than two sides.

(42) "Transportation system" means all infrastructure and services for all forms of transportation within a geographical area, irrespective of the responsible jurisdiction or transportation provider.

(43) "Urban governmental services" or "urban services" include those public services and public facilities at an intensity historically and typically provided in cities, specifically including storm and sanitary sewer systems, domestic water systems, street cleaning services, fire and police protection services, public transit services, and other public utilities associated with urban areas and normally not associated with rural areas.

(44) "Urban growth" refers to growth that makes intensive use of land for the location of buildings, structures, and impermeable surfaces to such a degree as to be incompatible with the primary use of land for the production of food, other agricultural products, or fiber, or the extraction of mineral resources, rural uses, rural development, and natural resource lands designated pursuant to RCW 36.70A.170. A pattern of more intensive rural development, as provided in RCW 36.70A.070(5)(d), is not urban growth. When allowed to spread over wide areas, urban growth typically requires urban governmental services. "Characterized by urban growth" refers to land having urban growth located on it, or to land located in relationship to an area with urban growth on it as to be appropriate for urban growth.

(45) "Urban growth areas" means those areas designated by a county pursuant to RCW 36.70A.110.

(46) "Very low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below ((~~fifty~~))50 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

(47)(a) "Vulnerable populations" means population groups that are more likely to be at higher risk for poor health outcomes in response to environmental harms, due to: (i) Adverse socioeconomic factors, such as unemployment, high housing and transportation costs relative to income, limited access to nutritious food and adequate health care, linguistic isolation, and other factors that negatively affect health outcomes and increase vulnerability to the effects of environmental harms; and (ii) sensitivity factors, such as low birth weight and higher rates of hospitalization.

(b) "Vulnerable populations" includes, but is not limited to:

(i) Racial or ethnic minorities;

(ii) Low-income populations; and

(iii) Populations disproportionately impacted by environmental harms.

(48) "Wetland" or "wetlands" means areas that are inundated or saturated by surface water or groundwater at a frequency and duration sufficient to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Wetlands generally include swamps, marshes, bogs, and similar areas. Wetlands do not include those artificial wetlands intentionally created from nonwetland sites, including, but not limited to, irrigation and drainage ditches, grass-lined swales, canals, detention facilities, wastewater treatment facilities, farm ponds, and landscape amenities, or those wetlands created after July 1, 1990, that were unintentionally created as a result of the construction of a road, street, or highway. Wetlands may include those artificial wetlands intentionally created from nonwetland areas created to mitigate conversion of wetlands.

(49) "Wildland urban interface" means the geographical area where structures and other human development meets or intermingles with wildland vegetative fuels.

(50) "Floor area ratio" means a measure of development intensity equal to building square footage divided by the developable property square footage. Developable property excludes public facilities and portions of lots with critical areas and critical area buffers as designated in RCW 36.70A.060, except for critical aquifer recharge areas where a single-family detached house is an allowed use provided that any requirements to maintain aquifer recharge are met.

(51) "Rail station area" means all lots fully within an urban growth area that are:

(a) Fully or partially within one-half mile walking distance of an entrance to a train station with a stop on a light rail system, a commuter rail stop in a city with a population greater than 15,000, or a stop on a rail trolley operated west of the crest of the Cascade mountains; or

(b) Fully or partially within one-quarter mile walking distance of an entrance to a train station with a commuter rail stop in a city with a population no greater than 15,000.

(52) "Bus station area" means all lots that are:

(a) Fully within an urban growth area; and

(b) Fully or partially within one-quarter mile walking distance of a stop on a fixed route bus system that is designated as a bus rapid transit stop in the transit development plan as required in RCW 35.58.2795, for which an environmental determination has been issued as required under chapter 43.21C RCW, and that features fixed transit assets that indicate permanent, high capacity service including, but not limited to, elevated platforms or enhanced stations, off-board fare collection, dedicated lanes, busways, or transit signal priority.

(53) "Station area" means a bus station area or a rail station area.

NEW SECTION. **Sec. 3.** A new section is added to chapter 36.70A RCW to read as follows:

(1) Cities planning under RCW 36.70A.040 may not enact or enforce any development regulation within a station area that would prohibit the siting of multifamily residential housing on lots where any other residential use is permissible.

(2)(a) Cities planning under RCW 36.70A.040 must allow new residential and mixed-use development within any station area at the transit-oriented development density of:

(i) At least 3.5 floor area ratio, on average, within a rail station area; and

(ii) At least 2.5 floor area ratio, on average, or at least a 3.0 floor area ratio, on average if a city exempts up to 25 percent of bus station areas, within a bus station area.

(A) Cities must adopt regulations that allow for greater building height and increased density in all bus station areas for developments built with all mass timber products.

(B) For the purposes of this subsection, "mass timber products" has the same meaning as in RCW 19.27.570.

(b) A city planning under RCW 36.70A.040 may adopt a modification to a station area designation, but only after consultation with and approval by the department.

(c) Cities planning under RCW 36.70A.040 may not enact or enforce any development regulation that imposes:

(i) A maximum floor area ratio of less than the transit-oriented development density in this subsection for any residential or mixed-use development within a station area, unless a city has adopted an exemption for the station area under (a)(ii) of this subsection; or

(ii) A maximum residential density, measured in residential units per acre or other metric of land area within a station area.

(3) For the purposes of this section:

(a) "Mixed-use development" means a building subject to a regulation specifying allowable residential proportions within mixed-use areas.

(b) "Workforce housing" means rental housing with monthly costs that do not exceed 30 percent of the monthly income of a household whose income is at or below 80 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

(4) Within any station area, any building in which all units are affordable or workforce housing for at least 50 years or are dedicated to permanent supportive housing, an additional 1.5 floor area ratio in excess of the transit-oriented development density required under subsection (2)(a) of this section must be permitted.

(5) Any floor area within a building located in a station area that is reserved

for residential units in multifamily housing that includes at least three bedrooms must not be counted toward applicable floor area ratio limits. A city may require the residential units to comply with affordability requirements to be eligible for an exclusion from the applicable floor area ratio limits.

(6) Cities planning under RCW 36.70A.040 may by ordinance designate parts of a station area in which to enact or enforce floor area ratios for residential or mixed-use development that are more or less than the applicable transit-oriented development density, if the average maximum floor area ratio of all residential and mixed-use areas within a station area is no less than the applicable transit-oriented development density.

(7)(a) Buildings constructed within a station area must maintain for at least 50 years:

(i) At least 10 percent of all residential units as affordable housing;

(ii) At least 10 percent of all residential units as workforce housing if at least 10 percent of the units are family sized units with more than two bedrooms; or

(iii) At least 20 percent of all residential units as workforce housing.

(b) A building constructed within a station area is exempt from the affordability requirements in (a) of this subsection if:

(i) The building is constructed on a lot in which a density that meets or exceeds the transit-oriented development density in subsection (2) of this section was authorized prior to January 1, 2025;

(ii) The building is subject to affordability requirements with a lower income threshold or a greater amount of required affordable housing that were enacted by a city prior to December 31, 2025; or

(iii) A city has enacted or expands a mandatory program under RCW 36.70A.540 that requires a minimum amount of affordable housing that must be provided by residential development, either on-site or through an in-lieu payment as allowed by RCW 36.70A.540, in an area where development regulations must comply with this section. Such mandatory program may be enacted, modified, or expanded by a city, and may require an amount of affordable housing and levels of affordability that differs or exceeds the requirements. An optional program established under RCW 36.70A.540 does not meet the requirements of this subsection (7)(b)(iii).

(c) For each building that is exempt from the requirements for affordable or workforce housing under (b)(i) or (ii) of this subsection, the city must identify the density and affordability requirements that apply to the building or parcel in its comprehensive planning documents. For each building that is exempt from the requirements for affordable or workforce housing under (b)(iii) of this subsection, the city must identify the density and affordability requirements that apply to the building or parcel in its municipal code.

(8) A city must approve an exemption under RCW 84.14.020(1)(a)(ii)(D) for multifamily residential housing within a station area that meets the affordability requirements in subsection (7)(a) of this section and the requirements of chapter 84.14 RCW, unless the city authorizes the 20-year exemption under RCW 84.14.020(1)(a)(ii)(C).

(9) A city that has enacted an incentive program prior to January 1, 2025, that requires public benefits, such as school capacity, greater amounts of affordable housing, green space, or green infrastructure, in return for additional development allowances, may continue to require such public benefits if the plan and implementing development regulations requiring those public benefits provides development capacity that is substantially similar to that required in this section.

(10)(a) No later than the deadlines established in subsection (15) of this section, cities planning under RCW 36.70A.040 must act to modify or repeal any existing development regulations applicable in a station area that, alone or in combination, are inconsistent with this section, and may not enact any development regulations applicable in a station area that, alone or in combination with other development regulations, are inconsistent with this section.

(b) A city may apply any objective development regulations within a station area that are required for other multifamily residential uses in the same zone, including tree canopy and retention requirements.

(c) This subsection (10) does not apply to development regulations that are generally applicable health and safety standards, including building code standards and fire and life safety standards.

(11) Nothing in this section requires alteration, displacement, or limitation of industrial or agricultural uses or industrial, manufacturing, or agricultural areas within the urban growth area.

(12) Nothing in this section requires a city to issue a building permit if other federal, state, and local requirements for a building permit are not met.

(13) Cities planning under RCW 36.70A.040 may exclude from the requirements in this section any portion of a lot that is designated as a shoreline environment governed by a shoreline master program or as a critical area governed by a critical area ordinance, except for critical aquifer recharge areas where a single-family detached house is an allowed use provided that any requirements to maintain aquifer recharge are met, and any lot that:

(a) Is nonconforming with development regulations governing lot dimensions including, but not limited to, standards related to lot width, area, geometry, or street access, unless an applicant demonstrates that the nonconforming lot may be developed in compliance with the development regulations governing lot dimensions by obtaining any modification, deviation, variance, or similar code departure approval allowed under the development regulations;

(b) Contains a designated landmark or is located within a historic district established under a local preservation

ordinance adopted prior to the effective date of this section;

(c) Has been designated as containing urban separators by countywide planning policies as of the effective date of this section;

(d) Is an industrial, manufacturing, or agricultural designated lot that either is limited to one dwelling unit per lot or only allows housing for individuals and their families responsible for caretaking, farm work, security, or maintenance; or

(e) Is in a tsunami inundation area as mapped by the department of natural resources.

(14) For cities subject to a growth target adopted under RCW 36.70A.210 that limits the maximum residential capacity of the jurisdiction, any additional residential capacity required by this section may not be considered an inconsistency with the countywide planning policies, multicounty planning policies, or growth targets adopted under RCW 36.70A.210.

(15)(a) Any city that is required to review its comprehensive plan by the deadlines specified in RCW 36.70A.130(5)(a) must comply with the requirements of this section by the earlier of December 31, 2029, or its first implementation progress report due after December 31, 2024 as specified in RCW 36.70A.130(9), and thereafter at each comprehensive plan update or implementation progress report following the completion or funding of any major transit stop that would create a new station area within the jurisdiction.

(b) Any city that is required to review its comprehensive plan by the deadlines specified in RCW 36.70A.130(5) (b), (c), or (d) must comply with the requirements of this section no later than six months after its first comprehensive plan update due after December 31, 2024, and thereafter at each comprehensive plan update or implementation progress report following the completion or funding of any major transit stop that would create a new station area within the jurisdiction.

(c) A federally recognized Indian tribe may voluntarily choose to participate in the planning process to implement the requirements of this section in accordance with RCW 36.70A.040(8).

(16)(a) The department must publish a model transit-oriented development ordinance by June 30, 2027.

(b) In any city subject to this section that has not passed ordinances, regulations, or other official controls by the deadlines required under subsection (15) of this section, the model ordinance supersedes, preempts, and invalidates local development regulations until the city takes all actions necessary to implement this section.

(17) A city may seek an extension from the transit-oriented development density requirements of this section by applying to the department for an extension in any areas that are at high risk of displacement based on a city's antidisplacement analysis or an antidisplacement map. The department must review the city's analysis and certify a five-year extension from the requirements of this section for areas at high risk of displacement. The city must create an implementation plan that identifies the antidisplacement policies available to residents to mitigate displacement risk. During the extension, the city may delay implementation or enact alternative floor area ratio requirements within any areas at high risk of displacement. The department may recertify an extension for additional five-year periods based on evidence of ongoing displacement risk in the area.

(18)(a)(i) The department may approve actions under this subsection (18) for cities that have, by June 30, 2026, adopted a plan and implementing development regulations for a specific station area that are substantially similar to the requirements of this section for that station area. In determining whether a city's adopted plan and development regulations are substantially similar, the department's evaluation may include, but not be limited to, if:

(A) The regulations will provide a development capacity and allow the opportunity for creation of affordable housing that is at least equivalent to the amount of development capacity and affordable housing that would be allowed in that station area if the specific provisions of this section were adopted;

(B) The jurisdiction offers a way to achieve buildings that exceed 85 feet in height; and

(C) No lot within the station area is zoned exclusively for detached single-family residences.

(ii) The department must establish by rule any standards or procedures necessary to implement (a) of this subsection.

(b) Any local actions approved by the department pursuant to (a) of this subsection are exempt from appeals under this chapter and chapter 43.21C RCW.

(c) The department's final decision to approve or reject actions by cities under this subsection (18) may be appealed to the growth management hearings board by filing a petition as provided in RCW 36.70A.290.

NEW SECTION. **Sec. 4.** A new section is added to chapter 36.70A RCW to read as follows:

Subject to appropriation, the department must establish and administer a grant program to assist cities in providing:

(1) The infrastructure necessary to accommodate development at transit-oriented development densities within station areas, including water, sewer, stormwater, and transportation infrastructure and parks and recreation facilities;

(2) Station area planning or other predevelopment costs necessary for implementation of station area plans; and

(3) The staffing necessary to implement transit-oriented development requirements.

NEW SECTION. **Sec. 5.** A new section is added to chapter 36.70A RCW to read as follows:

(1) To encourage transit-oriented development and transit use and resulting substantial environmental benefits, cities planning under RCW 36.70A.040 may not require off-street automobile parking as a

condition of permitting residential or mixed-use development within a station area as defined in RCW 36.70A.030, except for off-street automobile parking that is permanently marked for the exclusive use of individuals with disabilities or parking that is permanently marked for the short-term exclusive use of delivery vehicles.

(2) If a project permit application within a station area, as defined in RCW 36.70B.020, does not provide parking in compliance with this section, the proposed absence of parking may not be treated as a basis for issuance of a determination of significance pursuant to chapter 43.21C RCW.

(3) The parking provisions of this section do not apply:

(a) If a local government submits to the department an empirical study prepared by a credentialed transportation or land use planning expert that clearly demonstrates, and the department finds and certifies, that the application of the parking limitations under subsection (1) of this section will be significantly less safe for automobile drivers or passengers, pedestrians, or bicyclists than if the jurisdiction's parking requirements were applied to the same location. The department must develop guidance to assist cities and counties on items to include in the study; or

(b) To portions of cities within a one-mile radius of a commercial airport in Washington with at least 9,000,000 annual enplanements.

(4) If a residential or mixed-use development provides parking for residential uses in excess of what is required in subsection (1) of this section, cities planning under RCW 36.70A.040 may enact or enforce development regulations to:

(a) Require a share of any provided residential parking to be distributed between units designated as affordable housing and units offered at market rate; and

(b) Include all or a portion of the cost of unbundled parking charges into the monthly cost for rental units designated as affordable housing.

NEW SECTION. **Sec. 6.** A new section is added to chapter 47.12 RCW to read as follows:

(1) The department must review surplus property under this chapter in a county with a population over 2,000,000 that operates a municipal transit system and, in consultation with the county, select up to three park and ride facilities to conduct a pilot program to encourage transit-oriented development that meets the density and affordability requirements under section 3 of this act.

(2) A park and ride selected for the pilot program must be:

(a) Situated along state route number 99 with 400 to 500 parking stalls;

(b) Situated on Interstate 405 with 500 to 900 parking stalls; or

(c) Located in the southern portion of a county with a population over 2,000,000 with between 300 to 1,000 parking stalls.

(3) For the purpose of the pilot program under this section, the department:

(a) May release any covenant imposed for highway purposes and replace it with a covenant requiring affordable housing;

(b) May not seek a reversionary interest in the property but may enact other remedies enforceable by law.

Sec. 7. RCW 43.21C.229 and 2023 c 368 s 1 are each amended to read as follows:

(1) The purpose of this section is to accommodate infill and housing development and thereby realize the goals and policies of comprehensive plans adopted according to chapter 36.70A RCW.

(2) A city or county planning under RCW 36.70A.040 is authorized by this section to establish categorical exemptions from the requirements of this chapter. An exemption may be adopted by a city or county under this subsection if it meets the following criteria:

(a) It categorically exempts government action related to development proposed to fill in an urban growth area, designated according to RCW 36.70A.110, where current density and intensity of use in the area is roughly equal to or lower than called for in the goals and policies of the applicable comprehensive plan and the development is either:

(i) Residential development;

(ii) Mixed-use development; or

(iii) Commercial development up to 65,000 square feet, excluding retail development;

(b) It does not exempt government action related to development that is inconsistent with the applicable comprehensive plan or would clearly exceed the density or intensity of use called for in the goals and policies of the applicable comprehensive plan;

(c) The local government considers the specific probable adverse environmental impacts of the proposed action and determines that these specific impacts are adequately addressed by the development regulations or other applicable requirements of the comprehensive plan, subarea plan element of the comprehensive plan, planned action ordinance, or other local, state, or federal rules or laws; and

(d)(i) The city or county's applicable comprehensive plan was previously subjected to environmental analysis through an environmental impact statement under the requirements of this chapter prior to adoption; or

(ii) The city or county has prepared an environmental impact statement that considers the proposed use or density and intensity of use in the area proposed for an exemption under this section.

(3) All project actions that propose to develop one or more residential housing units within the incorporated areas in an urban growth area designated pursuant to RCW 36.70A.110 or middle housing within the unincorporated areas in an urban growth area designated pursuant to RCW 36.70A.110, and that meet the criteria identified in (a) and (b) of this subsection, are categorically exempt from the requirements of this chapter. For purposes of this section, "middle housing" has the same meaning as in RCW 36.70A.030 as amended by chapter 332,

Laws of 2023. Jurisdictions shall satisfy the following criteria prior to the adoption of the categorical exemption under this subsection (3):

(a) The city or county shall find that the proposed development is consistent with all development regulations implementing an applicable comprehensive plan adopted according to chapter 36.70A RCW by the jurisdiction in which the development is proposed, with the exception of any development regulation that is inconsistent with applicable provisions of chapter 36.70A RCW; and

(b) The city or county has prepared environmental analysis that considers the proposed use or density and intensity of use in the area proposed for an exemption under this section and analyzes multimodal transportation impacts, including impacts to neighboring jurisdictions, transit facilities, and the state transportation system.

(i) Such environmental analysis shall include documentation that the requirements for environmental analysis, protection, and mitigation for impacts to elements of the environment have been adequately addressed for the development exempted. The requirements may be addressed in locally adopted comprehensive plans, subarea plans, adopted development regulations, other applicable local ordinances and regulations, or applicable state and federal regulations. The city or county must document its consultation with the department of transportation on impacts to state-owned transportation facilities including consideration of whether mitigation is necessary for impacts to transportation facilities.

(ii) Before finalizing the environmental analysis pursuant to (b)(i) of this subsection (3), the city or county shall provide a minimum of 60 days' notice to affected tribes, relevant state agencies, other jurisdictions that may be impacted, and the public. If a city or county identifies that mitigation measures are necessary to address specific probable adverse impacts, the city or county must address those impacts by requiring mitigation identified in the environmental analysis pursuant to this subsection (3)(b) through locally adopted comprehensive plans, subarea plans, development regulations, or other applicable local ordinances and regulations. Mitigation measures shall be detailed in an associated environmental determination.

(iii) The categorical exemption is effective 30 days following action by a city or county pursuant to (b)(ii) of this subsection (3).

(4) Until September 30, 2025, all project actions that propose to develop one or more residential housing or middle housing units within a city west of the crest of the Cascade mountains with a population of 700,000 or more are categorically exempt from the requirements of this chapter. After September 30, 2025, project actions that propose to develop one or more residential housing or middle housing units within the city may utilize the categorical exemption in subsection (3) of this section.

(5) All project actions that propose to develop residential or mixed-use development within a station area are categorically exempt from the requirements of this chapter, subject to the rules of the department adopted according to RCW 43.21C.110(1)(a) that provide exceptions to the use of categorical exemptions adopted by the department. For the purpose of this subsection:

(a) "Mixed-use development" has the same meaning as provided in section 3 of this act; and

(b) "Station area" has the same meaning as provided in RCW 36.70A.030.

(6) Any categorical exemption adopted by a city or county under this section applies even if it differs from the categorical exemptions adopted by rule of the department under RCW 43.21C.110(1)(a). Nothing in this section shall invalidate categorical exemptions or environmental review procedures adopted by a city or county under a planned action pursuant to RCW 43.21C.440. However, any categorical exemption adopted by a city or county under this section shall be subject to the rules of the department adopted according to RCW 43.21C.110(1)(a) that provide exceptions to the use of categorical exemptions adopted by the department.

NEW SECTION. **Sec. 8.** A new section is added to chapter 64.38 RCW to read as follows:

(1) Governing documents created after the effective date of this section and applicable to associations located fully or partially within a station area as defined in RCW 36.70A.030 may not prohibit the construction or development of multifamily housing or transit-oriented development density that must be permitted by cities under section 3 of this act or require off-street parking inconsistent or in conflict with section 5 of this act.

(2) This section expires January 1, 2028.

NEW SECTION. **Sec. 9.** A new section is added to chapter 64.90 RCW to read as follows:

Declarations and governing documents created after the effective date of this section and applicable to a common interest community located fully or partially within a station area as defined in RCW 36.70A.030 may not prohibit the construction or development of multifamily housing or transit-oriented development density that must be permitted by cities under section 3 of this act or require off-street parking inconsistent or in conflict with section 5 of this act.

NEW SECTION. **Sec. 10.** A new section is added to chapter 64.34 RCW to read as follows:

(1) A declaration created after the effective date of this section and applicable to an association located fully or partially within a station area as defined in RCW 36.70A.030 may not prohibit the construction or development of multifamily housing or transit-oriented

development density that must be permitted by cities under section 3 of this act or require off-street parking inconsistent or in conflict with section 5 of this act.

(2) This section expires January 1, 2028.

NEW SECTION. **Sec. 11.** A new section is added to chapter 64.32 RCW to read as follows:

(1) A declaration created after the effective date of this section and applicable to an association of apartment owners located fully or partially within a station area as defined in RCW 36.70A.030 may not prohibit the construction or development of multifamily housing or transit-oriented development density that must be permitted by cities under section 3 of this act or require off-street parking inconsistent or in conflict with section 5 of this act.

(2) This section expires January 1, 2028.

Sec. 12. RCW 84.14.010 and 2024 c 332 s 17 are each amended to read as follows:

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

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

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

(3) "City" means either (a) a city or town with a population of at least fifteen thousand, (b) the largest city or town, if there is no city or town with a population of at least fifteen thousand, located in a county planning under the growth management act, (c) a city or town with a population of at least five thousand located in a county subject to the provisions of RCW 36.70A.215, ((~~or~~)) (d) any city that otherwise does not meet the qualifications under (a) through (c) of this subsection, until December 31, 2031, that complies with RCW 84.14.020(1)(a)(iii) or 84.14.021(1)(b), or (e) for the exemption authorized in RCW 84.14.020(1)(a)(ii)(D), a city or town with a station area.

(4) "Conversion" means the conversion of a nonresidential building, in whole or in part, to multiple-unit housing under this chapter.

(5) "County" means a county with an unincorporated population of at least 170,000.

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

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

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

(9) "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below eighty percent of the median family income adjusted for family size, for the county, city, or metropolitan statistical area, where the project is located, as reported by the United States department of housing and urban development.

(10) "Moderate-income household" means a single person, family, or unrelated persons living together whose adjusted income is more than eighty percent but is at or below one hundred fifteen percent of the median family income adjusted for family size, for the county, city, or metropolitan statistical area, where the project is located, as reported by the United States department of housing and urban development.

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

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

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

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

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

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

(17) "Station area" has the same meaning as defined in RCW 36.70A.030.

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

((~~(18)~~)) (19) "Urban center" means a compact identifiable district where urban residents may obtain a variety of products and services. An urban center must contain:

(a) Several existing or previous, or both, business establishments that may

include but are not limited to shops, offices, banks, restaurants, governmental agencies;

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

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

Sec. 13. RCW 84.14.020 and 2021 c 187 s 3 are each amended to read as follows:

(1)(a) The value of new housing construction, conversion, and rehabilitation improvements qualifying under this chapter is exempt from ad valorem property taxation, as follows:

(i) For properties for which applications for certificates of tax exemption eligibility are submitted under this chapter before July 22, 2007, the value is exempt for ten successive years beginning January 1 of the year immediately following the calendar year of issuance of the certificate;

(ii) For properties for which applications for certificates of tax exemption eligibility are submitted under this chapter on or after July 22, 2007, the value is exempt:

(A) For eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate;

(B) For twelve successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under this chapter and meets the conditions in this subsection (1)(a)(ii)(B). For the property to qualify for the twelve-year exemption under this subsection, the applicant must commit to renting or selling at least twenty percent of the multifamily housing units as affordable housing units to low and moderate-income households, and the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the local government under this chapter. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection (1)(a)(ii)(B) may be satisfied solely through housing affordable to moderate-income households; ((~~or~~))

(C) For 20 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under this chapter and meets the conditions in this subsection (1)(a)(ii)(C). For the property to qualify for the 20-year exemption under this subsection, the project must be located within one mile of high capacity transit of at least 15 minute scheduled frequency, in a city that has implemented, as of July 25, 2021, a mandatory inclusionary zoning requirement for affordable housing that ensures affordability of housing units for a period of at least 99 years and that has a population of no more than 65,000 as measured on July 25, 2021. To qualify for the exemption provided in this subsection (1)(a)(ii)(C), the applicant must commit to renting at least 20 percent of the dwelling units as affordable to low-income households for a term of at least 99 years, and the property must satisfy that commitment and all required affordability and income eligibility conditions adopted by the local government under this chapter. A city must require the applicant to record a covenant or deed restriction that ensures the continuing rental of units subject to these affordability requirements consistent with the conditions in this subsection (1)(a)(ii)(C) for a period of no less than 99 years. The covenant or deed restriction must also address criteria and policies to maintain public benefit if the property is converted to a use other than which continues to provide for permanently affordable low-income housing consistent with this subsection (1)(a)(ii)(C); or

(D) For 20 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property is located fully or partially with a station area of a city and meets the affordability requirements in section 3(7)(a) of this act. A county may approve an exemption under this subsection for multifamily residential housing within a station area if the property otherwise qualifies for the exemption under this chapter and meets the density requirements in section 3(2)(a) of this act and affordability requirements in section 3(7)(a) of this act. A city or county must require the applicant to record a covenant or deed restriction that ensures the continuing rental or ownership of units subject to the affordability requirements in section 3(7)(a) of this act for a period of no less than 50 years. The covenant or deed restriction must also address criteria and policies to maintain public benefit if the property is converted to a use other than one which continues to provide for permanently affordable low-income housing consistent with section 3(7)(a) of this act; and

(iii) Until December 31, 2026, for a city as defined in RCW 84.14.010(3)(d), for 12 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under this chapter and meets the conditions in this subsection (1)(a)(iii). For the property to qualify for the 12-year exemption under this subsection, the applicant must commit to renting or selling at least 20 percent of the multifamily housing units as affordable housing units to low and moderate-income households, the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the local government under this chapter, and the area must be zoned to have an average minimum density equivalent to 15 dwelling units or more per gross acre, or for cities with a population over 20,000, the area must be zoned to have an average minimum density equivalent to 25 dwelling units or more per gross acre. In the case of projects intended

exclusively for owner occupancy, the minimum requirement of this subsection (1)(a)(iii) may be satisfied solely through housing affordable to low-income or moderate-income households.

(b) The exemptions provided in (a)(i) through (iii) of this subsection do not include the value of land or nonhousing-related improvements not qualifying under this chapter.

(c) For properties receiving an exemption as provided in (a)(ii)(B) of this subsection that are in compliance with existing contracts and where the certificate of tax exemption is set to expire after June 11, 2020, but before December 31, 2021, the exemption is extended until December 31, 2021, provided that the property must satisfy any eligibility criteria or limitations provided in this chapter as a condition to the existing exemption for a given property continue to be met. For all properties eligible to receive an extension pursuant to this subsection (1)(c), the city or county that issued the initial certificate of tax exemption, as required in RCW 84.14.090, must notify the county assessor and the applicant of the extension of the certificate of tax exemption.

(2) When a local government adopts guidelines pursuant to RCW 84.14.030(2) and includes conditions that must be satisfied with respect to individual dwelling units, rather than with respect to the multiple-unit housing as a whole or some minimum portion thereof, the exemption may, at the local government's discretion, be limited to the value of the qualifying improvements allocable to those dwelling units that meet the local guidelines.

(3) In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to the submission of the application required under this chapter. The incentive provided by this chapter is in addition to any other incentives, tax credits, grants, or other incentives provided by law.

(4) This chapter does not apply to increases in assessed valuation made by the assessor on nonqualifying portions of building and value of land nor to increases made by lawful order of a county board of equalization, the department of revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

(5) At the conclusion of the exemption period, the value of the new housing construction, conversion, or rehabilitation improvements must be considered as new construction for the purposes of chapters 84.55 and 36.21 RCW as though the property was not exempt under this chapter.

(6) For properties that qualified for, satisfied the conditions of, and utilized the exemption under subsection (1)(a)(ii)(A) or (B) of this section, following the initial exemption period or the extension period authorized in subsection (1)(c) of this section, the exemption period may be extended for an additional 12 years for projects that are within 18 months of expiration contingent on city or county approval. For the property to qualify for an extension under this subsection (6), the applicant must meet at a minimum the locally adopted requirements for the property to qualify for an exemption under subsection (1)(a)(ii)(B) of this section as applicable at the time of the extension application, and the applicant commits to renting or selling at least 20 percent of the multifamily housing units as affordable housing units for low-income households.

(7) At the end of both the tenth and eleventh years of an extension, for twelve-year extensions of the exemption, applicants must provide tenants of rent-restricted units with notification of intent to provide the tenant with rental relocation assistance as provided in subsection (8) of this section.

(8)(a) Except as provided in (b) of this subsection, for any 12-year exemption authorized under subsection (1)(a)(ii)(B) or (iii) of this section after July 25, 2021, or for any 12-year exemption extension authorized under subsection (6) of this section, at the expiration of the exemption the applicant must provide tenant relocation assistance in an amount equal to one month's rent to a qualified tenant within the final month of the qualified tenant's lease. To be eligible for tenant relocation assistance under this subsection, the tenant must occupy an income-restricted unit at the time the exemption expires and must qualify as a low-income household under this chapter at the time relocation assistance is sought.

(b) If affordability requirements consistent, at a minimum, with those required under subsection (1)(a)(ii)(B) or (iii) of this section remain in place for the unit after the expiration of the exemption, relocation assistance in an amount equal to one month's rent must be provided to a qualified tenant within the final month of a qualified tenant's lease who occupies an income-restricted unit at the time those additional affordability requirements cease to apply to the unit.

(9) No new exemptions may be provided under this section beginning on or after January 1, 2032. No extensions may be granted under subsection (6) of this section on or after January 1, 2046.

Sec. 14. RCW 84.14.030 and 2021 c 187 s 9 are each amended to read as follows:

An owner of property making application under this chapter must meet the following requirements:

(1) The new or rehabilitated multiple-unit housing must be ((~~located~~)):

(a) Located in a residential targeted area as designated by the city or county; or

(b) Be located fully or partially within a station area if applying under RCW 84.14.020(1)(a)(ii)(D);

(2) The multiple-unit housing must meet guidelines as adopted by the governing authority that may include height, density, public benefit features, number and size of proposed development, parking, income limits for occupancy, limits on rents or sale prices, and other adopted requirements indicated necessary by the city or county. The required amenities should be relative to

the size of the project and tax benefit to be obtained;

(3) The new, converted, or rehabilitated multiple-unit housing must provide for a minimum of fifty percent of the space for permanent residential occupancy. In the case of existing occupied multifamily development, the multifamily housing must also provide for a minimum of four additional multifamily units. Existing multifamily vacant housing that has been vacant for twelve months or more does not have to provide additional multifamily units;

(4) New construction multifamily housing and rehabilitation improvements must be completed within three years from the date of approval of the application, plus any extension authorized under RCW 84.14.090(5);

(5) Property proposed to be rehabilitated must fail to comply with one or more standards of the applicable state or local building or housing codes on or after July 23, 1995. If the property proposed to be rehabilitated is not vacant, an applicant must provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate; and

(6) The applicant must enter into a contract with the city or county approved by the governing authority, or an administrative official or commission authorized by the governing authority, under which the applicant has agreed to the implementation of the development on terms and conditions satisfactory to the governing authority.

Sec. 15. RCW 84.14.060 and 2014 c 96 s 5 are each amended to read as follows:

(1) The duly authorized administrative official or committee of the city or county may approve the application if it finds that:

(a) A minimum of four new units are being constructed or in the case of occupied rehabilitation or conversion a minimum of four additional multifamily units are being developed;

(b) If applicable, the proposed multiunit housing project meets the affordable housing requirements as described in ((~~RCW 84.14.020~~))this chapter;

(c) The proposed project is or will be, at the time of completion, in conformance with all local plans and regulations that apply at the time the application is approved;

(d) The owner has complied with all standards and guidelines adopted by the city or county under this chapter and, if applicable, section 3 of this act; and

(e) The site is located in a residential targeted area of an urban center or urban growth area that has been designated by the governing authority in accordance with procedures and guidelines indicated in RCW 84.14.040, or is located fully or partially within a station area if applying under RCW 84.14.020(1)(a)(ii)(D).

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

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

Sec. 16. RCW 84.14.090 and 2021 c 187 s 10 are each amended to read as follows:

(1) Upon completion of rehabilitation or new construction for which an application for a limited tax exemption under this chapter has been approved and after issuance of the certificate of occupancy, the owner must file with the city or county the following:

(a) A statement of the amount of rehabilitation or construction expenditures made with respect to each housing unit and the composite expenditures made in the rehabilitation or construction of the entire property;

(b) A description of the work that has been completed and a statement that the rehabilitation improvements or new construction on the owner's property qualify the property for limited exemption under this chapter;

(c) If applicable, a statement that the project meets the affordable housing requirements as described in ((~~RCW 84.14.020~~))this chapter; and

(d) A statement that the work has been completed within three years of the issuance of the conditional certificate of tax exemption.

(2) Within ((~~thirty~~))30 days after receipt of the statements required under subsection (1) of this section, the authorized representative of the city or county must determine whether the work completed, and the affordability of the units, is consistent with the application and the contract approved by the city or county and is qualified for a limited tax exemption under this chapter. The city or county must also determine which specific improvements completed meet the requirements and required findings.

(3) If the rehabilitation, conversion, or construction is completed within three years of the date the application for a limited tax exemption is filed under this chapter, or within an authorized extension of this time limit, and the authorized representative of the city or county determines that improvements were constructed consistent with the application and other applicable requirements, including if applicable, affordable housing requirements, and the owner's property is qualified for a limited tax exemption under this chapter, the city or county must file the certificate of tax exemption with the county assessor within ((~~ten~~))10 days of the expiration of the ((~~thirty~~))30-day period provided under subsection (2) of this section.

(4) The authorized representative of the city or county must notify the applicant that a certificate of tax exemption is not going to be filed if the authorized representative determines that:

(a) The rehabilitation or new construction was not completed within three years of the application date, or within any authorized extension of the time limit;

(b) The improvements were not constructed consistent with the application or other applicable requirements;

(c) If applicable, the affordable housing requirements as described in ((~~RCW 84.14.020~~))this chapter were not met; or

(d) The owner's property is otherwise not qualified for limited exemption under this chapter.

(5) If the authorized representative of the city or county finds that construction or rehabilitation of multiple-unit housing was not completed within the required time period due to circumstances beyond the control of the owner and that the owner has been acting and could reasonably be expected to act in good faith and with due diligence, the governing authority or the city or county official authorized by the governing authority may extend the deadline for completion of construction or rehabilitation for a period not to exceed ((~~twenty-four~~))24 consecutive months. For preliminary or final applications submitted on or before February 15, 2020, with any outstanding application requirements, such as obtaining a temporary certificate of occupancy, the city or county may choose to extend the deadline for completion for an additional five years. The five-year extension begins immediately following the completion of any outstanding applications or previously authorized extensions, whichever is later.

(6) The governing authority may provide by ordinance for an appeal of a decision by the deciding officer or authority that an owner is not entitled to a certificate of tax exemption to the governing authority, a hearing examiner, or other city or county officer authorized by the governing authority to hear the appeal in accordance with such reasonable procedures and time periods as provided by ordinance of the governing authority. The owner may appeal a decision by the deciding officer or authority that is not subject to local appeal or a decision by the local appeal authority that the owner is not entitled to a certificate of tax exemption in superior court under RCW 34.05.510 through 34.05.598, if the appeal is filed within ((~~thirty~~))30 days of notification by the city or county to the owner of the decision being challenged.

Sec. 17. RCW 84.14.100 and 2021 c 187 s 5 are each amended to read as follows:

(1) Thirty days after the anniversary of the date of the certificate of tax exemption and each year for the tax exemption period, the owner of the rehabilitated or newly constructed property, or the qualified nonprofit or local government that will assure permanent affordable homeownership for at least 25 percent of the units for properties receiving an exemption under RCW 84.14.021, must file with a designated authorized representative of the city or county an annual report indicating the following:

(a) A statement of occupancy and vacancy of the rehabilitated or newly constructed property during the twelve months ending with the anniversary date;

(b) A certification by the owner that the property has not changed use and, if applicable, that the property has been in compliance with the affordable housing requirements as described in ((~~RCW 84.14.020~~))this chapter since the date of the certificate approved by the city or county;

(c) A description of changes or improvements constructed after issuance of the certificate of tax exemption; and

(d) Any additional information requested by the city or county in regards to the units receiving a tax exemption.

(2) All cities or counties, which issue certificates of tax exemption for multiunit housing that conform to the requirements of this chapter, must report annually by April 1st of each year, beginning in 2007, to the department of commerce. A city or county must be in compliance with the reporting requirements of this section to offer certificates of tax exemption for multiunit housing authorized in this chapter. The report must include the following information:

(a) The number of tax exemption certificates granted;

(b) The total number and type of units produced or to be produced;

(c) The number, size, and type of units produced or to be produced meeting affordable housing requirements;

(d) The actual development cost of each unit produced;

(e) The total monthly rent or total sale amount of each unit produced;

(f) The annual household income and household size for each of the affordable units receiving a tax exemption and a summary of these figures for the city or county; and

(g) The value of the tax exemption for each project receiving a tax exemption and the total value of tax exemptions granted.

(3)(a) The department of commerce must adopt and implement a program to effectively audit or review that the owner or operator of each property for which a certificate of tax exemption has been issued, except for those properties receiving an exemption that are owned or operated by a nonprofit or for those properties receiving an exemption from a city or county that operates an independent audit or review program, is offering the number of units at rents as committed to in the approved application for an exemption and that the tenants are being properly screened to be qualified for an income-restricted unit. The audit or review program must be adopted in consultation with local governments and other stakeholders and may be based on auditing a percentage of income-restricted units or properties annually. A private owner or operator of a property for which a certificate of tax exemption has been issued under this chapter, must be audited at least once every five years.

(b) If the review or audit required under (a) of this subsection for a given property finds that the owner or operator is not offering the number of units at rents as committed to in the approved application or is not properly screening tenants for income-restricted units, the department of

commerce must notify the city or county and the city or county must impose and collect a sliding scale penalty not to exceed an amount calculated by subtracting the amount of rents that would have been collected had the owner or operator complied with their commitment from the amount of rents collected by the owner or operator for the income-restricted units, with consideration of the severity of the noncompliance. If a subsequent review or audit required under (a) of this subsection for a given property finds continued substantial noncompliance with the program requirements, the exemption certificate must be canceled pursuant to RCW 84.14.110.

(c) The department of commerce may impose and collect a fee, not to exceed the costs of the audit or review, from the owner or operator of any property subject to an audit or review required under (a) of this subsection.

(4) The department of commerce must provide guidance to cities and counties, which issue certificates of tax exemption for multiunit housing that conform to the requirements of this chapter, on best practices in managing and reporting for the exemption programs authorized under this chapter, including guidance for cities and counties to collect and report demographic information for tenants of units receiving a tax exemption under this chapter.

(5) This section expires January 1, 2058.

Sec. 18. RCW 84.14.110 and 2012 c 194 s 10 are each amended to read as follows:

(1) If improvements have been exempted under this chapter, the improvements continue to be exempted for the applicable period under RCW 84.14.020, so long as they are not converted to another use and continue to satisfy all applicable conditions. If the owner intends to convert the multifamily development to another use, or if applicable, if the owner intends to discontinue compliance with the affordable housing requirements as described in ((~~RCW 84.14.020~~))this chapter or any other condition to exemption, the owner must notify the assessor within sixty days of the change in use or intended discontinuance. If, after a certificate of tax exemption has been filed with the county assessor, the authorized representative of the governing authority discovers that a portion of the property is changed or will be changed to a use that is other than residential or that housing or amenities no longer meet the requirements, including, if applicable, affordable housing requirements, as previously approved or agreed upon by contract between the city or county and the owner and that the multifamily housing, or a portion of the housing, no longer qualifies for the exemption, the tax exemption must be canceled and the following must occur:

(a) Additional real property tax must be imposed upon the value of the nonqualifying improvements in the amount that would normally be imposed, plus a penalty must be imposed amounting to twenty percent. This additional tax is calculated based upon the difference between the property tax paid and the property tax that would have been paid if it had included the value of the nonqualifying improvements dated back to the date that the improvements were converted to a nonmultifamily use;

(b) The tax must include interest upon the amounts of the additional tax at the same statutory rate charged on delinquent property taxes from the dates on which the additional tax could have been paid without penalty if the improvements had been assessed at a value without regard to this chapter; and

(c) The additional tax owed together with interest and penalty must become a lien on the land and attach at the time the property or portion of the property is removed from multifamily use or the amenities no longer meet applicable requirements, and has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the land may become charged or liable. The lien may be foreclosed upon expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes. An additional tax unpaid on its due date is delinquent. From the date of delinquency until paid, interest must be charged at the same rate applied by law to delinquent ad valorem property taxes.

(2) Upon a determination that a tax exemption is to be canceled for a reason stated in this section, the governing authority or authorized representative must notify the record owner of the property as shown by the tax rolls by mail, return receipt requested, of the determination to cancel the exemption. The owner may appeal the determination to the governing authority or authorized representative, within thirty days by filing a notice of appeal with the clerk of the governing authority, which notice must specify the factual and legal basis on which the determination of cancellation is alleged to be erroneous. The governing authority or a hearing examiner or other official authorized by the governing authority may hear the appeal. At the hearing, all affected parties may be heard and all competent evidence received. After the hearing, the deciding body or officer must either affirm, modify, or repeal the decision of cancellation of exemption based on the evidence received. An aggrieved party may appeal the decision of the deciding body or officer to the superior court under RCW 34.05.510 through 34.05.598.

(3) Upon determination by the governing authority or authorized representative to terminate an exemption, the county officials having possession of the assessment and tax rolls must correct the rolls in the manner provided for omitted property under RCW 84.40.080. The county assessor must make such a valuation of the property and improvements as is necessary to permit the correction of the rolls. The value of the new housing construction, conversion, and rehabilitation improvements added to the rolls is considered as new construction for the purposes of chapter 84.55 RCW. The owner may appeal the valuation to the county board of equalization under chapter 84.48 RCW and according to the provisions of RCW

84.40.038. If there has been a failure to comply with this chapter, the property must be listed as an omitted assessment for assessment years beginning January 1 of the calendar year in which the noncompliance first occurred, but the listing as an omitted assessment may not be for a period more than three calendar years preceding the year in which the failure to comply was discovered.

NEW SECTION. **Sec. 19.** A new section is added to chapter 84.14 RCW to read as follows:

The governing authority of a city with a station area must adopt and implement standards and guidelines to be used in considering applications and making the determinations required under RCW 84.14.060. The standards and guidelines must establish basic requirements for both new construction and rehabilitation, which must include:

(1) Application process and procedures;

(2) Income and rent standards for affordable units that meet the requirements of section 3(7)(a) of this act;

(3) Requirements that address demolition of existing structures and site utilization; and

(4) Building requirements that comply with this act.

