

SIXTIETH LEGISLATURE - REGULAR SESSION

ONE HUNDRED THIRD DAY

House Chamber, Olympia, Friday, April 20, 2007

The House was called to order at 10:00 a.m. by the Speaker (Representative Lovick presiding). The Clerk called the roll and a quorum was present.

The flags were escorted to the rostrum by a Sergeant at Arms Color Guard, Pages Megan Kinney and Josh Albright. The Speaker (Representative Lovick presiding) led the Chamber in the Pledge of Allegiance. Prayer was offered by Janet Tanaka, Bahai Assembly of Thurston County East.

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

MESSAGES FROM THE SENATE

April 19, 2007

Mr. Speaker:

The Senate has adopted the report of Conference Committee on ENGROSSED SUBSTITUTE SENATE BILL NO. 5312, and has passed the bill as recommended by the Conference Committee, and the same is herewith transmitted.

Thomas Hoemann, Secretary

April 19, 2007

Mr. Speaker:

The President has signed:

- ENGROSSED THIRD SUBSTITUTE HOUSE BILL NO. 1001,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 1008,
- SUBSTITUTE HOUSE BILL NO. 1037,
- HOUSE BILL NO. 1038,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 1052,
- HOUSE BILL NO. 1073,
- HOUSE BILL NO. 1077,
- SUBSTITUTE HOUSE BILL NO. 1079,
- SECOND SUBSTITUTE HOUSE BILL NO. 1096,
- SUBSTITUTE HOUSE BILL NO. 1099,
- SUBSTITUTE HOUSE BILL NO. 1106,
- SUBSTITUTE HOUSE BILL NO. 1140,
- ENGROSSED HOUSE BILL NO. 1214,
- HOUSE BILL NO. 1220,
- SUBSTITUTE HOUSE BILL NO. 1255,
- SUBSTITUTE HOUSE BILL NO. 1256,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 1260,
- HOUSE BILL NO. 1331,
- HOUSE BILL NO. 1366,
- SUBSTITUTE HOUSE BILL NO. 1409,
- ENGROSSED HOUSE BILL NO. 1413,
- SUBSTITUTE HOUSE BILL NO. 1417,
- HOUSE BILL NO. 1418,
- HOUSE BILL NO. 1449,
- ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1461,

- SUBSTITUTE HOUSE BILL NO. 1472,
- HOUSE BILL NO. 1476,
- SECOND SUBSTITUTE HOUSE BILL NO. 1488,
- SECOND SUBSTITUTE HOUSE BILL NO. 1506,
- ENGROSSED HOUSE BILL NO. 1525,
- ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1569,
- HOUSE BILL NO. 1644,
- SUBSTITUTE HOUSE BILL NO. 1651,
- SECOND SUBSTITUTE HOUSE BILL NO. 1656,
- SUBSTITUTE HOUSE BILL NO. 1679,
- HOUSE BILL NO. 1722,
- SUBSTITUTE HOUSE BILL NO. 1777,
- SUBSTITUTE HOUSE BILL NO. 1805,
- SECOND SUBSTITUTE HOUSE BILL NO. 1811,
- HOUSE BILL NO. 1859,
- SECOND SUBSTITUTE HOUSE BILL NO. 1906,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 1916,
- HOUSE BILL NO. 1949,
- SECOND SUBSTITUTE HOUSE BILL NO. 1980,
- SUBSTITUTE HOUSE BILL NO. 1988,
- HOUSE BILL NO. 2004,
- SECOND SUBSTITUTE HOUSE BILL NO. 2055,
- HOUSE BILL NO. 2079,
- SUBSTITUTE HOUSE BILL NO. 2087,
- ENGROSSED HOUSE BILL NO. 2113,
- SUBSTITUTE HOUSE BILL NO. 2115,
- SUBSTITUTE HOUSE BILL NO. 2118,
- SUBSTITUTE HOUSE BILL NO. 2129,
- HOUSE BILL NO. 2135,
- SUBSTITUTE HOUSE BILL NO. 2209,
- HOUSE BILL NO. 2236,
- HOUSE BILL NO. 2240,
- SUBSTITUTE HOUSE BILL NO. 2261,
- SECOND SUBSTITUTE HOUSE BILL NO. 2262,
- SUBSTITUTE HOUSE BILL NO. 2275,
- HOUSE BILL NO. 2281,
- SUBSTITUTE HOUSE BILL NO. 2304,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 2352,
- HOUSE BILL NO. 2357,
- SUBSTITUTE HOUSE BILL NO. 2366,
- SUBSTITUTE HOUSE BILL NO. 2378,
- SUBSTITUTE HOUSE BILL NO. 2394,
- HOUSE JOINT MEMORIAL NO. 4017,

and the same are herewith transmitted.