Sec. 20. RCW 82.02.060 and 2023 c 337 s 10 are each amended to read as follows:

The local ordinance by which impact fees are imposed:

(1) Shall include a schedule of impact fees which shall be adopted for each type of development activity that is subject to impact fees, specifying the amount of the impact fee to be imposed for each type of system improvement. The schedule shall be based upon a formula or other method of calculating such impact fees. The schedule shall reflect the proportionate impact of new housing units, including multifamily and condominium units, based on the square footage, number of bedrooms, or trips generated, in the housing unit in order to produce a proportionally lower impact fee for smaller housing units. In determining proportionate share, the formula or other method of calculating impact fees shall incorporate, among other things, the following:

(a) The cost of public facilities necessitated by new development;

(b) An adjustment to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of user fees, debt service payments, taxes, or other payments earmarked for or proratable to the particular system improvement;

(c) The availability of other means of funding public facility improvements;

(d) The cost of existing public facilities improvements; and

(e) The methods by which public facilities improvements were financed;

(2) May provide an exemption for low-income housing, and other development activities with broad public purposes, including development of an early learning facility, from these impact fees, provided that the impact fees for such development activity shall be paid from public funds other than impact fee accounts;

(3)(a) May not impose an impact fee on development activities of an early learning facility greater than that imposed on commercial retail or commercial office development activities that generate a similar number, volume, type, and duration of vehicle trips;

(b) When a facility or development has more than one use, the limitations in this subsection (3) or the exemption applicable to an early learning facility in subsections (2) and (4) of this section only apply to that portion that is developed as an early learning facility. The impact fee assessed on an early learning facility in such a development or facility may not exceed the least of the impact fees assessed on comparable businesses in the facility or development;

(4) May provide an exemption from impact fees for low-income housing or for early learning facilities. Local governments that grant exemptions for low-income housing or for early learning facilities under this subsection (4) may either: Grant a partial exemption of not more than ((~~eighty~~))80 percent of impact fees, in which case there is no explicit requirement to pay the exempted portion of the fee from public funds other than impact fee accounts; or provide a full waiver, in which case the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts, except as provided in (b) of this subsection. These exemptions are subject to the following requirements:

(a) An exemption for low-income housing granted under subsection (2) of this section or this subsection (4) must be conditioned upon requiring the developer to record a covenant that, except as provided otherwise by this subsection, prohibits using the property for any purpose other than for low-income housing. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing, and that if the property is converted to a use other than for low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion;

(b) An exemption for early learning facilities granted under subsection (2) of this section or this subsection (4) may be a full waiver without an explicit requirement to pay the exempted portion of the fee from public funds other than impact fee accounts if the local government requires the developer to record a covenant that requires that at least 25 percent of the children and families using the early learning facility qualify for state subsidized child care, including early childhood education and assistance under chapter 43.216 RCW, and that provides that if the property is converted to a use other than for an early learning facility, the property owner must pay the applicable impact fees in effect at the time of conversion, and that also provides that if at no point during a calendar year does the early learning

facility achieve the required percentage of children and families qualified for state subsidized child care using the early learning facility, the property owner must pay 20 percent of the impact fee that would have been imposed on the development had there not been an exemption within 90 days of the local government notifying the property owner of the breach, and any balance remaining thereafter shall be a lien on the property; and

(c) Covenants required by (a) and (b) of this subsection must be recorded with the applicable county auditor or recording officer. A local government granting an exemption under subsection (2) of this section or this subsection (4) for low-income housing or an early learning facility may not collect revenue lost through granting an exemption by increasing impact fees unrelated to the exemption. A school district who receives school impact fees must approve any exemption under subsection (2) of this section or this subsection (4);

(5) Shall provide a credit for the value of any dedication of land for, improvement to, or new construction of any system improvements provided by the developer, to facilities that are identified in the capital facilities plan and that are required by the county, city, or town as a condition of approving the development activity;

(6) Shall allow the county, city, or town imposing the impact fees to adjust the standard impact fee at the time the fee is imposed to consider unusual circumstances in specific cases to ensure that impact fees are imposed fairly;

(7) Shall include a provision for calculating the amount of the fee to be imposed on a particular development that permits consideration of studies and data submitted by the developer to adjust the amount of the fee;

(8) Shall establish one or more reasonable service areas within which it shall calculate and impose impact fees for various land use categories per unit of development;

(9) May provide for the imposition of an impact fee for system improvement costs previously incurred by a county, city, or town to the extent that new growth and development will be served by the previously constructed improvements provided such fee shall not be imposed to make up for any system improvement deficiencies; ((~~and~~))

(10) Shall provide a 50 percent reduction of the impact fees specified in the schedule of impact fees for system improvements under RCW 82.02.090(7)(a) if the project is within a station area and claiming a multiple-unit housing property tax exemption under RCW 84.14.020(1)(a)(ii)(D); and

(11) Must adopt or amend by ordinance, and incorporate into their development regulations, zoning regulations, and other official controls the requirements of this section to take effect six months after the jurisdiction's next periodic comprehensive plan update required under RCW 36.70A.130.

For purposes of this section, "low-income housing" means housing with a monthly housing expense, that is no greater than ((~~thirty~~))30 percent of ((~~eighty~~))80 percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development.

For the purposes of this section, "early learning facility" has the same meaning as in RCW 43.31.565.

Sec. 21. RCW 82.02.090 and 2023 c 121 s 2 are each amended to read as follows:

The definitions in this section apply throughout this section and RCW 82.02.050 through 82.02.080 unless the context clearly requires otherwise.

(1) "Development activity" means any construction or expansion of a building, structure, or use, any change in use of a building or structure, or any changes in the use of land, that creates additional demand and need for public facilities. "Development activity" does not include:

(a) Buildings or structures constructed by a regional transit authority; or

(b) Buildings or structures constructed as shelters that provide emergency housing for people experiencing homelessness, or emergency shelters for victims of domestic violence, as defined in RCW 70.123.020.

(2) "Development approval" means any written authorization from a county, city, or town which authorizes the commencement of development activity.

(3) "Impact fee" means a payment of money imposed upon development as a condition of development approval to pay for public facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities, and that is used for facilities that reasonably benefit the new development. "Impact fee" does not include a reasonable permit or application fee.

(4) "Owner" means the owner of record of real property, although when real property is being purchased under a real estate contract, the purchaser is considered the owner of the real property if the contract is recorded.

(5) "Project improvements" mean site improvements and facilities that are planned and designed to provide service for a particular development project and that are necessary for the use and convenience of the occupants or users of the project, and are not system improvements. An improvement or facility included in a capital facilities plan approved by the governing body of the county, city, or town is not considered a project improvement.

(6) "Proportionate share" means that portion of the cost of public facility improvements that are reasonably related to the service demands and needs of new development.

(7) "Public facilities" means the following capital facilities owned or operated by government entities: (a) Public streets, roads, and bicycle and pedestrian facilities that were designed with multimodal commuting as an intended use; (b) publicly owned parks, open space, and

recreation facilities; (c) school facilities; and (d) fire protection facilities.

(8) "Service area" means a geographic area defined by a county, city, town, or intergovernmental agreement in which a defined set of public facilities provide service to development within the area. Service areas must be designated on the basis of sound planning or engineering principles.

(9) "Station area" has the same meaning as defined in RCW 36.70A.030.

(10) "System improvements" mean public facilities that are included in the capital facilities plan and are designed to provide service to service areas within the community at large, in contrast to project improvements.

NEW SECTION. **Sec. 22.** Sections 12 through 19 of this act apply to property taxes levied for collection in 2026 and thereafter.

NEW SECTION. **Sec. 23.** 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."

On page 1, line 2 of the title, after "development;" strike the remainder of the title and insert "amending RCW 36.70A.030, 43.21C.229, 84.14.010, 84.14.020, 84.14.030, 84.14.060, 84.14.090, 84.14.100, 84.14.110, 82.02.060, and 82.02.090; adding new sections to chapter 36.70A RCW; adding a new section to chapter 47.12 RCW; adding a new section to chapter 64.38 RCW; adding a new section to chapter 64.90 RCW; adding a new section to chapter 64.34 RCW; adding a new section to chapter 64.32 RCW; adding a new section to chapter 84.14 RCW; creating new sections; and providing expiration dates."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to THIRD SUBSTITUTE HOUSE BILL NO. 1491 and advanced the bill, as amended by the Senate, to final passage.

Representative Reed spoke in favor of the passage of the bill.

Representative Low spoke against the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Third Substitute House Bill No. 1491, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Third Substitute House Bill No. 1491, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 57; Nays, 39; Absent, 0; Excused, 2

Voting Yea: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hill, Hunt, Kloba, Leavitt, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Paul, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rule, Ryu, Salahuddin, Santos, Scott, Shavers, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Penner, Rude, Schmick, Schmidt, Steele, Stokesbary, Stuebe, Volz, Walsh, Waters and Ybarra

Excused: Representatives Hackney and Lekanoff

THIRD SUBSTITUTE HOUSE BILL NO. 1491, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Wednesday, April 16, 2025

Mme. Speaker:

The Senate has passed SECOND SUBSTITUTE HOUSE BILL NO. 1515, with the following amendment(s): 1515-S2 AMS WM S2851.1

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature finds that updating and modernizing the regulation of alcohol service in public spaces by building upon the regulatory framework established in agency rules governing this activity will benefit the citizens of Washington, the restaurant and hospitality industry, nonprofit organizations, as well as local and state government in Washington, and will help prepare Washington to successfully host a major international sports event in 2026.

(2) The legislature intends that passage and implementation of this act will allow for event environments that emphasize safe crowd management of high volumes of people, a pleasant event experience that maximizes mobility for event guests, especially families, and maintains safe operations that ensure alcohol is not accessed or consumed by persons under age 21, overservice is prevented, and alcohol does not leave the premises.

(3) Therefore, subject to the requirements in this section:

(a) From the effective date of this section until December 31, 2027, the legislature intends to authorize local governments to request from the liquor and cannabis board, and for the board to reasonably approve, that expanded outdoor alcohol service in public spaces be allowed for liquor licensees in their jurisdictions;

(b) From the effective date of this section until December 31, 2027, the legislature intends to authorize certain cities to request from the liquor and cannabis board, and for the board to reasonably approve, that expanded outdoor and indoor alcohol service in public spaces be allowed for liquor licensees operating during events on publicly owned civic campuses; and

(c) During the months of June and July of 2026, the legislature intends to authorize certain local governments to request from the liquor and cannabis board, and for the board to reasonably approve, that expanded outdoor and indoor alcohol service in public spaces be allowed for certain liquor licensees operating during a single multiday event in an approved area or areas of a city, town, county, or port authority that is a designated fan zone or host city.

NEW SECTION. **Sec. 2.** (1)(a) Beginning on the effective date of this section until December 31, 2027, and subject to (d) of this subsection (1) and subsection (5) of this section, a city, town, county, or port authority may request, and the board may approve, expanded outdoor alcohol service for liquor licensees within the whole city, town, county, or port authority, or within a specific area or areas of the city, town, county, or port authority as provided in (b) and (c) of this subsection (1). If requested by a county, the approval may only be for unincorporated areas of the county.

(b) For licensees identified in (c) of this subsection (1) who have requested approval from and been authorized by the board's licensing division to conduct outdoor alcohol service, and who are located within an area of a city, town, or county that has been approved by the board for expanded outdoor alcohol service, the following authorizations and requirements apply until December 31, 2027:

(i) All outdoor alcohol service areas may be enclosed, at the licensee's discretion, by means of a permanent or movable barrier or by means of a permanent fence-free demarcation;

(ii) For an outdoor alcohol service area enclosed by means of a permanent or movable barrier of a minimum height specified by the board, the permanent or movable barrier is not required to meet minimum height requirements on sloped site conditions;

(iii) The openings into and out of an outdoor alcohol service area may be up to a maximum distance apart as determined appropriate by the applicable city, town, or county;

(iv) Licensees may share use of an outdoor alcohol service area with other licensees and licensees may share use of an outdoor alcohol service area with businesses that do not engage in the sale or service of alcohol, subject to requirements of the board. All participating licensees are jointly responsible for any violation or enforcement issues unless it can be demonstrated that the violation or enforcement issue was due to one or more licensee's specific conduct or action, in which case the violation or enforcement applies only to those identified licensees; and

(v) An employee of the licensee must be assigned to, but is not required to be in, the outdoor alcohol service area at all times that patrons are present. A direct line of sight is not required from inside the licensed premises to the outdoor alcohol service area.

(c) The authorization in this subsection (1) is available to the following liquor licensees: Beer and wine restaurants; spirits, beer, and wine restaurants; taverns; domestic wineries; domestic breweries and microbreweries; distilleries; and snack bars.

(d) A city, town, county, or port authority that requests and is approved for expanded outdoor alcohol service shall provide, and document the provision of:

(i) Adequate local resources, including law enforcement patrols in the area, to ensure safe operations of activities and the safety of the community; and

(ii) Services to keep the area of the jurisdiction in which the activities occur clean and free of litter or other remnants of the use of public spaces for expanded outdoor alcohol service.

(2)(a) A city with a population of more than 220,000 may request, and the board may approve, expanded alcohol service during events on a publicly owned civic campus in the city, as provided in (b) through (f) of this subsection (2) and subject to subsection (5) of this section. No more than 25 events per year, up to seven of which may be multiday events, may be authorized for a city under this subsection (2).

(b) Multiple licensees located on a publicly owned civic campus in a city with a population of more than 220,000 that has been approved under (a) of this subsection (2) may share an alcohol service area encompassing the entire publicly owned civic campus, or part of the publicly owned civic campus, so long as:

(i) The board approves of the event perimeter enclosing the alcohol service area;

(ii) Security and physical barriers are provided at all entry points to the event;

(iii) The campus operator notifies the board within a minimum time required by the board in rule before the event begins;

(iv) Signage is conspicuously posted during the event notifying the public that the area is in use as an expanded alcohol service area and public notice of the upcoming use of the area as an expanded alcohol service area was conspicuously posted at least seven days in advance; and

(v) All participating licensees submit a joint operating plan to the board for approval, in a format designated by the board, that describes: (A) How the licensees will prevent the sale and service of alcohol to persons under 21 years of age and those who appear to be intoxicated; (B) the ratio of alcohol service staff and security staff to the anticipated number of attendees, subject to a ratio requirement that may be set by the board; (C) training provided to staff who serve, regulate, or supervise the service of alcohol including that alcohol server training is required for all such staff; (D) the licensees' policy on the number of alcoholic beverages that will be served to an individual patron during one transaction, subject to a limit determined by the board; (E) an explanation of the alcoholic beverage containers that will be used to ensure they are significantly different from containers used from nonalcoholic beverages; (F) the barriers or

demarcations to be used for an alcohol service area or event perimeter; and (G) other information required by the board in rule.

(c) At the board's discretion, violations of (b)(iii) or (iv) of this subsection can be cause for denial of approval of events conducted under this subsection and violations of (b)(iv) of this subsection can also be cause for denial of a license of the participating licensees or denial of participation in future events under this section.

(d) Multiple licensees located on a publicly owned civic campus in a city with a population of more than 220,000 that has been approved under (a) of this subsection (2) may share an indoor alcohol service area at certain times authorized by the campus operator, so long as:

(i) The campus operator notifies the board at least seven days in advance of the date licensees intend to begin operating the shared indoor alcohol service area;

(ii) The campus operator ensures security and physical barriers are provided at all entry points to the indoor alcohol service area; and

(iii) The licensees submit a joint operating plan to the board for approval meeting the requirements of (b)(v) of this subsection (2).

(e) With respect to multiple licensees sharing an alcohol service area as authorized under (b) or (d) of this subsection (2), all participating licensees are jointly responsible for any violation or enforcement issues unless it can be demonstrated that the violation or enforcement issue was due to one or more licensee's specific conduct or action, in which case the violation or enforcement applies only to those identified licensees.

(f) During the times a licensee is operating under the authorization in this subsection (2) or subsection (4) of this section, the licensee may:

(i) Operate without a permit from their local jurisdiction that may otherwise be required to allow the business to use the public space as an alcohol service area;

(ii) Share an alcohol service area with another licensee: (A) Without individually requesting approval from the board's licensing division; and (B) regardless of whether the licensees' property parcels or buildings are located in direct physical proximity to one another; and

(iii) Sell and serve alcohol to customers from an alcohol service area without offering food service menu options, except that any required food service must still be provided within the licensed premises, and in any preexisting alcohol service area operated by the licensee under the board's rules that does not rely on the authorization in this section, if the preexisting alcohol service area remains in place during an event.

(3)(a) The authorization in subsections (2) and (4) of this section is available to: Beer and wine restaurants; spirits, beer, and wine restaurants; taverns; domestic wineries; domestic breweries and microbreweries; distilleries; snack bars; and special occasion licensees under RCW 66.24.380.

(b) A caterer's license shall be issued to an eligible applicant under RCW 66.24.690 for an event open to the public and held on a publicly owned civic campus in a city with a population of more than 220,000 under subsection (2) of this section or in an area or areas of a jurisdiction approved under subsection (4) of this section, even if the sponsor of the event for which catering services are being provided is not a society or organization as defined in RCW 66.24.375, if license and regulatory requirements are otherwise met.

(4)(a) A city, town, county, or port authority that has been designated as a fan zone or host city from an international self-regulatory governing body of a sports association, or a nonprofit organization authorized by such an entity, may request, and the board may approve, expanded outdoor and indoor alcohol service for liquor licensees within an area or areas of the jurisdiction. The authorization in this subsection (4) may be used to allow expanded alcohol sales and service only during a single multiday event in each approved jurisdiction in either of the months of June or July of 2026.

(b) Multiple licensees located within an area of a city, town, county, or port authority approved under this subsection for expanded alcohol service may share an alcohol service area encompassing the entire approved area or areas, during the event, so long as:

(i) The board approves of the event perimeter enclosing the alcohol service area;

(ii) Security and physical barriers are provided at all entry points to the event;

(iii) The applicable city, town, county, or port authority through a designated official notifies the board within a minimum time required by the board in rule before the event begins;

(iv) Signage is conspicuously posted during the event notifying the public that the area is in use as an expanded alcohol service area and public notice of the upcoming use of the area as an expanded alcohol service area was conspicuously posted at least seven days in advance; and

(v) All participating licensees submit a joint operating plan to the board for approval, in a format designated by the board, that meets the requirements of subsection (2)(b)(v) of this section.

(c) Licensees operating under this subsection (4) may share use of an alcohol service area with other licensees and licensees may share use of an alcohol service area with businesses that do not engage in the sale or service of alcohol, subject to requirements of the board. All participating licensees are jointly responsible for any violation or enforcement issues unless it can be demonstrated that the violation or enforcement issue was due to one or more licensee's specific conduct or action, in which case the violation or enforcement applies only to those identified licensees.

(d) During the times a licensee is operating under the authorization in this

subsection (4), the licensee may operate as provided in subsection (2)(f) of this section.

(5) The board must impose a fee on any or all of the following licensees and local governments in order to cover but not exceed the board's administrative and enforcement costs related to activities authorized under this section:

(a) A licensee seeking to operate under the authorization in this section, as a condition to exercising privileges in this section;

(b) A city, town, county, or port authority applying for expanded outdoor alcohol service privileges for licensees under subsection (1) of this section;

(c) A city with a population of more than 220,000 applying for expanded alcohol service privileges for licensees during events on a publicly owned civic campus under subsection (2) of this section; and

(d) A city, town, county, or port authority designated as a fan zone or host city applying for expanded alcohol service privileges for licensees during an event in June or July of 2026 in an approved area or areas of the jurisdiction.

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

(a) "Alcohol service area" means an area in which liquor may be sold, served, and consumed as authorized under this title and rules of the board.

(b) "Board" means the liquor and cannabis board.

(c) "Campus operator" means the person who has primary responsibility for making managerial or executive decisions relating to operations and activities at a publicly owned civic campus or the person's designee.

(d) "Publicly owned civic campus" means the buildings, facilities, grounds, lands, and spaces owned by a city and designated as a city center, and used for civic, arts, cultural, sports, and other community and family events and activities, being not more than 100 acres in size on the effective date of this section.

Sec. 3. RCW 66.24.380 and 2016 c 235 s 2 are each amended to read as follows:

There is a retailer's license to be designated as a special occasion license to be issued to a not-for-profit society or organization to sell spirits, beer, and wine by the individual serving for on-premises consumption at a specified event, such as at picnics or other special occasions, at a specified date and place; fee ((~~sixty dollars~~))$60 per day except the board may establish an additional daily fee for each day of operation at an event conducted under section 2 (2) or (4) of this act.

(1) The not-for-profit society or organization is limited to sales of no more than ((~~twelve~~))12 calendar days per year, except that this limitation is waived for participation in any event conducted under section 2 (2) or (4) of this act which may not count toward a not-for-profit society or organization's 12 calendar days of sales. For the purposes of this subsection, special occasion licensees that are "agricultural area fairs" or "agricultural county, district, and area fairs," as defined by RCW 15.76.120, that receive a special occasion license may, once per calendar year, count as one event fairs that last multiple days, so long as alcohol sales are at set dates, times, and locations, and the board receives prior notification of the dates, times, and locations. The special occasion license applicant will pay the ((~~sixty dollars~~))$60 per day for this event.

(2) The licensee may sell spirits, beer, and/or wine in original, unopened containers for off-premises consumption if permission is obtained from the board prior to the event.

(3) In addition to offering the sale of wine by the individual serving for on-premises consumption, the licensee may sell wine in original, unopened containers for on-premises consumption if permission is obtained from the board prior to the event. The authorization in this subsection (3) is not available at events conducted under section 2 (2) or (4) of this act.

(4) Sale, service, and consumption of spirits, beer, and wine is to be confined to specified premises or designated areas only, except as authorized in section 2 (2) and (4) of this act.

(5) Liquor sold under this special occasion license must be purchased from a licensee of the board.

(6) Any violation of this section is a class 1 civil infraction having a maximum penalty of ((~~two hundred fifty dollars~~))$250 as provided for in chapter 7.80 RCW. At the board's discretion, repeat violations at an event authorized under section 2 (2) or (4) of this act within a two-year period can be cause for denial of a license under this section or participation in future events.

Sec. 4. RCW 66.24.710 and 2023 c 279 s 1 are each amended to read as follows:

(1)(a) Except as provided in (b) of this subsection, the following licensees may sell alcohol products at retail for takeout or delivery or both under liquor and cannabis board licenses and endorsements: Beer and wine restaurants; spirits, beer, and wine restaurants; taverns; domestic wineries; domestic breweries and microbreweries; distilleries; snack bars; nonprofit arts licensees; and caterers.

(b) No alcohol products may be sold by delivery under this section after July 1, 2025.

(2) Spirits, beer, and wine restaurant licensees may sell premixed cocktails for takeout and, until July 1, 2025, for delivery. The board may establish by rule the manner in which premixed cocktails for off-premises consumption must be provided. This subsection does not authorize the sale of bottles of spirits by licensees for off-premises consumption.

(3) Spirits, beer, and wine restaurant licensees may sell wine by the glass or premixed wine and spirits cocktails for takeout and, until July 1, 2025, delivery. Beer and wine restaurant licensees may sell wine or premixed wine drinks by the glass for takeout and, until July 1, 2025, delivery. The board may establish by rule

the manner in which wine by the glass and premixed cocktails for off-premises consumption must be provided.

(4) Licensees that were authorized by statute or rule before January 1, 2020, to sell growlers for on-premises consumption may sell growlers for off-premises consumption through takeout or, until July 1, 2025, delivery. Sale of growlers under this subsection must meet federal alcohol and tobacco tax and trade bureau requirements.

(5)(a) Licensees must obtain from the board an endorsement to their license in order to conduct activities authorized under subsections (1) through (4) of this section. The board may adopt rules governing the manner in which the activities authorized under this section must be conducted. Licensees must not be charged a fee in order to obtain an endorsement required under this section.

(b)(i) Alcohol delivery under this section must be performed by an employee of an alcohol delivery endorsement holder who is 21 years of age or older and possesses a class 12 permit, in accordance with RCW 66.20.310.

(ii) Delivery services conducted by beer and wine restaurant licensees and spirits, beer, and wine restaurant licensees under this section must be accompanied by a purchased meal prepared and sold by the license holder.

(c) Alcohol sold for takeout by beer and wine restaurant licensees and spirits, beer, and wine restaurant licensees under this section must be accompanied by a purchased meal prepared and sold by the license holder.

(d) Any alcohol product sold for takeout or delivery under this section must be in a factory sealed container or a tamper-resistant container.

(6) Beer and wine specialty shops licensed under RCW 66.24.371 and domestic breweries and microbreweries may sell prefilled growlers for off-premises consumption through takeout and, until July 1, 2025, delivery, provided that prefilled growlers are sold the same day they are prepared for sale and not stored overnight for sale on future days.

(7) ((~~The~~))Subject to section 2 of this act, the board must adopt or revise current rules to allow for outdoor service of alcohol by on-premises licensees holding licenses issued by the board for the following license types: Beer and wine restaurants; spirits, beer, and wine restaurants; taverns; domestic wineries; domestic breweries and microbreweries; distilleries; snack bars; ((~~and~~)) private clubs licensed under RCW 66.24.450 and 66.24.452; and special occasion licensees under RCW 66.24.380. The board may adopt requirements providing for clear accountability at locations where multiple licensees use a shared space for serving customers, and at locations where a licensee or licensees use a shared space with another business or businesses that do not engage in the sale or service of alcohol under section 2 of this act.

(8) Upon delivery of any alcohol product authorized to be delivered under this section, the signature of the person age 21 or over receiving the delivery must be obtained.

(9) ((~~The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.~~

~~(a) "Board" means the liquor and cannabis board.~~

~~(b) "Growlers"~~))For the purposes of this section, "growlers" means sanitary containers brought to the premises by the purchaser or furnished by the licensee and filled by the retailer at the time of sale.

Sec. 5. RCW 66.08.030 and 2014 c 63 s 2 are each amended to read as follows:

The power of the board to ((~~make regulations~~))adopt rules under chapter 34.05 RCW extends to:

(1) Prescribing the duties of the employees of the board, and regulating their conduct in the discharge of their duties;

(2) Prescribing an official seal and official labels and stamps and determining the manner in which they must be attached to every package of liquor sold or sealed under this title, including the prescribing of different official seals or different official labels for different classes of liquor;

(3) Prescribing forms to be used for purposes of this title or the regulations, and the terms and conditions to be contained in permits and licenses issued under this title, and the qualifications for receiving a permit or license issued under this title, including a criminal history record information check. The board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The board must require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation;

(4) Prescribing the fees payable in respect of permits and licenses issued under this title for which no fees are prescribed in this title, and prescribing the fees for anything done or permitted to be done under the regulations;

(5) Prescribing the kinds and quantities of liquor which may be kept on hand by the holder of a special permit for the purposes named in the permit, regulating the manner in which the same is kept and disposed of, and providing for the inspection of the same at any time at the instance of the board;

(6) Regulating the sale of liquor kept by the holders of licenses which entitle the holder to purchase and keep liquor for sale;

(7) Prescribing the records of purchases or sales of liquor kept by the holders of licenses, and the reports to be made thereon to the board, and providing for inspection of the records so kept;

(8) Prescribing the kinds and quantities of liquor for which a prescription may be given, and the number of prescriptions which may be given to the same patient within a stated period;

(9) Prescribing the manner of giving and serving notices required by this title or the regulations, where not otherwise provided for in this title;

(10) Regulating premises in which liquor is kept for export from the state, or from which liquor is exported, prescribing the books and records to be kept therein and the reports to be made thereon to the board, and providing for the inspection of the premises and the books, records and the liquor so kept;

(11) Prescribing the conditions and qualifications requisite for the obtaining of club licenses and the books and records to be kept and the returns to be made by clubs, prescribing the manner of licensing clubs in any municipality or other locality, and providing for the inspection of clubs;

(12) ((~~Prescribing~~))Subject to section 2 of this act, prescribing the conditions, accommodations, and qualifications requisite for the obtaining of licenses to sell beer, wines, and spirits, and regulating the sale of beer, wines, and spirits thereunder;

(13) Specifying and regulating the time and periods when, and the manner, methods and means by which manufacturers must deliver liquor within the state; and the time and periods when, and the manner, methods and means by which liquor may lawfully be conveyed or carried within the state;

(14) Providing for the making of returns by brewers of their sales of beer shipped within the state, or from the state, showing the gross amount of such sales and providing for the inspection of brewers' books and records, and for the checking of the accuracy of any such returns;

(15) Providing for the making of returns by the wholesalers of beer whose breweries are located beyond the boundaries of the state;

(16) Providing for the making of returns by any other liquor manufacturers, showing the gross amount of liquor produced or purchased, the amount sold within and exported from the state, and to whom so sold or exported, and providing for the inspection of the premises of any such liquor manufacturers, their books and records, and for the checking of any such return;

(17) Providing for the giving of fidelity bonds by any or all of the employees of the board. However, the premiums therefor must be paid by the board;

(18) Providing for the shipment of liquor to any person holding a permit and residing in any unit which has, by election pursuant to this title, prohibited the sale of liquor therein;

(19) Prescribing methods of manufacture, conditions of sanitation, standards of ingredients, quality and identity of alcoholic beverages manufactured, sold, bottled, or handled by licensees and the board; and conducting from time to time, in the interest of the public health and general welfare, scientific studies and research relating to alcoholic beverages and the use and effect thereof;

(20) Seizing, confiscating and destroying all alcoholic beverages manufactured, sold or offered for sale within this state which do not conform in all respects to the standards prescribed by this title or the regulations of the board. However, nothing herein contained may be construed as authorizing the ((~~liquor~~)) board to prescribe, alter, limit or in any way change the present law as to the quantity or percentage of alcohol used in the manufacturing of wine or other alcoholic beverages;

(21) Monitoring and regulating the practices of license holders as necessary in order to prevent the theft and illegal trafficking of liquor pursuant to RCW 66.28.350; and

(22) Imposing reasonable requirements on licensees' operations of alcohol service areas and the sale, service, and consumption of alcohol, consistent with RCW 66.24.710 and section 2 of this act.

Sec. 6. RCW 66.44.100 and 1999 c 189 s 3 are each amended to read as follows:

Except as permitted by this title, including as allowed under section 2 of this act, no person shall open the package containing liquor or consume liquor in a public place. Every person who violates any provision of this section shall be guilty of a class 3 civil infraction under chapter 7.80 RCW.

Sec. 7. RCW 66.24.690 and 2021 c 6 s 19 are each amended to read as follows:

(1) There shall be a caterer's license to sell spirits, beer, and wine, by the individual serving, at retail, for consumption on the premises at an event location that is either owned, leased, or operated either by the caterer or the sponsor of the event for which catering services are being provided. If the event is open to the public, except as provided in section 2(3) of this act, it must be sponsored by a society or organization as defined in RCW 66.24.375. If attendance at the event is limited to members or invited guests of the sponsoring individual, society, or organization, the requirement that the sponsor must be a society or organization as defined in RCW 66.24.375 is waived. The licensee must serve food as required by rules of the board.

(2)(a) The annual fee is two hundred dollars for the beer license, two hundred dollars for the wine license, or four hundred dollars for a combination beer and wine license. The annual fee for a combined beer, wine, and spirits license is one thousand dollars.

(b) The annual fees in (a) of this subsection are waived during the 12-month period beginning with the second calendar month after February 28, 2021, for:

(i) Licenses that expire during the 12-month waiver period under this subsection (2)(b); and

(ii) Licenses issued to persons previously licensed under this section at any time during the 12-month period prior to the 12-month waiver period under this subsection (2)(b).

(c) The waivers in (b) of this subsection do not apply to any licensee that:

(i) Had their license suspended by the board for health and safety violations of state COVID-19 guidelines; or

(ii) Received an order of immediate restraint or citation from the department of labor and industries for allowing an employee to perform work where business activity was prohibited in violation of an emergency proclamation of the governor under RCW 43.06.220.

(d) Upon request of the department of revenue, the board and the department of labor and industries must both provide a list of persons that they have determined to be ineligible for a fee waiver under (b) of this subsection for the reasons described in (c) of this subsection. Unless otherwise agreed, any list must be received by the department of revenue no later than 15 calendar days after the request is made.

(3) The holder of this license shall notify the board or its designee of the date, time, place, and location of any catered event at which liquor will be served, sold, or consumed. The board shall create rules detailing notification requirements. Upon request, the licensee shall provide to the board all necessary or requested information concerning the individual, society, or organization that will be holding the catered function at which the caterer's liquor license will be utilized.

(4) The holder of this license may, under conditions established by the board, store liquor on other premises operated by the licensee so long as the other premises are owned or controlled by a leasehold interest by that licensee.

(5) The holder of this license is prohibited from catering events at locations that are already licensed to sell liquor under this chapter.

(6) The holder of this license is responsible for all sales, service, and consumption of alcohol at the location of the catered event.

NEW SECTION. **Sec. 8.** A publicly owned civic campus identified in section 2(2) of this act in a city with a population of more than 220,000 that has requested and been approved for expanded alcohol service and that uses the authorization, must report to the legislature and the liquor and cannabis board by January 1, 2027, and include a description of the activities conducted, the benefits realized, and challenges encountered, while this legislation was in effect.

NEW SECTION. **Sec. 9.** (1) By September 1, 2026, a city, town, county, or port authority that has requested and been approved by the liquor and cannabis board for expanded alcohol service under section 2 (1), (2), or (4) of this act, and that uses the authorization, shall conduct a public engagement review by contacting local organizations, individual residents, businesses, and others in the local community where expanded alcohol sales and service occurred or is occurring, to gain a balanced understanding of how the activities were or are being experienced by people in the community. The public engagement review required by this section must include examining:

(a) Whether adequate local resources, including law enforcement patrols in the area, were or are provided during times that expanded alcohol service was or is offered, to ensure community safety;

(b) Whether services were or are provided to keep the area of the jurisdiction in which the activities occurred or are occurring clean and free of litter or other remnants of the use of public spaces for expanded alcohol service; and

(c) The costs and benefits to the community of expanded alcohol sales and service perceived by residents throughout the community.

(2) A city, town, county, or port authority conducting a review under this section shall submit the results in a report to the liquor and cannabis board by September 1, 2026.

NEW SECTION. **Sec. 10.** This act expires December 31, 2027.

NEW SECTION. **Sec. 11.** 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."

On page 1, line 2 of the title, after "spaces;" strike the remainder of the title and insert "amending RCW 66.24.380, 66.24.710, 66.08.030, 66.44.100, and 66.24.690; creating new sections; prescribing penalties; and providing an expiration date."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 1515 and advanced the bill, as amended by the Senate, to final passage.

Representatives Reed and Volz spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1515, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1515, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 80; Nays, 16; Absent, 0; Excused, 2

Voting Yea: Representatives Abbarno, Abell, Barkis, Berg, Bernbaum, Berry, Bronoske, Burnett, Caldier, Chase, Connors, Corry, Cortes, Couture, Doglio, Donaghy, Duerr, Dufault, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Graham, Gregerson, Griffey, Hill, Hunt, Keaton, Klicker, Kloba, Ley, Low, Macri, Manjarrez, Marshall, McClintock, Mena, Mendoza, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Ramel, Reed, Reeves, Richards, Rude, Rule,

Salahuddin, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Wylie, Ybarra and Mme. Speaker

Voting Nay: Representatives Barnard, Bergquist, Callan, Davis, Dent, Dye, Goodman, Jacobsen, Leavitt, McEntire, Pollet, Ryu, Santos, Walsh, Waters and Zahn

Excused: Representatives Hackney and Lekanoff

SECOND SUBSTITUTE HOUSE BILL NO. 1515, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Wednesday, April 9, 2025

Mme. Speaker:

The Senate has passed SUBSTITUTE HOUSE BILL NO. 1543, with the following amendment(s): 1543-S AMS ENGR S2439.E

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 19.27A.140 and 2019 c 285 s 9 are each reenacted and amended to read as follows:

The definitions in this section apply to RCW 19.27A.130 through 19.27A.190 and 19.27A.020 unless the context clearly requires otherwise.

(1) "Benchmark" means the energy used by a facility as recorded monthly for at least one year and the facility characteristics information inputs required for a portfolio manager.

(2) "Building owner" has the same meaning as defined in RCW 19.27A.200.

(3) "Conditioned space" means conditioned space, as defined in the Washington state energy code.

(4) "Consumer-owned utility" includes a municipal electric utility formed under Title 35 RCW, a public utility district formed under Title 54 RCW, an irrigation district formed under chapter 87.03 RCW, a cooperative formed under chapter 23.86 RCW, a mutual corporation or association formed under chapter 24.06 RCW, a port district formed under Title 53 RCW, or a water-sewer district formed under Title 57 RCW, that is engaged in the business of distributing electricity to one or more retail electric customers in the state.

(5) "Cost-effectiveness" means that a project or resource is forecast:

(a) To be reliable and available within the time it is needed; and

(b) To meet or reduce the power demand of the intended consumers at an estimated incremental system cost no greater than that of the least-cost similarly reliable and available alternative project or resource, or any combination thereof.

(6) "Council" means the state building code council.

(7) "Covered ((~~commercial~~)) building" has the same meaning as defined in RCW 19.27A.200.

(8) "Embodied energy" means the total amount of fossil fuel energy consumed to extract raw materials and to manufacture, assemble, transport, and install the materials in a building and the life-cycle cost benefits including the recyclability and energy efficiencies with respect to building materials, taking into account the total sum of current values for the costs of investment, capital, installation, operating, maintenance, and replacement as estimated for the lifetime of the product or project.

(9) "Energy consumption data" means the monthly amount of energy consumed by a customer as recorded by the applicable energy meter for the most recent twelve-month period.

(10) "Energy service company" has the same meaning as in RCW 43.19.670.

(11) "Enterprise services" means the department of enterprise services.

(12) "Greenhouse gas" and "greenhouse gases" includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

(13) "Investment grade energy audit" means an intensive engineering analysis of energy efficiency and management measures for the facility, net energy savings, and a cost-effectiveness determination.

(14) "Investor-owned utility" means a corporation owned by investors that meets the definition of "corporation" as defined in RCW 80.04.010 and is engaged in distributing either electricity or natural gas, or both, to more than one retail electric customer in the state.

(15) "Major facility" means any publicly owned or leased building, or a group of such buildings at a single site, having ten thousand square feet or more of conditioned floor space.

(16) "National energy performance rating" means the score provided by the energy star program, to indicate the energy efficiency performance of the building compared to similar buildings in that climate as defined in the United States environmental protection agency "ENERGY STAR® Performance Ratings Technical Methodology."

(17) "Net zero energy use" means a building with net energy consumption of zero over a typical year.

(18) "Portfolio manager" means the United States environmental protection agency's energy star portfolio manager or an equivalent tool adopted by the department of enterprise services.

(19) "Preliminary energy audit" means a quick evaluation by an energy service company of the energy savings potential of a building.

(20) "Qualifying public agency" includes all state agencies, colleges, and universities.

(21) "Qualifying utility" means a consumer-owned or investor-owned gas or electric utility that serves more than twenty-five thousand customers in the state of Washington.

(22) "Reporting public facility" means any of the following:

(a) A building or structure, or a group of buildings or structures at a single site, owned by a qualifying public agency, that exceed ten thousand square feet of conditioned space;

(b) Buildings, structures, or spaces leased by a qualifying public agency that exceeds ten thousand square feet of

conditioned space, where the qualifying public agency purchases energy directly from the investor-owned or consumer-owned utility;

(c) A wastewater treatment facility owned by a qualifying public agency; or

(d) Other facilities selected by the qualifying public agency.

(23) "State portfolio manager master account" means a portfolio manager account established to provide a single shared portfolio that includes reports for all the reporting public facilities.

Sec. 2. RCW 19.27A.170 and 2019 c 285 s 10 are each amended to read as follows:

(1) On and after January 1, 2010, qualifying utilities shall maintain records of the energy consumption data of all nonresidential and qualifying public agency buildings to which they provide service. This data must be maintained for at least the most recent twelve months in a format compatible for uploading to the United States environmental protection agency's energy star portfolio manager.

(2) On and after January 1, 2010, upon the written authorization or secure electronic authorization of a nonresidential building owner or operator, a qualifying utility shall upload the energy consumption data for the accounts specified by the owner or operator for a building to the United States environmental protection agency's energy star portfolio manager in a form that does not disclose personally identifying information.

(3) In carrying out the requirements of this section, a qualifying utility shall use any method for providing the specified data in order to maximize efficiency and minimize overall program cost. Qualifying utilities are encouraged to consult with the United States environmental protection agency and their customers in developing reasonable reporting options.

(4) Disclosure of nonpublic nonresidential benchmarking data and ratings required under subsection (5) of this section will be phased in as follows:

(a) By January 1, 2011, for buildings greater than fifty thousand square feet; and

(b) By January 1, 2012, for buildings greater than ten thousand square feet.

(5) Based on the size guidelines in subsection (4) of this section, a building owner or operator, or their agent, of a nonresidential building shall disclose the United States environmental protection agency's energy star portfolio manager benchmarking data and ratings to a prospective buyer, lessee, or lender for the most recent continuously occupied twelve-month period. A building owner or operator, or their agent, who delivers United States environmental protection agency's energy star portfolio manager benchmarking data and ratings to a prospective buyer, lessee, or lender is not required to provide additional information regarding energy consumption, and the information is deemed to be adequate to inform the prospective buyer, lessee, or lender regarding the United States environmental protection agency's energy star portfolio manager benchmarking data and ratings for the most recent twelve-month period for the building that is being sold, leased, financed, or refinanced.

(6) Notwithstanding subsections (4) and (5) of this section, nothing in this section increases or decreases the duties, if any, of a building owner, operator, or their agent under this chapter or alters the duty of a seller, agent, or broker to disclose the existence of a material fact affecting the real property.

(7) An electric or gas utility that is not a qualifying utility must either offer the upload service specified in subsection (2) of this section or provide customers who are building owners of covered ((~~commercial~~)) buildings with consumption data in an electronic document formatted for direct upload to the United States environmental protection agency's energy star portfolio manager. Within sixty days of receiving a written or electronic request and authorization of a building owner, the utility must provide the building owner with monthly energy consumption data as required to benchmark the specified building.

(8) For any covered ((~~commercial~~)) building with ((~~three or more~~)) tenants, an electric or gas utility must, upon request of the building owner, provide the building owner with aggregated monthly energy consumption data without requiring prior consent from tenants.

(9) Each electric or gas utility must ensure that all data provided in compliance with this section does not contain personally identifiable information or customer-specific billing information about tenants of a covered ((~~commercial~~)) building.

Sec. 3. RCW 19.27A.200 and 2022 c 177 s 2 are each reenacted and amended to read as follows:

The definitions in this section apply throughout RCW 19.27A.210, 19.27A.220, 19.27A.230, 19.27A.240, and 19.27A.250((~~, and 19.27A.220~~)) unless the context clearly requires otherwise.

(1) "Agricultural structure" means a structure designed and constructed to house farm implements, hay, grain, poultry, livestock, or other horticultural products, and that is not a place used by the public or a place of human habitation or employment where agricultural products are processed, treated, or packaged.

(2) "Baseline energy use intensity" means a building's energy use intensity that is representative of energy use in a normal weather year.

(3)(a) "Building owner" means an individual or entity possessing title to a building.

(b) In the event of a land lease, "building owner" means the entity possessing title to the building on leased land.

(4) "Building tenant" means a person or entity occupying or holding possession of a building or premises pursuant to a rental agreement.

(5) "Conditional compliance" means a temporary compliance method used by covered building owners that demonstrate the owner has implemented energy use reduction

strategies required by the standard, but has not demonstrated full compliance with the energy use intensity target or alternative metric.

(6) "Consumer-owned utility" has the same meaning as defined in RCW 19.27A.140.

(7) "Covered building" includes a tier 1 covered building and a tier 2 covered building.

(8) "Department" means the department of commerce.

(9) "Director" means the director of the department of commerce or the director's designee.

(10) "Electric utility" means a consumer-owned electric utility or an investor-owned electric utility.

(11) "Eligible building owner" means: (a) The owner of a covered building required to comply with the standard established in RCW 19.27A.210; or (b) all eligible tier 2 covered building owners.

(12) "Energy" includes: Electricity, including electricity delivered through the electric grid and electricity generated at the building premises using solar or wind energy resources; natural gas, including natural gas derived from renewable sources, synthetic sources, and fossil fuel sources; district steam; district hot water; district chilled water; propane; fuel oil; wood; coal; or other fuels used to meet the energy loads of a building.

(13) "Energy use intensity" means a measurement that normalizes a building's site energy use relative to its size. A building's energy use intensity is calculated by dividing the total net energy consumed in one year by the gross floor area of the building, excluding the parking garage. "Energy use intensity" is reported as a value of thousand British thermal units per square foot per year.

(14) "Energy use intensity target" means the target for net energy use intensity of a covered building.

(15) "Gas company" includes every corporation, company, association, joint stock association, partnership, and person, their lessees, trustees, or receiver appointed by any court whatsoever, and every city or town owning, controlling, operating, or managing any gas plant within this state.

(16) "Greenhouse gas" includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

(17)(a) "Gross floor area" means the total number of square feet measured between the exterior surfaces of the enclosing fixed walls of a building, including all supporting functions such as offices, lobbies, restrooms, equipment storage areas, mechanical rooms, break rooms, and elevator shafts.

(b) "Gross floor area" does not include outside bays or docks.

(18) "Investor-owned utility" means a corporation owned by investors that meets the definition of "corporation" as defined in RCW 80.04.010 and is engaged in distributing either electricity or natural gas, or both, to more than one retail electric customer in the state.

(19) "Multifamily residential building" means a covered multifamily building containing sleeping units or more than five dwelling units where occupants are primarily permanent in nature.

(20) "Net energy use" means the sum of metered and bulk fuel energy entering the building, minus the sum of metered energy leaving the building or campus. Renewable energy produced on a campus that is not attached to a covered building may be included.

(21) "Qualifying utility" means a consumer-owned or investor-owned gas or electric utility that serves more than 25,000 customers in the state of Washington.

(22) "Savings-to-investment ratio" means the ratio of the total present value savings to the total present value costs of a bundle of an energy or water conservation measure estimated over the projected useful life of each measure. The numerator of the ratio is the present value of net savings in energy or water and nonfuel or nonwater operation and maintenance costs attributable to the proposed energy or water conservation measure. The denominator of the ratio is the present value of the net increase in investment and replacement costs less salvage value attributable to the proposed energy or water conservation measure.

(23) "Standard" means the state energy performance standard for covered buildings established under RCW 19.27A.210.

(24) "Thermal energy company" has the same meaning as defined in RCW 80.04.550.

(25) "Tier 1 covered building" means a building where the sum of nonresidential, hotel, motel, and dormitory floor areas exceed 50,000 gross square feet, excluding the parking garage area.

(26) "Tier 2 covered building" means a building where the sum of multifamily residential, nonresidential, hotel, motel, and dormitory floor areas exceeds 20,000 gross square feet, but does not exceed 50,000 gross square feet, excluding the parking garage area. Tier 2 covered buildings also include multifamily residential buildings where floor areas are equal to or exceed 50,000 gross square feet, excluding the parking garage area.

(27) "Weather normalized" means a method for modifying the measured building energy use in a specific weather year to energy use under normal weather conditions.

Sec. 4. RCW 19.27A.210 and 2023 c 291 s 3 are each amended to read as follows:

(1)(a) By November 1, 2020, the department must establish by rule a state energy performance standard for covered ((~~commercial~~)) buildings.

(b) In developing energy performance standards, the department shall seek to maximize reductions of greenhouse gas emissions from the building sector. The standard must include energy use intensity targets by building type and methods of conditional compliance that include an energy management plan, operations and maintenance program, energy efficiency audits, and investment in energy efficiency measures designed to meet the targets. The department shall use ANSI/ASHRAE/IES standard 100-2018 as an initial model for standard development. The department may

adopt by rule subsequent versions of standard 100 as its model for standard development. The department must update the standard by July 1, 2029, and every five years thereafter. Prior to the adoption or update of the standard, the department must identify the sources of information it relied upon, including peer-reviewed science.

(2) In establishing the standard under subsection (1) of this section, the department:

(a) Must develop energy use intensity targets that are no greater than the average energy use intensity for the covered ((~~commercial~~)) building occupancy type with adjustments for unique energy using features. The department must also develop energy use intensity targets for additional property types eligible for incentives in RCW 19.27A.220. The department may also develop targets for alternative metrics related to energy use and greenhouse gas emissions if alternative metrics are included in standard 100-2018 or subsequent versions. The department must consider regional and local building energy utilization data, such as existing energy star benchmarking data, in establishing targets for the standard. Energy use intensity targets or alternative metrics must be developed for two or more climate zones and be representative of energy use in a normal weather year;

(b) May consider building occupancy classifications from ANSI/ASHRAE/IES standard 100((~~-2018~~)) and the United States environmental protection agency's energy star portfolio manager when developing energy use intensity targets;

(c) May implement lower energy use intensity targets or alternative metrics for more recently built covered ((~~commercial~~)) buildings based on the state energy code in place when the buildings were constructed;

(d)(i) Must adopt a conditional compliance method that ensures that covered ((~~commercial~~)) buildings that do not meet the specified energy use intensity targets or alternative metrics are taking action to achieve reduction in energy use, including investment criteria for conditional compliance that ensure that energy efficiency measures identified by energy audits are implemented to achieve a covered ((~~commercial~~)) building's energy use intensity target or alternative metric. The investment criteria must require that a building owner adopt an implementation plan to meet the energy intensity target or alternative metric or implement an optimized bundle of energy efficiency measures that provides maximum energy savings without resulting in a savings-to-investment ratio of less than 1.0, except as exempted in (d)(ii) of this subsection. The implementation plan must be based on an investment grade energy audit and a life-cycle cost analysis that accounts for the period during which a bundle of measures will provide savings. The building owner's cost for implementing energy efficiency measures must reflect net cost, excluding any costs covered by utility or government grants. The implementation plan may exclude measures that do not pay for themselves over the useful life of the measure and measures excluded under (d)(ii) of this subsection. The implementation plan may include phased implementation such that the building owner is not required to replace a system or equipment before the end of the system or equipment's useful life;

(ii) For those buildings or structures that are listed in the state or national register of historic places; designated as a historic property under local or state designation law or survey; certified as a contributing resource with a national register listed or locally designated historic district; or with an opinion or certification that the property is eligible to be listed on the national or state registers of historic places either individually or as a contributing building to a historic district by the state historic preservation officer or the keeper of the national register of historic places, no individual energy efficiency requirement need be met that would compromise the historical integrity of a building or part of a building;

(e) Must provide an alternative compliance pathway for an owner of a state campus district energy system, in accordance with RCW 19.27A.260, and more broadly for the owner of any campus district energy system that is approved by the department to opt-in in accordance with RCW 19.27A.260(6);

(f) Must guarantee that the owner of a state campus district energy system is not required to implement more than one energy management plan and more than one operations and maintenance plan for the campus;

(g) Must guarantee that a state campus district energy system, as defined in RCW 19.27A.260, and all buildings connected to a state campus district energy system, are in compliance with any requirements for campus buildings to implement energy efficiency measures identified by an energy audit if:

(i) The energy audit demonstrates the energy savings from the state campus district energy system energy efficiency measures will be greater than the energy efficiency measures identified for the campus buildings; and

(ii) The state campus district energy system implements the energy efficiency measures; and

(h) May adopt additional compliance pathways for covered building owners to comply with the standard by meeting alternative metrics.

(3) Based on records obtained from each county assessor and other available information sources, the department must create a database of covered ((~~commercial~~)) buildings and building owners required to comply with the standard established in accordance with this section.

(4) By July 1, 2021, the department must provide the owners of covered buildings with notification of compliance requirements.

(5) The department must develop a method for administering compliance reports from building owners.

(6) The department must provide a customer support program to building owners including, but not limited to, outreach and informational material, periodic training, phone and email support, and other technical assistance.

(7)(a) The building owner of a covered ((~~commercial~~)) building must report the building owner's compliance with the standard to the department in accordance with the schedule established under subsection (8) of this section and every five years thereafter. For each reporting date, the building owner must submit documentation to demonstrate that:

((~~(a)~~))(i) The weather normalized energy use intensity of the covered ((~~commercial~~)) building measured in the previous calendar year is less than or equal to the energy use intensity target or equal to the alternative metric; ((~~or~~

~~(b)~~))(ii) The covered ((~~commercial~~)) building has received conditional compliance from the department based on energy efficiency actions prescribed by the standard; or

((~~(c)~~))(iii) The covered ((~~commercial~~)) building is exempt from the standard by demonstrating that the building meets one, or combination of multiple partial exemptions affecting more than 50 percent of building square footage as established by the department by rule, of the following criteria:

((~~(i)~~))(A) The building did not have a certificate of occupancy or temporary certificate of occupancy for all 12 months of the calendar year prior to the building owner compliance schedule established under subsection (8) of this section;

((~~(ii)~~))(B) The building did not have an average physical occupancy of at least 50 percent throughout the calendar year prior to the building owner compliance schedule established under subsection (8) of this section;

((~~(iii)~~))(C) The sum of the building's gross floor area minus unconditioned and semiconditioned spaces, as defined in the Washington state energy code, is less than 50,000 square feet;

((~~(iv)~~))(D) The primary use of the building is manufacturing or other industrial purposes, as defined under the following use designations of the international building code: ((~~(A)~~))(I) Factory group F; or ((~~(B)~~))(II) high hazard group H, including spaces with nonexempt occupancy classifications that are within the manufacturing or industrial building, not to include tenant spaces that are not associated with the primary manufacturing or industrial use of the building;

((~~(v)~~))(E) The building is an agricultural structure; ((~~or~~

~~(vi)~~))(F) The building meets at least one of the following conditions of financial hardship: ((~~(A)~~))(I) The building had arrears of property taxes or water or wastewater charges that resulted in the building's inclusion, within the prior two years, on a city's or county's annual tax lien sale list; ((~~(B)~~))(II) the building has a court appointed receiver in control of the asset due to financial distress; ((~~(C)~~))(III) the building is owned by a financial institution through default by a borrower; ((~~(D)~~))(IV) the building has been acquired by a deed in lieu of foreclosure within the previous 24 months; ((~~(E)~~))(V) the building has a senior mortgage subject to a notice of default; (VI) the building is a K-12 school building in a school district or a private school that has financial hardships related to capital construction or improvements including, but not limited to, a failed bond and/or levy, limited school district debt capacity, and/or the building is actively correcting a violation of state board of health rules; (VII) the building is a public hospital in a public hospital district that lacks the debt capacity to cover the cost of compliance; or ((~~(F)~~))(VIII) other conditions of financial hardship identified by the department by rule; or

(G) Extenuating conditions exist, as approved by the department prior to the reporting date including, but not limited to:

(I) Buildings for which meeting the standard would impair the historic integrity of the building including, but not limited to, properties listed in the national register of historic places, the Washington heritage register, or local registers of historic places;

(II) Buildings for which meeting the standard would impair national security interests;

(III) Buildings that have had significant losses in assessed value since the COVID-19 pandemic which prevents building owners from securing capital in the form of loans against equity in the covered building; or

(IV) Other extenuating circumstances identified by the department by rule that may still require benchmarking, operations and maintenance programs, and energy management plan reporting.

(b) The covered building owner may apply to the department for an extension to its compliance date. Requests for extension must be received by the department no sooner than six months prior to and up to six months after the applicable compliance date in order to be processed by the department. The department may approve extension requests for conditions including, but not limited to, conditions beyond the control of the building owner. An extension granted pursuant to this subsection is valid for two years beyond the covered building's compliance date after which the covered building owner may apply to the department for an extension renewal or file for an exemption.

(8) A building owner of a tier 1 covered ((~~commercial~~)) building must meet the following reporting schedule for complying with the standard established under this section:

(a) For a building with more than 220,000 gross square feet, June 1, 2026;

(b) For a building with more than 90,000 gross square feet but less than 220,001 gross square feet, June 1, 2027; and

(c) For a building with more than 50,000 gross square feet but less than 90,001 square feet, June 1, 2028.

(9)(a) The department may issue a notice of violation to a building owner for noncompliance with the requirements of this section. A determination of noncompliance may be made for any of the following reasons:

(i) Failure to submit a compliance report in the form and manner prescribed by the department;

(ii) Failure to meet an energy use intensity target or alternative metric, or failure to receive conditional compliance approval;

(iii) Failure to provide accurate reporting consistent with the requirements of the standard established under this section; and

(iv) Failure to provide a valid exemption certificate.

(b) In order to create consistency with the implementation of the standard and rules adopted under this section, the department must reply and cite the section of law, code, or standard in a notice of violation for noncompliance with the requirements of this section when requested to do so by the building owner or the building owner's agent.

(10) The department is authorized to impose an administrative penalty upon a building owner for failing to submit documentation demonstrating compliance with the requirements of this section. The penalty may not exceed an amount equal to $5,000 plus an amount based on the duration of any continuing violation. The additional amount for a continuing violation may not exceed a daily amount equal to $1 per year per gross square foot of floor area. The department may by rule increase the maximum penalty rates to adjust for the effects of inflation. Penalties incurred from noncompliance may not be passed along to tenants, so long as tenants are providing access to utility usage data, physical spaces in the buildings, and being responsive to needs from building owners to facilitate compliance with the standard.

(11) Administrative penalties collected under this section must be deposited into the low-income weatherization and structural rehabilitation assistance account created in RCW 70A.35.030.

(12) The department must adopt rules as necessary to implement this section, including but not limited to:

(a) Rules necessary to ensure timely, accurate, and complete reporting of building energy performance for all covered ((~~commercial~~)) buildings;

(b) Rules necessary to enforce the standard established under this section; and

(c) Rules that provide a mechanism for appeal of any administrative penalty imposed by the department under this section.

(13) Upon request by the department, each county assessor must provide property data from existing records to the department as necessary to implement this section.

(14) By January 15, 2022, and each year thereafter through 2029, the department must submit a report to the governor and the appropriate committees of the legislature on the implementation of the state energy performance standard established under this section. The report must include information regarding the adoption of the ANSI/ASHRAE/IES standard 100-2018 as an initial model, the financial impact to building owners required to comply with the standard, the amount of incentives provided under RCW 19.27A.220 and 19.27A.230, and any other significant information associated with the implementation of this section.

Sec. 5. RCW 19.27A.220 and 2024 c 85 s 1 are each amended to read as follows:

(1) The department must establish a state energy performance standard early adoption incentive program consistent with the requirements of this section. This early adoption incentive program may include incentive payments for early adoption of tier 2 covered building owner requirements as described in subsection (6) of this section.

(2) The department must adopt application and reporting requirements for the incentive program. Building energy reporting for the incentive program must be consistent with the energy reporting requirements established under RCW 19.27A.210.

(3) Upon receiving documentation demonstrating that a building owner qualifies for an incentive under this section, the department must authorize each applicable entity administering incentive payments, as provided in RCW 19.27A.240, to make an incentive payment to the building owner. When a building is served by more than one entity offering incentives or more than one type of fuel, incentive payments must be proportional to the energy use intensity reduction of each specific fuel provided by each entity for tier 1 buildings. The department may authorize any participating utility, regardless of fuel specific savings, serving a tier 2 building to administer the incentive payment.

(4) A covered building owner may receive an incentive payment in the amounts specified in subsection (8)(a) of this section only if the following requirements are met:

(a) The building is either: (i) A tier 1 covered ((~~commercial~~)) building subject to the requirements of the standard established under RCW 19.27A.210; or (ii) a multifamily residential building where the floor area exceeds 50,000 gross square feet, excluding the parking garage area;

(b) The building's baseline energy use intensity exceeds its applicable energy use intensity target by at least 15 energy use intensity units;

(c) At least one electric utility, gas company, or thermal energy company providing or delivering energy to the tier 1 covered ((~~commercial~~)) building or multifamily residential building is participating in the incentive program by administering incentive payments as provided in RCW 19.27A.240; and

(d) The building owner complies with any other requirements established by the department.

(5) A covered building owner who meets the requirements of subsection (4) of this section may submit an application to the department for an incentive payment in a form and manner prescribed by the department. The application must be submitted in accordance with the following schedule:

(a) For a building with more than 220,000 gross square feet, beginning July 1, 2021, through June 1, 2025;

(b) For a building with more than 90,000 gross square feet but less than 220,001 gross square feet, beginning July 1, 2021, through June 1, 2026; and

(c) For a building with more than 50,000 gross square feet but less than 90,001 gross square feet, beginning July 1, 2021, through June 1, 2027.

(6)(a) A tier 2 covered building owner may receive an incentive payment in the amounts specified in subsection (8)(b) of this section only if all required benchmarking, energy management, and operations and maintenance planning documentation as required under RCW 19.27A.250 has been submitted to the department and an incentive application has been completed.

(b) An eligible tier 2 covered building owner may submit an application beginning July 1, 2025, through June 1, 2030.

(7) The department must review each application and determine whether the applicant is eligible for the incentive program and if funds are available for the incentive payment within the limitation established in RCW 19.27A.230. If the department certifies an application, it must provide verification to the building owner and each entity participating as provided in RCW 19.27A.240 and providing service to the building owner.

(8)(a) An eligible owner of a tier 1 covered building or an eligible owner of a multifamily residential building greater than 50,000 gross square feet, excluding the parking area, that demonstrates early compliance with the applicable energy use intensity target under the standard established under RCW 19.27A.210 may receive a base incentive payment of 85 cents per gross square foot of floor area, excluding parking, unconditioned, or semiconditioned spaces. The department may provide incentives greater than the base incentive payment for upgrading tier 1 buildings.

(b) A tier 2 eligible building owner that demonstrates compliance with the applicable benchmarking, energy management, and operations and maintenance planning requirements may receive a base incentive payment of 30 cents per gross square foot of floor area, excluding parking, unconditioned, or semiconditioned spaces. The department may provide incentives greater than the base incentive payment for upgrading tier 2 buildings. The department may implement a tiered incentive structure for upgrading multifamily buildings to provide an enhanced incentive payment to multifamily building owners willing to commit to antidisplacement provisions.

(9) The incentives provided in subsection (8) of this section are subject to the limitations and requirements of this section, including any rules or procedures implementing this section.

(10) The department must establish requirements for the verification of energy consumption by the building owner and each participating electric utility, gas company, and thermal energy company.

(11) The department must provide an administrative process for an eligible building owner to appeal a determination of an incentive eligibility or amount.

(12) By September 30, 2025, and every two years thereafter, the department must report to the appropriate committees of the legislature on the results of the incentive program under this section and may provide recommendations to improve the effectiveness of the program. The 2025 report to the legislature must include recommendations for aligning the incentive program established under this section consistent with a goal of reducing greenhouse gas emissions from substitutes, as defined in RCW 70A.60.010.

(13) The department may adopt rules to implement this section.

Sec. 6. RCW 19.27A.250 and 2022 c 177 s 3 are each amended to read as follows:

(1)(a) By December 1, 2023, the department must adopt by rule a state energy management and benchmarking requirement for tier 2 covered buildings. The department shall include a small business economic impact statement pursuant to chapter 19.85 RCW as part of the rule making.

(b) In establishing the requirements under (a) of this subsection, the department must adopt requirements for building owner implementation consistent with the standard established pursuant to RCW 19.27A.210(1) and limited to energy management planning, operations and maintenance planning, and energy use analysis through benchmarking and associated reporting and administrative procedures. Administrative procedures must include exemptions for financial hardship and an appeals process for administrative determinations, including penalties imposed by the department.

(c) The department must provide a customer support program to building owners including, but not limited to, outreach and informational materials that connect tier 2 covered building owners to utility resources, periodic training, phone and email support, and other technical assistance. The customer support program must include enhanced technical support, such as benchmarking assistance and assistance in developing energy management and operations and maintenance plans, for tier 2 covered buildings whose owners typically do not employ dedicated building managers including, but not limited to, multifamily housing, child care facilities, and houses of worship. The department shall prioritize underresourced buildings with a high energy use per square foot, buildings in rural communities, buildings whose tenants are primarily small businesses, and buildings located in high-risk communities according to the department of health's environmental health disparities map.

(d)(i) The department may adopt rules related to the imposition of an administrative penalty not to exceed 30 cents per square foot upon a tier 2 covered building owner for failing to submit documentation demonstrating compliance with the requirements of this subsection. <u>Penalties incurred from noncompliance may not be passed along to tenants, so long as tenants are providing access to utility usage data, physical spaces in the buildings, and being responsive to needs from building owners to facilitate compliance with the standard.</u>

(ii) Administrative penalties collected under this section must be deposited into the low-income weatherization and structural

rehabilitation assistance account created in RCW 70A.35.030 and reinvested into the program, where feasible, to support compliance with the standard.

(2) By July 1, 2025, the department must provide the owners of tier 2 covered buildings with notification of the requirements the department has adopted pursuant to this section that apply to tier 2 covered buildings.

(3) The owner of a tier 2 covered building must report the building owner's compliance with the requirements adopted by the department to the department in accordance with the schedule established under subsection (4) of this section and every five years thereafter. For each reporting date, the building owner must submit documentation to demonstrate that the building owner has developed and implemented the procedures adopted by the department by rule, limited to energy management planning, operations and maintenance planning, and energy use analysis through benchmarking.

(4) By July 1, 2027, tier 2 covered building owners must submit reports to the department as required by the rules adopted in subsection (1) of this section.

(5)(a) By July 1, 2029, the department must evaluate benchmarking data to determine energy use and greenhouse gas emissions averages by tier 2 covered building type.

(b) The department must submit a report to the legislature and the governor by October 1, 2029, with recommendations for cost-effective building performance standards for tier 2 covered buildings. The report must contain information on estimated costs to building owners to implement the performance standards and anticipated implementation challenges.

(c)(i) By December 31, 2030, the department must adopt rules for performance standards for tier 2 covered buildings.

(ii) In adopting these performance standards, the department must consider the age of the building in setting energy use intensity targets or alternative metrics.

(iii) The department may adopt performance standards for multifamily residential buildings on a longer timeline schedule than for other tier 2 covered buildings.

(iv) The rules may not take effect before the end of the 2031 regular legislative session.

(v) The department must include a small business economic impact statement pursuant to chapter 19.85 RCW as part of the rule making."

On page 1, line 3 of the title, after "reporting;" strike the remainder of the title and insert "amending RCW 19.27A.170, 19.27A.210, 19.27A.220, and 19.27A.250; and reenacting and amending RCW 19.27A.140 and 19.27A.200."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1543 and advanced the bill, as amended by the Senate, to final passage.

Representatives Doglio and Dye spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1543, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1543, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 94; Nays, 2; Absent, 0; Excused, 2

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dufault, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Ley, Low, Macri, Manjarrez, Marshall, McClintock, Mena, Mendoza, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Voting Nay: Representatives McEntire and Walsh

Excused: Representatives Hackney and Lekanoff

SUBSTITUTE HOUSE BILL NO. 1543, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 8, 2025

Mme. Speaker:

The Senate has passed ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1648, with the following amendment(s): 1648-S2.E AMS EDU S2531.1

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature finds that the COVID-19 pandemic had a dramatic impact on all people, but had a particularly dramatic impact on child care and the child care industry. Many child care facilities closed during the COVID-19 pandemic and providers left the child care field. It became clear during the COVID-19 pandemic how critical child care is to the success of every industry as parents need child care to work.

(2) The legislature further finds that because of the unprecedented impact of the COVID-19 pandemic on the child care industry, the plans of many child care providers to receive education were put on hold as efforts were focused on addressing the immediate needs of child care providers and families. Additionally, the current market-based funding model results in wages so low that affording college tuition is often impossible for child care providers. The limited availability of college courses in multiple languages and the scarcity of early childhood education college programs

further hinders access to required training and certification. Similar to the mixed delivery system of early learning, child care providers should also have access to a mix of pathways to meet staff qualification requirements.

(3) For those reasons, the legislature intends to delay the requirement for child care providers to meet certification and training qualification conditions and honor the experience of child care providers by extending the timeline for licensed child care providers to demonstrate experience-based competency. Extending these timelines will support child care providers in their professional journey.

Sec. 2. RCW 43.216.755 and 2020 c 342 s 2 are each amended to read as follows:

(1) By July 1, 2021, the department shall implement a noncredit-bearing, community-based training pathway for licensed child care providers to meet professional education requirements associated with child care licensure. The community-based training pathway must be offered as an alternative to existing credit-bearing pathways available to providers.

(2) ((~~The department shall consult with the following stakeholders in the development and implementation of the community-based training pathway: The statewide child care resource and referral network, a community-based training organization that provides training to licensed family day care providers, a statewide organization that represents the interests of family day care providers, a statewide organization that represents the interests of licensed child day care centers, an organization that represents the interests of refugee and immigrant communities, a bilingual child care provider whose first language is not English, an organization that advocates for early learning, an organization representing private and independent schools, and the state board for community and technical colleges.~~

~~(3)~~)) The community-based training pathway must:

(a) Align with adopted core competencies for early learning professionals;

(b) Be made available to providers in multiple languages;

(c) Include culturally relevant practices; ((~~and~~))

(d) Be made available at low cost to providers and at prices comparable to the cost of similar community-based trainings, not to exceed ((~~two hundred and fifty dollars~~))$250 per person; and

(e) Be accessible to providers in rural and urban settings.

((~~(4)~~))(3) The department shall allow licensed child care providers until at least August 1, ((~~2026~~))2030, to:

(a) Comply with child care licensing rules that require a provider to hold an early childhood education initial certificate or an early childhood education short certificate; or

(b) Complete the community-based training((~~s~~))pathway.

((~~(5) For the purposes of this section, "demonstrated competence" means an individual has shown that he or she has the skills to complete the required work independently.~~))(4) Nothing prohibits the department from adopting rules that provide timelines beyond August 1, 2030, to allow providers additional time to meet staff qualification requirements based on their date of licensure, hire, or promotion, which can be no more than five years.

NEW SECTION. **Sec. 3.** A new section is added to chapter 43.216 RCW to read as follows:

(1) Except as provided in subsection (2) of this section, the department shall allow licensed child care providers until August 1, 2030, to demonstrate experience-based competency as an alternative means to comply with child care licensing rules that require a provider to hold an early childhood education initial, short, or state certificate, when the provider has all of the following documented in the department's electronic workforce registry:

(a) Active employment in a position that requires an early childhood education initial, short, or state certificate;

(b) Employment in a licensed or certified child care center or licensed family home provider without a break in service since August 1, 2021, as of the effective date of this section or a cumulative five years of employment in a licensed or certified child care center or licensed family home provider; and

(c) Completion of and maintained compliance with all health and safety and child care or school-age care basics training required by the department.

(2) Nothing in this section prohibits the department from establishing more restrictive requirements for providers serving the early childhood education and assistance program including, but not limited to, excluding experience-based competency as an alternative means to fulfill staff qualification requirements, nor does it prohibit the department from excluding experience-based competency from the calculation of early achievers professional development points.

NEW SECTION. **Sec. 4.** (1) The department of children, youth, and families shall convene a stakeholder group to assist the department in identifying strategies to improve early learning and school-age staff qualification requirements and verification processes including, but not limited to:

(a) Identifying measures to streamline and clarify relevant administrative rules and department policies;

(b) Defining criteria and methods by which to honor equivalent out-of-state education and training; and

(c) Identifying options for offering the community-based training pathway in an online format.

(2) At a minimum, the stakeholder group must include:

(a) Family home and child care center providers, including at least one provider

from a child care center that is part of a national chain or has 10 or more sites; and

(b) Representation from the following organizations:

(i) The statewide child care resource and referral network;

(ii) A community-based training organization that provides training to licensed family day care providers;

(iii) A statewide organization that represents the interests of family day care providers;

(iv) A statewide organization that represents the interests of licensed child day care centers;

(v) The statewide out-of-school time intermediary organization;

(vi) An organization that represents the interests of refugee and immigrant communities;

(vii) A bilingual child care provider whose first language is not English;

(viii) An organization that advocates for early learning;

(ix) An organization representing private and independent schools; and

(x) The state board for community and technical colleges.

(3) The department of children, youth, and families shall report to the legislature by December 1, 2026, in compliance with RCW 43.01.036, on strategies identified by the stakeholder group and the department's plans and timelines under which to carry out those strategies.

(4) The department of children, youth, and families must convene the stakeholder group and produce the report as required in this section within existing resources.

(5) This section expires July 1, 2028."

On page 1, line 1 of the title, after "qualifications;" strike the remainder of the title and insert "amending RCW 43.216.755; adding a new section to chapter 43.216 RCW; creating new sections; and providing an expiration date."

and the same is herewith transmitted.

Sarah Bannister, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1648 and advanced the bill, as amended by the Senate, to final passage.

Representatives Dent and Bergquist spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1648, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1648, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 96; Nays, 0; Absent, 0; Excused, 2

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dufault, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Ley, Low, Macri, Manjarrez, Marshall, McClintock, McEntire, Mena, Mendoza, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Walsh, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Excused: Representatives Hackney and Lekanoff

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1648, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Wednesday, April 16, 2025

Mme. Speaker:

The Senate has passed SECOND SUBSTITUTE HOUSE BILL NO. 1162, with the following amendment(s): 1162-S2 AMS LC S2409.1

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 49.19.020 and 2019 c 430 s 2 are each amended to read as follows:

(1) ((~~Every three years, each~~))(a) Each health care setting shall develop and implement a workplace violence prevention plan ((~~to prevent and protect~~))for the purposes of preventing violence and protecting employees from violence ((~~at~~))in the setting.

(b) In a health care setting with a safety committee established pursuant to RCW 49.17.050 and related rules, or workplace violence committee that is comprised of employee-elected and employer-selected members where the number of employee-elected members equal or exceed the number of employer-selected members, ((~~that~~))the committee shall develop, implement, and monitor progress on the workplace violence prevention plan.

(2) The workplace violence prevention plan ((~~developed under subsection (1) of this section shall~~))must outline strategies aimed at addressing security considerations and factors that may contribute to or prevent the risk of violence, including but not limited to the following:

(a) The physical attributes of the health care setting, including security systems, alarms, emergency response, and security personnel available;

(b) Staffing, including staffing patterns, patient classifications, and procedures to mitigate employees time spent alone working in areas at high risk for workplace violence;

(c) Job design, equipment, and facilities;

(d) First aid and emergency procedures;

(e) The reporting of violent acts;

(f) Employee education and training requirements and implementation strategy;

(g) Security risks associated with specific units, areas of the facility with

uncontrolled access, late night or early morning shifts, and employee security in areas surrounding the facility such as employee parking areas; and

(h) Processes and expected interventions to provide assistance to an employee directly affected by a violent act.

((~~(2) [(3)] Each health care setting shall annually review the frequency of incidents of workplace violence including identification of the causes for and consequences of, violent acts at the setting and any emerging issues that contribute to workplace violence. The health care setting shall adjust the plan developed under subsection (1) of this section as necessary based on this annual review.~~))

(3) ((~~[(4)]~~)) In developing ((~~the plan required by subsection (1) of this section~~))and updating the workplace violence prevention plan, the health care setting shall consider ((~~any~~)):

(a) Any guidelines on violence in the workplace or in health care settings issued by the department of health, the department of social and health services, the department of labor and industries, the federal occupational safety and health administration, medicare, and health care setting accrediting organizations; and

(b) The findings and recommendations in the summaries required by section 2 of this act.

(4) The health care setting or, if applicable, the committee under subsection (1) of this section must conduct a comprehensive review and update of the workplace violence prevention plan at least once per calendar year.

NEW SECTION. **Sec. 2.** A new section is added to chapter 49.19 RCW to read as follows:

(1) Every health care setting must conduct a timely investigation of every workplace violence incident.

(2) In each investigation required by this section, the health care setting must review the incident for purposes of identifying factors contributing to or causing workplace violence, including but not limited to an assessment of:

(a) The details of the incident, such as the date, time, location, and nature of the conduct and harm;

(b) The details of any response and related remediation to prevent future incidents; and

(c) If applicable, a comparison of the actual staffing levels to the planned staffing levels at the time of incident.

(3)(a) The health care setting must submit to the committee identified under RCW 49.19.020(1)(b) a summary of the following:

(i) The data required by RCW 49.19.040 and the findings of investigations required by this section during the relevant time period, with any personal information deidentified in compliance with the federal and state law;

(ii) An analysis of any systemic and common causes of the workplace violence incidents; and

(iii) Any relevant recommendations for modifying the plan under RCW 49.19.020 and other practices in order to prevent future incidents of workplace violence.

(b)(i) The summary must be submitted at least twice per year for any of the following health care settings:

(A) A critical access hospital under 42 U.S.C. Sec. 1395i-4;

(B) A hospital with fewer than 25 acute care beds in operation;

(C) A hospital certified by the centers for medicare and medicaid services as a sole community hospital that is not owned or operated by a health system that owns or operates more than one acute hospital licensed under chapter 70.41 RCW; or

(D) A hospital located on an island operating within a public hospital district in Skagit county.

(ii) The summary must be submitted at least quarterly for all other health care settings.

(4) This section does not affect or supersede any other state or federal law that prohibits or limits the disclosure of personally identifiable information.

NEW SECTION. **Sec. 3.** This act takes effect January 1, 2026.

NEW SECTION. **Sec. 4.** 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."

On page 1, line 2 of the title, after "settings;" strike the remainder of the title and insert "amending RCW 49.19.020; adding a new section to chapter 49.19 RCW; creating a new section; and providing an effective date."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 1162 and advanced the bill, as amended by the Senate, to final passage.

Representatives Leavitt and Schmidt spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1162, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1162, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 96; Nays, 0; Absent, 0; Excused, 2

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dufault, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Ley, Low, Macri, Manjarrez, Marshall, McClintock, McEntire, Mena,

Mendoza, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Walsh, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Excused: Representatives Hackney and Lekanoff

SECOND SUBSTITUTE HOUSE BILL NO. 1162, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 15, 2025

Mme. Speaker:

The Senate has passed SUBSTITUTE HOUSE BILL NO. 1774, with the following amendment(s): 1774-S AMS ENGR S2661.E

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature recognizes that certain property owned by the state of Washington under the jurisdiction of the department of transportation that is not presently needed for highway purposes could be used to serve pressing community purposes. The legislature believes that the department should be enabled to execute lease agreements with governmental entities and nonprofit organizations that can help serve these community purposes using lease terms that take into account the community benefit these leases will provide. Therefore, the legislature is establishing a framework for the department to use in developing lease agreements in this context. The legislature intends for the department to consider the authorization of these lease agreements urgent in light of the compelling needs that can be served by the leasing of certain properties under the jurisdiction of the department, and encourages the department to move forward developing the lease agreements it determines are appropriate, based on the factors provided below, as expeditiously as possible.

Sec. 2. RCW 47.12.120 and 2022 c 59 s 1 are each amended to read as follows:

The department may rent or lease any lands, improvements, or air space above or below any lands that are held for highway purposes but are not presently needed. The rental or lease:

(1) Must be upon such terms and conditions as the department may determine;

(2) Is subject to the provisions and requirements of zoning ordinances of political subdivisions of government;

(3) Includes lands used or to be used for both limited access and conventional highways that otherwise meet the requirements of this section;

(4) In the case of bus shelters provided by a local transit authority that include commercial advertising, may charge the transit authority only for commercial space; ((~~and~~))

(5) In the case of the project for community purposes established in RCW 47.12.380, must be consistent with the provisions of that section; and

(6)(a)(i) In the case of a lease agreement with a public agency, special purpose district, federally recognized tribe, state historical society under chapter 27.34 RCW, or community-based nonprofit organization, the department's process for determining adequate consideration for renting or leasing lands, improvements, or air space, may incorporate identified social, environmental, or economic benefits to be provided by the lessee for community purposes as a component of the consideration to be provided by the lessee when the use of the property by the lessee is for a community purpose. Use of this methodology is at the department's discretion. The following factors shall be considered by the department in its evaluation of a potential lease agreement under this methodology:

(A) The extent to which the community purpose will benefit overburdened communities and vulnerable populations, as these terms are defined in RCW 70A.02.010;

(B) The benefit of the community purpose to a broad number of members of the public;

(C) The likelihood that, during the term of the potential lease agreement being considered, the property has practical and economically feasible uses for which the department could obtain economic rent during this period; and

(D) The lessee's qualifications to perform the community purpose and to fulfill its terms of the lease agreement, through consideration of factors that include, but are not limited to, the lessee's prior performance related to the community purpose and the financial feasibility of the lessee performing the obligations required under the lease agreement.

(ii)(A) To the extent the department finds all or a portion of costs associated with the leasing process to be undertaken for community purpose projects identified under this subsection (6) cannot reasonably be assumed by the lessee, the department may use funds specifically appropriated for this purpose for these costs.

(B) To the extent specifically appropriated funds are unavailable, the department shall include a budget request to the legislature during the next legislative session for sufficient funds the department determines are necessary to complete a leasing process under (a)(ii)(A) of this subsection.

(b) As part of the consideration to the department, a lease agreement under (a) of this subsection must require the lessee to maintain and secure the premises.

(c) A lease agreement under (a) of this subsection must include:

(i) A requirement that the use of the premises shall be limited to the designated community purposes;

(ii) Remedies that apply if the lessee of the property fails to use it for the designated community purposes or ceases to use it for these purposes;

(iii) To the extent applicable, a requirement that the lessee assumes

liability for the lessee's uses of the property to which the requirements of 23 U.S.C. Sec. 138 and 49 U.S.C. Sec. 303, commonly known as section 4(f) of the department of transportation act of 1966, or 54 U.S.C. Sec. 200305, commonly known as section 6(f) of the land and water conservation fund act of 1965, apply; and

(iv) Evidence of commercial or self-insurance at levels deemed sufficient by the department, as well as appropriate indemnification.

(d) Leases under this subsection (6) may not be undertaken by the department for the community purposes described in (g)(i)(A) or (B) of this subsection (6) on the right-of-way of a state highway or in places that would place infrastructure or the traveling public in jeopardy.

(e) The department must provide an annual report to the transportation committees of the legislature by December 1st of each year with information on the active lease agreements authorized under this subsection, including the community purposes being served and a summary of relevant lease terms.

(f) In the case of a lease agreement with a community-based nonprofit organization, the proposed lease must first be presented to the transportation committees of the legislature as part of the department's budget submittal and then approved in an omnibus transportation appropriations act. However, this subsection (6)(f) does not apply to lease agreements regarding the temporary use of department property. For purposes of this subsection (6)(f), "temporary use" means lease agreements lasting no longer than five years in duration, inclusive of lease renewals.

(g) For the purposes of this subsection (6):

(i) "Community purposes" means providing one or more of the following for public benefit purposes:

(A) Housing, housing assistance, and related services;

(B) Shelter programs including, but not limited to, indoor emergency shelters; transitional housing; emergency housing; supportive housing; and safe spaces, such as tiny home villages, pallet home villages, and recreational vehicle lots;

(C) Parks;

(D) Enhanced public spaces including, but not limited to, public plazas;

(E) Public recreation;

(F) Salmon habitat restoration, defined as the process of repairing, enhancing, or recreating natural environments that support salmon populations; or

(G) Public transportation uses.

(ii)(A) "Adequate consideration" means consideration that is comprised of:

(I) The performance of activities that fulfill the community purpose designated in the lease agreement;

(II) Maintenance and security of the premises to be provided under the lease agreement; and

(III) May include additional monetary or nonmonetary consideration as provided in (g)(ii)(B) of this subsection.

(B) The department may require additional monetary or nonmonetary consideration be provided to the extent it determines that consideration to be provided under (g)(ii)(A)(I) and (II) of this subsection are insufficient consideration for use of the property and that additional consideration is necessary."

On page 1, line 2 of the title, after "land;" strike the remainder of the title and insert "amending RCW 47.12.120; and creating a new section."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1774 and advanced the bill, as amended by the Senate, to final passage.

Representatives Bernbaum and Low spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1774, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1774, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 67; Nays, 30; Absent, 0; Excused, 1

Voting Yea: Representatives Barkis, Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Dent, Doglio, Donaghy, Duerr, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Hackney, Hill, Hunt, Kloba, Leavitt, Low, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Scott, Shavers, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Wylie, Ybarra, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dufault, Dye, Engell, Griffey, Jacobsen, Keaton, Klicker, Ley, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Schmick, Schmidt, Steele, Stokesbary, Stuebe, Walsh and Waters

Excused: Representative Lekanoff

SUBSTITUTE HOUSE BILL NO. 1774, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Wednesday, April 9, 2025

Mme. Speaker:

The Senate has passed ENGROSSED HOUSE BILL NO. 1329, with the following amendment(s): 1329.E AMS BOEH S2769.1

On page 9, after line 15, insert the following:

"Sec. 3. RCW 19.405.100 and 2019 c 288 s 10 are each amended to read as follows:

(1) It is the intent of this chapter that the commission and department adopt rules to streamline the implementation of chapter

288, Laws of 2019 with chapter 19.285 RCW to simplify compliance and avoid duplicative processes. It is the intent of the legislature that the commission and the department coordinate in developing rules related to process, timelines, and documentation that are necessary for the implementation of this chapter.

(2) The commission may adopt rules to ensure the proper implementation and enforcement of this chapter as it applies to investor-owned utilities.

(3) The department may adopt rules to ensure the proper implementation and enforcement of this chapter as it applies to consumer-owned utilities. Nothing in this subsection may be construed to restrict the rate-making authority of the governing body of a consumer-owned utility as otherwise provided by law.

(4)(a) The department must adopt rules establishing reporting requirements for electric utilities to demonstrate compliance with this chapter. The requirements must, to the extent practicable, be consistent with the disclosures required under chapter 19.29A RCW.

(b) Beginning with the interim performance report due July 1, 2026, consumer-owned electric utilities must include in each interim performance or compliance report the number of unspecified electricity contracts with terms greater than 31 days used to serve Washington retail customers. The report will include information regarding the duration and purpose of the unspecified contracts and the months contracted.

(5) An investor-owned utility must also report all information required in subsection (4)(a) of this section to the commission.

(6) An electric utility must also make reports required in this section available to its retail electric customers.

(7) The department of ecology must adopt rules, in consultation with the commission and the department of commerce, to establish requirements for energy transformation project investments including, but not limited to, verification procedures, reporting standards, and other logistical issues as necessary.

(8) The department must adopt rules providing for the measuring and tracking of thermal renewable energy credits that may be used for compliance under RCW 19.405.040.

(9) Pursuant to the administrative procedure act, chapter 34.05 RCW, rules needed for the implementation of this chapter must be adopted by January 1, 2021, unless specified otherwise elsewhere in this chapter. These rules may be revised as needed to carry out the intent and purposes of this chapter."

On page 1, line 3 of the title, after "RCW 19.405.020" strike "and 19.405.030" and insert ", 19.405.030, and 19.405.100"

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED HOUSE BILL NO. 1329 and advanced the bill, as amended by the Senate, to final passage.

Representatives Hunt and Dye spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Engrossed House Bill No. 1329, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed House Bill No. 1329, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 95; Nays, 2; Absent, 0; Excused, 1

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hackney, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Ley, Low, Macri, Manjarrez, Marshall, McClintock, McEntire, Mena, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Walsh, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Voting Nay: Representatives Dufault and Mendoza

Excused: Representative Lekanoff

ENGROSSED HOUSE BILL NO. 1329, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 8, 2025

Mme. Speaker:

The Senate has passed SUBSTITUTE HOUSE BILL NO. 1351, with the following amendment(s): 1351-S AMS EDU S2472.1

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 43.216.505 and 2021 c 67 s 1 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 child who is at least three ((~~to five-year old child who~~))years old by August 31st of the school year, is not yet age-eligible for kindergarten, is not a participant in a federal or state program providing comprehensive services, and who:

(a) Has a family income at or below ((~~one hundred ten~~))110 percent of the federal poverty level, as published annually by the federal department of health and human services;

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

(c) Meets criteria under rules adopted by the department if the number of such children equals not more than ((~~ten~~))10 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) "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.

(6) "Homeless" 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.

Sec. 2. RCW 43.216.505 and 2021 c 199 s 204 are each reenacted and 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 child who is at least three ((~~to five-year old child who~~))years old by August 31st of the school year, is not yet age-eligible for kindergarten, is not a participant in a federal or state program providing comprehensive services, and who:

(a) Has a family with financial need;

(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 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

(f) Meets criteria under rules adopted by the department if the number of such children equals not more than ((~~ten~~))10 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.

(7) "Family with financial need" means families with incomes at or below 36 percent of the state median income adjusted for family size until the 2030-31 school year. Beginning in the 2030-31 school year, "family with financial need" means families with incomes at or below 50 percent of the state median income adjusted for family size.