Thomas Hoemann, Secretary

MESSAGE FROM THE SENATE

April 19, 2007

Mr. Speaker:

The Senate has passed:

- HOUSE BILL NO. 2395,
- HOUSE BILL NO. 2396,

and the same are herewith transmitted.

Thomas Hoemann, Secretary

April 19, 2007

Mr. Speaker:

The President has signed:

SUBSTITUTE HOUSE BILL NO. 1138,
HOUSE BILL NO. 1450,
HOUSE BILL NO. 1598,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1833,
SUBSTITUTE HOUSE BILL NO. 1965,
ENGROSSED HOUSE BILL NO. 2070,

and the same are herewith transmitted.

Thomas Hoemann, Secretary

April 19, 2007

Mr. Speaker:

The President has signed:

HOUSE BILL NO. 1005,
SUBSTITUTE HOUSE BILL NO. 1029,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1050,
HOUSE BILL NO. 1065,
SUBSTITUTE HOUSE BILL NO. 1082,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1131,
HOUSE BILL NO. 1166,
SECOND SUBSTITUTE HOUSE BILL NO. 1201,
ENGROSSED HOUSE BILL NO. 1217,
HOUSE BILL NO. 1224,
SUBSTITUTE HOUSE BILL NO. 1233,
SUBSTITUTE HOUSE BILL NO. 1244,
SUBSTITUTE HOUSE BILL NO. 1259,
SUBSTITUTE HOUSE BILL NO. 1267,
SUBSTITUTE HOUSE BILL NO. 1276,
SUBSTITUTE HOUSE BILL NO. 1287,
HOUSE BILL NO. 1293,
SUBSTITUTE HOUSE BILL NO. 1298,
SUBSTITUTE HOUSE BILL NO. 1304,
SUBSTITUTE HOUSE BILL NO. 1319,
SUBSTITUTE HOUSE BILL NO. 1328,
HOUSE BILL NO. 1371,
SUBSTITUTE HOUSE BILL NO. 1396,
SUBSTITUTE HOUSE BILL NO. 1397,
SUBSTITUTE HOUSE BILL NO. 1401,
SECOND SUBSTITUTE HOUSE BILL NO. 1401,
SUBSTITUTE HOUSE BILL NO. 1407,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1414,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1422,
HOUSE BILL NO. 1443,
SUBSTITUTE HOUSE BILL NO. 1445,
HOUSE BILL NO. 1457,
HOUSE BILL NO. 1505,
HOUSE BILL NO. 1520,
HOUSE BILL NO. 1543,
SUBSTITUTE HOUSE BILL NO. 1583,
HOUSE BILL NO. 1592,
HOUSE BILL NO. 1599,
SECOND SUBSTITUTE HOUSE BILL NO. 1636,
SUBSTITUTE HOUSE BILL NO. 1646,
ENGROSSED HOUSE BILL NO. 1648,
SUBSTITUTE HOUSE BILL NO. 1654,
HOUSE BILL NO. 1671,
SUBSTITUTE HOUSE BILL NO. 1761,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1779,
SUBSTITUTE HOUSE BILL NO. 1802,
HOUSE BILL NO. 1820,
SUBSTITUTE HOUSE BILL NO. 1832,
SUBSTITUTE HOUSE BILL NO. 1837,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1883,
SUBSTITUTE HOUSE BILL NO. 1891,

SECOND SUBSTITUTE HOUSE BILL NO. 1896,
ENGROSSED HOUSE BILL NO. 1898,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1910,
SECOND SUBSTITUTE HOUSE BILL NO. 1922,
SUBSTITUTE HOUSE BILL NO. 1929,
HOUSE BILL NO. 1966,
SUBSTITUTE HOUSE BILL NO. 2007,
HOUSE BILL NO. 2034,
SUBSTITUTE HOUSE BILL NO. 2049,

and the same are herewith transmitted.