Sec. 3. 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 child who is at least three ((~~to five-year old child who~~))years old by August 31st of the school year, is not yet 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) Meets criteria under rules adopted by the department if the number of such children equals not more than ((~~ten~~))10 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. 4. RCW 43.216.512 and 2024 c 225 s 3 are each amended to read as follows:

(1) The department shall adopt rules that allow the enrollment of children who meet one or more of the following criteria in the early childhood education and assistance program, as space is available if the number of such children equals not more than ((~~twenty-five~~))25 percent of total statewide enrollment:

(a) The child's family income is above ((~~one hundred ten~~))110 percent but less than or equal to ((~~one hundred thirty~~))130 percent of the federal poverty level;

(b) The child's family income is above ((~~one hundred thirty~~))130 percent but less than or equal to ((~~two hundred~~))200 percent of the federal poverty level if the child meets at least one of the risk factor criterion described in subsection (2) of this section; or

(c) Beginning November 1, 2024, the child is not eligible under RCW 43.216.505 and 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 subsection (1)(b) of 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 federal poverty level;

(b) Homelessness;

(c) Child welfare system involvement;

(d) Developmental delay or disability that does not meet the eligibility criteria for special education described in RCW 28A.155.020;

(e) Domestic violence;

(f) English as a second language;

(g) Expulsion from an early learning setting;

(h) A parent who is incarcerated;

(i) A parent with a substance use disorder or mental health treatment need; and

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

(3) The department shall adopt rules that allow a three-year-old child who is not eligible under RCW 43.216.505 to enroll in the early childhood education and assistance program, as space is available, when ((~~the child is not eligible under RCW 43.216.505 and the child turns three years old at any time during the school year when~~)) the child:

(a)(i) Has a family income at or below ((~~two hundred~~))200 percent of the federal poverty level or meets at least one risk factor criterion adopted by the department in rule; and

((~~(b)~~))(ii) Has received services from or participated in:

((~~(i)~~))(A) The early support for infants and toddlers program;

((~~(ii)~~))(B) The early head start or a successor federal program providing comprehensive services for children from birth through two years of age; or

((~~(iii)~~))(C) The birth to three early childhood education and assistance program, if such a program is established; or

(b) Did not turn three on or before August 31st of the school year, but

otherwise meets the definition of eligible child under RCW 43.216.505.

(4) 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.

Sec. 5. RCW 43.216.513 and 2021 c 199 s 206 are each amended to read as follows:

(1) The department shall adopt rules that allow a three-year-old child who is not eligible under RCW 43.216.505 to enroll in the early childhood education and assistance program, as space is available and subject to the availability of amounts appropriated for this specific purpose, when the child ((~~is not eligible under RCW 43.216.505 and the child turns three years old at any time during the school year when the child~~)):

(a)(i) Has a family income at or below 50 percent of the state median income or meets at least one risk factor criterion adopted by the department in rule; and

((~~(b)~~))(ii) Has received services from or participated in:

((~~(i)~~))(A) The early head start or a successor federal program providing comprehensive services for children from birth through two years of age;

((~~(ii)~~))(B) The early support for infants and toddlers program or received class C developmental services;

((~~(iii)~~))(C) The birth to three early childhood education and assistance program; or

((~~(iv)~~))(D) The early childhood intervention and prevention services program; or

(b) Did not turn three on or before August 31st of the school year, but otherwise meets the definition of eligible child under RCW 43.216.505.

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

Sec. 6. 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.

NEW SECTION. **Sec. 7.** Section 2 of this act expires August 1, 2030.

NEW SECTION. **Sec. 8.** Section 3 of this act takes effect August 1, 2030.

NEW SECTION. **Sec. 9.** (1) Section 1 of this act takes effect only if chapter . . . (Senate Bill No. 5752), Laws of 2025 is not enacted by July 1, 2025.

(2) Section 2 of this act takes effect July 1, 2025, if chapter . . . (Senate Bill No. 5752), Laws of 2025 is enacted by July 1, 2025.

(3) Section 6 of this act takes effect only if chapter . . . (Senate Bill No. 5752), Laws of 2025 is enacted by July 1, 2025.

NEW SECTION. **Sec. 10.** (1) Section 4 of this act expires July 1, 2025, if chapter . . . (Senate Bill No. 5752), Laws of 2025 is enacted by July 1, 2025.

(2) Section 4 of this act expires July 1, 2026, if chapter . . . (Senate Bill No. 5752), Laws of 2025 is not enacted by July 1, 2025.

NEW SECTION. **Sec. 11.** Sections 2 and 5 of this act take effect July 1, 2026, if chapter . . . (Senate Bill No. 5752), Laws of 2025 is not enacted by July 1, 2025.

NEW SECTION. **Sec. 12.** Except as provided in sections 8 and 11 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."

On page 1, line 2 of the title, after "program;" strike the remainder of the title and insert "amending RCW 43.216.505, 43.216.512, and 43.216.513; amending 2021 c 199 s 604 (uncodified); reenacting and amending RCW 43.216.505; providing effective dates; providing contingent effective dates; providing an expiration date; providing contingent expiration dates; and declaring an emergency."

and the same is herewith transmitted.

Sarah Bannister, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1351 and advanced the bill, as amended by the Senate, to final passage.

Representatives Bernbaum and Eslick spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1351, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1351, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 1

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dufault, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hackney, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Ley, Low, Macri, Manjarrez, Marshall, McClintock, McEntire, Mena, Mendoza, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer,

Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Walsh, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Excused: Representative Lekanoff

SUBSTITUTE HOUSE BILL NO. 1351, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 15, 2025

Mme. Speaker:

The Senate has passed SECOND SUBSTITUTE HOUSE BILL NO. 1359, with the following amendment(s): 1359-S2 AMS LAW S2538.1

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1)(a) A task force to review laws related to criminal insanity and competency to stand trial is established, with members as provided in this subsection.

(i) The secretary of the department of social and health services or the secretary's designee;

(ii) The secretary of the department of corrections or the secretary's designee;

(iii) The director of the health care authority or the director's designee;

(iv) The Washington state attorney general or the attorney general's designee;

(v) The director of the Washington state office of public defense or the director's designee; and

(vi) The department of social and health services shall appoint 21 members representing the following:

(A) One member representing superior courts, to be designated by the Washington state superior court judges association;

(B) One member representing courts of limited jurisdiction, to be designated by the Washington state district and municipal courts judges association;

(C) One member representing prosecutors practicing in courts of limited jurisdiction, to be designated by the Washington association of prosecuting attorneys;

(D) One member representing prosecutors practicing in superior courts, to be designated by the Washington association of prosecuting attorneys;

(E) One member representing trial-level criminal defense attorneys practicing in courts of limited jurisdiction, to be designated by the Washington defender association;

(F) One member representing trial-level criminal defense attorneys practicing in superior courts, to be designated by the Washington defender association;

(G) One member representing law enforcement, to be designated by the Washington association of sheriffs and police chiefs;

(H) One member representing the interests of victims, to be designated by the office of crime victims advocacy;

(I) One member designated by disability rights Washington;

(J) One member designated by the national alliance on mental illness Washington;

(K) One member designated by the plaintiff's counsel in *A.B., by and through Trueblood, et al., v. DSHS, et al.,* No. 15-35462 ("Trueblood");

(L) A representative of a behavioral health administrative services organization;

(M) A representative of a medicaid managed care organization;

(N) A representative of county governments, to be designated by the Washington state association of counties;

(O) A representative of city governments, to be designated by the association of Washington cities;

(P) A labor representative, to be designated by the Washington federation of state employees;

(Q) A representative of western state hospital;

(R) A representative of eastern state hospital; and

(S) Three individuals with direct lived experience of the forensic mental health system, including at least one person who is a former competency restoration patient and at least one person with experience of commitment related to criminal insanity.

(b) The task force shall choose its cochairs from among its membership. The Washington state association of counties shall convene the initial meeting of the task force.

(2) The task force shall undertake the following tasks:

(a) A comprehensive review of the laws in chapter 10.77 RCW to modernize and clean up issues that present barriers to administration, public safety, consistency, fairness, efficiency, and comprehension by victims, committed individuals, families, and the courts;

(b) Consider potential terminology and language changes to promote patient-centered language, improve coherence between legal and medical terminology, reduce stigma, and improve understanding of the competency evaluation process; and

(c) Make recommendations concerning law changes that would remove barriers to diversion, promote effective treatment, and increase services that would facilitate safe and responsible hospital discharges.

(3) The task force may form subcommittees to assist its work. The task force may contract with additional persons with specific technical expertise if necessary to carry out the mandates of the study. Such contracts may only be entered if an appropriation is specifically provided for this purpose.

(4) Staff support for the task force must be provided by the Washington state association of counties. The Washington state association of counties must provide reporting under RCW 43.18A.030.

(5) All meetings of the task force must be held in a virtual format.

(6) The task force shall report its findings and recommendations to the governor and the appropriate committees of the legislature by December 1, 2026.

(7) This section expires December 31, 2026.

NEW SECTION. **Sec. 2.** (1) The code reviser shall recodify, as necessary, the following sections of chapter 10.77 RCW in the following order within chapter 10.77 RCW, using the indicated chapter headings:
Definitions
RCW 10.77.010
General Provisions
RCW 10.77.020
RCW 10.77.027
RCW 10.77.0942
RCW 10.77.095
RCW 10.77.097
RCW 10.77.210
RCW 10.77.230
RCW 10.77.240
RCW 10.77.250
RCW 10.77.255
RCW 10.77.260
RCW 10.77.270
RCW 10.77.275
RCW 10.77.280
RCW 10.77.300
Authorized Leave and Furloughs
RCW 10.77.145
RCW 10.77.163
Community Notifications
RCW 10.77.165
RCW 10.77.205
RCW 10.77.207
Evaluations Under This Chapter
RCW 10.77.060
RCW 10.77.065
RCW 10.77.070
RCW 10.77.100
Criminal Insanity
RCW 10.77.025
RCW 10.77.030
RCW 10.77.040
RCW 10.77.080
RCW 10.77.091
RCW 10.77.094
RCW 10.77.110
RCW 10.77.120
RCW 10.77.132
RCW 10.77.140
RCW 10.77.150
RCW 10.77.152
RCW 10.77.155
RCW 10.77.160
RCW 10.77.170
RCW 10.77.175
RCW 10.77.180
RCW 10.77.190
RCW 10.77.195
RCW 10.77.200
RCW 10.77.220
Competency to Stand Trial
RCW 10.77.050
RCW 10.77.068
RCW 10.77.072
RCW 10.77.074
RCW 10.77.075
RCW 10.77.078
RCW 10.77.079
RCW 10.77.084
RCW 10.77.0845
RCW 10.77.086
RCW 10.77.088
RCW 10.77.0885
RCW 10.77.089
RCW 10.77.092
RCW 10.77.093
RCW 10.77.202
RCW 10.77.320

(2) The code reviser shall correct all statutory references to sections recodified by this section.

NEW SECTION. **Sec. 3.** The following sections are decodified:

(1) RCW 10.77.2101 (Implementation of legislative intent);

(2) RCW 10.77.290 (Secretary to adopt rules—2015 1st sp.s. c 7);

(3) RCW 10.77.310 (Health care authority contracts—Compensation of staff in outpatient competency restoration programs);

(4) RCW 10.77.940 (Equal application of 1989 c 420—Evaluation for developmental disability); and

(5) RCW 10.77.950 (Construction—Chapter applicable to state registered domestic partnerships—2009 c 521).

NEW SECTION. **Sec. 4.** 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."

On page 1, line 2 of the title, after "trial;" strike the remainder of the title and insert "adding new sections to chapter 10.77 RCW; creating new sections; recodifying RCW 10.77.020, 10.77.027, 10.77.0942, 10.77.095, 10.77.097, 10.77.210, 10.77.230, 10.77.240, 10.77.250, 10.77.255, 10.77.260, 10.77.270, 10.77.275, 10.77.280, 10.77.300, 10.77.145, 10.77.163, 10.77.165, 10.77.205, 10.77.207, 10.77.060, 10.77.065, 10.77.070, 10.77.100, 10.77.025, 10.77.030, 10.77.040, 10.77.080, 10.77.091, 10.77.094, 10.77.110, 10.77.120, 10.77.132, 10.77.140, 10.77.150, 10.77.152, 10.77.155, 10.77.160, 10.77.170, 10.77.175, 10.77.180, 10.77.190, 10.77.195, 10.77.200, 10.77.220, 10.77.050, 10.77.068, 10.77.072, 10.77.074, 10.77.075, 10.77.079, 10.77.084, 10.77.0845, 10.77.086, 10.77.088, 10.77.0885, 10.77.089, 10.77.092, 10.77.093, 10.77.202, and 10.77.320; decodifying RCW 10.77.2101, 10.77.290, 10.77.310, 10.77.940, and 10.77.950; and providing an expiration date."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 1359 and advanced the bill, as amended by the Senate, to final passage.

Representative Thai spoke in favor of the passage of the bill.

Representative Walsh spoke against the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1359, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1359, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 58; Nays, 39; Absent, 0; Excused, 1

Voting Yea: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Leavitt, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Paul, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rule, Ryu, Salahuddin, Santos, Scott, Shavers, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Penner, Rude, Schmick, Schmidt, Steele, Stokesbary, Stuebe, Volz, Walsh, Waters and Ybarra

Excused: Representative Lekanoff

SECOND SUBSTITUTE HOUSE BILL NO. 1359, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Monday, April 14, 2025

Mme. Speaker:

The Senate has passed ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1432, with the following amendment(s): 1432-S2.E AMS HLTC S2423.2

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature finds that:

(a) Access to mental health and substance use disorder treatment is critical to the health and well-being of individuals with these conditions and that access to appropriate care is important to reducing preventable emergency department visits, hospitalizations, and physical health care costs associated with significant comorbidities;

(b) Health insurance coverage is essential to ensuring that individuals can access needed mental health and substance use disorder treatment and that health carriers should make medical necessity determinations based on the objective needs of the patient; and

(c) The mental health and substance use disorder workforce faces a number of administrative barriers and undue financial risks with respect to participation in health carriers' provider networks that should be alleviated.

(2) Therefore, it is the intent of the legislature to increase access to mental health and substance use disorder treatment by updating Washington's mental health parity requirements, requiring that medical necessity determinations be consistent with generally accepted standards of care and recommendations from nonprofit health care provider associations, requiring consistent rules for both mental health and substance use disorders, and eliminating harmful barriers to care.

NEW SECTION. **Sec. 2.** A new section is added to chapter 48.43 RCW to read as follows:

(1) For the purposes of this section:

(a) "Clinical review criteria" means written guidelines, standards, protocols, or decision rules used by a health carrier, or health care benefit manager on behalf of a health carrier, during utilization review to evaluate the medical necessity of a patient's requested health care services.

(b) "Core treatment" means a standard treatment or course of treatment, therapy, service, or intervention indicated by generally accepted standards of mental health and substance use disorder care for a condition or disorder.

(c) "Generally accepted standards of mental health and substance use disorder care" means standards of care and clinical practice that are generally recognized by health care providers practicing in relevant clinical specialties such as psychiatry, psychology, clinical sociology, social work, addiction medicine and counseling, and behavioral health treatment.

(d) "Health plan" or "health benefit plan" means:

(i) A health plan as defined by RCW 48.43.005; or

(ii) A plan deemed by the commissioner to have a short-term limited purpose or duration, or to be a student-only health plan that is guaranteed renewable while the covered person is enrolled as a regular, full-time undergraduate student at an accredited higher education institution.

(e) "Medically necessary" means a service or product addressing the specific needs of a patient, for the purpose of screening, preventing, diagnosing, managing, or treating an illness, injury, condition, or its symptoms, including minimizing the progression of an illness, injury, condition, or its symptoms, in a manner that is:

(i) In accordance with generally accepted standards of mental health and substance use disorder care;

(ii) Clinically appropriate in terms of type, frequency, extent, site, and duration of a service or product; and

(iii) Not primarily for the economic benefit of the insurer or purchaser or for the convenience of the patient, treating physician, or other health care provider.

(f) "Mental health and substance use disorder services" means:

(i) For health benefit plans issued or renewed before January 1, 2021, medically necessary outpatient and inpatient services provided to treat mental disorders covered by the diagnostic categories listed in the most current version of the diagnostic and statistical manual of mental disorders, published by the American psychiatric association, on June 11, 2020, or such subsequent date as may be provided by the insurance commissioner by rule, consistent with the purposes of chapter 6, Laws of 2005, with the exception of the following categories, codes, and services: (A)

Substance related disorders; (B) life transition problems, currently referred to as "V" codes, and diagnostic codes 302 through 302.9 as found in the diagnostic and statistical manual of mental disorders, 4th edition, published by the American psychiatric association; (C) skilled nursing facility services, home health care, residential treatment, and custodial care; and (D) court-ordered treatment, unless the insurer's medical director or designee determines the treatment to be medically necessary;

(ii) For a health benefit plan or a plan deemed by the commissioner to have a short-term limited purpose or duration, or to be a student-only health plan that is guaranteed renewable while the covered person is enrolled as a regular, full-time undergraduate student at an accredited higher education institution, issued or renewed on or after January 1, 2021, medically necessary outpatient services, residential care, partial hospitalization services, and inpatient services provided to treat mental health and substance use disorders covered by the diagnostic categories listed in the most current version of the diagnostic and statistical manual of mental disorders, published by the American psychiatric association, on June 11, 2020, or such subsequent date as may be provided by the insurance commissioner by rule, consistent with the purposes of chapter 6, Laws of 2005; and

(iii) For a health plan issued or renewed on or after January 1, 2027, medically necessary outpatient services, residential care, partial hospitalization services, inpatient services, and prescription drugs provided to treat mental health or substance use disorders covered by:

(A) The diagnostic categories listed in the most current version of the diagnostic and statistical manual of mental disorders, published by the American psychiatric association, on June 11, 2020, or any subsequent version as determined by the insurance commissioner in rule consistent with this section and the goals listed in section 1 of this act;

(B) The diagnostic categories listed in the mental, behavioral, and neurodevelopmental chapters of the version available on January 13, 2025, of the international classification of diseases adopted by the federal department of health and human services through 42 C.F.R. Sec. 162.002 or any subsequent version as determined by the insurance commissioner in rule consistent with this section and the goals listed in section 1 of this act; or

(C) The diagnostic categories listed in the DC:0-5 diagnostic classification of mental health and developmental disorders of infancy and early childhood available on January 13, 2025, or any subsequent version as determined by the insurance commissioner in rule consistent with this section and the goals listed in section 1 of this act.

(g) "Nonprofit professional association" means a not-for-profit health care provider professional association or specialty society that is generally recognized by clinicians practicing in the relevant clinical specialty and issues peer-reviewed guidelines, criteria, or other clinical recommendations developed through a transparent process.

(h) "Utilization review" has the same meaning as in RCW 48.43.005.

(2) Each health plan providing coverage for medical and surgical services shall provide coverage for mental health and substance use disorder services. Any cost sharing for mental health and substance use disorder services and any treatment limitations related to mental health and substance use disorder services must comply with the quantitative and nonquantitative treatment limitation requirements in the provisions of 89 Fed. Reg. 77586 et seq., as published on September 23, 2024.

(3) Utilization review and clinical review criteria may not deviate from generally accepted standards of mental health and substance use disorder care.

(4)(a) Except as otherwise provided in (c) of this subsection, in conducting utilization reviews relating to service intensity or level of care placement, continued stay, or transfer or discharge, the health carrier shall apply relevant age-appropriate patient placement criteria from nonprofit professional associations and shall authorize placement at the service intensity and level of care consistent with that criteria. The health carrier may not apply conflicting or more restrictive criteria. A carrier may continue to use software-based clinical decision support tools, including those developed by commercial entities, so long as such tools incorporate and apply with fidelity the relevant age-appropriate patient placement criteria consistent with the requirements of this subsection.

(b) If the carrier's application of the relevant age-appropriate patient placement criteria under (a) of this subsection is not consistent with the service intensity or level of care placement requested by the covered person or their provider, any adverse benefit determination notice must include full details of the carrier's assessment under the relevant criteria to the provider and the covered person.

(c) A carrier may use patient placement criteria in addition to the relevant age-appropriate placement criteria under (a) of this subsection only to approve requested services and may not rely on additional patient placement criteria to issue an adverse benefit determination or otherwise deny, restrict, or limit access to requested services.

(d) For utilization review not relating to service intensity or level of care placement, continued stay, or transfer or discharge, a carrier may use clinical review criteria from either for-profit or nonprofit sources provided that the clinical review criteria meet the requirements of subsection (3) of this section.

(e) To ensure appropriate use of all clinical review criteria used by a carrier to conduct utilization reviews, carriers must comply with any oversight measures deemed appropriate by the commissioner.

(5) A health carrier may not limit benefits or coverage for medically necessary mental health and substance use disorder

services on the basis that those services should or could be covered by a public entitlement program including, but not limited to, special education or an individualized education program, medicaid, medicare, supplemental security income, or social security disability insurance, and may not include or enforce a contract term that excludes otherwise covered benefits on the basis that those services should or could be covered by a public entitlement program. Nothing in this subsection may be construed to require a carrier to cover benefits that have been authorized and provided for a covered person by a public entitlement program, except as otherwise required by state or federal law.

(6) This section applies to any health care benefit manager, as defined in RCW 48.200.020 or contracted provider that performs utilization review functions directly or indirectly on a health carrier's behalf.

(7) A health carrier may not adopt, impose, or enforce terms in its policies or provider agreements, in writing or in operation, in a manner that undermines, alters, or conflicts with the requirements of this section.

(8) If a health carrier provides any benefits for a mental health condition or substance use disorder in any classification of benefits, it shall provide meaningful benefits for that mental health condition or substance use disorder in every classification in which medical or surgical benefits are provided. For purposes of this subsection, whether the benefits provided are considered "meaningful benefits" is determined in comparison to the benefits provided for medical conditions and surgical procedures in the classification and requires, at a minimum, coverage of benefits for that condition or disorder in each classification in which the health carrier provides benefits for one or more medical conditions or surgical procedures. A health carrier does not provide meaningful benefits under this subsection unless it provides benefits for a core treatment for that condition or disorder in each classification in which the health carrier provides benefits for a core treatment for one or more medical conditions or surgical procedures. If there is no core treatment for a covered mental health condition or substance use disorder with respect to a classification, the health carrier is not required to provide benefits for a core treatment for such condition or disorder in that classification, but shall provide benefits for such condition or disorder in every classification in which medical or surgical benefits are provided.

(9) The provisions of 89 Fed. Reg. 77586 et seq., as published on September 23, 2024, and any guidance issued by federal departments of health and human services, labor, and the treasury to implement the rules adopted in September 2024 are incorporated in this section in their entirety.

(10) If, following an adverse benefit determination, a covered person requests one or more nonquantitative treatment limitation parity compliance analyses that the health carrier is required to have completed by 29 U.S.C. Sec. 1185a or 42 U.S.C. Sec. 300gg-26, the health carrier shall provide the requested analyses free of charge within 30 days.

(11) This section does not prohibit a requirement that mental health and substance use disorder services be medically necessary, if a comparable requirement is applicable to medical and surgical services.

Sec. 3. RCW 48.43.016 and 2020 c 193 s 2 are each amended to read as follows:

(1) A health carrier or ((~~its contracted entity~~))health care benefit manager as defined in RCW 48.200.020 that imposes different prior authorization standards and criteria for a covered service among tiers of contracting providers of the same licensed profession in the same health plan shall inform an enrollee which tier an individual provider or group of providers is in by posting the information on its website in a manner accessible to both enrollees and providers.

(2)(a) A health carrier or ((~~its contracted entity~~))health care benefit manager as defined in RCW 48.200.020 may not require utilization management or review of any kind including, but not limited to, prior, concurrent, or postservice authorization for an initial evaluation and management visit and up to six treatment visits with a contracting provider in a new episode of care for each of the following: Chiropractic, physical therapy, occupational therapy, acupuncture and Eastern medicine, massage therapy, outpatient mental health care office visits, outpatient substance use disorder care office visits, or speech and hearing therapies. Outpatient mental health office visits do not include procedures performed on an outpatient basis. Visits for which utilization management or review is prohibited under this section are subject to any quantitative treatment limits of the health plan. Notwithstanding RCW 48.43.515(5) this section may not be interpreted to limit the ability of a health plan to require a referral or prescription for the therapies listed in this section. Quantitative treatment limitations and nonquantitative treatment limitations, including any referral and prescription requirements, for mental health or substance use disorder care shall comply with the requirements of the mental health parity and addiction equity act, state law, and any implementing regulations.

(b) For visits for which utilization management or review is prohibited under this section, a health carrier or ((~~its contracted entity~~))health care benefit manager as defined in RCW 48.200.020 may not:

(i) Deny or limit coverage on the basis of medical necessity or appropriateness; or

(ii) Retroactively deny care or refuse payment for the visits.

(3) A health carrier shall post on its website and provide upon the request of a covered person or contracting provider any prior authorization standards, criteria, or information the carrier uses for medical necessity decisions.

(4) A health care provider with whom a health carrier consults regarding a decision to deny, limit, or terminate a person's covered health care services must hold a license, certification, or registration, in good standing and must be in the same or related health field as the health care provider being reviewed or of a specialty whose practice entails the same or similar covered health care service.

(5) A health carrier may not require a provider to provide a discount from usual and customary rates for health care services not covered under a health plan, policy, or other agreement, to which the provider is a party.

(6) Nothing in this section prevents a health carrier from denying coverage based on insurance fraud.

(7) For purposes of this section:

(a) "New episode of care" means treatment for a new condition or diagnosis for which the enrollee has not been treated by a provider of the same licensed profession within the previous ninety days and is not currently undergoing any active treatment.

(b) "Contracting provider" does not include providers employed within an integrated delivery system operated by a carrier licensed under chapter 48.44 or 48.46 RCW.

Sec. 4. RCW 48.43.410 and 2019 c 171 s 2 are each amended to read as follows:

For health plans delivered, issued for delivery, or renewed on or after January 1, 2021, clinical review criteria used to establish a prescription drug utilization management protocol must be evidence-based and updated on a regular basis through review of new evidence, research, and newly developed treatments. For prescription drugs prescribed to treat mental health or substance use disorder conditions, clinical review criteria must meet the requirements of section 2 of this act.

Sec. 5. RCW 48.43.520 and 2000 c 5 s 8 are each amended to read as follows:

(1) Carriers that offer a health plan shall maintain a documented utilization review program description and written utilization review and clinical review criteria based on reasonable medical evidence. For mental health and substance use disorder services, as defined in section 2 of this act, clinical review criteria must meet the requirements of section 2 of this act. The program must include a method for reviewing and updating criteria. Carriers shall make clinical protocols, medical management standards, clinical review criteria as defined in section 2 of this act, and other review criteria available upon request to participating providers.

(2) The commissioner shall adopt, in rule, standards for this section after considering relevant standards adopted by national managed care accreditation organizations and state agencies that purchase managed health care services.

(3) A carrier shall not be required to use medical evidence or standards in its utilization review of religious nonmedical treatment or religious nonmedical nursing care.

Sec. 6. RCW 48.43.535 and 2022 c 263 s 4 are each amended to read as follows:

(1) There is a need for a process for the fair consideration of disputes relating to decisions by carriers that offer a health plan to deny, modify, reduce, or terminate coverage of or payment for health care services for an enrollee. For purposes of this section, "carrier" also applies to a health plan if the health plan administers the appeal process directly or through a third party.

(2) An enrollee may seek review by a certified independent review organization of a carrier's decision to deny, modify, reduce, or terminate coverage of or payment for a health care service or of any adverse determination made by a carrier under RCW 48.49.020, 48.49.030, or sections 2799A-1 or 2799A-2 of the public health service act (42 U.S.C. Secs. 300gg-111 or 300gg-112) and implementing federal regulations in effect as of March 31, 2022, after exhausting the carrier's grievance process and receiving a decision that is unfavorable to the enrollee, or after the carrier has exceeded the timelines for grievances provided in RCW 48.43.530, without good cause and without reaching a decision.

(3) The commissioner must establish and use a rotational registry system for the assignment of a certified independent review organization to each dispute. The system should be flexible enough to ensure that an independent review organization has the expertise necessary to review the particular medical condition or service at issue in the dispute, and that any approved independent review organization does not have a conflict of interest that will influence its independence.

(4) Carriers must provide to the appropriate certified independent review organization, not later than the third business day after the date the carrier receives a request for review, a copy of:

(a) Any medical records of the enrollee that are relevant to the review;

(b) Any documents used by the carrier in making the determination to be reviewed by the certified independent review organization;

(c) Any documentation and written information submitted to the carrier in support of the appeal; and

(d) A list of each physician or health care provider who has provided care to the enrollee and who may have medical records relevant to the appeal. Health information or other confidential or proprietary information in the custody of a carrier may be provided to an independent review organization, subject to rules adopted by the commissioner.

(5) Enrollees must be provided with at least five business days to submit to the independent review organization in writing additional information that the independent review organization must consider when conducting the external review. The independent review organization must forward any additional information submitted by an

enrollee to the plan or carrier within one business day of receipt by the independent review organization.

(6) The medical reviewers from a certified independent review organization will make determinations regarding the medical necessity or appropriateness of, and the application of health plan coverage provisions to, health care services for an enrollee. The medical reviewers' determinations must be based upon their expert medical judgment, after consideration of relevant medical, scientific, and cost-effectiveness evidence, and medical standards of practice in the state of Washington. Except as provided in this subsection, the certified independent review organization must ensure that determinations are consistent with the scope of covered benefits as outlined in the medical coverage agreement. Medical reviewers may override the health plan's medical necessity or appropriateness standards if the standards are determined upon review to be unreasonable or inconsistent with sound, evidence-based medical practice. For reviews of mental health and substance use disorder services, as defined in section 2 of this act, the medical reviewers must conduct reviews and make determinations in a manner consistent with the requirements of section 2 of this act.

(7) Once a request for an independent review determination has been made, the independent review organization must proceed to a final determination, unless requested otherwise by both the carrier and the enrollee or the enrollee's representative.

(a) An enrollee or carrier may request an expedited external review if the adverse benefit determination or internal adverse benefit determination concerns an admission, availability of care, continued stay, or health care service for which the claimant received emergency services but has not been discharged from a facility; or involves a medical condition for which the standard external review time frame would seriously jeopardize the life or health of the enrollee or jeopardize the enrollee's ability to regain maximum function. The independent review organization must make its decision to uphold or reverse the adverse benefit determination or final internal adverse benefit determination and notify the enrollee and the carrier or health plan of the determination as expeditiously as possible but within not more than seventy-two hours after the receipt of the request for expedited external review. If the notice is not in writing, the independent review organization must provide written confirmation of the decision within forty-eight hours after the date of the notice of the decision.

(b) For claims involving experimental or investigational treatments, the independent review organization must ensure that adequate clinical and scientific experience and protocols are taken into account as part of the external review process.

(8) Carriers must timely implement the certified independent review organization's determination, and must pay the certified independent review organization's charges.

(9) When an enrollee requests independent review of a dispute under this section, and the dispute involves a carrier's decision to modify, reduce, or terminate an otherwise covered health service that an enrollee is receiving at the time the request for review is submitted and the carrier's decision is based upon a finding that the health service, or level of health service, is no longer medically necessary or appropriate, the carrier must continue to provide the health service if requested by the enrollee until a determination is made under this section. If the determination affirms the carrier's decision, the enrollee may be responsible for the cost of the continued health service.

(10) Each certified independent review organization must maintain written records and make them available upon request to the commissioner.

(11) A certified independent review organization may notify the office of the insurance commissioner if, based upon its review of disputes under this section, it finds a pattern of substandard or egregious conduct by a carrier.

(12)(a) The commissioner shall adopt rules to implement this section after considering relevant standards adopted by national managed care accreditation organizations and the national association of insurance commissioners.

(b) This section is not intended to supplant any existing authority of the office of the insurance commissioner under this title to oversee and enforce carrier compliance with applicable statutes and rules.

Sec. 7. RCW 48.43.600 and 2005 c 278 s 1 are each amended to read as follows:

(1) Except in the case of fraud, or as provided in subsections (2) and (3) of this section, a carrier may not: (a) Request a refund from a health care provider of a payment previously made to satisfy a claim unless it does so in writing to the provider within twenty-four months after the date that the payment was made or, in the case of mental health and substance use disorder services as defined in section 2 of this act, within six months after the date the payment was made; or (b) request that a contested refund be paid any sooner than six months after receipt of the request. Any such request must specify why the carrier believes the provider owes the refund. If a provider fails to contest the request in writing to the carrier within thirty days of its receipt, the request is deemed accepted and the refund must be paid.

(2) A carrier may not, if doing so for reasons related to coordination of benefits with another carrier or entity responsible for payment of a claim: (a) Request a refund from a health care provider of a payment previously made to satisfy a claim unless it does so in writing to the provider within thirty months after the date that the payment was made or, in the case of mental health and substance use disorder services as defined in section 2 of this act, within nine months after the date the payment was made; or (b) request that a contested refund

be paid any sooner than six months after receipt of the request. Any such request must specify why the carrier believes the provider owes the refund, and include the name and mailing address of the entity that has primary responsibility for payment of the claim. If a provider fails to contest the request in writing to the carrier within thirty days of its receipt, the request is deemed accepted and the refund must be paid.

(3) A carrier may at any time request a refund from a health care provider of a payment previously made to satisfy a claim if: (a) A third party, including a government entity, is found responsible for satisfaction of the claim as a consequence of liability imposed by law, such as tort liability; and (b) the carrier is unable to recover directly from the third party because the third party has either already paid or will pay the provider for the health services covered by the claim.

(4) If a contract between a carrier and a health care provider conflicts with this section, this section shall prevail. However, nothing in this section prohibits a health care provider from choosing at any time to refund to a carrier any payment previously made to satisfy a claim.

(5) For purposes of this section, "refund" means the return, either directly or through an offset to a future claim, of some or all of a payment already received by a health care provider.

(6) This section neither permits nor precludes a carrier from recovering from a subscriber, enrollee, or beneficiary any amounts paid to a health care provider for benefits to which the subscriber, enrollee, or beneficiary was not entitled under the terms and conditions of the health plan, insurance policy, or other benefit agreement.

(7) This section does not apply to claims for health care services provided through dental only health carriers, health care services provided under Title XVIII (medicare) of the social security act, or medicare supplemental plans regulated under chapter 48.66 RCW.

Sec. 8. RCW 48.43.830 and 2023 c 382 s 1 are each amended to read as follows:

(1) Each carrier offering a health plan issued or renewed on or after January 1, 2024, shall comply with the following standards related to prior authorization for health care services and prescription drugs:

(a) The carrier shall meet the following time frames for prior authorization determinations and notifications to a participating provider or facility that submits the prior authorization request through an electronic prior authorization process, as designated by each carrier:

(i) For electronic standard prior authorization requests, the carrier shall make a decision and notify the provider or facility of the results of the decision within three calendar days, excluding holidays, of submission of an electronic prior authorization request by the provider or facility that contains the necessary information to make a determination. If insufficient information has been provided to the carrier to make a decision, the carrier shall request any additional information from the provider or facility within one calendar day of submission of the electronic prior authorization request.

(ii) For electronic expedited prior authorization requests, the carrier shall make a decision and notify the provider or facility of the results of the decision within one calendar day of submission of an electronic prior authorization request by the provider or facility that contains the necessary information to make a determination. If insufficient information has been provided to the carrier to make a decision, the carrier shall request any additional information from the provider or facility within one calendar day of submission of the electronic prior authorization request.

(b) The carrier shall meet the following time frames for prior authorization determinations and notifications to a participating provider or facility that submits the prior authorization request through a process other than an electronic prior authorization process:

(i) For nonelectronic standard prior authorization requests, the carrier shall make a decision and notify the provider or facility of the results of the decision within five calendar days of submission of a nonelectronic prior authorization request by the provider or facility that contains the necessary information to make a determination. If insufficient information has been provided to the carrier to make a decision, the carrier shall request any additional information from the provider or facility within five calendar days of submission of the nonelectronic prior authorization request.

(ii) For nonelectronic expedited prior authorization requests, the carrier shall make a decision and notify the provider or facility of the results of the decision within two calendar days of submission of a nonelectronic prior authorization request by the provider or facility that contains the necessary information to make a determination. If insufficient information has been provided to the carrier to make a decision, the carrier shall request any additional information from the provider or facility within one calendar day of submission of the nonelectronic prior authorization request.

(c) In any instance in which a carrier has determined that a provider or facility has not provided sufficient information for making a determination under (a) and (b) of this subsection, a carrier may establish a specific reasonable time frame for submission of the additional information. This time frame must be communicated to the provider and enrollee with a carrier's request for additional information.

(d) The carrier's prior authorization requirements must be described in detail and written in easily understandable language. The carrier shall make its most current prior authorization requirements and restrictions, including the written clinical review criteria, available to providers and facilities in an electronic format upon request. The prior authorization

requirements must be based on peer-reviewed clinical review criteria. The clinical review criteria must be evidence-based criteria and must accommodate new and emerging information related to the appropriateness of clinical criteria with respect to black and indigenous people, other people of color, gender, and underserved populations. The clinical review criteria must be evaluated and updated, if necessary, at least annually. Clinical review criteria used for purposes of reviewing and decided upon prior authorization requests related to mental health and substance use disorder services, as defined in section 2 of this act, must meet the requirements of section 2 of this act.

(2)(a) Each carrier shall build and maintain a prior authorization application programming interface that automates the process for in-network providers to determine whether a prior authorization is required for health care services, identify prior authorization information and documentation requirements, and facilitate the exchange of prior authorization requests and determinations from its electronic health records or practice management system. The application programming interface must support the exchange of prior authorization requests and determinations for health care services beginning January 1, 2025, and must:

(i) Use health level 7 fast health care interoperability resources in accordance with standards and provisions defined in 45 C.F.R. Sec. 170.215 and 45 C.F.R. Sec. 156.22(3)(b);

(ii) Automate the process to determine whether a prior authorization is required for durable medical equipment or a health care service;

(iii) Allow providers to query the carrier's prior authorization documentation requirements;

(iv) Support an automated approach using nonproprietary open workflows to compile and exchange the necessary data elements to populate the prior authorization requirements that are compliant with the federal health insurance portability and accountability act of 1996 or have an exception from the federal centers for medicare and medicaid services; and

(v) Indicate that a prior authorization denial or authorization of a service less intensive than that included in the original request is an adverse benefit determination and is subject to the carrier's grievance and appeal process under RCW 48.43.535.

(b) Each carrier shall establish and maintain an interoperable electronic process or application programming interface that automates the process for in-network providers to determine whether a prior authorization is required for a covered prescription drug. The application programming interface must support the exchange of prior authorization requests and determinations for prescription drugs, including information on covered alternative prescription drugs, beginning January 1, 2027, and must:

(i) Allow providers to identify prior authorization information and documentation requirements;

(ii) Facilitate the exchange of prior authorization requests and determinations from its electronic health records or practice management system, and may include the necessary data elements to populate the prior authorization requirements that are compliant with the federal health insurance portability and accountability act of 1996 or have an exception from the federal centers for medicare and medicaid services; and

(iii) Indicate that a prior authorization denial or authorization of a drug other than the one included in the original prior authorization request is an adverse benefit determination and is subject to the carrier's grievance and appeal process under RCW 48.43.535.

(c) If federal rules related to standards for using an application programming interface to communicate prior authorization status to providers are not finalized by the federal centers for medicare and medicaid services by September 13, 2023, the requirements of (a) of this subsection may not be enforced until January 1, 2026.

(d)(i) If a carrier determines that it will not be able to satisfy the requirements of (a) of this subsection by January 1, 2025, the carrier shall submit a narrative justification to the commissioner on or before September 1, 2024, describing:

(A) The reasons that the carrier cannot reasonably satisfy the requirements;

(B) The impact of noncompliance upon providers and enrollees;

(C) The current or proposed means of providing health information to the providers; and

(D) A timeline and implementation plan to achieve compliance with the requirements.

(ii) The commissioner may grant a one-year delay in enforcement of the requirements of (a) of this subsection (2) if the commissioner determines that the carrier has made a good faith effort to comply with the requirements.

(iii) This subsection (2)(d) shall not apply if the delay in enforcement in (c) of this subsection takes effect because the federal centers for medicare and medicaid services did not finalize the applicable regulations by September 13, 2023.

(e) By September 13, 2023, and at least every six months thereafter until September 13, 2026, the commissioner shall provide an update to the health care policy committees of the legislature on the development of rules and implementation guidance from the federal centers for medicare and medicaid services regarding the standards for development of application programming interfaces and interoperable electronic processes related to prior authorization functions. The updates should include recommendations, as appropriate, on whether the status of the federal rule development aligns with the provisions of chapter 382, Laws of 2023. The commissioner also shall report on any actions by the federal centers for medicare and medicaid services to exercise enforcement discretion related to the implementation and maintenance of an

application programming interface for prior authorization functions. The commissioner shall consult with the health care authority, carriers, providers, and consumers on the development of these updates and any recommendations.

(3) Nothing in this section applies to prior authorization determinations made pursuant to RCW 48.43.761.

(4) For the purposes of this section:

(a) "Expedited prior authorization request" means a request by a provider or facility for approval of a health care service or prescription drug where:

(i) The passage of time:

(A) Could seriously jeopardize the life or health of the enrollee;

(B) Could seriously jeopardize the enrollee's ability to regain maximum function; or

(C) In the opinion of a provider or facility with knowledge of the enrollee's medical condition, would subject the enrollee to severe pain that cannot be adequately managed without the health care service or prescription drug that is the subject of the request; or

(ii) The enrollee is undergoing a current course of treatment using a nonformulary drug.

(b) "Standard prior authorization request" means a request by a provider or facility for approval of a health care service or prescription drug where the request is made in advance of the enrollee obtaining a health care service or prescription drug that is not required to be expedited.

NEW SECTION. **Sec. 9.** The insurance commissioner may adopt rules necessary to implement this act, including requiring submission of quantitative data to determine in-operation parity compliance.

NEW SECTION. **Sec. 10.** Sections 1 through 8 of this act take effect January 1, 2027.

NEW SECTION. **Sec. 11.** The following acts or parts of acts, as now existing or hereafter amended, are each repealed, effective January 1, 2027:

(1) RCW 48.20.580 (Mental health services—Definition—Coverage required, when) and 2020 c 228 s 2 & 2007 c 8 s 1;

(2) RCW 48.21.241 (Mental health services—Group health plans—Definition—Coverage required, when) and 2020 c 228 s 3, 2007 c 8 s 2, 2006 c 74 s 1, & 2005 c 6 s 3;

(3) RCW 48.41.220 (Mental health services—Definition—Coverage required, when) and 2020 c 228 s 4 & 2007 c 8 s 6;

(4) RCW 48.44.341 (Mental health services—Health plans—Definition—Coverage required, when) and 2020 c 228 s 5, 2007 c 8 s 3, 2006 c 74 s 2, & 2005 c 6 s 4; and

(5) RCW 48.46.291 (Mental health services—Health plans—Definition—Coverage required, when) and 2020 c 228 s 6, 2007 c 8 s 4, 2006 c 74 s 3, & 2005 c 6 s 5.

NEW SECTION. **Sec. 12.** 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."

On page 1, line 3 of the title, after "care;" strike the remainder of the title and insert "amending RCW 48.43.016, 48.43.410, 48.43.520, 48.43.535, 48.43.600, and 48.43.830; adding a new section to chapter 48.43 RCW; creating new sections; repealing RCW 48.20.580, 48.21.241, 48.41.220, 48.44.341, and 48.46.291; and providing effective dates."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1432 and advanced the bill, as amended by the Senate, to final passage.

Representative Simmons spoke in favor of the passage of the bill.

Representative Schmick spoke against the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1432, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1432, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 78; Nays, 19; Absent, 0; Excused, 1

Voting Yea: Representatives Abbarno, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dufault, Dye, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Griffey, Hackney, Hill, Hunt, Keaton, Kloba, Leavitt, Low, Macri, Manjarrez, Marshall, Mena, Mendoza, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rule, Ryu, Salahuddin, Santos, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Wylie, Ybarra, Zahn and Mme. Speaker

Voting Nay: Representatives Abell, Barkis, Barnard, Chase, Connors, Engell, Graham, Jacobsen, Klicker, Ley, McClintock, McEntire, Rude, Schmick, Schmidt, Stokesbary, Volz, Walsh and Waters

Excused: Representative Lekanoff

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1432, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 8, 2025

Mme. Speaker:

The Senate has passed HOUSE BILL NO. 1934, with the following amendment(s): 1934 AMS WILJ S2566.1

On page 2, line 18, after "(f)" strike "Investigative" and insert "((~~Investigative~~)) (i) Except as provided in (f)(ii) of this subsection, investigative"

On page 2, after line 38, insert the following:

"(ii) After the investigation is complete and the complainant has been notified of the outcome of the investigation, if an elected government official is a complainant, the name and title of such elected government official shall not be redacted from the investigatory records;"

and the same is herewith transmitted.

Sarah Bannister, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to HOUSE BILL NO. 1934 and advanced the bill, as amended by the Senate, to final passage.