Thomas Hoemann, Secretary

April 19, 2007

Mr. Speaker:

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

SUBSTITUTE SENATE BILL NO. 5009,
SUBSTITUTE SENATE BILL NO. 5207,
SECOND SUBSTITUTE SENATE BILL NO. 5470,
SECOND SUBSTITUTE SENATE BILL NO. 5790,

and the same are herewith transmitted.

Thomas Hoemann, Secretary

INTRODUCTION & FIRST READING

HB 2408 By Representatives Simpson and VanDeWege

AN ACT Relating to property tax increases by port districts; and amending RCW 84.55.120.

Referred to Committee on Finance.

HB 2409 By Representatives O'Brien, Pearson, Sells, Alexander, Clibborn, Bailey, Ericks, Armstrong, Rolfes, Priest, Morris, Ahern, Goodman, Orcutt, Appleton, Hankins, Upthegrove, Skinner, Hudgins, Sump, Hasegawa, Ross, Hurst, Lovick, Warnick, VanDeWege, Strow, Lantz, Fromhold, McDonald, Haler, Hunt, Linville, Kelley, Seaquist, Schual-Berke, Rodne, Campbell and Blake

AN ACT Relating to institutions of higher education mapping; creating a new section; and making an appropriation.

Referred to Committee on Public Safety & Emergency Preparedness.

There being no objection, the bills listed on the day's introduction sheet under the fourth order of business were referred to the committees so designated.

There being no objection, the Rules Committee was relieved of HOUSE BILL NO. 2284, and the bill was placed on the Second Reading calendar.

MESSAGE FROM THE SENATE

April 18, 2007

Mr. Speaker:

The Senate insists on its position to SUBSTITUTE HOUSE BILL NO. 1091 and asks the House to concur, and the same is herewith transmitted.

Thomas Hoemann, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House insisted on its position regarding the Senate amendments to SUBSTITUTE HOUSE BILL NO. 1091, and again asked the Senate to recede therefrom.

MESSAGE FROM THE SENATE

April 19, 2007

Mr. Speaker:

The Senate receded from its amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 1624. Under suspension of the rules the bill was returned to second reading for purpose of amendment. The Senate adopted the following amendment and passed the bill as amended by the Senate:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. A new section is added to chapter 13.34 RCW to read as follows:

(1) A child may petition the juvenile court to reinstate the previously terminated parental rights of his or her parent under the following circumstances:

(a) The child was previously found to be a dependent child under this chapter;

(b) The child's parent's rights were terminated in a proceeding under this chapter;

(c) The child has not achieved his or her permanency plan within three years of a final order of termination, or if the final order was appealed, within three years of exhaustion of any right to appeal the order terminating parental rights; and

(d) Absent good cause, the child must be at least twelve years old at the time the petition is filed.

(2) A child seeking to petition under this section shall be provided counsel at no cost to the child.

(3) The petition must be signed by the child in the absence of a showing of good cause as to why the child could not do so.

(4) If, after a threshold hearing to consider the parent's apparent fitness and interest in reinstatement of parental rights, it appears that the best interests of the child may be served by reinstatement of parental rights, the juvenile court shall order that a hearing on the merits of the petition be held.

(5) The court shall give prior notice for any proceeding under this section, or cause prior notice to be given, to the department, the child's attorney, and the child. The court shall also order the department to give prior notice of any hearing to the child's former parent whose parental rights are the subject of the petition, any parent whose rights have not been terminated, the child's current foster

parent, relative caregiver, guardian or custodian, and the child's tribe, if applicable.

(6) The juvenile court shall conditionally grant the petition if it finds by clear and convincing evidence that the child has not achieved his or her permanency plan and is not likely to imminently achieve his or her permanency plan and that reinstatement of parental rights is in the child's best interest. In determining whether reinstatement is in the child's best interest the court shall consider, but is not limited to, the following:

(a) Whether the parent whose rights are to be reinstated is a fit parent and has remedied his or her deficits as provided in the record of the prior termination proceedings and prior termination order;

(b) The age and maturity of the child, and the ability of the child to express his or her preference;

(c) Whether the reinstatement of parental rights will present a risk to the child's health, welfare, or safety; and

(d) Other material changes in circumstances, if any, that may have occurred which warrant the granting of the petition.

(7) In determining whether the child has or has not achieved his or her permanency plan or whether the child is likely to achieve his or her permanency plan, the department shall provide the court, and the court shall review, information related to any efforts to achieve the permanency plan including efforts to achieve adoption or a permanent guardianship.

(8)(a) If the court conditionally grants the petition under subsection (6) of this section, the case will be continued for six months. During this period, the child shall be placed in the custody of the parent. The department shall develop a permanency plan for the child reflecting the plan to be reunification and shall provide transition services to the family as appropriate.

(b) If the child must be removed from the parent due to abuse or neglect allegations prior to the expiration of the conditional six-month period, the court shall dismiss the petition for reinstatement of parental rights if the court finds the allegations have been proven by a preponderance of the evidence.

(c) If the child has been successfully placed with the parent for six months, the court order reinstating parental rights remains in effect and the court shall dismiss the dependency.

(9) The granting of the petition under this section does not vacate or otherwise affect the validity of the original termination order.

(10) Any parent whose rights are reinstated under this section shall not be liable for any child support owed to the department pursuant to RCW 13.34.160 for the time period from the date of termination of parental rights to the date parental rights are reinstated.

(11) The state, the department, and its employees are not liable for civil damages resulting from any act or omission in the provision of services under this section, unless the act or omission constitutes gross negligence. This section does not create any duty and shall not be construed to create a duty where none exists. This section does not create a cause of action against the state, the department, or its employees concerning the original termination.

(12) This section is retroactive and applies to any child who is under the jurisdiction of the juvenile court at the time of the hearing regardless of the date parental rights were terminated.

Sec. 2. RCW 13.34.200 and 2003 c 227 s 7 are each amended to read as follows:

(1) Upon the termination of parental rights pursuant to RCW 13.34.180, all rights, powers, privileges, immunities, duties, and obligations, including any rights to custody, control, visitation, or support existing between the child and parent shall be severed and

terminated and the parent shall have no standing to appear at any further legal proceedings concerning the child, except as provided in section 1 of this act: PROVIDED, That any support obligation existing prior to the effective date of the order terminating parental rights shall not be severed or terminated. The rights of one parent may be terminated without affecting the rights of the other parent and the order shall so state.

(2) An order terminating the parent and child relationship shall not disentitle a child to any benefit due the child from any third person, agency, state, or the United States, nor shall any action under this chapter be deemed to affect any rights and benefits that an Indian child derives from the child's descent from a member of a federally recognized Indian tribe.

(3) An order terminating the parent-child relationship shall include a statement addressing the status of the child's sibling relationships and the nature and extent of sibling placement, contact, or visits.

NEW SECTION. Sec. 3. A new section is added to chapter 43.20A RCW to read as follows:

The state is not liable for civil damages resulting from any act or omission in the delivery of child welfare services or child protective services through the children's administration of the department of social and health services unless the act or omission constitutes gross negligence. This section does not create any duty and shall not be construed to create a duty where none exists.

Sec. 4. RCW 13.34.060 and 2002 c 52 s 4 are each amended to read as follows:

(1) A child taken into custody pursuant to RCW 13.34.050 or 26.44.050 shall be immediately placed in shelter care. A child taken by a relative of the child in violation of RCW 9A.40.060 or 9A.40.070 shall be placed in shelter care only when permitted under RCW 13.34.055. No child may be held longer than seventy-two hours, excluding Saturdays, Sundays, and holidays, after such child is taken into custody unless a court order has been entered for continued shelter care. In no case may a child who is taken into custody pursuant to RCW 13.34.055, 13.34.050, or 26.44.050 be detained in a secure detention facility.