Representatives Chase and Stonier spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of House Bill No. 1934, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 1934, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 92; Nays, 5; Absent, 0; Excused, 1

Voting Yea: Representatives Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hackney, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Ley, Low, Macri, Manjarrez, Marshall, McClintock, Mena, Morgan, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Dufault, McEntire, Mendoza and Walsh

Excused: Representative Lekanoff

HOUSE BILL NO. 1934, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

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

MESSAGE FROM THE SENATE

Tuesday, April 22, 2025

Mme. Speaker:

The Senate concurred in the House amendment(s) to the following bills and passed the bills as amended by the House:

SUBSTITUTE SENATE BILL NO. 5127
ENGROSSED SUBSTITUTE SENATE BILL NO. 5291
SUBSTITUTE SENATE BILL NO. 5408
SUBSTITUTE SENATE BILL NO. 5419
ENGROSSED SUBSTITUTE SENATE BILL NO. 5445
SENATE BILL NO. 5463
ENGROSSED SUBSTITUTE SENATE BILL NO. 5486
SUBSTITUTE SENATE BILL NO. 5503
SENATE BILL NO. 5506
ENGROSSED SUBSTITUTE SENATE BILL NO. 5525
SUBSTITUTE SENATE BILL NO. 5556
ENGROSSED SUBSTITUTE SENATE BILL NO. 5627
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5651
ENGROSSED SENATE BILL NO. 5721

and the same are herewith transmitted.

Sarah Bannister, Secretary

MESSAGE FROM THE SENATE

Tuesday, April 22, 2025

Mme. Speaker:

The President 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.

Sarah Bannister, Secretary

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

SECOND READING

ENGROSSED SUBSTITUTE SENATE BILL NO. 5390, Stanford and Noblesby Senate Committee on Ways & Means (originally sponsored by Stanford and Nobles)

Concerning the discover pass and distributions.

The bill was read the second time.

There being no objection, the committee striking amendment by the Committee on Appropriations was not adopted. For Committee amendment, see Journal, Day 86, Tuesday, April 8, 2025.

Representative Ryu moved the adoption of the striking amendment (1018):

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.

Representative Walsh moved the adoption of amendment (1093) to the striking amendment (1018):

On page 1, beginning on line 3 of the striking amendment, strike all of section 1

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

On page 1, beginning on line 25 of the striking amendment, after "(2)" strike all material through "inflation" on line 29 and insert the following:

"((~~Except as provided in RCW 79A.80.110, the cost of a discover pass is thirty dollars. 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~~)) The discover pass is available at no cost, and state agencies may not charge for a discover pass"

On page 1, beginning on line 31 of the striking amendment, after "activation." strike all material through "79A.80.100." on page 2, line 4, and insert the following:

"((~~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.~~))"

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

On page 2, beginning on line 7 of the striking amendment, after "pass." strike all material through "$50" on line 12 and insert the following:

"((~~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.~~))"

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

On page 8, beginning on line 1 of the striking amendment, strike all of section 6

On page 9, after line 2, insert the following:

"NEW SECTION. **Sec. 8.** RCW 79A.80.110 (Discounted passes-bulk sales) and 2013 2nd sp.s. c 15 s 4 are each repealed."

Representatives Walsh, Dye and Walsh (again) spoke in favor of the adoption of the amendment to the striking amendment.

Representative Reeves spoke against the adoption of the amendment to the striking amendment.

Amendment (1093) to the striking amendment (1018) was not adopted.

Representative Keaton moved the adoption of amendment (1075) to the striking amendment (1018):

On page 2, line 5 of the striking amendment, strike "two" and insert "((~~two~~)) three"

Representatives Keaton and Stuebe spoke in favor of the adoption of the amendment to the striking amendment.

Representative Ryu spoke against the adoption of the amendment to the striking amendment.

Amendment (1075) to the striking amendment (1018) was not adopted.

Representative Couture moved the adoption of amendment (1071) to the striking amendment (1018):

On page 2, after line 28 of the striking amendment, insert the following:

"(8) State employees who are experiencing unpaid leave as a result of legislatively directed furloughs, or whose working hours have increased as a direct result of legislatively directed furloughs in the workplace, are entitled to a discover pass at no cost. For the purposes of this subsection, "state employee" means an individual who is employed by an agency in any branch of state government."

Representatives Couture and Burnett spoke in favor of the adoption of the amendment to the striking amendment.

Representative Doglio spoke against the adoption of the amendment to the striking amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (1071) to the striking amendment (1018) and the amendment was not adopted by the following vote: Yeas, 43; Nays, 54; Absent, 0; Excused, 1

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Paul, Penner, Richards, Rude, Rule, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Timmons, Volz, Walsh, Waters and Ybarra

Voting Nay: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Dufault, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Leavitt, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Peterson, Pollet, Ramel, Reed, Reeves, Ryu, Salahuddin, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Walen, Wylie, Zahn and Mme. Speaker

Excused: Representative Lekanoff

Amendment (1071) to the striking amendment (1018) was not adopted.

Representative Engell moved the adoption of amendment (1091) to the striking amendment (1018):

On page 2, after line 28 of the striking amendment, insert the following:

"(8) A discover pass or equivalent pass is not required to access recreational lands managed by the department of natural resources or the department of fish and wildlife that do not contain buildings, structures, or other significant infrastructure. The department of natural resources and the department of fish and wildlife must determine which lands meet the definition in this subsection and post the information on their respective websites."

Representatives Engell and Engell (again) spoke in favor of the adoption of the amendment to the striking amendment.

Representative Doglio spoke against the adoption of the amendment to the striking amendment.

Amendment (1091) to the striking amendment (1018) was not adopted.

Representative Engell moved the adoption of amendment (1090) to the striking amendment (1018):

On page 7, after line 2 of the striking amendment, insert the following:

"(5) Any child who is a resident of Washington and currently enrolled in the fourth grade, or the parent or guardian of such a child on behalf of the child, is entitled to a fourth grader's pass. The holder of a fourth grader's pass is entitled to free admission to any state park."

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

Representatives Engell and Jacobsen spoke in favor of the adoption of the amendment to the striking amendment.

Representative Doglio spoke against the adoption of the amendment to the striking amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (1090) to the striking amendment (1018) and the amendment was not adopted by the following vote: Yeas, 47; Nays, 51; Absent, 0; Excused, 0

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Bernbaum, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Hunt, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Nance, Orcutt, Paul, Penner, Rude, Rule, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Tharinger, Thomas, Volz, Walsh, Waters and Ybarra

Voting Nay: Representatives Berg, Bergquist, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Kloba, Leavitt, Lekanoff, Macri, Mena, Morgan, Obras, Ormsby, Ortiz-Self, Parshley, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Ryu, Salahuddin, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Timmons, Walen, Wylie, Zahn and Mme. Speaker

Amendment (1090) to the striking amendment (1018) was not adopted.

Representative Ryu spoke in favor of the adoption of the striking amendment.

Representative Eslick spoke against the adoption of the striking amendment.

Division was demanded and the demand was sustained. The Speaker (Representative Shavers presiding) divided the House. The result was 55 - YEAS; 38 - NAYS.

The striking amendment (1018) was adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representative Ryu spoke in favor of the passage of the bill.

Representatives Burnett, Dye, Graham and Engell spoke against the passage of the bill.

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Engrossed Substitute Senate Bill No. 5390, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute Senate Bill No. 5390, as amended by the House, and the bill passed the House by the following vote: Yeas, 52; Nays, 46; Absent, 0; Excused, 0

Voting Yea: Representatives Berg, Bergquist, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Lekanoff, Macri, Mena, Morgan, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Peterson, Pollet, Ramel, Reed, Reeves, Ryu, Salahuddin, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Bernbaum, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Leavitt, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Paul, Penner, Richards, Rude, Rule, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Timmons, Volz, Walsh, Waters and Ybarra

ENGROSSED SUBSTITUTE SENATE BILL NO. 5390, as amended by the House, having received the necessary constitutional majority, was declared passed.

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

THIRD READING

MESSAGE FROM THE SENATE

Wednesday, April 16, 2025

Mme. Speaker:

The Senate has passed SUBSTITUTE HOUSE BILL NO. 1709, with the following amendment(s): 1709-S AMS EDU S2396.1

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1)(a) The legislature recognizes that not every public school has a full-time school nurse and that

there are restrictions on who can provide nursing care, including medication administration, to students.

(b) The legislature further recognizes that parent-designated adults are volunteers, who may be school employees, and who provide care for the student consistent with the student's individual health plan. Legislation enacted in 2002 authorized parent-designated adults to provide care for students with diabetes. Legislation enacted in 2013 authorized parent-designated adults to provide care for students with seizure disorders, including epilepsy.

(2) The legislature finds that adrenal insufficiency is a rare condition in which the adrenal glands do not produce enough cortisol. If cortisol levels drop too low, which can happen when a person is stressed, ill, or injured, a person will experience abdominal pain, fatigue, dizziness, and ultimately go into shock. Acute severe adrenal insufficiency is a life-threatening situation that requires emergency treatment with cortisol or similar medication to prevent shock or other severe complications.

(3) Therefore, the legislature intends to authorize parent-designated adults to provide care for students with adrenal insufficiency.

NEW SECTION. **Sec. 2.** A new section is added to chapter 28A.210 RCW to read as follows:

(1) School districts shall provide individual health plans for students with adrenal insufficiency, subject to the following conditions:

(a) The board of directors of the school district shall adopt and periodically revise policies governing the care of students with adrenal insufficiency. At a minimum, the policies must address:

(i) The acquisition of parent requests and instructions;

(ii) The acquisition of orders from licensed health professionals prescribing within the scope of their prescriptive authority for monitoring and treatment of adrenal insufficiency at school;

(iii) The provision for storage of medical equipment and medication provided by the parent;

(iv) The establishment of necessary exceptions to school policies to accommodate the specific needs of students with adrenal insufficiency, as described in the students' individual health plan;

(v) The development of emergency care plans;

(vi) The distribution of individual health plans and emergency care plans to appropriate staff based on the students' needs and staff level of contact with the student;

(vii) The possession of legal documents for parent-designated adults to provide care, if needed; and

(viii) The updating of the individual health plan at least annually;

(b) The administration of medications under the policies required in (a) of this subsection (1) must also comply with conditions outlined in RCW 28A.210.260; and

(c) The policies required by (a) of this subsection (1) may be incorporated into school district policies related broadly to students with health conditions or those concerning parent-designated adults.

(2)(a) Parents of a child with adrenal insufficiency who assign a parent-designated adult to care for the child shall authorize the parent-designated adult to perform procedures consistent with the child's individual health plan.

(b) Parent-designated adults must complete training selected by the child's parents in the proper procedures to care for the child, including in the administration of an emergency injection of corticosteroid during an adrenal crisis, that are consistent with the child's individual health plan. The training may be provided by an organization that offers training for staff caring for students with adrenal insufficiency or an organization that offers training for caretakers of children with adrenal insufficiency.

(c) To be eligible to be a parent-designated adult for a child with adrenal insufficiency, a school district employee not licensed under chapter 18.79 RCW shall file, without coercion by the employer, a voluntary written, current, and unexpired letter of intent stating the employee's willingness to be a parent-designated adult. If a school district employee who is not licensed under chapter 18.79 RCW chooses not to file a letter under this section, the employee may not be subject to any employer reprisal or disciplinary action for refusing to file a letter.

(3)(a) For the purposes of this section, "parent-designated adult" means an adult who: (i) Is authorized by the parents of a child with adrenal insufficiency to provide care for the child consistent with the child's individual health plan; (ii) volunteers for the designation; (iii) receives additional training selected by the parents; and (iv) provides care for the child consistent with the child's individual health plan.

(b) A parent-designated adult may be a school district employee.

(4) Nothing in this section is intended to supersede or otherwise modify nurse delegation requirements established in RCW 18.79.260.

(5) This section applies beginning with the 2025-26 school year.

Sec. 3. RCW 28A.210.350 and 2021 c 29 s 3 are each amended to read as follows:

A school district, school district employee, agent, or parent-designated adult who, acting in good faith and in substantial compliance with the student's individual health plan and the instructions of the student's licensed health care professional, provides assistance or services under RCW 28A.210.330 ((~~or~~)), 28A.210.355, or section 2 of this act shall not be liable in any criminal action or for civil damages in his or her individual or marital or governmental or corporate or other capacities as a result of the services provided under RCW 28A.210.330 to students with diabetes ((~~or~~)), under RCW 28A.210.355 to students

with epilepsy or other seizure disorders, or under section 2 of this act to students with adrenal insufficiency."

On page 1, line 2 of the title, after "adults;" strike the remainder of the title and insert "amending RCW 28A.210.350; adding a new section to chapter 28A.210 RCW; and creating a new section."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1709 and advanced the bill, as amended by the Senate, to final passage.

Representatives Stonier and Keaton spoke in favor of the passage of the bill.

MOTION

On motion of Representative Leavitt, Representative Morgan was excused.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1709, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1709, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 1

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dufault, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hackney, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Lekanoff, Ley, Low, Macri, Manjarrez, Marshall, McClintock, McEntire, Mena, Mendoza, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Walsh, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Excused: Representative Morgan

SUBSTITUTE HOUSE BILL NO. 1709, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Wednesday, April 16, 2025

Mme. Speaker:

The Senate has passed SUBSTITUTE HOUSE BILL NO. 1670, with the following amendment(s): 1670-S AMS SLAT S3110.1

On page 2, line 5, after "to" strike "sections 3 through 5" and insert "section 3"

On page 3, beginning on line 7, strike all of sections 4 and 5

Correct any internal references accordingly.

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1670 and advanced the bill, as amended by the Senate, to final passage.

Representatives Hunt and Stuebe spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1670, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1670, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 1

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dufault, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hackney, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Lekanoff, Ley, Low, Macri, Manjarrez, Marshall, McClintock, McEntire, Mena, Mendoza, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Walsh, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Excused: Representative Morgan

SUBSTITUTE HOUSE BILL NO. 1670, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 15, 2025

Mme. Speaker:

The Senate has passed HOUSE BILL NO. 1731, with the following amendment(s): 1731 AMS LAW S2401.1

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 63.26.040 and 1988 c 226 s 6 are each amended to read as follows:

(1) When a museum or historical society is required to give notice of abandonment of property or of termination of a loan, the museum or historical society shall ((~~mail such~~))send an initial notice by certified mail, return receipt requested, to the last known owner at the most recent address of such owner as shown on the museum's or society's records. If the museum or society has no address on record, or the museum or society does not receive written proof of receipt of the mailed notice within

((~~thirty~~))30 days of the date the notice was mailed, the museum or society shall ((~~publish~~))provide notice, at least once each week for ((~~two~~))three consecutive weeks, ((~~in a newspaper of general circulation in both the county in which the museum is located and the county in which the last known address, if available, of the owner is located~~))using one or more of the following methods:

(a) Posting on a publicly accessible page on its official website;

(b) Sending an email from an organizational email address to any known email addresses of the owner or any publicized email lists;

(c) Posting on the official social media accounts of the museum or society;

(d) Physically posting a notice in a public space at the museum's or society's primary location, such as a lobby or other area accessible to visitors;

(e) Documenting a phone call attempt to any known phone numbers of the owner; or

(f) Any other electronic communication methods reasonably expected to reach the owner or interested parties.

(2) The ((~~published~~)) notice, whether digital or printed, shall contain the following:

(a) A description of the unclaimed property;

(b) The name and last known address of the owner;

(c) A request that all persons who may have any knowledge of the whereabouts of the owner provide written notice to the museum or society; and

(d) A statement that if written assertion of title is not presented by the owner to the museum or society within ninety days from the date of the second ((~~published~~)) notice, the property shall be deemed abandoned or donated and shall become the property of the museum or society.

(3) For purposes of this chapter, if the loan of property was made to a branch of a museum or society, the museum or society is deemed to be located in the county in which the branch is located. Otherwise the museum or society is located in the county in which it has its principal place of business.

(4)(a) When property is found in the collection of a museum or historical society without donor documentation or when property is abandoned at a museum or historical society without the donor's identity being provided, the museum or historical society shall follow a process to establish ownership of the property. The process must include an unknown donor notification, where notice is given to the public through at least one of the following methods:

(i) Posting on a publicly accessible page on the museum's or society's official website; or

(ii) Physically posting a notice in a public space at the museum's or society's primary location, such as a lobby or other area accessible to visitors.

(b) The unknown donor notification shall contain the following:

(i) A general description of the property;

(ii) A statement requesting that any person claiming ownership or having information about the possible donor contact the museum or society in writing;

(iii) Contact information for the museum or society, including an address and email address where claims or inquiries may be sent; and

(iv) A statement that if no claim or information establishing ownership is received by the museum or society within 90 days from the date of the notice, the property shall be deemed donated and shall become the property of the museum or society.

(c) Any person claiming ownership of the property must provide proof of ownership in writing to the museum or historical society.

Sec. 2. RCW 63.26.020 and 1988 c 226 s 4 are each amended to read as follows:

Any property held by a museum or historical society within the state, other than by terms of a loan agreement, that has been held for five years or more and has remained unclaimed shall be deemed to be abandoned. Such property shall become the property of the museum or historical society if the museum or society has given notice pursuant to RCW 63.26.040 and no assertion of title has been filed for the property within ((~~ninety~~))90 days from the date of the ((~~second published~~))third notice provided.

Sec. 3. RCW 63.26.030 and 1988 c 226 s 5 are each amended to read as follows:

(1) Property subject to a loan agreement which is on loan to a museum or historical society shall be deemed to be donated to the museum or society if no claim is made or action filed to recover the property after termination or expiration of the loan and if the museum or society has given notice pursuant to RCW 63.26.040 and no assertion of title has been filed within ((~~ninety~~))90 days from the date of the ((~~second published~~))third notice provided.

(2) A museum or society may terminate a loan of property if the property was loaned to the museum or society for an indefinite term and the property has been held by the museum or society for five years or more. Property on "permanent loan" shall be deemed to be loaned for an indefinite term.

(3) If property was loaned to the museum or society for a specified term, the museum or society may give notice of termination of the loan at any time after expiration of the specified term.

(4) It is the responsibility of the owner of property on loan to a museum or society to notify the museum or society promptly in writing of any change of address or change in ownership of the property.

(5) When a museum or society accepts a loan of property, the museum or society shall inform the owner in writing of the provisions of this chapter.

Sec. 4. RCW 63.26.050 and 1988 c 226 s 7 are each amended to read as follows:

(1) If no written assertion of title has been presented by the owner to the museum or society within ((~~ninety~~))90 days from the date of the ((~~second published~~))third notice

provided, title to the property shall vest in the museum or historical society, free of all claims of the owner and of all persons claiming under the owner.

(2) One who purchases or otherwise acquires property from a museum or historical society acquires good title to the property if the museum or society has acquired title to the property under this chapter."

On page 1, line 2 of the title, after "society;" strike the remainder of the title and insert "and amending RCW 63.26.040, 63.26.020, 63.26.030, and 63.26.050."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to HOUSE BILL NO. 1731 and advanced the bill, as amended by the Senate, to final passage.

Representatives Waters and Taylor spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of House Bill No. 1731, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 1731, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 1

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dufault, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hackney, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Lekanoff, Ley, Low, Macri, Manjarrez, Marshall, McClintock, McEntire, Mena, Mendoza, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Walsh, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Excused: Representative Morgan

HOUSE BILL NO. 1731, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Wednesday, April 16, 2025

Mme. Speaker:

The Senate has passed ENGROSSED SUBSTITUTE HOUSE BILL NO. 2015, with the following amendment(s): 2015-S.E AMS ENGR S2749.E

Strike everything after the enacting clause and insert the following:

"PART I
Local Law Enforcement Grant Program

NEW SECTION. **Sec. 101.** A new section is added to chapter 43.101 RCW to read as follows:

GRANT PROGRAM. (1) Subject to the availability of amounts appropriated for this specific purpose, including amounts appropriated from the supplemental criminal justice account created in section 104 of this act, the commission shall develop and implement a local law enforcement grant program for the purpose of providing direct support to local and tribal law enforcement agencies in hiring, retaining, and training law enforcement officers, peer counselors, and behavioral health personnel working in co-response to increase community policing and public safety.

(2) Under this section, the commission shall:

(a) Establish the policies for applications and publish them on the commission's website;

(b) Establish the procedures for submitting the grant applications and publish them on the commission's website;

(c) Establish and publish on the commission's website the criteria for evaluating and selecting grant recipients; and

(d) Create a grant application form that local and tribal law enforcement agencies must use to apply for grant funding.

(3) The grants under the local law enforcement grant program must be awarded to local and tribal law enforcement agencies based on their submittals to the commission. To qualify for a grant pursuant to this section, a law enforcement agency must have:

(a) Issued and implemented policies and practices consistent with RCW 43.17.425 and 10.93.160, and the office of the attorney general's keep Washington working act guide, model policies, and training recommendations for state and local law enforcement agencies;

(b) Participated in commission training as required by RCW 43.101.455 and 36.28A.445;

(c) Issued and implemented policies and practices regarding use of force and de-escalation tactics consistent with RCW 10.120.030 and the office of the attorney general's model policies, and all other commission and attorney general model policies regarding use of force for law enforcement including, but not limited to, duty to intervene and training and use of canine teams;

(d) Implemented use of force data collection and reporting consistent with chapters 10.118 and 10.120 RCW when the program is operational, as confirmed by a notice from the attorney general's office to all police chiefs and sheriffs;

(e) Issued and implemented policies and practices consistent with chapters 7.105 and 9.41 RCW and the commission model policies and training addressing firearm relinquishment pursuant to court orders;

(f) A 25 percent officer completion rate with the commission's 40-hour crisis intervention team training;

(g) A 100 percent officer compliance rate for those officers required to complete trauma-informed, gender-based violence interviewing, investigation, response, and

case review training developed or approved by the commission pursuant to RCW 43.101.272 and 43.101.276, and if requested by the commission, participated in agency case reviews;

(h) Except as it applies to tribal law enforcement agencies, received funding from a sales and use tax authorized pursuant to RCW 82.14.340 or 82.14.450, or authorized pursuant to section 201 of this act before the awarding of the grant;

(i) A chief of police, marshal, or sheriff who is certified by the criminal justice training commission pursuant to this chapter and who has not:

(i) Been convicted of a felony anywhere in the United States or under foreign law; or

(ii) Been convicted of a gross misdemeanor involving moral turpitude, dishonesty, fraud, or corruption; and

(j) Issued and implemented policies and practices that prohibit volunteers who assist with agency work from enforcing criminal laws, other than for assistance with special event traffic and parking, including engaging in pursuits, detention, arrests, the use of force, or the use of deadly force; carrying or the use of firearms or other weapons; or the use of dogs to track people or animals other than for purposes of search and rescue; and that set forth the required supervision of volunteers, including that they must be clearly identifiable by the public as distinguishable from peace officers and any identifying insignia must be officially issued by the agency and used only when on duty.

(4) In verifying the applicant's compliance with subsection (3) of this section, the commission shall assess the qualifications of the applicant agency under subsection (3)(a) and (c) of this section in consultation with the office of the attorney general.

(5) In addition to the requirements of subsection (3) of this section, in order to qualify for a grant pursuant to this section, a law enforcement agency must provide the commission, at time of application for grant moneys, a detailed staffing plan specifying the following:

(a) The total number of commissioned officers currently employed by the agency;

(b) The total number of specially commissioned officers currently employed by the agency;

(c) The total number of co-response teams established within the agency and what staffing are included in each co-response team;

(d) The total number of administrative staff currently employed by the agency;

(e) The number of officers on flexible work schedules;

(f) The average 911 response rate of the agency over the 12-month period immediately preceding the month in which the agency is applying for the grant; and

(g) The average case closure rate of the agency over the 12-month period immediately preceding the month in which the agency is applying for the grant.

(6) The commission may provide an advance on grant funding to a law enforcement agency that does not qualify under subsection (3)(b), (f), or (g) of this section, but who otherwise meets the grant application criteria established by the commission in subsection (2) of this section. Funds advanced under this subsection must be used by the agency to cover the costs of sending officers to the trainings required under subsection (3) of this section, including any overtime costs.

(7) Grant funding awarded to local and tribal law enforcement agencies may only be used for the purposes of:

(a) Recruiting, funding, and retaining new law enforcement officers from the community in which the officer will be working, and recruiting, funding, and retaining new county corrections officers, peer counselors, and behavioral health personnel working in co-response in Washington state. Grants may provide up to 75 percent of the entry-level salaries and fringe benefits of full-time local or tribal law enforcement officers for a maximum of 36 months, with a minimum 25 percent local cash match requirement and a maximum state share of $125,000 per position. Any additional costs for salaries and benefits higher than entry level are the responsibility of the grant recipient agency. Recruiting lateral hires is not a permissible use of funds under this section;

(b) Funding use of force, de-escalation, crisis intervention, and trauma-informed trainings for officers to remain in compliance with the commission's required trainings; and

(c) Funding broader law enforcement and public safety efforts including, but not limited to, emergency management planning, environmental hazard mitigations, security personnel, community outreach and assistance programs, alternative response programs, and mental health crisis response.

(8) In selecting grant recipients, the commission shall prioritize those law enforcement agency applicants in the following order:

(a) Those who are seeking grants to establish co-response teams or community immersion law enforcement programs;

(b) Those who currently maintain co-response teams and are seeking grants to hire additional law enforcement officers;

(c) All other applicants.

(9) This section expires June 30, 2028.

NEW SECTION. **Sec. 102.** CRIMINAL JUSTICE TRAINING COMMISSION REPORTING. (1) Effective July 21, 2026, and annually thereafter on July 31st, the criminal justice training commission must report to the fiscal committees of the legislature on:

(a) The total count of law enforcement grant applications received by the commission by fiscal year;

(b) The total count of law enforcement officer positions applied for by fiscal year;

(c) The total count of grant funding requested by fiscal year;

(d) The name of each law enforcement entity that applied for the grant, how many officers they requested funding for, and how

much state funding they requested by fiscal year; and

(e) The count of grants awarded, to include the name of each law enforcement entity that was an award recipient for the grant, how many officers they received funding for, and how much state funding they were awarded by fiscal year.

(2) This section expires December 31, 2029.

NEW SECTION. **Sec. 103.** A new section is added to chapter 36.28A RCW to read as follows:

WASHINGTON ASSOCIATION OF SHERIFFS AND POLICE CHIEFS REPORTING. (1) The Washington association of sheriffs and police chiefs shall complete a report on law enforcement personnel employed as general authority Washington peace officers, as defined in RCW 10.93.020, over time for each local law enforcement agency in Washington state. The report must include data points for each local law enforcement agency on July 1, 2020, July 1, 2021, July 1, 2022, July 1, 2023, July 1, 2024, and July 1, 2025, on the:

(a) Count of general authority Washington peace officer positions;

(b) Count of filled general authority Washington peace officer positions;

(c) Count of vacant general authority Washington peace officer positions; and

(d) Count of retirements of general authority Washington peace officer positions over the past 12 calendar months.

(2) Using data from subsection (1) of this section, the report must also include a table to show the above data and in turn the vacancy rates and turnover rates for each local law enforcement agency, as well as a compiled statewide view of vacancy and turnover rates for general authority Washington peace officer positions year over year.

(3) The report is due to the governor and fiscal committees of the legislature by January 1, 2026.

(4) This section expires July 1, 2026.

NEW SECTION. **Sec. 104.** SUPPLEMENTAL CRIMINAL JUSTICE ACCOUNT. (1) The supplemental criminal justice account is created in the state treasury. All receipts from legislative appropriations, donations, gifts, grants, and funds from federal or private sources must be deposited into the account. Expenditures from the account must be used exclusively for local law enforcement grants authorized in section 101 of this act for the purpose of providing direct support to local and tribal law enforcement agencies in hiring, retaining, and training law enforcement officers, peer counselors, and behavioral health personnel working in co-response to increase community policing and public safety. Only the criminal justice training commission or the commission's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW. Moneys in the account may be spent only after appropriation. Moneys may not be used to supplant general fund appropriations.

(2) This section expires June 30, 2028.

PART II
Local Sales and Use Tax

NEW SECTION. **Sec. 201.** A new section is added to chapter 82.14 RCW to read as follows:

LOCAL SALES AND USE TAX. (1)(a) By June 30, 2028, the legislative authority of a qualified city or county may authorize, by resolution or ordinance, a sales and use tax in accordance with the terms of this chapter. The resolution or ordinance must include a finding that the city or county has met the requirements under (c) of this subsection.

(b) If a city or county legislative authority has not adopted a resolution or ordinance to impose the tax under (a) of this subsection by June 30, 2028, the city or county may submit an authorizing proposition to the city or county voters at a primary or general election, and if the proposition is approved by the majority of persons voting, impose the sales and use tax under this section.

(c) A qualified city or county may impose the tax authorized under this section only if the city or county meets the requirements to receive a grant under section 101 of this act. A city or county that has not issued and implemented policies and practices as required under section 101(3) and (4) of this act may not impose the tax authorized under this section.

(d) To establish that the city or county qualifies under (c) of this subsection, the city or county must submit documentation, in a form and manner prescribed by the criminal justice training commission, demonstrating the city or county meets the requirements of section 101 of this act. A city or county that wishes to impose the tax authorized under this section may submit documentation to the commission before the commission finalizes the form and manner of such submittals and may not be penalized for doing so. However, once the commission has established the form and manner of the submission, all cities and counties must make submissions as prescribed.

(i) If the commission, in consultation with the office of the attorney general, is unable to verify the submittal within 45 calendar days of receipt, the commission shall notify the city or county of any deficiencies.

(ii) The city or county may, at this time, and conditioned on the city or county submitting supplemental documentation rectifying the stated deficiencies, authorize the tax established under this section. The commission shall thereafter notify the city or county of any outstanding deficiencies within 45 calendar days of receipt of the supplemental documentation.

(iii) If the city or county has not rectified all deficiencies within 180 calendar days of its initial submittal under this section, as verified by the criminal justice training commission, the office of the state treasurer must withhold $100,000 of the tax collected under this section each month until the month in which the city or

county comes into compliance with the requirements of section 101 of this act as verified by the criminal justice training commission.

(e) The tax authorized in this section is in addition to any other taxes authorized by law and must be collected from those persons who are taxable by the state pursuant to chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within such city or county.

(2) The rate of tax under this section equals 0.1 percent of the selling price, in the case of a sales tax, or value of the article used, in the case of a use tax.

(3) Moneys received from the tax imposed under this section must be expended for criminal justice purposes.

(4)(a) Cities and counties who impose the tax authorized under this section shall, within one calendar year of imposition of the tax and annually thereafter, make a report to either the association of Washington cities or the Washington state association of counties on how the moneys received from the tax were expended.

(b) by December 1, 2025, and annually thereafter, the association of Washington cities and Washington state association of counties shall compile all information received pursuant to (a) of this subsection and submit a report to the appropriate committees of the legislature detailing the purposes for which each city and county expended the moneys received from the tax.

(5) For purposes of this section, the following definitions apply unless the context clearly requires otherwise.

(a) "Criminal justice purposes" means activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice and behavioral health systems occurs, and which includes:

(i) Domestic violence services, such as those provided by domestic violence programs, community advocates, and legal advocates, as those terms are defined in RCW 70.123.020;

(ii) Staffing adequate public defenders to provide appropriate defense for individuals;

(iii) Diversion programs;

(iv) Reentry work for inmates;

(v) Local government programs that have a reasonable relationship to reducing the numbers of people interacting with the criminal justice system including, but not limited to, reducing homelessness or improving behavioral health;

(vi) Community placements for juvenile offenders; and

(vii) Community outreach and assistance programs, alternative response programs, and mental health crisis response including, but not limited to, the recovery navigator program.

(b) "Qualified city or county" means either a city or county where the voters have not repealed by referendum a tax imposed pursuant to RCW 82.14.340 or rejected a ballot proposition to impose a tax pursuant to RCW 82.14.450 in the previous 12 months."

On page 1, line 3 of the title, after "tax;" strike the remainder of the title and insert "adding a new section to chapter 43.101 RCW; adding a new section to chapter 36.28A RCW; adding a new section to chapter 82.14 RCW; creating new sections; and providing expiration dates."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 2015 and advanced the bill, as amended by the Senate, to final passage.

Representative Entenman spoke in favor of the passage of the bill.

Representative Orcutt spoke against the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2015, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2015, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 55; Nays, 42; Absent, 0; Excused, 1

Voting Yea: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Chase, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Leavitt, Lekanoff, Macri, Mena, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Paul, Peterson, Pollet, Ramel, Reed, Reeves, Ryu, Salahuddin, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Penner, Richards, Rude, Rule, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Timmons, Volz, Walsh, Waters and Ybarra

Excused: Representative Morgan

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2015, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Wednesday, March 26, 2025

Mme. Speaker:

The Senate has passed SUBSTITUTE HOUSE BILL NO. 1371, with the following amendment(s): 1371-S AMS TRAN S2323.3

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 46.19.010 and 2020 c 80 s 32 are each amended to read as follows:

(1) A natural person who has a disability that meets one of the following criteria may apply for special parking privileges:

(a) Cannot walk ((~~two hundred~~))200 feet without stopping to rest;

(b) Is severely limited in ability to walk due to arthritic, neurological, or orthopedic condition;

(c) Has such a severe disability that the person cannot walk without the use of or assistance from a brace, cane, another person, prosthetic device, wheelchair, or other assistive device;

(d) Uses portable oxygen;

(e) Is restricted by lung disease to an extent that forced expiratory respiratory volume, when measured by spirometry, is less than one liter per second or the arterial oxygen tension is less than ((~~sixty~~))60 mm/hg on room air at rest;

(f) Impairment by cardiovascular disease or cardiac condition to the extent that the person's functional limitations are classified as class III or IV under standards accepted by the American heart association;

(g) Has a disability resulting from an acute sensitivity to automobile emissions that limits or impairs the ability to walk. The personal physician, advanced registered nurse practitioner, or physician assistant of the applicant shall document that the disability is comparable in severity to the others listed in this subsection;

(h) Has limited mobility and has no vision or whose vision with corrective lenses is so limited that the person requires alternative methods or skills to do efficiently those things that are ordinarily done with sight by persons with normal vision;

(i) Has an eye condition of a progressive nature that may lead to blindness; ((~~or~~))

(j) Is restricted by a form of porphyria to the extent that the applicant would significantly benefit from a decrease in exposure to light; or

(k) Is a veteran, as defined in RCW 41.04.007, who has a 70 percent or higher disability rating from the United States armed forces or United States department of veterans affairs and uses a service animal as defined in 28 C.F.R. 35.104.

(2) The disability in subsection (1)(a) through (j) of this section must be determined by either:

(a) A licensed physician;

(b) An advanced registered nurse practitioner licensed under chapter 18.79 RCW; or

(c) A physician assistant licensed under chapter 18.71A RCW.

(3) A health care practitioner listed under subsection (2) of this section who is authorizing a parking permit for purposes of this chapter must provide a signed written authorization: On a prescription pad or paper, as defined in RCW 18.64.500; on office letterhead; or by electronic means, as described by the director in rule.

((~~(4) The application for special parking privileges for persons with disabilities must contain:~~

~~(a) The following statement immediately below the physician's, advanced registered nurse practitioner's, or physician assistant's signature: "A parking permit for a person with disabilities may be issued only for a medical necessity that severely affects mobility or involves acute sensitivity to light (RCW 46.19.010). An applicant or health care practitioner who knowingly provides false information on this application is guilty of a gross misdemeanor. The penalty is up to three hundred sixty-four days in jail and a fine of up to $5,000 or both. In addition, the health care practitioner may be subject to sanctions under chapter 18.130 RCW, the Uniform Disciplinary Act"; and~~

~~(b) Other information as required by the department.~~

~~(5) A natural person who has a disability described in subsection (1) of this section and is expected to improve within twelve months may be issued a temporary placard for a period not to exceed twelve months. If the disability exists after twelve months, a new temporary placard must be issued upon receipt of a new application with certification from the person's physician as prescribed in subsections (3) and (4) of this section. Special license plates for persons with disabilities may not be issued to a person with a temporary disability.~~

~~(6) A natural person who qualifies for special parking privileges under this section must receive an identification card showing the name and date of birth of the person to whom the parking privilege has been issued and the serial number of the placard.~~

~~(7) A natural person who qualifies for permanent special parking privileges under this section may receive one of the following:~~

~~(a) Up to two parking placards;~~

~~(b) One set of special license plates for persons with disabilities if the person with the disability is the registered owner of the vehicle on which the license plates will be displayed;~~

~~(c) One parking placard and one set of special license plates for persons with disabilities if the person with the disability is the registered owner of the vehicle on which the license plates will be displayed; or~~

~~(d) One special parking year tab for persons with disabilities and one parking placard.~~

~~(8) Parking placards and identification cards described in this section must be issued free of charge.~~

~~(9) The parking placard and identification card must be immediately returned to the department upon the placard holder's death.~~))

NEW SECTION. **Sec. 2.** A new section is added to chapter 46.19 RCW to read as follows:

(1) The application for special parking privileges for persons with disabilities must contain:

(a) The following statement immediately below the physician's, advanced registered nurse practitioner's, or physician assistant's signature: "A parking permit for a person with disabilities may be issued only for a medical necessity that severely affects mobility or involves acute sensitivity to light (RCW 46.19.010). An applicant or health care practitioner who knowingly provides false information on this application is guilty of a gross

misdemeanor. The penalty is up to 364 days in jail and a fine of up to $5,000 or both. In addition, the health care practitioner may be subject to sanctions under chapter 18.130 RCW, the Uniform Disciplinary Act"; and

(b) Other information as required by the department.

(2) A natural person who has a disability described in RCW 46.19.010(1) and is expected to improve within 12 months may be issued a temporary placard for a period not to exceed 12 months. If the disability exists after 12 months, a new temporary placard must be issued upon receipt of a new application with certification from the person's physician as prescribed in RCW 46.19.010(3) and subsection (1) of this section. Special license plates for persons with disabilities may not be issued to a person with a temporary disability.

(3) A natural person or veteran who qualifies for special parking privileges under this section must receive an identification card showing the name and date of birth of the person to whom the parking privilege has been issued and the serial number of the placard.

(4) A natural person or veteran who qualifies for permanent special parking privileges under RCW 46.19.010 may receive one of the following:

(a) Up to two parking placards;

(b) One set of special license plates for persons with disabilities if the person with the disability is the registered owner of the vehicle on which the license plates will be displayed;

(c) One parking placard and one set of special license plates for persons with disabilities if the person with the disability is the registered owner of the vehicle on which the license plates will be displayed; or

(d) One special parking year tab for persons with disabilities and one parking placard.

(5) Parking placards and identification cards described in this section must be issued free of charge.

(6) The parking placard and identification card must be immediately returned to the department upon the placard holder's death.

(7) This section expires October 1, 2035.

Sec. 3. RCW 46.19.040 and 2014 c 124 s 5 are each amended to read as follows:

(1) Parking privileges for persons with disabilities must be renewed at least every five years, as required by the director, by satisfactory proof of the right to continued use of the privileges. Satisfactory proof must include a signed written authorization from a health care practitioner as required in RCW 46.19.010(3) or proof that the applicant satisfies the criteria of RCW 46.19.010(1)(k). Parking privileges for qualifying veterans issued pursuant to RCW 46.19.010(1)(k) or renewed under this subsection, between October 1, 2030, and October 1, 2035, are valid for the entire five-year period.

(2) The department shall match and purge its database of parking permits issued to persons with disabilities with available death record information at least every ((~~twelve~~))12 months.

(3) The department shall adopt rules to administer the parking privileges for persons with disabilities program, including any documentation or materials required for a veteran to satisfy the criteria under RCW 46.19.010(1)(k).

(4) The department shall report to the appropriate committees of the legislature the number of veterans who qualify and apply for special parking privileges under RCW 46.19.010(1)(k) and receive an identification card and parking placards, special license plates, or tabs as described under section 2 (3) or (4) of this act by December 31, 2026, and by December 31, 2034.

Sec. 4. RCW 41.04.007 and 2024 c 146 s 3 are each amended to read as follows:

"Veteran" includes every person who, at the time he or she seeks the benefits of RCW 46.18.212, 46.18.235, 46.19.010, 72.36.030, 41.04.010, 73.04.090, or 43.180.250, has received a qualifying discharge as defined in RCW 73.04.005, and who has served in at least one of the following capacities:

(1) As a member in any branch of the armed forces of the United States, including the national guard and armed forces reserves, and has fulfilled his or her initial military service obligation;

(2) As a member of the women's air forces service pilots;

(3) As a member of the armed forces reserves, national guard, or coast guard, and has been called into federal service by a presidential select reserve call up for at least one hundred eighty cumulative days;

(4) As a civil service crewmember with service aboard a U.S. army transport service or U.S. naval transportation service vessel in oceangoing service from December 7, 1941, through December 31, 1946;

(5) As a member of the Philippine armed forces/scouts during the period of armed conflict from December 7, 1941, through August 15, 1945; or

(6) A United States documented merchant mariner with service aboard an oceangoing vessel operated by the department of defense, or its agents, from both June 25, 1950, through July 27, 1953, in Korean territorial waters and from August 5, 1964, through May 7, 1975, in Vietnam territorial waters, and who received a military commendation.

NEW SECTION. **Sec. 5.** This act takes effect October 1, 2025.

NEW SECTION. **Sec. 6.** Sections 1, 3, and 4 of this act expire October 1, 2035."

On page 1, line 1 of the title, after "veterans;" strike the remainder of the title and insert "amending RCW 46.19.010, 46.19.040, and 41.04.007; adding a new section to chapter 46.19 RCW; providing an effective date; and providing expiration dates."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1371 and advanced the bill, as amended by the Senate, to final passage.

Representatives Orcutt and Donaghy spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1371, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1371, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 97; Nays, 0; Absent, 0; Excused, 1

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dufault, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hackney, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Lekanoff, Ley, Low, Macri, Manjarrez, Marshall, McClintock, McEntire, Mena, Mendoza, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Walsh, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Excused: Representative Morgan

SUBSTITUTE HOUSE BILL NO. 1371, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 15, 2025

Mme. Speaker:

The Senate has passed SECOND SUBSTITUTE HOUSE BILL NO. 1462, with the following amendment(s): 1462-S2 AMS WM S2797.1

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature finds that:

(a) The Kigali amendment to the Montreal protocol and the American innovation and manufacturing act of 2020 (42 U.S.C. Sec. 7675), establish phased reductions in hydrofluorocarbon production and consumption but leave gaps in ensuring widespread use of reclaimed refrigerants and managing refrigerants at the end of their life cycle; and

(b) State action is urgently needed to complement federal and international efforts by promoting refrigerant recovery, reclamation, and the transition to climate-friendly refrigerants with lower or no global warming potential, through regulations and market-based incentives.

(2) It is the intent of the legislature to:

(a) Study feasible pathways to an expeditious transition of new equipment by 2035 to low global warming potential refrigerants of less than 150 carbon dioxide equivalents and ultra-low global warming potential refrigerants of less than 10 carbon dioxide equivalents;

(b) Support the development of robust refrigerant recovery infrastructure and foster public-private partnerships to promote the reclamation and reuse of refrigerants;

(c) Establish a clear regulatory framework for reducing emissions from refrigerants through phased limitations on high global warming potential substances and increasing recovery and use of reclaimed refrigerants; and

(d) Enhance industry compliance and stakeholder collaboration through education, training, and financial incentives, ensuring alignment with national and international climate objectives.

NEW SECTION. **Sec. 2.** A new section is added to chapter 70A.60 RCW to read as follows:

(1) It is prohibited to sell, distribute, or otherwise enter into commerce in the state newly produced bulk hydrofluorocarbons or newly produced bulk hydrofluorocarbon blends that:

(a) Have a global warming potential that exceeds 1,500, beginning January 1, 2030; and

(b) Have a global warming potential that exceeds 750, beginning January 1, 2033.

(2)(a) The department shall adopt rules to implement the requirements of this section.

(b) The department may adopt by rule lower global warming potential limits than are specified in subsection (1) of this section, or earlier dates for global warming potential limits than are specified in subsection (1) of this section, provided the department finds that an adequate supply of reclaimed refrigerant would be available in the state to accommodate any such change to the requirements of subsection (1) of this section.

(c) When adopting rules to conform to this section, the department may update the definitions of terms used in this section, including the definitions of "bulk" and "reclaim" in RCW 70A.60.010, in order to maintain consistency with federal regulations or to harmonize the department's rules with similar requirements adopted by other jurisdictions.

(d) In adopting rules to implement the provisions of this section, the department must consider and may incorporate factors that minimize or potentially eliminate disincentives and maximize or potentially incentivize the recovery of refrigerant and its reclamation or destruction including, but not limited to, prohibiting fees for destroying recovered refrigerant.

(3)(a) The prohibitions established under this section do not apply to:

(i) Hydrofluorocarbons that are reclaimed;

(ii) An application receiving application-specific allowances under subsection (e)(B) of the American innovation and manufacturing act of 2020 (42 U.S.C. Sec. 7675);

(iii) Hydrofluorocarbons and hydrofluorocarbon blends regulated for use in aircraft maintenance or on board aircraft by the federal aviation administration, department of defense, or other equivalent authorities; or

(iv) Transshipments of bulk newly produced hydrofluorocarbons and hydrofluorocarbon blends.

(b) For newly produced bulk hydrofluorocarbon blends, the global warming potential limits of this section apply to the global warming potential of the blend and not to any individual component of such a blend.

(4) The department may adopt rules to provide for:

(a)(i) A temporary exemption for a newly produced bulk hydrofluorocarbon or a newly produced bulk hydrofluorocarbon blend where the department determines complying with a requirement of this section is technically or economically infeasible.

(ii) An exemption granted by the department under (a)(i) of this subsection may not exceed three years and must be conditional upon the exemption recipient carrying out a plan, on an enforceable timeline, to meet the requirements of this section. Each exemption granted by the department shall end after three years unless, at least six months prior to the expiration of the exemption, the exemption recipient submits a request for extension with justification. The department may determine whether to renew or modify the exemption based on its review of the request for extension.

(b)(i) Up to a 30 calendar day emergency exemption to an applicant registered under RCW 70A.60.030 for purchasing a specific quantity of a newly produced bulk hydrofluorocarbon or a newly produced bulk hydrofluorocarbon blend. The department must issue this exemption within three business days of receiving an exemption application, where the applicant demonstrates:

(A) There is an emergency in which loss of refrigerating capacity in an existing system will cause substantial economic loss or risk to health;

(B) Repairs to the system will require it being recharged with hydrofluorocarbon refrigerants;

(C) The price or availability of reclaimed hydrofluorocarbons or hydrofluorocarbon blends at the time of repair makes the repair technically or economically infeasible; and

(D) It can purchase a newly produced bulk hydrofluorocarbon or newly produced bulk hydrofluorocarbon blend in a sufficient quantity to meet the emergency need.

(ii) The department may not authorize the purchase of a newly produced bulk hydrofluorocarbon or newly produced bulk hydrofluorocarbon blend in a larger quantity than the amount needed to make emergency repairs, which must not exceed the total refrigerant charge for the system.

(5) A violation of the requirements of this section are subject to penalties as provided in chapter 70A.15 RCW.

NEW SECTION. **Sec. 3.** A new section is added to chapter 70A.60 RCW to read as follows:

(1) The department must establish a refrigerant transition task force to study opportunities and barriers to transitioning to climate-friendly refrigerants and enhancing refrigerant recovery, recycling, reclamation, and destruction.

(a) By July 1, 2026, the department must appoint members of the task force. All representatives must disclose to the department all material financial interests related to the work of the task force, including funding sources for their work.

(b) Starting no later than June 1, 2027, for a period extending at least 60 days, the department must make available a draft of the task force report required in subsection (4) of this section for public input and comment.

(c) The department must submit the task force report required in subsection (4) of this section to the appropriate committees of the legislature no later than December 1, 2027.

(2) The task force must be chaired by a representative of the department and must consist of the following members appointed by the department:

(a) One representative from the private sector or a private sector trade association with expertise in installing, servicing, repairing, and decommissioning refrigeration and air conditioning equipment;

(b) One representative from the private sector or a private sector trade association with expertise in refrigerant recovery and reclamation;

(c) One representative from the private sector or a private sector trade association with expertise in manufacturing refrigeration and air conditioning equipment and the distribution and sale thereof;

(d) One Washington state representative from the private sector or a private sector trade association that installs and services either air conditioning or refrigeration equipment, or both;

(e) Three representatives from environmental nonprofit organizations with familiarity with the climate risks of hydrofluorocarbons;

(f) One representative of Washington agricultural businesses that own or operate either air conditioning or refrigeration equipment;

(g) One representative from a labor union representing workers who install and service refrigeration and heating, ventilation, and air conditioning equipment;

(h) One representative of the state building code council with expertise in fire safety;

(i) One member representing tribal or indigenous organizations guiding decisions for purchase and operation of equipment using hydrofluorocarbons; and

(j) One representative of Washington businesses that own or operate refrigeration equipment containing more than 50 pounds of ultra-low global warming potential refrigerants.

(3) The department may invite the input of others with relevant expertise to work with the task force for one or more task force discussions including, but not limited to:

(a) A representative of environmental justice organizations;

(b) A representative for Washington independent, small or rural grocers;

(c) State agency staff with relevant expertise, potentially including the department of labor and industries and others; and

(d) Others valuable for informing one or more task force discussions.

(4)(a) The task force must draft and submit to the department a report assessing the opportunities, barriers, and recommendations for transitioning to refrigerants with low global warming potential and ultra-low global warming potential by 2035, accounting for distinctions among different types of equipment and appliances for hydrofluorocarbon-using sectors and subsectors and the timelines needed for each sector or subsector to complete such a transition.

(b) In drafting the report required in this section, each member of the task force must make a good faith effort to reach consensus on each point and provision in the report.

(c) Where one or more members of the task force object to a point or provision in the report, that member or members may provide a description of such an objection, with all such descriptions listed in an annex to the report.

(5)(a) The department shall provide administrative and operating support, including arrangements for virtual meetings, to the task force and may contract with a third-party facilitator or other consultants to assist in carrying out the activities of the task force.

(b) A majority of the task force constitutes a quorum. Action by the task force, including the inclusion of a point or provision in the report, requires a quorum and a majority of those present and voting.

(6) The department may disband the task force created in this section upon the submission of the report under subsection (1)(c) of this section.

NEW SECTION. **Sec. 4.** A new section is added to chapter 70A.60 RCW to read as follows:

(1) To achieve the transition to refrigerants with low global warming potential and ultra-low global warming potential by 2035, accounting for distinctions among different types of equipment and appliances for hydrofluorocarbon-using sectors and subsectors and the timelines needed for each sector or subsector to complete such a transition, the department shall adopt rules, informed by the work and the report of the task force, to require low global warming potential or ultra-low global warming potential alternatives to hydrofluorocarbons in a sector unless it is not practicable for entities in the sector to comply with the requirement.

(2) The department may not issue a proposed rule under chapter 34.05 RCW related to subsection (1) of this section until January 1, 2028.

(3) The department may combine rule making under this section with rule making authorized under section 2 of this act for purposes of efficiency.

Sec. 5. RCW 70A.60.010 and 2021 c 315 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)(a) "Air conditioning" means the process of treating air to meet the requirements of a conditioned space by controlling its temperature, humidity, cleanliness, or distribution.

(b)(i) "Air conditioning" includes chillers((~~, except for purposes of RCW 70A.60.020~~)).

(ii) "Air conditioning" includes heat pumps.

(c) "Air conditioning" applies to stationary air conditioning equipment and does not apply to mobile air conditioning, including those used in motor vehicles, rail and trains, aircraft, watercraft, recreational vehicles, recreational trailers, and campers.

(2) "Class I substance" and "class II substance" means those substances listed in 42 U.S.C. Sec. 7671a, as of November 15, 1990, or those substances listed in Appendix A or B of Subpart A of 40 C.F.R. Part 82, as of January 3, 2017.

(3) "Department" means the department of ecology.

(4) "Hydrofluorocarbons" means a class of greenhouse gases that are saturated organic compounds containing hydrogen, fluorine, and carbon.

(5) "Ice rink" means a frozen body of water, hardened chemicals, or both, including, but not limited to, professional ice skating rinks and those used by the general public for recreational purposes.

(6) "Manufacturer" includes any person, firm, association, partnership, corporation, governmental entity, organization, or joint venture that produces any product that contains or uses hydrofluorocarbons or is an importer or domestic distributor of such a product.

(7) "Person" means an individual, partnership, franchise holder, association, corporation, a state, a city, a county, or any subdivision or instrumentality of the state.

(8) "Refrigeration equipment" or "refrigeration system" means any stationary device that is designed to contain and use refrigerant. "Refrigeration equipment" includes refrigeration equipment used in retail food, cold storage, industrial process refrigeration and cooling that does not use a chiller, ice rinks, and other refrigeration applications.

(9) "Regulated refrigerant" means a class I or class II substance as listed in Title VI of section 602 of the federal clean air act amendments of November 15, 1990.

(10) "Residential consumer refrigeration products" has the same meaning as defined in section 430.2 of Subpart A of 10 C.F.R. Part 430 (2017).

(11) "Retrofit" has the same meaning as defined in section 152 of Subpart F of 40 C.F.R. Part 82, as that section existed as of January 3, 2017.

(12) "Substitute" means a chemical, product, or alternative manufacturing process, whether existing or new, that is used to perform a function previously performed by a class I substance or class II substance and any chemical, product, or alternative manufacturing process subsequently developed, adapted, or adopted to perform that function including, but not limited to, hydrofluorocarbons. "Substitute" does not include 2-BTP or any compound as applied to its use in aerospace fire extinguishing systems.

(13) "Bulk" means:

(a) The same as defined in 40 C.F.R. Sec. 84.3, as it existed on the effective date of this section; or

(b) An updated definition adopted by rule by the department under section 2(2)(c) of this act.

(14) "Low global warming potential" means a global warming potential of less than 150 carbon dioxide equivalents.

(15) "Newly produced refrigerant" means a refrigerant that has not been previously used, recovered, or reclaimed. Newly produced refrigerant is sometimes referred to as "virgin" refrigerant.

(16) "Reclaim" means:

(a) The reprocessing of regulated substances to all of the specifications in appendix A to 40 C.F.R. Part 82, Subpart F (based on air-conditioning, heating, and refrigeration institute standard 700-2016), as it existed on the effective date of this section, that are applicable to that regulated substance and to verify that the regulated substance meets these specifications using the analytical methodology prescribed in section 5 of appendix A to 40 C.F.R. Part 82, Subpart F, as those regulations existed on the effective date of this section, and do not contain more than 15 percent newly produced material by weight, pursuant to federal regulations at 40 C.F.R. Part 84, Subpart C, as it existed on the effective date of this section; or

(b) An updated definition adopted by rule by the department under section 2(2)(c) of this act.

(17) "Transshipment" means the shipment of a regulated substance through the state of Washington from one point outside the state of Washington to another point outside the state of Washington, as long as the shipment does not enter commerce in Washington.

(18) "Ultra-low global warming potential" means a global warming potential of less than 10 carbon dioxide equivalents.

NEW SECTION. **Sec. 6.** 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.

NEW SECTION. **Sec. 7.** 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."

On page 1, line 4 of the title, after "hydrofluorocarbons;" strike the remainder of the title and insert "amending RCW 70A.60.010; adding new sections to chapter 70A.60 RCW; creating new sections; and prescribing penalties."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 1462 and advanced the bill, as amended by the Senate, to final passage.

Representative Duerr spoke in favor of the passage of the bill.

Representative Dye spoke against the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1462, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1462, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 58; Nays, 39; Absent, 0; Excused, 1

Voting Yea: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Leavitt, Lekanoff, Macri, Mena, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Paul, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rule, Ryu, Salahuddin, Santos, Scott, Shavers, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Penner, Rude, Schmick, Schmidt, Steele, Stokesbary, Stuebe, Volz, Walsh, Waters and Ybarra

Excused: Representative Morgan

SECOND SUBSTITUTE HOUSE BILL NO. 1462, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 15, 2025

Mme. Speaker:

The Senate has passed SUBSTITUTE HOUSE BILL NO. 1460, with the following amendment(s): 1460-S AMS WM S2846.1

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 7.105.352 and 2023 c 308 s 2 are each amended to read as follows:

(1) The administrative office of the courts shall develop a program for the issuance of protection order hope cards ((~~in scannable electronic format by superior and district courts~~)). The administrative office of the courts shall develop and implement the program in collaboration with the Washington state superior court judges' association, the Washington state district and municipal court judges' association, the Washington state association of county clerks, association of Washington superior court administrators, district and municipal court management association, ((~~and~~)) the Washington association of sheriffs and police chiefs, ((~~and shall make reasonably feasible efforts to solicit and incorporate input from appropriate stakeholder groups, including representatives from victim advocacy groups,~~))the Washington supreme court gender and justice commission, representatives from gender-based violence survivor advocacy and legal assistance organizations, law enforcement agencies, and the department of licensing. The card design and program implementation must use a trauma-informed approach and prioritize protection from harm.

(2)(a) ((~~A~~))Where the clerk of the court or administrative office of the courts providing a hope card has the means and information available, a hope card must be in a scannable electronic format including, but not limited to, a barcode, data matrix code, or a quick response code, and must contain, without limitations, the following:

(i) The restrained person's name((~~,~~))and date of birth((~~, sex, race, eye color, hair color, height, weight, and other distinguishing features~~));

(ii) The protected person's or persons' name and date of birth and the names and dates of birth of any minor children protected under the order; ((~~and~~))

(iii) Information about the protection order including, but not limited to, the issuing court, the case number, and the date of issuance and date of expiration of the order((~~, and the relevant details of the order, including any locations from which the person is restrained~~)); and

(iv) To reduce risk of lethality and other harm for the petitioner, any other protected persons, and responding law enforcement officers, information about any orders prohibiting the restrained person from accessing, having custody or control, possessing, purchasing, receiving, or attempting to purchase or receive any firearms, other dangerous weapons, or concealed pistol license, including any orders to surrender and prohibit weapons or extreme risk protection orders. The information shall include, but is not limited to, the issuing court, case number, date of issuance, date of expiration, and status of compliance for each order.

(b) ((~~If feasible,~~))Where the clerk of the court or administrative office of the courts providing a hope card has the means and information available, the information stored in a scannable electronic format and accessible through a barcode, data matrix code, or a quick response code must include a digital record of the protection order as entered and provide access to the entire case history, including the petition for protection order, petition attachments, petitioner statement, declaration, temporary order, hearing notice, ((~~and~~))protections and restraints ordered, including firearm prohibitions, proof of service, proof of compliance with any order to relinquish firearms, and any violations of the order.

(3) Commencing on January 1, 2025, a person who has been issued a valid full protection order may request a hope card from the clerk of the issuing court at the time the order is entered ((~~or~~)), so that there is not a waiting period to receive the card, there are not additional steps the petitioner must later take, and so that the petitioner may be assisted by an interpreter if one was assisting the petitioner at the hearing. After the time the order is entered, a hope card may be requested at any time prior to the expiration of the order from the administrative office of the courts.

(4) A person requesting a hope card may not be charged a fee for the issuance of ((~~an original and one duplicate~~))a hope card.

(5) A hope card has the same effect as the underlying protection order.

(6) For the purposes of this section, "full protection order" ((~~means~~))has the meaning defined in RCW 7.105.010, and includes a domestic violence protection order, a sexual assault protection order, a stalking protection order, a vulnerable adult protection order, ((~~or~~)) an antiharassment protection order, or an extreme risk protection order, as defined in this chapter.

NEW SECTION. **Sec. 2.** A new section is added to chapter 2.56 RCW to read as follows:

The administrative office of the courts shall ensure that the information required in RCW 7.105.352 is provided by each court, including through use of consistent court codes, reporting mechanisms, and database entry."

On page 1, line 1 of the title, after "cards;" strike the remainder of the title and insert "amending RCW 7.105.352; and adding a new section to chapter 2.56 RCW."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1460 and advanced the bill, as amended by the Senate, to final passage.

Representatives Griffey and Taylor spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1460, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1460, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 96; Nays, 1; Absent, 0; Excused, 1

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Caldier, Callan, Chase, Connors, Corry, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Graham, Gregerson, Griffey, Hackney, Hill, Hunt, Jacobsen, Keaton, Klicker, Kloba, Leavitt, Lekanoff, Ley, Low, Macri, Manjarrez, Marshall, McClintock, McEntire, Mena, Mendoza, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Reeves, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Volz, Walen, Walsh, Waters, Wylie, Ybarra, Zahn and Mme. Speaker

Voting Nay: Representative Dufault

Excused: Representative Morgan

SUBSTITUTE HOUSE BILL NO. 1460, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 15, 2025

Mme. Speaker:

The Senate has passed ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1131, with the following amendment(s): 1131-S2.E AMS WM S2805.1

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 9.94A.501 and 2024 c 63 s 3 are each amended to read as follows:

(1) The department shall supervise the following ((~~offenders~~))individuals who are sentenced to probation in superior court, pursuant to RCW 9.92.060, 9.95.204, or 9.95.210:

(a) ((~~Offenders~~))Individuals convicted of:

(i) Sexual misconduct with a minor second degree;

(ii) Custodial sexual misconduct second degree;

(iii) Communication with a minor for immoral purposes; and

(iv) Violation of RCW 9A.44.132(2) (failure to register); and

(b) ((~~Offenders~~))Individuals who have:

(i) A current conviction for a repetitive domestic violence offense after August 1, 2011; and

(ii) A prior conviction for a repetitive domestic violence offense or domestic violence felony offense after August 1, 2011.

(2) ((~~Misdemeanor~~))Individuals convicted of misdemeanor and gross misdemeanor ((~~offenders~~))offenses supervised by the department pursuant to this section shall be placed on community custody.

(3) The department shall supervise every individual convicted of a felony ((~~offender~~))and sentenced to community custody pursuant to RCW 9.94A.701 or 9.94A.702 whose risk assessment classifies the ((~~offender~~))individual as one who is at a high risk to reoffend.

(4) Notwithstanding any other provision of this section, the department shall supervise an ((~~offender~~))individual sentenced to community custody regardless of risk classification if the ((~~offender~~))individual:

(a) Has a current conviction for a sex offense or a serious violent offense and was sentenced to a term of community custody pursuant to RCW 9.94A.701, 9.94A.702, or 9.94A.507;

(b) Has been identified by the department as a dangerous mentally ill offender pursuant to RCW 72.09.370;

(c) Has an indeterminate sentence and is subject to parole pursuant to RCW 9.95.017;

(d) Has a current conviction for violating RCW 9A.44.132(1) (failure to register) and was sentenced to a term of community custody pursuant to RCW 9.94A.701;

(e)(i) Has a current conviction for a domestic violence felony offense after August 1, 2011, and a prior conviction for a repetitive domestic violence offense or domestic violence felony offense after August 1, 2011. This subsection (4)(e)(i) applies only to offenses committed prior to July 24, 2015;

(ii) Has a current conviction for a domestic violence felony offense. The state and its officers, agents, and employees shall not be held criminally or civilly liable for its supervision of an ((~~offender~~))individual under this subsection (4)(e)(ii) unless the state and its officers, agents, and employees acted with gross negligence;

(f) Was sentenced under RCW 9.94A.650, 9.94A.655, 9.94A.660, 9.94A.670, 9.94A.711, or 9.94A.695;

(g) Is subject to supervision pursuant to RCW 9.94A.745; or

(h) Was convicted and sentenced under RCW 46.61.520 (vehicular homicide), RCW 46.61.522 (vehicular assault), RCW 46.61.502(6) (felony DUI), or RCW 46.61.504(6) (felony physical control).

(5) The department shall supervise any ((~~offender who is~~))individual released by the indeterminate sentence review board ((~~and~~)) who was sentenced to community custody or subject to community custody under the terms of release.

(6) The department shall supervise any individual granted conditional commutation pursuant to RCW 9.94A.885 if the governor includes a term of community custody as a condition of commutation.

(7) The department is not authorized to, and may not, supervise any ((~~offender~~))individual sentenced to a term of community custody or any probationer

unless the ((~~offender~~))individual or probationer is one for whom supervision is required under this section ((~~or RCW 9.94A.5011~~)).

((~~(7)~~))(8) The department shall conduct a risk assessment for every individual convicted of a felony ((~~offender~~))and sentenced to a term of community custody who may be subject to supervision under this section ((~~or RCW 9.94A.5011~~)).

((~~(8)~~))(9) The period of time the department is authorized to supervise an ((~~offender~~))individual under this section may not exceed the duration of community custody specified under RCW 9.94B.050, 9.94A.701 (1) through (9), or 9.94A.702, except in cases where the court has imposed an exceptional term of community custody under RCW 9.94A.535 and where the governor imposes a term of community custody as a condition of conditional commutation or imposes an additional term of community custody due to a violation of conditional commutation.

((~~(9)~~))(10) The period of time the department is authorized to supervise an ((~~offender~~))individual under this section may be reduced by the earned award of supervision compliance credit pursuant to RCW 9.94A.717.

Sec. 2. RCW 9.94A.501 and 2024 c 306 s 4 and 2024 c 63 s 3 are each reenacted and amended to read as follows:

(1) The department shall supervise the following ((~~offenders~~))individuals who are sentenced to probation in superior court, pursuant to RCW 9.92.060, 9.95.204, or 9.95.210:

(a) ((~~Offenders~~))Individuals convicted of:

(i) Sexual misconduct with a minor second degree;

(ii) Custodial sexual misconduct second degree;

(iii) Communication with a minor for immoral purposes; and

(iv) Violation of RCW 9A.44.132(2) (failure to register); and

(b) ((~~Offenders~~))Individuals who have:

(i) A current conviction for a repetitive domestic violence offense after August 1, 2011; and

(ii) A prior conviction for a repetitive domestic violence offense or domestic violence felony offense after August 1, 2011.

(2) ((~~Misdemeanor~~))Individuals convicted of misdemeanor and gross misdemeanor ((~~offenders~~))offenses supervised by the department pursuant to this section shall be placed on community custody.

(3) The department shall supervise every individual convicted of a felony ((~~offender~~))and sentenced to community custody pursuant to RCW 9.94A.701 or 9.94A.702 whose risk assessment classifies the ((~~offender~~))individual as one who is at a high risk to reoffend.

(4) Notwithstanding any other provision of this section, the department shall supervise an ((~~offender~~))individual sentenced to community custody regardless of risk classification if the ((~~offender~~))individual:

(a) Has a current conviction for a sex offense or a serious violent offense and was sentenced to a term of community custody pursuant to RCW 9.94A.701, 9.94A.702, or 9.94A.507;

(b) Has been identified by the department as a dangerous mentally ill offender pursuant to RCW 72.09.370;

(c) Has an indeterminate sentence and is subject to parole pursuant to RCW 9.95.017;

(d) Has a current conviction for violating RCW 9A.44.132(1) (failure to register) and was sentenced to a term of community custody pursuant to RCW 9.94A.701;

(e)(i) Has a current conviction for a domestic violence felony offense after August 1, 2011, and a prior conviction for a repetitive domestic violence offense or domestic violence felony offense after August 1, 2011. This subsection (4)(e)(i) applies only to offenses committed prior to July 24, 2015;

(ii) Has a current conviction for a domestic violence felony offense. The state and its officers, agents, and employees shall not be held criminally or civilly liable for its supervision of an ((~~offender~~))individual under this subsection (4)(e)(ii) unless the state and its officers, agents, and employees acted with gross negligence;

(f) Was sentenced under RCW 9.94A.650, 9.94A.655, 9.94A.660, 9.94A.670, 9.94A.711, 9.94A.695, or 9.94A.661;

(g) Is subject to supervision pursuant to RCW 9.94A.745; or

(h) Was convicted and sentenced under RCW 46.61.520 (vehicular homicide), RCW 46.61.522 (vehicular assault), RCW 46.61.502(6) (felony DUI), or RCW 46.61.504(6) (felony physical control).

(5) The department shall supervise any ((~~offender who is~~))individual released by the indeterminate sentence review board ((~~and~~)) who was sentenced to community custody or subject to community custody under the terms of release.

(6) The department shall supervise any individual granted conditional commutation pursuant to RCW 9.94A.885.

(7) The department is not authorized to, and may not, supervise any ((~~offender~~))individual sentenced to a term of community custody or any probationer unless the ((~~offender~~))individual or probationer is one for whom supervision is required under this section ((~~or RCW 9.94A.5011~~)).

((~~(7)~~))(8) The department shall conduct a risk assessment for every individual convicted of a felony ((~~offender~~))and sentenced to a term of community custody who may be subject to supervision under this section ((~~or RCW 9.94A.5011~~)).

((~~(8)~~))(9) The period of time the department is authorized to supervise an ((~~offender~~))individual under this section may not exceed the duration of community custody specified under RCW 9.94B.050, 9.94A.701 (1) through (9), or 9.94A.702, except in cases where the court has imposed an exceptional term of community custody under RCW 9.94A.535 and where the governor imposes a term of community custody as a condition of conditional commutation or imposes an additional term of community

custody due to a violation of conditional commutation.

((~~(9)~~))(10) The period of time the department is authorized to supervise an ((~~offender~~))individual under this section may be reduced by the earned award of supervision compliance credit pursuant to RCW 9.94A.717.

Sec. 3. RCW 9.94A.565 and 1994 c 1 s 5 are each amended to read as follows:

(1) Nothing in chapter 1, Laws of 1994 or chapter 10.95 RCW shall ever be interpreted or construed as to reduce or eliminate the power of the governor to grant a pardon or clemency to any ((~~offender~~))individual on an individual case-by-case basis. However, the people recommend that ((~~any offender~~)):

(a) Any incarcerated individual subject to total confinement for life without the possibility of parole not be considered for release until the ((~~offender~~))incarcerated individual has ((~~reached the age of at least sixty years old and has~~)) been judged to ((~~be~~)) no longer be a threat to society((~~. The people further recommend that sex offenders~~));

(b) Incarcerated individuals who have been convicted of a sex offense be held to the utmost scrutiny under this subsection regardless of age; and

(c) Release take the form of a commutation that includes a period of law-abiding behavior in the community.

(2) Nothing in this section shall ever be interpreted or construed to grant any release for the purpose of reducing prison overcrowding. Furthermore, the governor shall provide twice yearly reports on the activities and progress of ((~~offenders~~))individuals subject to total confinement for life without the possibility of parole who are released through executive action during his or her tenure. These reports shall continue for not less than ((~~ten~~))10 years after the release of the ((~~offender~~))individual or upon the death of the released ((~~offender~~))individual.

Sec. 4. RCW 9.94A.633 and 2021 c 242 s 4 are each amended to read as follows:

(1)(a) An ((~~offender~~))individual who violates any condition or requirement of a sentence may be sanctioned by the court with up to ((~~sixty~~))60 days' confinement for each violation or by the department with up to ((~~thirty~~))30 days' confinement as provided in RCW 9.94A.737.

(b) In lieu of confinement, an ((~~offender~~))individual may be sanctioned with work release, home detention with electronic monitoring, work crew, community restitution, inpatient treatment, daily reporting, curfew, educational or counseling sessions, supervision enhanced through electronic monitoring, or any other community-based sanctions.

(2) If an ((~~offender~~))individual was under community custody pursuant to one of the following statutes, the ((~~offender~~))individual may be sanctioned as follows:

(a) If the ((~~offender~~))individual was transferred to community custody in lieu of earned early release in accordance with RCW 9.94A.728, the ((~~offender~~))individual may be transferred to a more restrictive confinement status to serve up to the remaining portion of the sentence, less credit for any period actually spent in community custody or in detention awaiting disposition of an alleged violation.

(b) If the ((~~offender~~))individual was sentenced under the drug offender sentencing alternative set out in RCW 9.94A.660, the ((~~offender~~))individual may be sanctioned in accordance with that section.

(c) If the ((~~offender~~))individual was sentenced under the parenting sentencing alternative set out in RCW 9.94A.655, the ((~~offender~~))individual may be sanctioned in accordance with that section.

(d) If the ((~~offender~~))individual was sentenced under the special sex offender sentencing alternative set out in RCW 9.94A.670, the suspended sentence may be revoked and the ((~~offender~~))individual committed to serve the original sentence of confinement.

(e) If the ((~~offender~~))individual was sentenced under the mental health sentencing alternative set out in RCW 9.94A.695, the ((~~offender~~))individual may be sanctioned in accordance with that section.

(f) If the ((~~offender~~))individual was sentenced to a work ethic camp pursuant to RCW 9.94A.690, the ((~~offender~~))individual may be reclassified to serve the unexpired term of his or her sentence in total confinement.

(g) If ((~~a sex offender~~))an individual convicted of a sex offense was sentenced pursuant to RCW 9.94A.507, the ((~~offender~~))individual may be transferred to a more restrictive confinement status to serve up to the remaining portion of the sentence, less credit for any period actually spent in community custody or in detention awaiting disposition of an alleged violation.

(h) If the individual was granted conditional commutation pursuant to RCW 9.94A.885, the individual may be transferred to a more restrictive confinement status to serve up to the remaining portion of the sentence, less credit for any period actually spent in community custody or in detention awaiting disposition of an alleged violation.

(3) If a probationer is being supervised by the department pursuant to RCW 9.92.060, 9.95.204, or 9.95.210, the probationer may be sanctioned pursuant to subsection (1) of this section. The department shall have authority to issue a warrant for the arrest of an ((~~offender~~))individual who violates a condition of community custody, as provided in RCW 9.94A.716. Any sanctions shall be imposed by the department pursuant to RCW 9.94A.737. Nothing in this subsection is intended to limit the power of the sentencing court to respond to a probationer's violation of conditions.

(4) The parole or probation of an ((~~offender~~))individual who is charged with a new felony offense may be suspended and the ((~~offender~~))individual placed in total confinement pending disposition of the new criminal charges if:

(a) The ((~~offender~~))individual is on parole pursuant to RCW 9.95.110(1); or

(b) The ((~~offender~~))individual is being supervised pursuant to RCW 9.94A.745 and is on parole or probation pursuant to the laws of another state.

Sec. 5. RCW 9.94A.633 and 2024 c 306 s 7 are each amended to read as follows:

(1)(a) An ((~~offender~~))individual who violates any condition or requirement of a sentence may be sanctioned by the court with up to 60 days' confinement for each violation or by the department with up to 30 days' confinement as provided in RCW 9.94A.737.

(b) In lieu of confinement, an ((~~offender~~))individual may be sanctioned with work release, home detention with electronic monitoring, work crew, community restitution, inpatient treatment, daily reporting, curfew, educational or counseling sessions, supervision enhanced through electronic monitoring, or any other community-based sanctions.

(2) If an ((~~offender~~))individual was under community custody pursuant to one of the following statutes, the ((~~offender~~))individual may be sanctioned as follows:

(a) If the ((~~offender~~))individual was transferred to community custody in lieu of earned early release in accordance with RCW 9.94A.728, the ((~~offender~~))individual may be transferred to a more restrictive confinement status to serve up to the remaining portion of the sentence, less credit for any period actually spent in community custody or in detention awaiting disposition of an alleged violation.

(b) If the ((~~offender~~))individual was sentenced under the drug offender sentencing alternative set out in RCW 9.94A.660, the ((~~offender~~))individual may be sanctioned in accordance with that section.

(c) If the ((~~offender~~))individual was sentenced under the drug offender sentencing alternative for driving under the influence set out in RCW 9.94A.661, the ((~~offender~~))individual may be sanctioned in accordance with that section.

(d) If the ((~~offender~~))individual was sentenced under the parenting sentencing alternative set out in RCW 9.94A.655, the ((~~offender~~))individual may be sanctioned in accordance with that section.

(e) If the ((~~offender~~))individual was sentenced under the special sex offender sentencing alternative set out in RCW 9.94A.670, the suspended sentence may be revoked and the ((~~offender~~))individual committed to serve the original sentence of confinement.

(f) If the ((~~offender~~))individual was sentenced under the mental health sentencing alternative set out in RCW 9.94A.695, the ((~~offender~~))individual may be sanctioned in accordance with that section.

(g) If the ((~~offender~~))individual was sentenced to a work ethic camp pursuant to RCW 9.94A.690, the ((~~offender~~))individual may be reclassified to serve the unexpired term of his or her sentence in total confinement.

(h) If ((~~a sex offender~~))an individual convicted of a sex offense was sentenced pursuant to RCW 9.94A.507, the ((~~offender~~))individual may be transferred to a more restrictive confinement status to serve up to the remaining portion of the sentence, less credit for any period actually spent in community custody or in detention awaiting disposition of an alleged violation.

(i) If the individual was granted conditional commutation pursuant to RCW 9.94A.885, the individual may be transferred to a more restrictive confinement status to serve up to the remaining portion of the sentence, less credit for any period actually spent in community custody or in detention awaiting disposition of an alleged violation.

(3) If a probationer is being supervised by the department pursuant to RCW 9.92.060, 9.95.204, or 9.95.210, the probationer may be sanctioned pursuant to subsection (1) of this section. The department shall have authority to issue a warrant for the arrest of an ((~~offender~~))individual who violates a condition of community custody, as provided in RCW 9.94A.716. Any sanctions shall be imposed by the department pursuant to RCW 9.94A.737. Nothing in this subsection is intended to limit the power of the sentencing court to respond to a probationer's violation of conditions.

(4) The parole or probation of an ((~~offender~~))individual who is charged with a new felony offense may be suspended and the ((~~offender~~))individual placed in total confinement pending disposition of the new criminal charges if:

(a) The ((~~offender~~))individual is on parole pursuant to RCW 9.95.110(1); or

(b) The ((~~offender~~))individual is being supervised pursuant to RCW 9.94A.745 and is on parole or probation pursuant to the laws of another state.

Sec. 6. RCW 9.94A.728 and 2023 c 358 s 1 are each amended to read as follows:

(1) No incarcerated individual serving a sentence imposed pursuant to this chapter and committed to the custody of the department shall leave the confines of the correctional facility or be released prior to the expiration of the sentence except as follows:

(a) An incarcerated individual may earn early release time as authorized by RCW 9.94A.729;

(b) An incarcerated individual may leave a correctional facility pursuant to an authorized furlough or leave of absence. In addition, incarcerated individuals may leave a correctional facility when in the custody of a corrections officer or officers;

(c)(i) The secretary may authorize an extraordinary medical placement for an incarcerated individual when all of the following conditions exist:

(A) The incarcerated individual has been assessed by two physicians and is determined to be one of the following:

(I) Affected by a permanent or degenerative medical condition to such a degree that the individual does not presently, and likely will not in the future, pose a threat to public safety; or

(II) In ill health and is expected to die within six months and does not presently,

and likely will not in the future, pose a threat to public safety;

(B) The incarcerated individual has been assessed as low risk to the community at the time of release; and

(C) It is expected that granting the extraordinary medical placement will result in a cost savings to the state.

(ii) An incarcerated individual sentenced to death or to life imprisonment without the possibility of release or parole is not eligible for an extraordinary medical placement.

(iii) The secretary shall require electronic monitoring for all individuals in extraordinary medical placement unless the electronic monitoring equipment is detrimental to the individual's health, interferes with the function of the individual's medical equipment, or results in the loss of funding for the individual's medical care, in which case, an alternative type of monitoring shall be utilized. The secretary shall specify who shall provide the monitoring services and the terms under which the monitoring shall be performed.

(iv) The secretary may revoke an extraordinary medical placement under this subsection (1)(c) at any time.

(v) Persistent offenders are not eligible for extraordinary medical placement;

(d) The governor, upon recommendation from the clemency and pardons board, may grant an extraordinary release ((~~for~~)):

(i) For reasons of serious health problems, senility, advanced age, extraordinary meritorious acts, or other extraordinary circumstances; or

(ii) Pursuant to RCW 9.94A.885;

(e) No more than the final 12 months of the incarcerated individual's term of confinement may be served in partial confinement for aiding the incarcerated individual with: Finding work as part of the work release program under chapter 72.65 RCW; or reestablishing himself or herself in the community as part of the parenting program in RCW 9.94A.6551. This is in addition to that period of earned early release time that may be exchanged for partial confinement pursuant to RCW 9.94A.729(5)(d);

(f)(i) No more than the final five months of the incarcerated individual's term of confinement may be served in partial confinement as home detention as part of the graduated reentry program developed by the department under RCW 9.94A.733(1)(a);

(ii) For eligible incarcerated individuals under RCW 9.94A.733(1)(b), after serving at least four months in total confinement in a state correctional facility, an incarcerated individual may serve no more than the final 18 months of the incarcerated individual's term of confinement in partial confinement as home detention as part of the graduated reentry program developed by the department;

(g) The governor may pardon any incarcerated individual;

(h) The department may release an incarcerated individual from confinement any time within 10 days before a release date calculated under this section;

(i) An incarcerated individual may leave a correctional facility prior to completion of his or her sentence if the sentence has been reduced as provided in RCW 9.94A.870;

(j) Notwithstanding any other provisions of this section, an incarcerated individual sentenced for a felony crime listed in RCW 9.94A.540 as subject to a mandatory minimum sentence of total confinement shall not be released from total confinement before the completion of the listed mandatory minimum sentence for that felony crime of conviction unless allowed under RCW 9.94A.540; and

(k) Any individual convicted of one or more crimes committed prior to the individual's 18th birthday may be released from confinement pursuant to RCW 9.94A.730.

(2) Notwithstanding any other provision of this section, an incarcerated individual entitled to vacation of a conviction or the recalculation of his or her offender score pursuant to *State v. Blake*, No. 96873-0 (Feb. 25, 2021), may be released from confinement pursuant to a court order if the incarcerated individual has already served a period of confinement that exceeds his or her new standard range. This provision does not create an independent right to release from confinement prior to resentencing.

(3) Individuals residing in a juvenile correctional facility placement pursuant to RCW 72.01.410(1)(a) are not subject to the limitations in this section.

Sec. 7. RCW 9.94A.880 and 2011 c 336 s 335 are each amended to read as follows:

(1) The clemency and pardons board is established as a board within the office of the governor. The board consists of ((~~five~~))10 members appointed by the governor, subject to confirmation by the senate.

(2) In making appointments to the board, the governor shall strive to ensure racial, ethnic, geographic, gender, sexual identity, and age diversity. The board membership must include the following:

(a) A person from an underrepresented population with direct lived experience;

(b) A person with lived experience as an incarcerated individual or who has worked with the formerly incarcerated or successful community reentry;

(c) A representative of a faith-based organization or church with interest or experience in successful community reentry;

(d) A person with experience and interest in tribal affairs; and

(e) Two representatives of crime victims.

(3) Board members must attend training related to the principles of racial equity, racism, and restorative justice at least every two years.

(4) Members of the board ((~~shall~~))may serve up to two terms of ((~~four~~))five years and may continue to serve until their successors are appointed and confirmed. ((~~However, the~~))The governor shall stagger the initial terms ((~~by appointing one of the initial members for a term of one year, one for a term of two years, one for a term of three years, and two for terms of four years~~))so that no more than three members are up for appointment in any given year. Board members as of the effective date of this section may serve the member's remaining term.

((~~(3)~~))(5) The board shall elect a chair from among its members and shall adopt bylaws governing the operation of the board. The chair shall approve training and each member's hearing preparation time as duties authorized for compensation under subsection (6) of this section.

((~~(4)~~))(6) Members of the board shall ((~~receive no compensation but shall be reimbursed for travel expenses as provided in RCW 43.03.050 and 43.03.060 as now existing or hereafter amended~~))each receive compensation in accordance with the provisions of RCW 43.03.250, unless waived by the member. All members shall receive travel expenses incurred in the discharge of their official duties in accordance with RCW 43.03.050 and 43.03.060.

((~~(5)~~))(7) The attorney general shall provide a staff as needed for the operation of the board.

(8) Each petition for commutation or pardon shall be reviewed by a panel of five board members. The panel membership shall be selected by a random drawing conducted by board staff.

(9) For purposes of this section, "direct lived experience" and "underrepresented population" have the meanings provided for in RCW 43.18A.010.

Sec. 8. RCW 9.94A.885 and 2009 c 325 s 6 and 2009 c 138 s 4 are each reenacted and amended to read as follows:

(1) The clemency and pardons board shall receive petitions from individuals, organizations, and the department and make recommendations to the governor for ((~~review and commutation~~)):

(a) Commutation of sentences of incarcerated individuals when the sentence no longer serves the interest of justice; and ((~~pardoning~~))

(b) Pardoning of ((~~offenders~~))individuals in extraordinary cases((~~, and shall make recommendations thereon to the governor~~)).

(2) If a petitioner indicates in the petition an urgent need for the pardon or commutation including, but not limited to, a pending deportation order or deportation proceeding, the board shall consider expedited review of the application.

(3) The board shall receive petitions from individuals or organizations for the restoration of civil rights lost by operation of state law as a result of convictions for federal offenses or out-of-state felonies. The board may issue certificates of restoration limited to engaging in political office. Any certifications granted by the board must be filed with the secretary of state to be effective. In all other cases, the board shall make recommendations to the governor.

((~~(3)~~))(4) The board shall not recommend that the governor grant clemency under subsection (1) of this section until a public hearing has been held on the petition. The prosecuting attorney of the county where the conviction was obtained shall be notified at least ((~~thirty~~))90 days prior to the scheduled hearing that a petition has been filed and the date and place at which the hearing on the petition will be held. The board may waive the ((~~thirty-day~~))90-day notice requirement in cases where it determines that waiver is necessary to permit timely action on the petition. A copy of the petition shall be sent to the prosecuting attorney. The prosecuting attorney shall make reasonable efforts to notify victims, survivors of victims, witnesses, and the law enforcement agency or agencies that conducted the investigation, of the date and place of the hearing. Information regarding victims, survivors of victims, or witnesses receiving this notice are confidential and shall not be available to the ((~~offender~~))incarcerated individual seeking clemency. The board shall consider statements presented as set forth in RCW 7.69.032. This subsection is intended solely for the guidance of the board. Nothing in this section is intended or may be relied upon to create a right or benefit, substantive or procedural, enforceable at law by any person.

(5) An applicant is eligible for a pardon, commutation, or restoration of civil rights without regard to his or her immigration status.

NEW SECTION. **Sec. 9.** A new section is added to chapter 9.94A RCW to read as follows:

The clemency and pardons board shall transmit to the governor and the legislature, at least annually, a report of its work, in which shall be given such information as may be relevant. The information must include the names of any individuals granted commutation or a pardon in the previous calendar year, the crimes of which those individuals were convicted, and any known acts of recidivism during the preceding calendar year by any individual listed in any report submitted under this section.

NEW SECTION. **Sec. 10.** Sections 1 and 4 of this act expire January 1, 2026.

NEW SECTION. **Sec. 11.** Sections 2 and 5 of this act take effect January 1, 2026.

NEW SECTION. **Sec. 12.** 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."

On page 1, line 1 of the title, after "pardons;" strike the remainder of the title and insert "amending RCW 9.94A.501, 9.94A.565, 9.94A.633, 9.94A.633, 9.94A.728, and 9.94A.880; reenacting and amending RCW 9.94A.501 and 9.94A.885; adding a new section to chapter 9.94A RCW; creating a new section; providing an effective date; and providing an expiration date."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

MOTION

Representative Goodman moved that the House concur with the Senate amendment(s) to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1131.

Representative Goodman spoke in favor of the passage of the bill.

Representative Graham spoke against the passage of the bill.

Division was demanded and the demand was sustained. The Speaker (Representative Shavers presiding) divided the House. The result was 51 - YEAS; 41 - NAYS.

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1131 and advanced the bill, as amended by the Senate, to final passage.

Representative Goodman spoke in favor of the passage of the bill.

Representative Graham spoke against the passage of the bill.

MOTION

On motion of Representative Leavitt, Representative Reeves was excused.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1131, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1131, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 50; Nays, 46; Absent, 0; Excused, 2

Voting Yea: Representatives Berg, Bergquist, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Lekanoff, Macri, Mena, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Peterson, Pollet, Ramel, Reed, Ryu, Salahuddin, Santos, Scott, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Bernbaum, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Leavitt, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Paul, Penner, Richards, Rude, Rule, Schmick, Schmidt, Shavers, Steele, Stokesbary, Stuebe, Timmons, Volz, Walsh, Waters and Ybarra

Excused: Representatives Morgan and Reeves

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1131, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Tuesday, April 15, 2025

Mme. Speaker:

The Senate has passed SECOND SUBSTITUTE HOUSE BILL NO. 1975, with the following amendment(s): 1975-S2 AMS ENET S2518.1

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 70A.65 RCW to read as follows:

(1) The department shall provide analysis and forecasts of the compliance instrument markets created by this chapter, including:

(a) The prices in primary and secondary compliance instrument markets;

(b) Trends in compliance instrument supply and demand and prices;

(c) Activities in the markets, categorized by type of market participant; and

(d) The share of the allowance budget consumed by various categories of registered entities.

(2) The department must consider the analysis in subsection (1) of this section in adopting rules and otherwise implementing the requirements of this chapter.

NEW SECTION. **Sec. 2.** A new section is added to chapter 70A.65 RCW to read as follows:

(1) The department shall periodically perform economic modeling for purposes of analyzing design features of the program created by this chapter. This analysis must include the following components:

(a) A baseline model assuming implementation of complementary emission reduction measures; and

(b) Additional modeling scenarios that department staff deem necessary, which must include current available technology and known adoption rates to better understand how to administer the program created by this chapter.