~~((+))~~ (2) Unless there is reasonable cause to believe that the health, safety, or welfare of the child would be jeopardized or that the efforts to reunite the parent and child will be hindered, priority placement for a child in shelter care, pending a court hearing, shall be with any person described in RCW 74.15.020(2)(a) or 13.34.130(1)(b). The person must be willing and available to care for the child and be able to meet any special needs of the child and the court must find that such placement is in the best interests of the child. The person must be willing to facilitate the child's visitation with siblings, if such visitation is part of the supervising agency's plan or is ordered by the court. If a child is not initially placed with a relative or other suitable person requested by the parent pursuant to this section, the supervising agency shall make an effort within available resources to place the child with a relative or other suitable person requested by the parent on the next business day after the child is taken into custody. The supervising agency shall document its effort to place the child with a relative or other suitable person requested by the parent pursuant to this section. Nothing within this subsection ~~((+))~~ (2) establishes an entitlement to services or a right to a particular placement.

~~((+))~~ (3) Whenever a child is taken into custody pursuant to this section, the supervising agency may authorize evaluations of the child's physical or emotional condition, routine medical and dental

examination and care, and all necessary emergency care. ~~((In no case may a child who is taken into custody pursuant to RCW 13.34.055, 13.34.050, or 26.44.050 be detained in a secure detention facility. No child may be held longer than seventy-two hours, excluding Saturdays, Sundays and holidays, after such child is taken into custody unless a court order has been entered for continued shelter care. The child and his or her parent, guardian, or custodian shall be informed that they have a right to a shelter care hearing. The court shall hold a shelter care hearing within seventy-two hours after the child is taken into custody, excluding Saturdays, Sundays, and holidays. If a parent, guardian, or legal custodian desires to waive the shelter care hearing, the court shall determine, on the record and with the parties present, whether such waiver is knowing and voluntary.~~

~~— (2) Whenever a child is taken into custody by child protective services pursuant to a court order issued under RCW 13.34.050 or when child protective services is notified that a child has been taken into custody pursuant to RCW 26.44.050 or 26.44.056, child protective services shall make reasonable efforts to inform the parents, guardian, or legal custodian of the fact that the child has been taken into custody, the reasons why the child was taken into custody, and their legal rights under this title as soon as possible and in no event shall notice be provided more than twenty-four hours after the child has been taken into custody or twenty-four hours after child protective services has been notified that the child has been taken into custody. The notice of custody and rights may be given by any means reasonably certain of notifying the parents including, but not limited to, written, telephone, or in person oral notification. If the initial notification is provided by a means other than writing, child protective services shall make reasonable efforts to also provide written notification.)~~

Sec. 5. RCW 13.34.062 and 2004 c 147 s 2 are each amended to read as follows:

(1)(a) Whenever a child is taken into custody by child protective services pursuant to a court order issued under RCW 13.34.050 or when child protective services is notified that a child has been taken into custody pursuant to RCW 26.44.050 or 26.44.056, child protective services shall make reasonable efforts to inform the parent, guardian, or legal custodian of the fact that the child has been taken into custody, the reasons why the child was taken into custody, and their legal rights under this title, including the right to a shelter care hearing, as soon as possible. Notice must be provided in an understandable manner and take into consideration the parent's, guardian's, or legal custodian's primary language, level of education, and cultural issues.

(b) In no event shall the notice required by this section be provided to the parent, guardian, or legal custodian more than twenty-four hours after the child has been taken into custody or twenty-four hours after child protective services has been notified that the child has been taken into custody.

(2)(a) The notice of custody and rights may be given by any means reasonably certain of notifying the parents including, but not limited to, written, telephone, or in person oral notification. If the initial notification is provided by a means other than writing, child protective services shall make reasonable efforts to also provide written notification.

(b) The written notice of custody and rights required by ((RCW 13.34.060)) this section shall be in substantially the following form:

"NOTICE

Your child has been placed in temporary custody under the supervision of Child Protective Services (or other person or agency). You have important legal rights and you must take steps to protect your interests.

1. A court hearing will be held before a judge within 72 hours of the time your child is taken into custody excluding Saturdays, Sundays, and holidays. You should call the court at (insert appropriate phone number here) for specific information about the date, time, and location of the court hearing.