(2) Not later than December 31, 2026, the department must include a modeling scenario that reflects linkage with other jurisdictions.

(3) The department must post on its website the economic modeling results by December 31, 2026. The department must post updated economic modeling results by December 31, 2027, and by December 31st every two years thereafter.

(4) Economic modeling results posted by the department must contain:

(a) An estimate of program benefits including the total social cost of carbon;

(b) An estimate of the compliance cost for sectors regulated under this chapter;

(c) The department's identification of program design features contributing towards achieving the emission reduction limits established in RCW 70A.45.020; and

(d) A description of assumptions, policy decisions, and model design used in the baseline and each additional modeling scenario.

Sec. 3. RCW 70A.15.2200 and 2024 c 352 s 12 are each amended to read as follows:

(1) The board of any activated authority or the department, may classify air contaminant sources, by ordinance, resolution, rule or regulation, which in its judgment may cause or contribute to air pollution, according to levels and types of

emissions and other characteristics which cause or contribute to air pollution, and may require registration or reporting or both for any such class or classes. Classifications made pursuant to this section may be for application to the area of jurisdiction of such authority, or the state as a whole or to any designated area within the jurisdiction, and shall be made with special reference to effects on health, economic and social factors, and physical effects on property.

(2) Except as provided in subsection (3) of this section, any person operating or responsible for the operation of air contaminant sources of any class for which the ordinances, resolutions, rules or regulations of the department or board of the authority, require registration or reporting shall register therewith and make reports containing information as may be required by such department or board concerning location, size and height of contaminant outlets, processes employed, nature of the contaminant emission and such other information as is relevant to air pollution and available or reasonably capable of being assembled. In the case of emissions of greenhouse gases as defined in RCW 70A.45.010 the department shall adopt rules requiring reporting of those emissions. The department or board may require that such registration or reporting be accompanied by a fee, and may determine the amount of such fee for such class or classes: PROVIDED, That the amount of the fee shall only be to compensate for the costs of administering such registration or reporting program which shall be defined as initial registration and annual or other periodic reports from the source owner providing information directly related to air pollution registration, on-site inspections necessary to verify compliance with registration requirements, data storage and retrieval systems necessary for support of the registration program, emission inventory reports and emission reduction credits computed from information provided by sources pursuant to registration program requirements, staff review, including engineering or other reliable analysis for accuracy and currentness, of information provided by sources pursuant to registration program requirements, clerical and other office support provided in direct furtherance of the registration program, and administrative support provided in directly carrying out the registration program: PROVIDED FURTHER, That any such registration made with either the board or the department shall preclude a further registration and reporting with any other board or the department, except that emissions of greenhouse gases as defined in RCW 70A.45.010 must be reported as required under subsection (5) of this section.

All registration program and reporting fees collected by the department shall be deposited in the air pollution control account. All registration program fees collected by the local air authorities shall be deposited in their respective treasuries.

(3) If a registration or report has been filed for a grain warehouse or grain elevator as required under this section, registration, reporting, or a registration program fee shall not, after January 1, 1997, again be required under this section for the warehouse or elevator unless the capacity of the warehouse or elevator as listed as part of the license issued for the facility has been increased since the date the registration or reporting was last made. If the capacity of the warehouse or elevator listed as part of the license is increased, any registration or reporting required for the warehouse or elevator under this section must be made by the date the warehouse or elevator receives grain from the first harvest season that occurs after the increase in its capacity is listed in the license.

This subsection does not apply to a grain warehouse or grain elevator if the warehouse or elevator handles more than 10,000,000 bushels of grain annually.

(4) For the purposes of subsection (3) of this section:

(a) A "grain warehouse" or "grain elevator" is an establishment classified in standard industrial classification (SIC) code 5153 for wholesale trade for which a license is required and includes, but is not limited to, such a licensed facility that also conducts cleaning operations for grain;

(b) A "license" is a license issued by the department of agriculture licensing a facility as a grain warehouse or grain elevator under chapter 22.09 RCW or a license issued by the federal government licensing a facility as a grain warehouse or grain elevator for purposes similar to those of licensure for the facility under chapter 22.09 RCW; and

(c) "Grain" means a grain or a pulse.

(5)(a) The department shall adopt rules requiring persons to report emissions of greenhouse gases as defined in RCW 70A.45.010 where those emissions from a single facility, or from fossil fuels sold in Washington by a single supplier or local distribution company, meet or exceed 10,000 metric tons of carbon dioxide equivalent annually. The department's rules may also require electric power entities to report emissions of greenhouse gases from all electricity that is purchased, sold, imported, exported, or exchanged in Washington. To the extent practicable, the department's rules must seek to minimize reporting burdens through the utilization of existing reports and disclosures for electric power entities who report greenhouse gas emissions that equal 10,000 metric tons of carbon dioxide equivalent or less annually from all electricity that is purchased, sold, imported, exported, or exchanged in Washington. The rules adopted by the department must support implementation of the program created in RCW 70A.65.060. In addition, the rules must require that:

(i) Emissions of greenhouse gases resulting from the combustion of fossil fuels be reported separately from emissions of greenhouse gases resulting from the combustion of biomass; and

(ii) ((~~Each~~)) (A) Except as provided in (a)(ii)(B) of this subsection, each annual report must include emissions data for the preceding calendar year and must be

submitted to the department by March 31st of the year in which the report is due, except for an electric power entity, which must submit its report by June 1st of the year in which the report is due; ((~~and~~

~~(iii) To the extent practicable, the department's rules must seek to minimize reporting burdens through the utilization of existing reports and disclosures for electric power entities who report greenhouse gas emissions that equal 10,000 metric tons of carbon dioxide equivalent or less annually from all electricity that is purchased, sold, imported, exported, or exchanged in Washington.~~))

(B) To ensure that the program created in chapter 70A.65 RCW remains implementable and capable of fulfilling a linkage agreement under RCW 70A.65.210, if the department determines that timely reporting under this section is infeasible due to actions attributable to a third party upon whom the agency relies to collect emissions data from entities required to report including, but not limited to, the United States environmental protection agency, the department may, by rule, including emergency rule, require any greenhouse gas emissions reports for emissions in any combination of the years 2024 through 2030 to be submitted at an alternate date of no later than June 1, 2031.

(b)(i) The department may by rule include additional gases to the definition of "greenhouse gas" in RCW 70A.45.010 only if the gas has been designated as a greenhouse gas by the United States congress, by the United States environmental protection agency, or included in external greenhouse gas emission trading programs with which Washington has linked pursuant to RCW 70A.65.210. Prior to including additional gases to the definition of "greenhouse gas" in RCW 70A.45.010, the department shall notify the appropriate committees of the legislature.

(ii) The department may by rule exempt persons who are required to report greenhouse gas emissions to the United States environmental protection agency and who emit less than 10,000 metric tons carbon dioxide equivalent annually.

(iii) The department must establish greenhouse gas emission reporting methodologies for persons who are required to report under this section. The department's reporting methodologies must be designed to address the needs of ensuring accuracy of reported emissions and maintaining consistency over time, and may, to the extent practicable, be similar to reporting methodologies of jurisdictions with which Washington has entered into a linkage agreement.

(iv) The department must establish a methodology for persons who are not required to report under this section to voluntarily report their greenhouse gas emissions.

(c) The department shall share any reporting information reported to it with the local air authority in which the person reporting under the rules adopted by the department operates.

(d) The fee provisions in subsection (2) of this section apply to reporting of emissions of greenhouse gases. Persons required to report under (a) of this subsection who fail to report or pay the fee required in subsection (2) of this section are subject to enforcement penalties under this chapter. The department shall enforce the reporting rule requirements. When a person that holds a compliance obligation under RCW 70A.65.080 fails to submit an emissions data report or fails to obtain a positive emissions data verification statement in accordance with (f)(ii) of this subsection, the department may assign an emissions level for that person.

(e) The energy facility site evaluation council shall, simultaneously with the department, adopt rules that impose greenhouse gas reporting requirements in site certifications on owners or operators of a facility permitted by the energy facility site evaluation council. The greenhouse gas reporting requirements imposed by the energy facility site evaluation council must be the same as the greenhouse gas reporting requirements imposed by the department. The department shall share any information reported to it from facilities permitted by the energy facility site evaluation council with the council, including notice of a facility that has failed to report as required. The energy facility site evaluation council shall contract with the department to monitor the reporting requirements adopted under this section.

(f)(i) The department must establish by rule the methods of verifying the accuracy of emissions reports.

(ii) Verification requirements apply at a minimum to persons required to report under (a) of this subsection with emissions that equal or exceed 25,000 metric tons of carbon dioxide equivalent emissions, including carbon dioxide from biomass-derived fuels, or to persons who have a compliance obligation under RCW 70A.65.080 in any year of the current compliance period. The department may adopt rules to accept verification reports from another jurisdiction with a linkage agreement pursuant to RCW 70A.65.180 in cases where the department deems that the methods or procedures are substantively similar.

(g)(i) The definitions in RCW 70A.45.010 apply throughout this subsection (5) unless the context clearly requires otherwise.

(ii) For the purpose of this subsection (5), the term "supplier" includes: (A) Suppliers that produce, import, or deliver, or any combination of producing, importing, or delivering, a quantity of fuel products in Washington that, if completely combusted, oxidized, or used in other processes, would result in the release of greenhouse gases in Washington equivalent to or higher than the threshold established under (a) of this subsection; and (B) suppliers of carbon dioxide that produce, import, or deliver a quantity of carbon dioxide in Washington that, if released, would result in emissions equivalent to or higher than the threshold established under (a) of this subsection.

(iii) For the purpose of this subsection (5), the term "person" includes: (A) An owner or operator of a facility; (B) a supplier; or (C) an electric power entity.

(iv) For the purpose of this subsection (5), the term "facility" includes facilities that directly emit greenhouse gases in Washington equivalent to the threshold established under (a) of this subsection with at least one source category listed in the United States environmental protection agency's mandatory greenhouse gas reporting regulation, 40 C.F.R. Part 98 Subparts C through II and RR through UU, as adopted on April 25, 2011.

(v) For the purpose of this subsection (5), the term "electric power entity" includes any of the following that supply electric power in Washington with associated emissions of greenhouse gases equal to or above the threshold established under (a) of this subsection: (A) Electricity importers and exporters; (B) retail providers, including multijurisdictional retail providers; and (C) first jurisdictional deliverers, as defined in RCW 70A.65.010, not otherwise included here.

Sec. 4. RCW 70A.65.150 and 2022 c 181 s 6 are each amended to read as follows:

(1) To help minimize allowance price volatility in the auction, the department shall adopt by rule an auction floor price and a schedule for the floor price to increase by a predetermined amount every year. The department may not sell allowances at bids lower than the auction floor price. The department's rules must specify holding limits that determine the maximum number of allowances that may be held for use or trade by a registered entity at any one time. The department shall also establish a reserve auction floor price to limit extraordinary prices and to determine when to offer allowances through the allowance price containment reserve auctions authorized under this section.

(2) For calendar years 2023 through 2026, the department must place no less than two percent of the total number of allowances available from the allowance budgets for those years in an allowance price containment reserve. The reserve must be designed as a mechanism to assist in containing compliance costs for covered and opt-in entities in the event of unanticipated high costs for compliance instruments.

(3)(a) The department shall adopt rules for holding auctions of allowances from the price containment reserve when the settlement prices in the preceding auction exceed the adopted reserve auction floor price. The auction must be separate from auctions of other allowances.

(b) Allowances must also be distributed from the allowance price containment reserve by auction when new covered and opt-in entities enter the program and allowances in the emissions containment reserve under RCW 70A.65.140(5) are exhausted.

(4) Only covered and opt-in entities may participate in the auction of allowances from the allowance price containment reserve.

(5) The process for reserve auctions is the same as the process provided in RCW 70A.65.100 and the proceeds from reserve auctions must be treated the same.

(6) The department shall by rule:

(a) Set the reserve auction floor price in advance of the reserve auction. The department may choose to establish multiple price tiers for the allowances from the reserve;

(b) Establish the requirements and schedule for the allowance price containment reserve auctions; and

(c) ((~~Establish the amount of allowances to be placed in the allowance price containment reserve after the first compliance period ending in 2026~~))Place no less than two percent and no more than five percent of the total number of allowances from the allowance budgets from 2027 to 2040 in the allowance price containment reserve.

(7) In order to contain allowance prices in advance of the timeline for linkage with other jurisdictions, the department must amend the schedule of allowance allocations adopted by rule under subsection (6) of this section to place in the allowance price containment reserve and to make available, in the second compliance period of the program, all allowances scheduled to be placed in the allowance price containment reserve through 2040.

Sec. 5. RCW 70A.65.070 and 2024 c 352 s 3 are each amended to read as follows:

(1)(a)(i) The department shall commence the program by January 1, 2023, by determining an emissions baseline establishing the proportionate share that the total greenhouse gas emissions of covered entities for the first compliance period bears to the total anthropogenic greenhouse gas emissions in the state during 2015 through 2019, based on data reported to the department under RCW 70A.15.2200 or provided as required by this chapter, as well as other relevant data. By October 1, 2022, the department shall adopt annual allowance budgets for the first compliance period of the program, calendar years 2023 through 2026, to be distributed from January 1, 2023, through December 31, 2026.

(ii) If the department enters into a linkage agreement, and the linked jurisdictions do not amend their rules to synchronize with Washington's compliance periods, the department must amend its rules to synchronize Washington's compliance periods with those of the linked jurisdiction or jurisdictions. The department may not by rule amend the length of the first compliance period to end on a date other than December 31, 2026.

(b) By October 1, 2026, the department shall add to its emissions baseline by incorporating the proportionate share that the total greenhouse gas emissions of new covered entities in the second compliance period bear to the total anthropogenic greenhouse gas emissions in the state during 2015 through 2019. In determining the addition to the baseline, the department may exclude a year from the determination if the department identifies that year to have been an outlier due to a state of emergency. The department shall adopt annual allowance budgets for the second compliance period of the program that will be distributed during the second compliance period.

(c) By October 1, 2028, the department shall adopt by rule the annual allowance budgets for the end of the second compliance period through 2040.

(2) The annual allowance budgets must be set to achieve the share of reductions by covered entities necessary to achieve the 2030, 2040, and 2050 statewide emissions limits established in RCW 70A.45.020 by December 31st of each of those years, based on data reported to the department under chapter 70A.15 RCW or provided as required by this chapter. Annual allowance budgets must be set such that the use of offsets as compliance instruments, consistent with RCW 70A.65.170, does not prevent the achievement of the emissions limits established in RCW 70A.45.020. In so setting annual allowance budgets, the department must reduce the annual allowance budget relative to the limits in an amount equivalent to offset use, or in accordance with a similar methodology adopted by the department. The department must adopt annual allowance budgets for the program on a calendar year basis that provide for progressively equivalent reductions by December 31st of each year, year over year. An allowance distributed under the program, either directly by the department under RCW 70A.65.110 through 70A.65.130 or through auctions under RCW 70A.65.100, does not expire and may be held or banked consistent with RCW 70A.65.100(6) and 70A.65.150(1).

(3) The department must complete evaluations by December 31, 2027, and December 31st of the year following the conclusion of the third compliance period, of the performance of the program, including its performance in reducing greenhouse gases. If the evaluation shows that adjustments to the annual allowance budgets are necessary for covered entities to achieve their proportionate share of the 2030 and 2040 emission reduction limits identified in RCW 70A.45.020 by December 31, 2030, and December 31, 2040, as applicable, the department shall adjust the annual allowance budgets accordingly. The department must complete additional evaluations of the performance of the program by December 31st of the year following the conclusion of the fifth and sixth compliance periods, and make any necessary adjustments in the annual allowance budgets to ensure that covered entities achieve their proportionate share of the 2050 emission reduction limit identified in RCW 70A.45.020. Nothing in this subsection precludes the department from making additional adjustments to annual allowance budgets as necessary to ensure successful achievement of the proportionate emission reduction limits by covered entities. The department shall determine and make public the circumstances, metrics, and processes that would initiate the public consideration of additional allowance budget adjustments to ensure successful achievement of the proportionate emission reduction limits.

(4) Data reported to the department under RCW 70A.15.2200 or provided as required by this chapter for 2015 through 2019 is deemed sufficient for the purpose of adopting annual allowance budgets and serving as the baseline by which covered entities demonstrate compliance under the first compliance period of the program. Data reported to the department under RCW 70A.15.2200 or provided as required by this chapter for 2023 through 2025 is deemed sufficient for adopting annual allowance budgets and serving as the baseline by which covered entities demonstrate compliance under the second compliance period of the program.

(5) The legislature intends to promote a growing and sustainable economy and to avoid leakage of emissions from manufacturing to other jurisdictions. Therefore, the legislature finds that implementation of this section is contingent upon the enactment of RCW 70A.65.110.

Sec. 6. RCW 70A.65.310 and 2024 c 352 s 10 are each amended to read as follows:

(1) A covered or opt-in entity has a compliance obligation for its emissions during each compliance period, with the first compliance period commencing January 1, 2023. The department shall by rule require that covered or opt-in entities annually transfer a percentage of compliance instruments, but must fully satisfy their compliance obligation, for each compliance period. To ensure that the program created in this chapter remains implementable and capable of fulfilling a linkage agreement under RCW 70A.65.210, the department may, by rule, including emergency rule, delay or adjust the annual requirement to transfer a percentage of compliance instruments for any years for which emissions reporting deadlines are adjusted by the department under RCW 70A.15.2200(5)(a)(ii)(B).

(2) Compliance occurs through the transfer of the required compliance instruments or price ceiling units, on or before the transfer date, from the holding account to the compliance account of the covered or opt-in entity as described in RCW 70A.65.080.

(3)(a) A covered entity may substitute the submission of compliance instruments with price ceiling units.

(b) A covered or opt-in entity submitting insufficient compliance instruments to meet its compliance obligation is subject to a penalty as provided in RCW 70A.65.200.

(4) Older vintage allowances must be retired before newer vintage allowances.

(5) Upon receipt by the department of all compliance instruments transferred by a covered entity or opt-in entity to meet its compliance obligation, the department shall retire the allowances or offset credits.

Sec. 7. RCW 70A.65.160 and 2022 c 181 s 7 are each amended to read as follows:

(1)(a) The ((~~department shall establish a~~)) price ceiling for calendar years 2026 and 2027 shall be $80 to provide cost protection for covered entities obligated to comply with this chapter. ((~~The ceiling must be set at a level sufficient to facilitate investments to achieve further emission reductions beyond those enabled by the price ceiling, with the intent that investments accelerate the state's achievement of greenhouse gas limits established under RCW~~

~~70A.45.020.~~)) The department must adjust the allowance price containment reserve tier 2 price to reflect the 2026 and 2027 price ceiling, and the price ceiling must increase annually in proportion to the reserve auction floor price established in RCW 70A.65.150(1).

(b) If the department enters into a linkage agreement, and the linked jurisdictions do not amend their rules to synchronize with Washington's price ceiling established in (a) of this subsection, the department may amend its rules to synchronize Washington's price ceiling with those of the linked jurisdictions. The price ceiling may not be set at a level below the ceiling specified in (a) of this subsection unless the director of the department determines that an amendment to the price ceiling is necessary in order to enter into a linkage agreement.

(2) In the event that no allowances remain in the allowance price containment reserve, the department must issue the number of price ceiling units for sale sufficient to provide cost protection for covered entities as established under subsection (1) of this section. Purchases must be limited to entities that do not have sufficient eligible compliance instruments in their holding and compliance accounts for the current compliance period and these entities may only purchase what they need to meet their compliance obligation for the current compliance period. Price ceiling units may not be sold or transferred and must be retired for compliance in the current compliance period. A price ceiling unit is not a property right.

(3) The price ceiling unit emission reduction investment account is created in the state treasury. All receipts from the sale of price ceiling units must be deposited in the account. Moneys in the account may only be spent after appropriation. Moneys in the account must be expended to achieve emissions reductions on at least a metric ton for metric ton basis that are real, permanent, quantifiable, verifiable, enforceable by the state, and in addition to any greenhouse gas emission reduction otherwise required by law or regulation and any other greenhouse gas emission reduction that otherwise would occur.

NEW SECTION. **Sec. 8.** 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.

NEW SECTION. **Sec. 9.** 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."

On page 1, line 5 of the title, after "analysis;" strike the remainder of the title and insert "amending RCW 70A.15.2200, 70A.65.150, 70A.65.070, 70A.65.310, and 70A.65.160; adding new sections to chapter 70A.65 RCW; and creating a new section."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

MOTION

Representative Fitzgibbon moved that the House concur with the Senate amendment(s) to SECOND SUBSTITUTE HOUSE BILL NO. 1975.

Representatives Fitzgibbon and Dye spoke in favor of the passage of the bill.

Division was demanded and the demand was sustained. The Speaker (Representative Shavers presiding) divided the House. The result was 58 - YEAS; 34 - NAYS.

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 1975 and advanced the bill, as amended by the Senate, to final passage.

Representatives Fitzgibbon and Dye spoke in favor of the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1975, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1975, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 83; Nays, 13; Absent, 0; Excused, 2

Voting Yea: Representatives Abbarno, Abell, Barkis, Barnard, Berg, Bergquist, Bernbaum, Berry, Bronoske, Burnett, Callan, Connors, Cortes, Couture, Davis, Dent, Doglio, Donaghy, Duerr, Dye, Engell, Entenman, Eslick, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Griffey, Hackney, Hill, Hunt, Jacobsen, Klicker, Kloba, Leavitt, Lekanoff, Ley, Low, Macri, McClintock, Mena, Nance, Obras, Orcutt, Ormsby, Ortiz-Self, Parshley, Paul, Penner, Peterson, Pollet, Ramel, Reed, Richards, Rude, Rule, Ryu, Salahuddin, Santos, Schmick, Schmidt, Scott, Shavers, Simmons, Springer, Stearns, Steele, Stokesbary, Stonier, Street, Stuebe, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Waters, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Caldier, Chase, Corry, Dufault, Graham, Keaton, Manjarrez, Marshall, McEntire, Mendoza, Volz, Walsh and Ybarra

Excused: Representatives Morgan and Reeves

SECOND SUBSTITUTE HOUSE BILL NO. 1975, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Monday, April 14, 2025

Mme. Speaker:

The Senate has passed ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1163, with the following amendment(s): 1163-S2.E AMS ENGR S2687.E

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 9.41.090 and 2023 c 161 s 1 are each amended to read as follows:

(1) In addition to the other requirements of this chapter, no dealer may deliver a firearm to the purchaser or transferee thereof until:

(a) The purchaser ((~~provides proof of completion of a recognized firearm safety training program within the last five years that complies with the requirements in RCW 9.41.1132, or proof that the purchaser is exempt from the training requirement~~))or transferee produces a valid permit to purchase firearms under section 2 of this act;

(b) The dealer is notified by the Washington state patrol firearms background check program that the purchaser or transferee is eligible to possess a firearm under state and federal law; and

(c) The requirements and time periods in RCW 9.41.092 have been satisfied.

(2) In determining whether the purchaser or transferee is eligible to possess a firearm, the Washington state patrol firearms background check program shall check with the national instant criminal background check system, provided for by the Brady handgun violence prevention act (18 U.S.C. Sec. 921 et seq.), the Washington state patrol electronic database, the health care authority electronic database, the administrative office of the courts, LInX-NW, and with other agencies or resources as appropriate, to determine whether the applicant is ineligible under RCW 9.41.040 to possess a firearm.

(3)(a) In any case where there is an outstanding warrant for the applicant's arrest from any court of competent jurisdiction for a felony or misdemeanor, the Washington state patrol firearms background check program shall advise the dealer that the delivery of the firearm is delayed. The Washington state patrol firearms background check program shall confirm the existence of outstanding warrants after notification of the application to purchase a firearm is received. Upon confirming that the warrant is valid, the Washington state patrol firearms background check program will advise the dealer that transfer of the firearm is denied.

(b) The Washington state patrol firearms background check program shall notify the dealer that delivery of the firearm must be delayed in any case where it cannot confirm the applicant's identity or determine the applicant's eligibility to purchase and possess a firearm due to disposition records in this state or elsewhere reflecting: (i) Open criminal charges; (ii) pending criminal charges; (iii) pending commitment proceedings; or (iv) an arrest for an offense making a person ineligible to possess a firearm under RCW 9.41.040.

(4)(a) At the time of applying for the purchase of a firearm, the ((~~purchaser~~))applicant shall ((~~sign and deliver to the dealer an application containing~~))provide the firearm dealer the application information necessary to submit the background check to the Washington state patrol background check system, including:

(i) ((~~His or her~~))The applicant's full name, residential address, date and place of birth, race, and gender;

(ii) The date and hour of the application;

(iii) The applicant's driver's license number or state identification card number;

(iv) The identification number of the applicant's permit to purchase firearms;

(v) A description of the firearm including the make, model, caliber and if available the manufacturer's number ((~~if available at the time of applying for the purchase of the firearm. If the manufacturer's number is not available at the time of applying for the purchase of a firearm, the application may be processed, but delivery of the firearm to the purchaser may not occur unless the manufacturer's number is recorded on the application by the dealer and transmitted to the Washington state patrol firearms background check program~~)); and

((~~(v)~~))(vi) A statement that the ((~~purchaser~~))applicant is eligible to purchase and possess a firearm under state and federal law.

(b) The dealer shall provide the applicant with information that contains two warnings substantially stated as follows:

(i) CAUTION: Although state and local laws do not differ, federal law and state law on the possession of firearms differ. If you are prohibited by federal law from possessing a firearm, you may be prosecuted in federal court. State permission to purchase a firearm is not a defense to a federal prosecution; and

(ii) CAUTION: The presence of a firearm in the home has been associated with an increased risk of death to self and others, including an increased risk of suicide, death during domestic violence incidents, and unintentional deaths to children and others.

The ((~~purchaser~~))applicant shall be given a copy of the department of fish and wildlife pamphlet on the legal limits of the use of firearms and firearms safety.

(c) The dealer shall((~~, by the end of the business day,~~)) transmit the information from the application through secure automated firearms e-check (SAFE) to the Washington state patrol firearms background check program. ((~~The original application shall be retained by the dealer for six years.~~))

(d) The dealer shall deliver the firearm to the purchaser or transferee once the requirements and period of time specified in this chapter are satisfied. The application shall not be denied unless the purchaser or transferee is not eligible to purchase or possess the firearm under state or federal law or has not complied with the requirements of this section.

(e) The Washington state patrol firearms background check program shall retain or destroy applications to purchase a firearm in accordance with the requirements of 18 U.S.C. Sec. 922.

((~~(4)~~))(5) A person who knowingly makes a false statement regarding identity or eligibility requirements on the application

to purchase a firearm is guilty of false swearing under RCW 9A.72.040.

((~~(5)~~)) (6) This section does not apply to sales to licensed dealers for resale or to the sale of antique firearms.

NEW SECTION. **Sec. 2.** A new section is added to chapter 9.41 RCW to read as follows:

(1) A person may apply for a permit to purchase firearms with the Washington state patrol firearms background check program.

(2) An applicant for a permit to purchase firearms must submit to the Washington state patrol firearms background check program:

(a) A completed permit application as provided in subsection (3) of this section;

(b) A complete set of fingerprints taken by the local law enforcement agency in the jurisdiction in which the applicant resides;

(c) A certificate of completion of a certified firearms safety training program within the last five years, or proof that the applicant is exempt from the training requirement, as provided in RCW 9.41.1132; and

(d) The permit application fee as provided in subsection (11) of this section.

(3) An application for a permit to purchase firearms must include the applicant's:

(a) Full name and place and date of birth;

(b) Residential address and current mailing address if different from the residential address;

(c) Driver's license number or state identification card number;

(d) Physical description;

(e) Race and gender;

(f) Telephone number and email address, at the option of the applicant; and

(g) Electronic signature.

(4) The application must contain questions about the applicant's eligibility to possess firearms under state and federal law and whether the applicant is a United States citizen. If the applicant is not a United States citizen, the applicant must provide the applicant's country of citizenship, United States-issued alien number or admission number, and the basis on which the applicant claims to be exempt from federal prohibitions on firearm possession by aliens. The applicant shall not be required to produce a birth certificate or other evidence of citizenship. A person who is not a citizen of the United States shall, if applicable, meet the additional requirements of RCW 9.41.173 and produce proof of compliance with RCW 9.41.173 upon application.

(5) A signed application for a permit to purchase firearms shall constitute a waiver of confidentiality and written request that courts, the health care authority, mental health institutions, and other health care facilities release information relevant to the applicant's eligibility for a permit to purchase firearms to an inquiring court or the Washington state patrol firearms background check program.

(6) The Washington state patrol firearms background check program shall issue a permit to purchase firearms to an eligible applicant, or deny the completed application, within 30 days of the date the completed application was filed, or within 60 days of when the completed application was filed if the applicant does not have a valid permanent Washington driver's license or Washington state identification card or has not been a resident of the state for the previous consecutive 90 days, unless additional time is necessary in order to obtain all required information and records needed for determining the applicant's eligibility for the permit.

(7)(a) A permit to purchase firearms shall be issued unless the applicant is disqualified because the applicant:

(i) Is prohibited from purchasing or possessing a firearm under state or federal law;

(ii) Is subject to a court order or injunction regarding firearms issued pursuant to chapter 7.105, 9A.40, 9A.44, 9A.46, 9A.88, 10.99, 26.09, 26.26B, or 26.26A RCW, or any of the former chapters 10.14, 26.10, and 26.50 RCW;

(iii) Has an outstanding warrant for the applicant's arrest from any court of competent jurisdiction for a felony or misdemeanor making a person ineligible to possess a firearm under RCW 9.41.040; or

(iv) Has failed to produce a certificate of completion of a certified firearms safety training program within the last five years, or proof that the applicant is exempt from the training requirement.

(b) If an application for a permit to purchase firearms is denied, the Washington state patrol firearms background check program shall send the applicant a written notice of the denial stating the specific grounds on which the permit to purchase firearms is denied. If the applicant provides an email address at the time of application, the Washington state patrol firearms background check program may send the denial notice to the applicant's email address.

(8)(a) In determining whether the applicant is eligible for a permit to purchase firearms, the Washington state patrol firearms background check program shall check with the national instant criminal background check system, the Washington state patrol electronic database, the health care authority electronic database, the administrative office of the courts, LInX-NW, and with other agencies or resources as appropriate.

(b) A background check for an original permit must be conducted through the Washington state patrol criminal records division and shall include a national check from the federal bureau of investigation through the submission of fingerprints. The results will be returned to the Washington state patrol firearms background check program. The applicant may request and receive a copy of the results of the background check from the Washington state patrol. If the applicant seeks to amend or correct their record, the applicant must contact the Washington state patrol for a Washington state record or the federal bureau of investigation for records from other jurisdictions.

(9) The Washington state patrol firearms background check program shall develop procedures to verify on an annual basis that persons who have been issued a permit to purchase firearms remain eligible to possess firearms under state and federal law and continue to meet other firearm eligibility requirements. If a person is determined to be ineligible, the Washington state patrol firearms background check program shall revoke the permit under subsection (14) of this section, and provide notification of the revocation and relevant information to the chief of police or the sheriff of the jurisdiction in which the permit holder resides so that local law enforcement may take steps to ensure the permit holder is not illegally in possession of firearms.

(10) The permit to purchase firearms must be in a form prescribed by the Washington state patrol firearms background check program and must contain a unique permit number, expiration date, and the name, date of birth, residential address, and brief description of the licensee.

(11)(a) A permit to purchase firearms is valid for a period of five years. A person may renew a permit to purchase firearms by applying for renewal in accordance with the requirements of this section within 90 days before or after the expiration date of the permit. A renewed permit to purchase firearms takes effect on the expiration date of the prior permit to purchase firearms and is valid for a period of five years.

(b)(i) The Washington state patrol firearms background check program may charge permit application fees which will cover as nearly as practicable the direct and indirect costs to the Washington state patrol incurred in creating and administering the permit to purchase firearms program. The Washington state patrol firearms background check program shall establish a late penalty for late renewal of a permit to purchase firearms. The Washington state patrol firearms background check program shall transmit the fees collected to the state treasurer for deposit in the state firearms background check system account created in RCW 43.43.590.

(ii) In addition to the permit application fee, an applicant for a permit to purchase firearms must pay the fingerprint processing fee under RCW 43.43.742.

(12) The Washington state patrol firearms background check program shall mail a renewal notice to the holder of a permit to purchase firearms approximately 90 days before the expiration date of the permit at the address listed on the application, or to the permit holder's new address if the permit holder has notified the Washington state patrol firearms background check program of a change of address. If the permit holder provides an email address at the time of application, the Washington state patrol firearms background check program may send the renewal notice to the permit holder's email address. The notice must contain the date the permit to purchase firearms will expire, the amount of the renewal fee, the penalty for late renewal, and instructions on how to renew the permit to purchase firearms.

(13) A permit to purchase firearms issued under this section does not authorize the holder of the permit to carry a concealed pistol.

(14) The Washington state patrol firearms background check program shall revoke a permit to purchase firearms on the occurrence of any act or condition that would prevent the issuance of a permit to purchase firearms. The Washington state patrol firearms background check program shall send the permit holder a written notice of the revocation stating the specific grounds on which the permit is revoked.

(15) If a permit application is denied or a permit is revoked, a person aggrieved by the denial or revocation is entitled to seek relief of the denial or revocation in superior court pursuant to RCW 9.41.0975.

(16) Not later than one year after the effective date of this section and annually thereafter, the Washington state patrol firearms background check program shall submit to the state legislature a report that includes all of the following information for the preceding year:

(a) The number of permit applications submitted, issued, and denied;

(b) Aggregate and anonymized demographic data on the number of applicants seeking permits that were issued, including race, gender, date of birth, and county of residence;

(c) Aggregate and anonymized demographic data on the number of applicants seeking permits that were denied, including race, gender, date of birth, and county of residence;

(d) The frequency with which permits were denied for each of the statutory disqualifying factors listed in this section;

(e) The number of permit denial decisions appealed by permit applicants and the disposition of those appeals;

(f) The number of issued permits revoked; and

(g) The number of cases that the Washington state patrol has provided notice of permit revocations and relevant information to local law enforcement agencies, and the number of cases that local law enforcement agencies have taken action to remove firearms purchased with a permit that was subsequently revoked and the number of firearms recovered in such cases.

Sec. 3. RCW 9.41.1132 and 2023 c 161 s 2 are each amended to read as follows:

(1) A person applying for ((~~the purchase or transfer of a firearm~~))a permit to purchase firearms must provide ((~~proof~~))a certificate of completion of a ((~~recognized~~))certified firearms safety training program within the last five years that, at a minimum, includes instruction on:

(a) Basic firearms safety rules;

(b) Firearms and children, including secure gun storage and talking to children about gun safety;

(c) Firearms and suicide prevention;

(d) Secure gun storage to prevent unauthorized access and use;

(e) Safe handling of firearms;

(f) State and federal firearms laws, including prohibited firearms transfers and locations where firearms are prohibited;

(g) State laws pertaining to the use of deadly force for self-defense; ((~~and~~))

(h) Techniques for avoiding a criminal attack and how to manage a violent confrontation, including conflict resolution; and

(i) Live-fire shooting exercises on a firing range that include a demonstration by the applicant of the safe handling of, and shooting proficiency with, firearms.

(2) As it relates to the renewal of a permit to purchase firearms pursuant to section 2 of this act, the live-fire component of subsection (1)(i) of this section must be completed within the last 10 years.

(3) The training must be sponsored by a federal, state, tribal, county, or municipal law enforcement agency, a college or university, a nationally recognized organization that customarily offers firearms training, or a firearms training school with instructors certified by a nationally recognized organization that customarily offers firearms training. The ((~~proof~~))certificate of training shall be in the form ((~~of a certification that states under the penalty of perjury that the training included the minimum requirements~~))and manner of documentation developed by the Washington state patrol under section 4 of this act.

((~~(3)~~))(4) The training may include stories provided by individuals with lived experience in the topics listed in subsection (1)(a) through (g) of this section or an understanding of the legal and social impacts of discharging a firearm.

((~~(4)~~))(5) The firearms safety training requirement of this section does not apply to:

(a) ((~~A~~))Upon showing proper identification, a person who is a:

(i) General authority Washington peace officer as defined in RCW 10.93.020;

(ii) Limited authority Washington peace officer as defined in RCW 10.93.020 who as a normal part of their duties has arrest powers and carries a firearm;

(iii) Specially commissioned Washington peace officer as defined in RCW 10.93.020 who as a normal part of their duties has arrest powers and carries a firearm; ((~~or~~))

(iv) Federal peace officer as defined in RCW 10.93.020 who as a normal part of their duties has arrest powers and carries a firearm; or

(v) Tribal police officer;

(b) ((~~A~~))Upon showing proper identification, a person who is an active duty member of the armed forces of the United States, an active member of the national guard, or an active member of the armed forces reserves ((~~who, as part of the applicant's service, has completed, within the last five years, a course of training in firearms proficiency or familiarization that included training on the safe handling and shooting proficiency with firearms~~)). For the purposes of this section, proper identification includes the armed forces identification card or other written documentation certifying that the individual is an active military member;

(c) Upon showing proper identification, a person who is an armed private investigator licensed pursuant to chapter 18.165 RCW. For the purposes of this section, proper identification includes the armed private investigator license card issued pursuant to RCW 18.165.080 or other written documentation certifying that the individual is a licensed armed private investigator; or

(d) Upon showing proper identification, a person who is an armed security guard licensed pursuant to chapter 18.170 RCW. For the purposes of this section, proper identification includes the armed security guard license card issued pursuant to RCW 18.170.070 or other written documentation certifying that the individual is a licensed armed security guard.

(6) The exceptions to the firearms safety training requirement established in subsection (5)(c) and (d) of this section shall only apply so long as the criminal justice training commission's private security firearms certificate training meets the requirements of this section.

NEW SECTION. **Sec. 4.** A new section is added to chapter 43.43 RCW to read as follows:

The Washington state patrol shall establish a program to provide certifications for firearms safety training programs that meet the requirements of RCW 9.41.070 and 9.41.1132, and to require certified firearms safety programs to apply for recertification every five years. The Washington state patrol shall develop the form and manner of documentation for applicants for permits to purchase firearms to provide proof of completion of a certified firearms safety training program, for concealed pistol license applicants to provide proof of completion of a certified concealed carry firearms safety training program, and for use as proof of qualifying for an exemption from the firearms safety training requirement or concealed carry firearms safety training requirement.

Sec. 5. RCW 43.43.590 and 2020 c 28 s 3 are each amended to read as follows:

The state firearms background check system account is created in the custody of the state treasurer. All receipts under RCW 43.43.580 and section 2 of this act must be deposited into the account. Expenditures from the account may be used only for the creation, operation, and maintenance of the automated firearms background check system under RCW 43.43.580, and for costs incurred in establishing and administering the permit to purchase firearms program under section 2 of this act. Only the chief of the Washington state patrol or the chief's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. The account must provide reimbursement of any amounts appropriated for the purposes of initial establishment of

the permit to purchase firearms program by June 30, 2029.

NEW SECTION. **Sec. 6.** The Washington state patrol may adopt rules and undertake actions necessary for the implementation and administration of sections 2, 4, and 5 of this act.

NEW SECTION. **Sec. 7.** A new section is added to chapter 9.41 RCW to read as follows:

A local law enforcement agency taking fingerprints pursuant to section 2 of this act may charge a reasonable fee to recover as nearly as practicable the direct and indirect costs to the local law enforcement agency of taking and transmitting the fingerprints. A local law enforcement agency taking fingerprints pursuant to section 2 of this act must check for valid existing warrants for arrest of the applicant.

Sec. 8. RCW 9.41.047 and 2024 c 290 s 1 are each amended to read as follows:

(1)(a) At the time a person is convicted or found not guilty by reason of insanity of an offense making the person ineligible to possess a firearm under state or federal law, including if the person was convicted of possession under RCW 69.50.4011, 69.50.4013, 69.50.4014, or 69.41.030, or at the time a person is committed by court order under RCW 71.05.240, 71.05.320, 71.34.740, 71.34.750, or chapter 10.77 RCW for treatment for a mental disorder, or at the time that charges are dismissed based on incompetency to stand trial under RCW 10.77.086, or the charges are dismissed based on incompetency to stand trial under RCW 10.77.088 and the court makes a finding that the person has a history of one or more violent acts, the court shall notify the person, orally and in writing, that the person must immediately surrender all firearms to their local law enforcement agency and any concealed pistol license and that the person may not possess a firearm unless the person's right to do so is restored by the superior court that issued the order.

(b) The court shall forward within three judicial days following conviction or finding of not guilty by reason of insanity a copy of the person's driver's license or identicard, or comparable information such as the person's name, address, and date of birth, along with the date of conviction or finding of not guilty by reason of insanity, to the department of licensing and to the Washington state patrol firearms background check program.

(c) The court shall forward within three judicial days following commitment by court order under RCW 71.05.240, 71.05.320, 71.34.740, 71.34.750, or chapter 10.77 RCW, for treatment for a mental disorder, or upon dismissal of charges based on incompetency to stand trial under RCW 10.77.086, or the charges are dismissed based on incompetency to stand trial under RCW 10.77.088 when the court makes a finding that the person has a history of one or more violent acts, a copy of the person's driver's license or identicard, or comparable information such as the person's name, address, and date of birth, along with the date of commitment or date charges are dismissed, to the national instant criminal background check system index, denied persons file, created by the federal Brady handgun violence prevention act (P.L. 103-159), and to the department of licensing, Washington state patrol firearms background check program, and the criminal division of the county prosecutor in the county of commitment or the county in which charges are dismissed. The petitioning party shall provide the court with the information required. If more than one commitment order is entered under one cause number, only one notification to the national instant criminal background check system, the department of licensing, the Washington state patrol firearms background check program, and the criminal division of the county prosecutor in the county of commitment or county in which charges are dismissed is required.

(2)(a) Upon receipt of the information provided in subsection (1) of this section, the Washington state patrol firearms background check program shall determine if the convicted or committed person, or the person whose charges are dismissed based on incompetency to stand trial, has a permit to purchase firearms. If the person does have a permit to purchase firearms, the Washington state patrol firearms background check program shall immediately revoke the permit.

(b) Upon receipt of the information provided for by subsection (1) of this section, the department of licensing shall determine if the person has a concealed pistol license. If the person has a concealed pistol license, the department of licensing shall immediately notify ((~~the license-issuing authority which, upon~~))the issuing law enforcement agency that the court has directed revocation of the license. Upon receipt of such notification, the issuing law enforcement agency shall immediately revoke the license.

(3)(a) A person who is prohibited from possessing a firearm, by reason of having been involuntarily committed for treatment for a mental disorder under RCW 71.05.240, 71.05.320, 71.34.740, 71.34.750, chapter 10.77 RCW, or equivalent statutes of another jurisdiction, or by reason of having been detained under RCW 71.05.150 or 71.05.153, or because the person's charges were dismissed based on incompetency to stand trial under RCW 10.77.086, or the charges were dismissed based on incompetency to stand trial under RCW 10.77.088 and the court made a finding that the person has a history of one or more violent acts, may, upon discharge, petition the superior court to have ((~~his or her~~))the person's right to possess a firearm restored, except that a person found not guilty by reason of insanity may not petition for restoration of the right to possess a firearm until one year after discharge.

(b) The petition must be brought in the superior court that ordered the involuntary commitment or dismissed the charges based on incompetency to stand trial or the superior court of the county in which the petitioner resides.

(c) Except as provided in (d) and (e) of this subsection, firearm rights shall be restored if the person petitioning for restoration of firearm rights proves by a preponderance of the evidence that:

(i) The person petitioning for restoration of firearm rights is no longer required to participate in court-ordered inpatient or outpatient treatment;

(ii) The person petitioning for restoration of firearm rights has successfully managed the condition related to the commitment or detention or incompetency;

(iii) The person petitioning for restoration of firearm rights no longer presents a substantial danger to self or to the public;

(iv) The symptoms related to the commitment or detention or incompetency are not reasonably likely to recur; and

(v) There is no active extreme risk protection order or order to surrender and prohibit weapons entered against the petitioner.

(d) If a preponderance of the evidence in the record supports a finding that the person petitioning for restoration of firearm rights has engaged in violence and that it is more likely than not that the person will engage in violence after the person's right to possess a firearm is restored, the person petitioning for restoration of firearm rights shall bear the burden of proving by clear, cogent, and convincing evidence that the person does not present a substantial danger to the safety of others.

(e) If the person seeking restoration of firearm rights seeks restoration after having been detained under RCW 71.05.150 or 71.05.153, the state shall bear the burden of proof to show, by a preponderance of the evidence, that the person does not meet the restoration criteria in (c) of this subsection.

(f) When a person's right to possess a firearm has been restored under this subsection, the court shall forward, within three judicial days after entry of the restoration order, notification that the person's right to possess a firearm has been restored to the department of licensing and the Washington state patrol criminal records division, with a copy of the person's driver's license or identicard, or comparable identification such as the person's name, address, and date of birth, and to the health care authority, and the national instant criminal background check system index, denied persons file. In the case of a person whose right to possess a firearm has been suspended for six months as provided in RCW 71.05.182, the department of licensing shall forward notification of the restoration order to the licensing authority, which, upon receipt of such notification, shall immediately lift the suspension, restoring the person's concealed pistol license.

(4) No person who has been found not guilty by reason of insanity may petition a court for restoration of the right to possess a firearm unless the person meets the requirements for the restoration of the right to possess a firearm under RCW 9.41.041.

Sec. 9. RCW 9.41.070 and 2021 c 215 s 94 are each amended to read as follows:

(1) The chief of police of a municipality or the sheriff of a county shall within thirty days after the filing of an application of any person, issue a license to such person to carry a concealed pistol ((~~concealed on his or her person~~)) within this state for five years from date of issue, for the purposes of protection or while engaged in business, sport, or while traveling. However, if the applicant does not have a valid permanent Washington driver's license or Washington state identification card or has not been a resident of the state for the previous consecutive ninety days, the issuing authority shall have up to sixty days after the filing of the application to issue a license. The issuing authority shall not refuse to accept completed applications for concealed pistol licenses during regular business hours.

((~~The applicant's constitutional right to bear arms shall not be denied, unless~~))A concealed pistol license application shall be issued unless the applicant is disqualified because the applicant:

(a) ((~~He or she is~~))Is ineligible to possess a firearm under the provisions of RCW 9.41.040 or 9.41.045, or is prohibited from possessing a firearm under federal law;

(b) The applicant's concealed pistol license is in a revoked status;

(c) ((~~He or she is~~))Is under twenty-one years of age;

(d) ((~~He or she is~~))Is subject to a court order or injunction regarding firearms pursuant to chapter 7.105 RCW, or RCW 9A.46.080, 10.99.040, 10.99.045, 26.09.050, 26.09.060, 26.10.040, 26.26B.020, or 26.26A.470, or any of the former RCW 10.14.080, 26.10.115, 26.50.060, and 26.50.070;

(e) ((~~He or she is~~))Is free on bond or personal recognizance pending trial, appeal, or sentencing for a felony offense;

(f) ((~~He or she has~~))Has an outstanding warrant for ((~~his or her~~))the applicant's arrest from any court of competent jurisdiction for a felony or misdemeanor; ((~~or~~))

(g) ((~~He or she has~~))Has been ordered to forfeit a firearm under RCW 9.41.098(1)(e) within one year before filing an application ((~~to carry a pistol~~))for a concealed ((~~on his or her person~~))pistol license; or

(h) Has failed to produce a certificate of completion from a certified concealed carry firearms safety training program within the last five years, as provided under subsection (5) of this section and section 4 of this act, or proof that the applicant is exempt from the training requirement.

No person convicted of a felony may have ((~~his or her~~))the person's right to possess firearms restored or ((~~his or her~~)) privilege to carry a concealed pistol restored, unless the person has been granted relief from disabilities by the attorney

general under 18 U.S.C. Sec. 925(c), or RCW 9.41.040 (3) or (4) applies.

(2)(a) The issuing authority shall conduct a check through the national instant criminal background check system, the Washington state patrol electronic database, the administrative office of the courts, LInX-NW, the health care authority electronic database, and with other agencies or resources as appropriate, to determine whether the applicant is ineligible under RCW 9.41.040 or 9.41.045 to possess a firearm, or is prohibited from possessing a firearm under federal or state law, and therefore ineligible for a concealed pistol license.

(b) The issuing authority shall deny a ((~~permit~~))license to anyone who is found to be prohibited from possessing a firearm under federal or state law or otherwise disqualified from obtaining a concealed pistol license under the requirements of this section.

(c) (a) and (b) of this subsection apply whether the applicant is applying for a new concealed pistol license or to renew a concealed pistol license.

(d) A background check for an original license must be conducted through the Washington state patrol criminal identification section and shall include a national check from the federal bureau of investigation through the submission of fingerprints. The results will be returned to the issuing authority. The applicant may request and receive a copy of the results of the background check from the issuing authority. If the applicant seeks to amend or correct their record, the applicant must contact the Washington state patrol for a Washington state record or the federal bureau of investigation for records from other jurisdictions. An applicant presenting a valid permit to purchase firearms is exempt from the fingerprint check requirement in a concealed pistol license application.

(e)(i) If an application for a concealed pistol license is denied, the issuing authority shall send the applicant a written notice of the denial citing the specific statute under which the application is denied, and providing specific details regarding the grounds for denial in compliance with rules governing the dissemination of criminal history information. If the applicant provides an email address at the time of application, the issuing authority may send the denial notice to the applicant's email address. The written notice also must include information on the procedure for an applicant to request that the issuing authority reconsider the denial of the application.

(ii) If the issuing authority after reconsideration upholds the decision to deny the application, the applicant may seek judicial relief of the denial in superior court pursuant to RCW 9.41.0975.

(3) Any person whose firearms rights have been restricted and who has been granted relief from disabilities by the attorney general under 18 U.S.C. Sec. 925(c) or who is exempt under 18 U.S.C. Sec. 921(a)(20)(A) shall have ((~~his or her~~))the person's right to acquire, receive, transfer, ship, transport, carry, and possess firearms in accordance with Washington state law restored except as otherwise prohibited by this chapter.

(4) The license application shall bear the full name, residential address, telephone number at the option of the applicant, email address at the option of the applicant, date and place of birth, race, gender, physical description, a complete set of fingerprints unless the applicant presents a valid permit to purchase firearms issued under section 2 of this act, ((~~and~~)) signature of the licensee, and the licensee's driver's license number or state identification card number if used for identification in applying for the license. A signed application for a concealed pistol license shall constitute a waiver of confidentiality and written request that the health care authority, mental health institutions, and other health care facilities release information relevant to the applicant's eligibility for a concealed pistol license to an inquiring court or law enforcement agency.

The application for an original license shall include a complete set of fingerprints to be forwarded to the Washington state patrol unless the applicant presents a valid permit to purchase firearms issued under section 2 of this act.

The license and application shall contain a warning substantially as follows:

> CAUTION: Although state and local laws do not differ, federal law and state law on the possession of firearms differ. If you are prohibited by federal law from possessing a firearm, you may be prosecuted in federal court. A state license is not a defense to a federal prosecution.

The license shall contain a description of the major differences between state and federal law and an explanation of the fact that local laws and ordinances on firearms are preempted by state law and must be consistent with state law.

The application shall contain questions about the applicant's eligibility under RCW 9.41.040 and federal law to possess a pistol, the applicant's place of birth, and whether the applicant is a United States citizen. If the applicant is not a United States citizen, the applicant must provide the applicant's country of citizenship, United States issued alien number or admission number, and the basis on which the applicant claims to be exempt from federal prohibitions on firearm possession by aliens. The applicant shall not be required to produce a birth certificate or other evidence of citizenship. A person who is not a citizen of the United States shall, if applicable, meet the additional requirements of RCW 9.41.173 and produce proof of compliance with RCW 9.41.173 upon application. The license may be in triplicate or in a form to be prescribed by the department of licensing.

A photograph of the applicant may be required as part of the application and printed on the face of the license.

The original thereof shall be delivered to the licensee, the duplicate shall within

seven days be sent to the director of licensing and the triplicate shall be preserved for six years, by the authority issuing the license.

The department of licensing shall make available to law enforcement and corrections agencies, in an online format, all information received under this subsection.

(5)(a) The training required for issuance of a license under this section must be from a concealed carry firearms safety training program certified under section 4 of this act that includes live-fire shooting exercises on a firing range that include a demonstration by the applicant of the safe handling of, and shooting proficiency with, firearms, including a minimum of 50 rounds of ammunition firing training at a firing range under the supervision of an instructor.

(b) Concealed pistol license applicants are exempt from the training requirement in this section if they can demonstrate they are exempt under RCW 9.41.1132(5).

(6)(a) The nonrefundable fee, paid upon application, for the original five-year license shall be thirty-six dollars plus additional charges imposed by the federal bureau of investigation that are passed on to the applicant. No other state or local branch or unit of government may impose any additional charges on the applicant for the issuance of the license.

The fee shall be distributed as follows:

((~~(a)~~))(i) Fifteen dollars shall be paid to the state general fund;

((~~(b)~~))(ii) Four dollars shall be paid to the agency taking the fingerprints of the person licensed;

((~~(c)~~))(iii) Fourteen dollars shall be paid to the issuing authority for the purpose of enforcing this chapter;

((~~(d)~~))(iv) Two dollars and sixteen cents to the firearms range account in the general fund; and

((~~(e)~~))(v) Eighty-four cents to the concealed pistol license renewal notification account created in RCW 43.79.540.

((~~(6)~~))(b) The nonrefundable fee for the renewal of such license shall be thirty-two dollars. No other branch or unit of government may impose any additional charges on the applicant for the renewal of the license.

The renewal fee shall be distributed as follows:

((~~(a)~~))(i) Fifteen dollars shall be paid to the state general fund;

((~~(b)~~))(ii) Fourteen dollars shall be paid to the issuing authority for the purpose of enforcing this chapter;

((~~(c)~~))(iii) Two dollars and sixteen cents to the firearms range account in the general fund; and

((~~(d)~~))(iv) Eighty-four cents to the concealed pistol license renewal notification account created in RCW 43.79.540.

((~~(7)~~))(c) The nonrefundable fee for replacement of lost or damaged licenses is ten dollars to be paid to the issuing authority.

((~~(8)~~))(d) Payment shall be by cash, check, or money order at the option of the applicant. Additional methods of payment may be allowed at the option of the issuing authority.

((~~(9)~~))(7)(a) A licensee may renew a license if the licensee applies for renewal within ninety days before or after the expiration date of the license. A license so renewed shall take effect on the expiration date of the prior license. A licensee renewing after the expiration date of the license must pay a late renewal penalty of ten dollars in addition to the renewal fee specified in subsection (6) of this section. The fee shall be distributed as follows:

(i) Three dollars shall be deposited in the limited fish and wildlife account and used exclusively first for the printing and distribution of a pamphlet on the legal limits of the use of firearms, firearms safety, and the preemptive nature of state law, and subsequently the support of volunteer instructors in the basic firearms safety training program conducted by the department of fish and wildlife. The pamphlet shall be given to each applicant for a license; and

(ii) Seven dollars shall be paid to the issuing authority for the purpose of enforcing this chapter.

(b) Beginning with concealed pistol licenses that expire on or after August 1, 2018, the department of licensing shall mail a renewal notice approximately ninety days before the license expiration date to the licensee at the address listed on the concealed pistol license application, or to the licensee's new address if the licensee has notified the department of licensing of a change of address. Alternatively, if the licensee provides an email address at the time of license application, the department of licensing may send the renewal notice to the licensee's email address. The notice must contain the date the concealed pistol license will expire, the amount of renewal fee, the penalty for late renewal, and instructions on how to renew the license.

((~~(10)~~))(8) Notwithstanding the requirements of subsections (1) through ((~~(9)~~))(7) of this section, the chief of police of the municipality or the sheriff of the county of the applicant's residence may issue a temporary emergency license for good cause pending review under subsection (1) of this section. However, a temporary emergency license issued under this subsection shall not exempt the holder of the license from any records check requirement. Temporary emergency licenses shall be easily distinguishable from regular licenses.

((~~(11)~~))(9) A political subdivision of the state shall not modify the requirements of this section or chapter, nor may a political subdivision ask the applicant to voluntarily submit any information not required by this section.

((~~(12)~~))(10) A person who knowingly makes a false statement regarding citizenship or identity on an application for a concealed pistol license is guilty of false swearing under RCW 9A.72.040. In addition to any other penalty provided for by law, the concealed pistol license of a person who knowingly makes a false statement shall be revoked, and the person shall be permanently ineligible for a concealed pistol license.

((~~(13)~~))(11) A person may apply for a concealed pistol license:

(a) To the municipality or to the county in which the applicant resides if the applicant resides in a municipality;

(b) To the county in which the applicant resides if the applicant resides in an unincorporated area; or

(c) Anywhere in the state if the applicant is a nonresident.

((~~(14)~~))(12) Any person who, as a member of the armed forces, including the national guard and armed forces reserves, is unable to renew ((~~his or her~~))a license under ((~~subsections (6) and (9)~~))subsection (7) of this section because of the person's assignment, reassignment, or deployment for out-of-state military service may renew ((~~his or her~~))the license within ninety days after the person returns to this state from out-of-state military service, if the person provides the following to the issuing authority no later than ninety days after the person's date of discharge or assignment, reassignment, or deployment back to this state: (a) A copy of the person's original order designating the specific period of assignment, reassignment, or deployment for out-of-state military service, and (b) if appropriate, a copy of the person's discharge or amended or subsequent assignment, reassignment, or deployment order back to this state. A license ((~~so~~)) renewed under this subsection ((~~(14)~~)) shall take effect on the expiration date of the prior license. A licensee renewing after the expiration date of the license under this subsection ((~~(14)~~)) shall pay only the renewal fee specified in subsection (6) of this section and shall not be required to pay a late renewal penalty in addition to the renewal fee.

((~~(15)~~))(13)(a) By October 1, 2019, law enforcement agencies that issue concealed pistol licenses shall develop and implement a procedure for the renewal of concealed pistol licenses through a mail application process, and may develop an online renewal application process, for any person who, as a member of the armed forces, including the national guard and armed forces reserves, is unable to renew ((~~his or her~~))a license under ((~~subsections (6) and (9)~~))subsection (7) of this section because of the person's assignment, reassignment, or deployment for out-of-state military service.

(b) A person applying for a license renewal under this subsection shall:

(i) Provide a copy of the person's original order designating the specific period of assignment, reassignment, or deployment for out-of-state military service;

(ii) Apply for renewal within ninety days before or after the expiration date of the license; and

(iii) Pay the renewal licensing fee under subsection (6) of this section, and, if applicable, the late renewal penalty under subsection ((~~(9)~~))(7) of this section.

(c) A license renewed under this subsection takes effect on the expiration date of the prior license and is valid for a period of one year.

(14) Not later than one year after the effective date of this section and annually thereafter, issuing authorities shall submit aggregate license application data as set forth in this section to the Washington state patrol firearms background check program for statewide analysis of the uniformity of the licensing system and any potential demographic disparities. Not later than 18 months after the effective date of this section and annually thereafter, the Washington state patrol firearms background check program shall submit to the state legislature a report that includes all of the following information, to the extent available, regarding concealed pistol licenses for the preceding year:

(a) The number of license applications submitted, issued, and denied;

(b) Aggregate and anonymized demographic data on the number of applicants seeking licenses that were issued, including race, gender, date of birth, and county of residence;

(c) Aggregate and anonymized demographic data on the number of applicants seeking licenses that were denied, including race, gender, date of birth, and county of residence;

(d) The frequency with which licenses were denied for each of the statutory disqualifying factors listed in this section;

(e) The number of license denial decisions appealed by license applicants and the disposition of those appeals;

(f) The number of issued licenses revoked; and

(g) Information on the barriers, if any, to compiling and analyzing the information listed in (a) through (f) of this subsection.

Sec. 10. RCW 9.41.075 and 2021 c 215 s 73 are each amended to read as follows:

(1) The license shall be revoked by a law enforcement agency immediately upon:

(a) Discovery by the law enforcement agency that the licensee was ineligible under RCW 9.41.070 for a concealed pistol license when applying for the license or license renewal or has become ineligible after the license was issued;

(b) Conviction of the licensee, or the licensee being found not guilty by reason of insanity, of an offense, or commitment of the licensee for mental health treatment, that makes a person ineligible under RCW 9.41.040 to possess a firearm;

(c) Conviction of the licensee for a third violation of this chapter within five calendar years;

(d) An order that the licensee forfeit a firearm under RCW 9.41.098(1)(d); or

(e) The law enforcement agency's receipt of an order to surrender and prohibit weapons or an extreme risk protection order, other than an ex parte temporary protection order, issued against the licensee.

(2) The law enforcement agency must provide a written notice of the revocation to the license holder citing the specific statute under which the license is revoked, and providing details regarding the grounds for revocation in compliance with rules governing the dissemination of criminal history information. The written notice also

must include information on the procedure for the license holder to request that the law enforcement agency reconsider the revocation determination. If the agency after reconsideration upholds the decision to revoke the license, the license holder may seek relief of the denial in superior court pursuant to RCW 9.41.0975.

(3)(a) Unless the person may lawfully possess a pistol without a concealed pistol license, an ineligible person to whom a concealed pistol license was issued shall, within 14 days of license revocation, lawfully transfer ownership of any pistol acquired while the person was in possession of the license.

(b) Upon discovering a person issued a concealed pistol license was ineligible for the license, the law enforcement agency shall contact the department of licensing to determine whether the person purchased a pistol while in possession of the license. If the person did purchase a pistol while in possession of the concealed pistol license, if the person may not lawfully possess a pistol without a concealed pistol license, the law enforcement agency shall require the person to present satisfactory evidence of having lawfully transferred ownership of the pistol. The law enforcement agency shall require the person to produce the evidence within 15 days of the revocation of the license.

((~~(3)~~))(4) When a licensee is ordered to forfeit a firearm under RCW 9.41.098(1)(d), the law enforcement agency shall:

(a) On the first forfeiture, revoke the license for one year;

(b) On the second forfeiture, revoke the license for two years; or

(c) On the third or subsequent forfeiture, revoke the license for five years.

Any person whose license is revoked as a result of a forfeiture of a firearm under RCW 9.41.098(1)(d) may not reapply for a new license until the end of the revocation period.

((~~(4)~~))(5) The law enforcement agency shall notify, in writing, the department of licensing of the revocation of a license. The department of licensing shall record the revocation.

Sec. 11. RCW 9.41.097 and 2023 c 161 s 6 are each amended to read as follows:

(1) The health care authority, mental health institutions, and other health care facilities shall, upon request of a court, law enforcement agency, or the state, supply such relevant information as is necessary to determine the eligibility of a person to possess a firearm, to be issued a permit to purchase firearms under section 2 of this act or a concealed pistol license under RCW 9.41.070, or to purchase a firearm under RCW 9.41.090.

(2) Mental health information received by: (a) The department of licensing pursuant to RCW 9.41.047 or 9.41.173; (b) an issuing authority pursuant to RCW 9.41.047 or 9.41.070; (c) a chief of police or sheriff pursuant to RCW 9.41.090 or 9.41.173; (d) a court or law enforcement agency pursuant to subsection (1) of this section; or (e) the Washington state patrol firearms background check program pursuant to RCW 9.41.090, shall not be disclosed except as provided in RCW 42.56.240(4).

Sec. 12. RCW 9.41.0975 and 2023 c 161 s 7 are each amended to read as follows:

(1) The state, local governmental entities, any public or private agency, and the employees of any state or local governmental entity or public or private agency, acting in good faith, are immune from liability:

(a) For failure to prevent the sale or transfer of a firearm to a person whose receipt or possession of the firearm is unlawful;

(b) For preventing the sale or transfer of a firearm to a person who may lawfully receive or possess a firearm;

(c) For issuing a permit to purchase firearms, concealed pistol license, or alien firearm license to a person ineligible for such a license;

(d) For failing to issue a permit to purchase firearms, concealed pistol license, or alien firearm license to a person eligible for such a license;

(e) For revoking or failing to revoke an issued permit to purchase firearms, concealed pistol license, or alien firearm license;

(f) For errors in preparing or transmitting information as part of determining a person's eligibility to receive or possess a firearm, or eligibility for a permit to purchase firearms, concealed pistol license, or alien firearm license;

(g) For issuing a dealer's license to a person ineligible for such a license; or

(h) For failing to issue a dealer's license to a person eligible for such a license.

(2) An application may be made to a court of competent jurisdiction for a writ of mandamus:

(a) Directing an issuing agency to issue a concealed pistol license, permit to purchase firearms, or alien firearm license wrongfully refused, or to reinstate a concealed pistol license or permit to purchase firearms wrongfully revoked;

(b) Directing the Washington state patrol firearms background check program to approve an application to purchase a firearm wrongfully denied;

(c) Directing that erroneous information resulting either in the wrongful refusal to issue a permit to purchase firearms, concealed pistol license, or alien firearm license or in the wrongful denial of ((~~a purchase~~))an application for the purchase or transfer of a firearm be corrected; or

(d) Directing a law enforcement agency to approve a dealer's license wrongfully denied.

The application for the writ may be made in the county in which the application for a permit to purchase firearms, concealed pistol license, or alien firearm license or an application to purchase a firearm was made, or in Thurston county, at the discretion of the petitioner. A court shall provide an expedited hearing for an application brought under this subsection

(2) for a writ of mandamus. A person granted a writ of mandamus under this subsection (2) shall be awarded reasonable attorneys' fees and costs.

Sec. 13. RCW 9.41.110 and 2024 c 288 s 1 are each amended to read as follows:

(1) No dealer may sell or otherwise transfer, or expose for sale or transfer, or have in ((~~his or her~~))the dealer's possession with intent to sell, or otherwise transfer, any pistol without being licensed as provided in this section.

(2) No dealer may sell or otherwise transfer, or expose for sale or transfer, or have in ((~~his or her~~))the dealer's possession with intent to sell, or otherwise transfer, any firearm other than a pistol without being licensed as provided in this section.

(3) No dealer may sell or otherwise transfer, or expose for sale or transfer, or have in ((~~his or her~~))the dealer's possession with intent to sell, or otherwise transfer, any ammunition without being licensed as provided in this section.

(4) The duly constituted licensing authorities of any city, town, or political subdivision of this state shall grant licenses in forms prescribed by the director of licensing effective for not more than one year from the date of issue permitting the licensee to sell firearms within this state subject to the following conditions, for breach of any of which the license shall be forfeited and the licensee subject to punishment as provided in this chapter. A licensing authority shall forward a copy of each license granted to the department of licensing. The department of licensing shall notify the department of revenue of the name and address of each dealer licensed under this section. Any law enforcement agency acting within the scope of its jurisdiction may investigate a breach of the licensing conditions established in this chapter.

(5)(a) A licensing authority shall, within 30 days after the filing of an application of any person for a dealer's license, determine whether to grant the license. However, if the applicant does not have a valid permanent Washington driver's license or Washington state identification card, or has not been a resident of the state for the previous consecutive 90 days, the licensing authority shall have up to 60 days to determine whether to issue a license. No person shall qualify for a license under this section without first receiving a federal firearms license and undergoing fingerprinting and a background check. In addition, no person ineligible to possess a firearm under RCW 9.41.040 or ineligible for a concealed pistol license under RCW 9.41.070 shall qualify for a dealer's license.

(b) A dealer shall require every employee who may sell a firearm in the course of ((~~his or her~~)) employment to undergo fingerprinting and a background check in advance of engaging in the sale or transfer of firearms and to undergo a background check annually thereafter. An employee must be at least 21 years of age, eligible to possess a firearm, and must not have been convicted of a crime that would make the person ineligible for a concealed pistol license, before being permitted to sell a firearm. Every employee shall comply with requirements concerning purchase applications and restrictions on delivery of firearms that are applicable to dealers.

(6) As a condition of licensure, a dealer shall annually certify to the licensing authority, in writing and under penalty of perjury, that the dealer is in compliance with each licensure requirement established in this section.

(7)(a) Except as otherwise provided in (b) of this subsection, the business shall be carried on only in the building designated in the license. For the purpose of this section, advertising firearms for sale shall not be considered the carrying on of business.

(b) A dealer may conduct business temporarily at a location other than the building designated in the license, if the temporary location is within Washington state and is the location of a gun show sponsored by a national, state, or local organization, or an affiliate of any such organization, devoted to the collection, competitive use, or other sporting use of firearms in the community. Nothing in this subsection (7)(b) authorizes a dealer to conduct business in or from a motorized or towed vehicle.

In conducting business temporarily at a location other than the building designated in the license, the dealer shall comply with all other requirements imposed on dealers by RCW 9.41.090, 9.41.100, and this section. The license of a dealer who fails to comply with the requirements of RCW 9.41.080 and 9.41.090 and subsection (16) of this section while conducting business at a temporary location shall be revoked, and the dealer shall be permanently ineligible for a dealer's license.

(8) The license or a copy thereof, certified by the issuing authority, shall be displayed on the premises in the area where firearms are sold, or at the temporary location, where it can easily be read.

(9)(a) The business building location designated in the license shall be secured:

(i) With at least one of the following features designed to prevent unauthorized entry, which must be installed on each exterior door and window of the place of business:

(A) Bars or grates;

(B) Security screens; or

(C) Commercial grade metal doors; and

(ii) With a security alarm system that is:

(A) Properly installed and maintained in good condition;

(B) Monitored by a remote central station that can contact law enforcement in the event of an alarm;

(C) Capable of real-time monitoring of all exterior doors and windows, and all areas where firearms are stored; and

(D) Equipped with, at minimum, detectors that can perceive entry, motion, and sound.

(b) It is not a violation of this subsection if any security feature or system becomes temporarily inoperable through no fault of the dealer.

(10)(a) Dealers shall secure each firearm during business hours, except when the firearm is being shown to a customer, repaired, or otherwise worked on, in a manner that prevents a customer or other member of the public from accessing or using the firearm, which may include keeping the firearm in a locked container or in a locked display case.

(b) Other than during business hours, all firearms shall be secured (i) on the dealer's business premises in a locked fireproof safe or vault, (ii) in a room or building that meets all requirements of subsection (9)(a) of this section, or (iii) in a secured and locked area under the dealer's control while the dealer is conducting business at a temporary location.

(11)(a) A dealer shall ensure that its business location designated in the license is monitored by a digital video surveillance system that meets all of the following requirements:

(i) The system shall clearly record images and, for systems located inside the premises, audio, of the area under surveillance;

(ii) Each camera shall be permanently mounted in a fixed location. Cameras shall be placed in locations that allow the camera to clearly record activity occurring in all areas described in (a)(iii) of this subsection and reasonably produce recordings that allow for the clear identification of any person;

(iii) The areas recorded shall include, but are not limited to, all of the following:

(A) Interior views of all exterior doors, windows, and any other entries or exits to the premises;

(B) All areas where firearms are displayed; and

(C) All points of sale, sufficient to identify the parties involved in the transaction;

(iv) The system shall be capable of recording 24 hours per day at a frame rate no less than 15 frames per second, and must either (A) record continuously or (B) be activated by motion and remain active for at least 15 seconds after motion ceases to be detected;

(v) The media or device on which recordings are stored shall be secured in a manner to protect the recording from tampering, unauthorized access or use, or theft;

(vi) Recordings shall be maintained for a minimum of 90 days for all recordings of areas where firearms are displayed and points of sale, and for a minimum of 45 days for all recordings of interior views of exterior doors, windows, and any other entries or exits;

(vii) Recorded images shall clearly and accurately display the date and time;

(viii) The system shall be equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the system or storage device.

(b) A licensed dealer shall not use, share, allow access to, or otherwise release surveillance recordings, to any person except as follows:

(i) A dealer shall allow access to the system or release recordings to any person pursuant to search warrant or other court order.

(ii) A dealer may allow access to the system or release recordings to any person in response to an insurance claim or as part of the civil discovery process including, but not limited to, in response to subpoenas, request for production or inspection, or other court order.

(c) The dealer shall post a sign in a conspicuous place at each entrance to the premises that states in block letters not less than one inch in height: "THESE PREMISES ARE UNDER VIDEO AND AUDIO SURVEILLANCE. YOUR IMAGE AND CONVERSATIONS MAY BE RECORDED."

(d) This section does not preclude any local authority or local governing body from adopting or enforcing local laws or policies regarding video surveillance that do not contradict or conflict with the requirements of this section.

(e) It is not a violation of this subsection if the surveillance system becomes temporarily inoperable through no fault of the dealer.

(12) A dealer shall:

(a) Promptly review and respond to all requests from law enforcement agencies and officers, including trace requests and requests for documents and records, as soon as practicably possible and no later than 24 hours after learning of the request;

(b) Promptly notify local law enforcement agencies and the bureau of alcohol, tobacco, firearms and explosives of any loss, theft, or unlawful transfer of any firearm or ammunition as soon as practicably possible and no later than 24 hours after the dealer knows or should know of the reportable event.

(13) A dealer shall:

(a) Establish and maintain a book, or if the dealer should choose, an electronic-based record of purchase, sale, inventory, and other records at the dealer's place of business and shall make all such records available to law enforcement upon request. Such records shall at a minimum include the make, model, caliber or gauge, manufacturer's name, and serial number of all firearms that are acquired or disposed of not later than one business day after their acquisition or disposition;

(b) Maintain monthly backups of the records required by (a) of this subsection in a secure container designed to prevent loss by fire, theft, or flood. If the dealer chooses to maintain an electronic-based record system, those records shall be backed up on an external server or over the internet at the close of each business day;

(c) Account for all firearms acquired but not yet disposed of through an inventory check prepared each month and maintained in a secure location;

(d) Maintain and make available at any time to government law enforcement agencies and to the manufacturer of the weapon or its designee, firearm disposition information, including the serial numbers of firearms sold, dates of sale, and identity of purchasers;

(e) Retain all bureau of alcohol, tobacco, firearms and explosives form 4473 transaction records on the dealer's business premises in a secure container designed to prevent loss by fire, theft, or flood;

(f) Maintain for six years copies of trace requests received, including notations for trace requests received by phone for six years;

(g) Provide annual reporting to the Washington state attorney general concerning trace requests, including at a minimum the following:

(i) The total number of trace requests received;

(ii) For each trace, the make and model of the gun and date of sale; and

(iii) Whether the dealer was inspected by the bureau of alcohol, tobacco, firearms and explosives, and copies of any reports of violations or letters received from the bureau of alcohol, tobacco, firearms and explosives.

(14) The attorney general may create, publish, and require firearm dealers to file a uniform form for all annual dealer reports required by subsection (13)(g) of this section.

(15) A dealer shall carry a general liability insurance policy providing at least $1,000,000 of coverage per incident.

(16)(a) No firearm may be sold or transferred: (i) In violation of any provisions of this chapter; nor (ii) under any circumstances unless the purchaser or transferee is personally known to the dealer or shall present clear evidence of ((~~his or her~~))the purchaser's or transferee's identity and the purchaser or transferee presents a valid permit to purchase firearms.

(b) A dealer who sells or delivers any firearm in violation of RCW 9.41.080 is guilty of a class C felony. In addition to any other penalty provided for by law, the dealer is subject to mandatory permanent revocation of ((~~his or her~~))the dealer's license and permanent ineligibility for a dealer's license.

(c) The license fee for pistols shall be one hundred twenty-five dollars. The license fee for firearms other than pistols shall be one hundred twenty-five dollars. The license fee for ammunition shall be one hundred twenty-five dollars. Any dealer who obtains any license under subsection (1), (2), or (3) of this section may also obtain the remaining licenses without payment of any fee. The fees received under this section shall be deposited in the state general fund.

(17)(a) A true record shall be made of every ((~~pistol or semiautomatic assault rifle~~))firearm sold((~~, in a book kept for the purpose, the form of which may be prescribed by the director of licensing and shall be personally signed by the purchaser and by the person effecting the sale, each in the presence of the other, and~~))or transferred, which shall contain the date of sale, the caliber, make, model and manufacturer's number of the weapon, the name, address, occupation, and place of birth of the purchaser or transferee, the identification number of the purchaser's or transferee's permit to purchase firearms, and a statement signed by the purchaser or transferee that ((~~he or she~~))the purchaser or transferee is not ineligible under state or federal law to possess a firearm. ((~~The dealer shall retain the transfer record for six years.~~))

(b) The dealer shall transmit the information from the firearm transfer application, and the information from the sale or transfer record, through secure automated firearms e-check (SAFE) to the Washington state patrol firearms background check program. The Washington state patrol firearms background check program shall transmit the application information for ((~~pistol and semiautomatic assault rifle~~))firearm transfer applications and firearm sale or transfer records to the director of licensing daily. ((~~The original application shall be retained by the dealer for six years.~~))

(18) Subsections (2) through (17) of this section shall not apply to sales at wholesale.

(19) Subsections (6) and (9) through (15) of this section shall not apply to dealers with a sales volume of $1,000 or less per month on average over the preceding 12 months. A dealer that previously operated under this threshold and subsequently exceeds it must comply with the requirements of subsections (6) and (9) through (15) of this section within one year of exceeding the threshold.

(20) The dealer's licenses authorized to be issued by this section are general licenses covering all sales by the licensee within the effective period of the licenses. The department shall provide a single application form for dealer's licenses and a single license form which shall indicate the type or types of licenses granted.

(21) Except as otherwise provided in this chapter, every city, town, and political subdivision of this state is prohibited from requiring the purchaser to secure a permit to purchase or from requiring the dealer to secure an individual permit for each sale.

Sec. 14. RCW 9.41.129 and 2019 c 3 s 14 are each amended to read as follows:

The department of licensing shall keep copies or records of applications for concealed pistol licenses provided for in RCW 9.41.070, copies or records of applications for alien firearm licenses, copies or records of applications ((~~to~~))for the purchase ((~~pistols or semiautomatic assault rifles~~))or transfer of firearms provided for in RCW 9.41.090, and copies or records of ((~~pistol or semiautomatic assault rifle~~))firearm transfers provided for in RCW 9.41.110. The copies and records shall not be disclosed except as provided in RCW 42.56.240(4).

Sec. 15. RCW 9.41.270 and 1994 sp.s. c 7 s 426 are each amended to read as follows:

(1) It shall be unlawful for any person to carry, exhibit, display, or draw any firearm, dagger, sword, knife or other cutting or stabbing instrument, club, or any other weapon apparently capable of producing bodily harm, in a manner, under circumstances, and at a time and place that

either manifests an intent to intimidate another or that warrants alarm for the safety of other persons.

(2) Any person violating the provisions of subsection (1) above shall be guilty of a gross misdemeanor. If any person is convicted of a violation of subsection (1) of this section, the person shall lose ((~~his or her~~))the person's concealed pistol license and permit to purchase firearms, if any. The court shall send notice of the required revocation of any concealed pistol license to the department of licensing, and the city, town, or county which issued the license, and notice of the required revocation of any permit to purchase firearms to the Washington state patrol firearms background check program.

(3) Subsection (1) of this section shall not apply to or affect the following:

(a) Any act committed by a person while in ((~~his or her~~))the person's place of abode or fixed place of business;

(b) Any person who by virtue of ((~~his or her~~))the person's office or public employment is vested by law with a duty to preserve public safety, maintain public order, or to make arrests for offenses, while in the performance of such duty;

(c) Any person acting for the purpose of protecting himself or herself against the use of presently threatened unlawful force by another, or for the purpose of protecting another against the use of such unlawful force by a third person;

(d) Any person making or assisting in making a lawful arrest for the commission of a felony; or

(e) Any person engaged in military activities sponsored by the federal or state governments.

Sec. 16. RCW 7.105.350 and 2021 c 215 s 47 are each amended to read as follows:

(1) The clerk of the court shall enter any extreme risk protection order, including temporary extreme risk protection orders, issued under this chapter into a statewide judicial information system on the same day such order is issued, if possible, but no later than the next judicial day.

(2) A copy of an extreme risk protection order granted under this chapter, including temporary extreme risk protection orders, must be forwarded immediately by the clerk of the court, by electronic means if possible, to the law enforcement agency specified in the order. Upon receipt of the order, the law enforcement agency shall immediately enter the order into the national instant criminal background check system, any other federal or state computer-based systems used by law enforcement or others to identify prohibited purchasers of firearms, and any computer-based criminal intelligence information system available in this state used by law enforcement agencies to list outstanding warrants. The order must remain in each system for the period stated in the order, and the law enforcement agency shall only expunge orders from the systems that have expired or terminated. Entry into the computer-based criminal intelligence information system constitutes notice to all law enforcement agencies of the existence of the order. The order is fully enforceable in any county in the state.

(3) The information entered into the computer-based criminal intelligence information system must include notice to law enforcement whether the order was personally served, served by electronic means, served by publication, or served by mail.

(4) If a law enforcement agency receives a protection order for entry or service, but the order falls outside the agency's jurisdiction, the agency may enter and serve the order or may immediately forward it to the appropriate law enforcement agency for entry and service, and shall provide documentation back to the court verifying which law enforcement agency has entered and will serve the order.

(5) The issuing court shall, within three judicial days after the issuance of any extreme risk protection order, including a temporary extreme risk protection order, forward a copy of the respondent's driver's license or identicard, or comparable information, along with the date of order issuance, to the department of licensing and the Washington state patrol firearms background check program. Upon receipt of the information, the department of licensing shall determine if the respondent has a concealed pistol license. If the respondent does have a concealed pistol license, the department of licensing shall immediately notify a law enforcement agency that the court has directed the revocation of the license. The law enforcement agency, upon receipt of such notification, shall immediately revoke the license. Upon receipt of the information, the Washington state patrol firearms background check program shall determine if the respondent has a permit to purchase firearms. If the respondent does have a permit to purchase firearms, the Washington state patrol firearms background check program shall immediately revoke the permit.

(6) If an extreme risk protection order is terminated before its expiration date, the clerk of the court shall forward on the same day a copy of the termination order to the department of licensing and the law enforcement agency specified in the termination order. Upon receipt of the order, the law enforcement agency shall promptly remove the order from any computer-based system in which it was entered pursuant to subsection (2) of this section.

Sec. 17. RCW 43.43.580 and 2024 c 289 s 7 are each amended to read as follows:

(1) The Washington state patrol shall establish a firearms background check program to serve as a centralized single point of contact for dealers to conduct background checks for firearms sales or transfers required under chapter 9.41 RCW and the federal Brady handgun violence prevention act (18 U.S.C. Sec. 921 et seq.). The Washington state patrol shall establish an automated firearms background check system to conduct background checks on applicants for the purchase or transfer of a firearm. The system must include the following characteristics:

(a) Allow a dealer to contact the Washington state patrol through a web portal or other electronic means and by telephone to request a background check of an applicant for the purchase or transfer of a firearm;

(b) Provide a dealer with a notification that a firearm purchase or transfer application has been received;

(c) Assign a unique identifier to the background check inquiry;

(d) Provide an automated response to the dealer indicating whether the transfer may proceed or is denied, or that the check is indeterminate and will require further investigation;

(e) Include measures to ensure data integrity and the confidentiality and security of all records and data transmitted and received by the system; and

(f) Include a performance metrics tracking system to evaluate the performance of the background check system.

(2) Upon receipt of a request from a dealer for a background check in connection with the sale or transfer of a firearm, the Washington state patrol shall:

(a) Provide the dealer with a notification that a firearm transfer application has been received;

(b) Conduct a check of the national instant criminal background check system and the following additional records systems to determine whether the transferee is prohibited from possessing a firearm under state or federal law: (i) The Washington crime information center and Washington state identification system; (ii) the health care authority electronic database; (iii) the federal bureau of investigation national data exchange database and any available repository of statewide local law enforcement record management systems information; (iv) the administrative office of the courts case management system; and (v) other databases or resources as appropriate;

(c) Perform an equivalency analysis on criminal charges in foreign jurisdictions to determine if the applicant has been convicted as defined in RCW 9.41.040(3) and if the offense is equivalent to a Washington felony as defined in RCW 9.41.010;

(d) Notify the dealer without delay that the records indicate the individual is prohibited from possessing a firearm and the transfer is denied or that the individual is approved to complete the transfer. If the results of the background check are indeterminate, the Washington state patrol shall notify the dealer of the delay and conduct necessary research and investigation to resolve the inquiry; and

(e) Provide the dealer with a unique identifier for the inquiry.

(3) The Washington state patrol may hold the delivery of a firearm to an applicant under the circumstances provided in RCW 9.41.090 ((~~(4) and (5)~~))(3).

(4)(a) The Washington state patrol shall require a dealer to charge each firearm purchaser or transferee a fee for performing background checks in connection with firearms transfers. The fee must be set at an amount necessary to cover the annual costs of operating and maintaining the firearm background check system but shall not exceed eighteen dollars. The Washington state patrol shall transmit the fees collected to the state treasurer for deposit in the state firearms background check system account created in RCW 43.43.590. ((~~It is the intent of the legislature that once the state firearm background check system is established, the fee established in this section will replace the fee required in RCW 9.41.090(7).~~))

(b) The background check fee required under this subsection does not apply to any background check conducted in connection with a pawnbroker's receipt of a pawned firearm or the redemption of a pawned firearm.

(5) The Washington state patrol shall establish a procedure for a person who has been denied a firearms transfer as the result of a background check to appeal the denial to the Washington state patrol and to obtain information on the basis for the denial and procedures to review and correct any erroneous records that led to the denial.

(6) The Washington state patrol shall work with the administrative office of the courts to build a link between the firearm background check system and the administrative office of the courts case management system for the purpose of accessing court records to determine a person's eligibility to possess a firearm.

(7) Upon establishment of the firearm background check system under this section, the Washington state patrol shall notify each dealer in the state of the existence of the system, and the dealer must use the system to conduct background checks for firearm sales or transfers beginning on the date that is thirty days after issuance of the notification.

(8) The Washington state patrol shall consult with the Washington background check advisory board created in RCW 43.43.585 in carrying out its duties under this section.

(9) No later than July 1, 2025, and annually thereafter, the Washington state patrol firearms background check program shall report to the appropriate committees of the legislature the average time between receipt of request for a background check and final decision.

(10) All records and information prepared, obtained, used, or retained by the Washington state patrol in connection with a request for a firearm background check are exempt from public inspection and copying under chapter 42.56 RCW.

(11) The Washington state patrol may adopt rules necessary to carry out the purposes of this section.

(12) For the purposes of this section, "dealer" has the same meaning as given in RCW 9.41.010.

NEW SECTION. **Sec. 18.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 19.** Except for section 6 of this act, this act takes effect May 1, 2027.

NEW SECTION. **Sec. 20.** 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."

On page 1, line 8 of the title, after "licenses;" strike the remainder of the title and insert "amending RCW 9.41.090, 9.41.1132, 43.43.590, 9.41.047, 9.41.070, 9.41.075, 9.41.097, 9.41.0975, 9.41.110, 9.41.129, 9.41.270, 7.105.350, and 43.43.580; adding new sections to chapter 9.41 RCW; adding a new section to chapter 43.43 RCW; creating new sections; and providing an effective date."

and the same is herewith transmitted.

Colleen Pehar, Deputy Secretary

MOTION

Representative Taylor moved that the House concur with the Senate amendment(s) to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1163.

Representative Taylor spoke in favor of the passage of the bill.

Representative Walsh spoke against the passage of the bill.

Division was demanded and the demand was sustained. The Speaker (Representative Shavers presiding) divided the House. The result was 53 - YEAS; 39 - NAYS.

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1163 and advanced the bill, as amended by the Senate, to final passage.

Representative Berry spoke in favor of the passage of the bill.

Representative Walsh spoke against the passage of the bill.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

The Speaker (Representative Shavers presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 1163, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1163, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 57; Nays, 39; Absent, 0; Excused, 2

Voting Yea: Representatives Berg, Bergquist, Bernbaum, Berry, Bronoske, Callan, Cortes, Davis, Doglio, Donaghy, Duerr, Entenman, Farivar, Fey, Fitzgibbon, Fosse, Goodman, Gregerson, Hackney, Hill, Hunt, Kloba, Leavitt, Lekanoff, Macri, Mena, Nance, Obras, Ormsby, Ortiz-Self, Parshley, Paul, Peterson, Pollet, Ramel, Reed, Richards, Rule, Ryu, Salahuddin, Santos, Scott, Shavers, Simmons, Springer, Stearns, Stonier, Street, Taylor, Thai, Tharinger, Thomas, Timmons, Walen, Wylie, Zahn and Mme. Speaker

Voting Nay: Representatives Abbarno, Abell, Barkis, Barnard, Burnett, Caldier, Chase, Connors, Corry, Couture, Dent, Dufault, Dye, Engell, Eslick, Graham, Griffey, Jacobsen, Keaton, Klicker, Ley, Low, Manjarrez, Marshall, McClintock, McEntire, Mendoza, Orcutt, Penner, Rude, Schmick, Schmidt, Steele, Stokesbary, Stuebe, Volz, Walsh, Waters and Ybarra

Excused: Representatives Morgan and Reeves

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1163, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

There being no objection, the House adjourned until 10:00 a.m., Wednesday, April 23, 2025, the 101st Day of the 2025 Regular Session.

LAURIE JINKINS, Speaker

BERNARD DEAN, Chief Clerk