2. You have the right to have a lawyer represent you at the hearing. Your right to representation continues after the shelter care hearing. You have the right to records the department intends to rely upon. A lawyer can look at the files in your case, talk to child protective services and other agencies, tell you about the law, help you understand your rights, and help you at hearings. If you cannot afford a lawyer, the court will appoint one to represent you. To get a court-appointed lawyer you must contact: (explain local procedure) .

3. At the hearing, you have the right to speak on your own behalf, to introduce evidence, to examine witnesses, and to receive a decision based solely on the evidence presented to the judge.

4. If your hearing occurs before a court commissioner, you have the right to have the decision of the court commissioner reviewed by a superior court judge. To obtain that review, you must, within ten days after the entry of the decision of the court commissioner, file with the court a motion for revision of the decision, as provided in RCW 2.24.050.

You should be present at any shelter care hearing. If you do not come, the judge will not hear what you have to say.

You may call the Child Protective Services' caseworker for more information about your child. The caseworker's name and telephone number are: (insert name and telephone number) .

5. You have a right to a case conference to develop a written service agreement following the shelter care hearing. The service agreement may not conflict with the court's order of shelter care. You may request that a multidisciplinary team, family group conference, or prognostic staffing be convened for your child's case. You may participate in these processes with your counsel present."

Upon receipt of the written notice, the parent, guardian, or legal custodian shall acknowledge such notice by signing a receipt prepared by child protective services. If the parent, guardian, or legal custodian does not sign the receipt, the reason for lack of a signature shall be written on the receipt. The receipt shall be made a part of the court's file in the dependency action.

If after making reasonable efforts to provide notification, child protective services is unable to determine the whereabouts of the parents, guardian, or legal custodian, the notice shall be delivered or sent to the last known address of the parent, guardian, or legal custodian.

~~((2))~~ (3) If child protective services is not required to give notice under ~~((RCW 13.34.060(2) and subsection (1) of))~~ this section, the juvenile court counselor assigned to the matter shall make all reasonable efforts to advise the parents, guardian, or legal custodian of the time and place of any shelter care hearing, request that they be present, and inform them of their basic rights as provided in RCW 13.34.090.

~~((3))~~ (4) Reasonable efforts to advise and to give notice, as required in ~~((RCW 13.34.060(2) and subsections (1) and (2) of))~~ this section, shall include, at a minimum, investigation of the whereabouts of the parent, guardian, or legal custodian. If such reasonable efforts are not successful, or the parent, guardian, or legal custodian does not

appear at the shelter care hearing, the petitioner shall testify at the hearing or state in a declaration:

(a) The efforts made to investigate the whereabouts of, and to advise, the parent, guardian, or legal custodian; and

(b) Whether actual advice of rights was made, to whom it was made, and how it was made, including the substance of any oral communication or copies of written materials used.

~~((4))~~ The court shall hear evidence regarding notice given to, and efforts to notify, the parent, guardian, or legal custodian and shall examine the need for shelter care. The court shall hear evidence regarding the efforts made to place the child with a relative. The court shall make an express finding as to whether the notice required under RCW 13.34.060(2) and subsections (1) and (2) of this section was given to the parent, guardian, or legal custodian. All parties have the right to present testimony to the court regarding the need or lack of need for shelter care. Hearsay evidence before the court regarding the need or lack of need for shelter care must be supported by sworn testimony, affidavit, or declaration of the person offering such evidence.

~~((5))~~ (a) A shelter care order issued pursuant to RCW 13.34.065 shall include the requirement for a case conference as provided in RCW 13.34.067. However, if the parent is not present at the shelter care hearing, or does not agree to the case conference, the court shall not include the requirement for the case conference in the shelter care order.

~~((b))~~ If the court orders a case conference, the shelter care order shall include notice to all parties and establish the date, time, and location of the case conference which shall be no later than thirty days prior to the fact-finding hearing.

~~((c))~~ The court may order a conference or meeting as an alternative to the case conference required under RCW 13.34.067 so long as the conference or meeting ordered by the court meets all requirements under RCW 13.34.067, including the requirement of a written agreement specifying the services to be provided to the parent.

~~((6))~~ A shelter care order issued pursuant to RCW 13.34.065 may be amended at any time with notice and hearing thereon. The shelter care decision of placement shall be modified only upon a showing of change in circumstances. No child may be placed in shelter care for longer than thirty days without an order, signed by the judge, authorizing continued shelter care.

~~((7))~~ Any parent, guardian, or legal custodian who for good cause is unable to attend the initial shelter care hearing may request that a subsequent shelter care hearing be scheduled. The request shall be made to the clerk of the court where the petition is filed prior to the initial shelter care hearing. Upon the request of the parent, the court shall schedule the hearing within seventy-two hours of the request, excluding Saturdays, Sundays, and holidays. The clerk shall notify all other parties of the hearing by any reasonable means:))

Sec. 6. RCW 13.34.065 and 2001 c 332 s 3 are each amended to read as follows:

(1)(a) When a child is taken into custody, the court shall hold a shelter care hearing within seventy-two hours, excluding Saturdays, Sundays, and holidays. The primary purpose of the shelter care hearing is to determine whether the child can be immediately and safely returned home while the adjudication of the dependency is pending.

(b) Any parent, guardian, or legal custodian who for good cause is unable to attend the shelter care hearing may request that a subsequent shelter care hearing be scheduled. The request shall be made to the clerk of the court where the petition is filed prior to the initial shelter care hearing. Upon the request of the parent, the court

shall schedule the hearing within seventy-two hours of the request, excluding Saturdays, Sundays, and holidays. The clerk shall notify all other parties of the hearing by any reasonable means.

(2)(a) The ~~((juvenile court probation counselor))~~ department of social and health services shall submit a recommendation to the court as to the further need for shelter care ~~((unless the petition has been filed by the department, in which case the recommendation shall be submitted by the department))~~ in all cases in which it is the petitioner. In all other cases, the recommendation shall be submitted by the juvenile court probation counselor.

(b) All parties have the right to present testimony to the court regarding the need or lack of need for shelter care.

(c) Hearsay evidence before the court regarding the need or lack of need for shelter care must be supported by sworn testimony, affidavit, or declaration of the person offering such evidence.

(3)(a) At the commencement of the hearing, the court shall notify the parent, guardian, or custodian of the following:

(i) The parent, guardian, or custodian has the right to a shelter care hearing;

(ii) The nature of the shelter care hearing, the rights of the parents, and the proceedings that will follow; and

(iii) If the parent, guardian, or custodian is not represented by counsel, the right to be represented. If the parent, guardian, or custodian is indigent, the court shall appoint counsel as provided in RCW 13.34.090; and

(b) If a parent, guardian, or legal custodian desires to waive the shelter care hearing, the court shall determine, on the record and with the parties present, whether such waiver is knowing and voluntary. A parent may not waive his or her right to the shelter care hearing unless he or she appears in court and the court determines that the waiver is knowing and voluntary. Regardless of whether the court accepts the parental waiver of the shelter care hearing, the court must provide notice to the parents of their rights required under (a) of this subsection and make the finding required under subsection (4) of this section.

(4) At the shelter care hearing the court shall examine the need for shelter care and inquire into the status of the case. The paramount consideration for the court shall be the health, welfare, and safety of the child. At a minimum, the court shall inquire into the following:

(a) Whether the notice required under RCW 13.34.062 was given to all known parents, guardians, or legal custodians of the child. The court shall make an express finding as to whether the notice required under RCW 13.34.062 was given to the parent, guardian, or legal custodian. If actual notice was not given to the parent, guardian, or legal custodian and the whereabouts of such person is known or can be ascertained, the court shall order the supervising agency or the department of social and health services to make reasonable efforts to advise the parent, guardian, or legal custodian of the status of the case, including the date and time of any subsequent hearings, and their rights under RCW 13.34.090;

(b) Whether the child can be safely returned home while the adjudication of the dependency is pending;

(c) What efforts have been made to place the child with a relative;

(d) What services were provided to the family to prevent or eliminate the need for removal of the child from the child's home;

(e) Is the placement proposed by the agency the least disruptive and most family-like setting that meets the needs of the child;

(f) Whether it is in the best interest of the child to remain enrolled in the school, developmental program, or child care the child was in prior to placement and what efforts have been made to maintain the child in the school, program, or child care if it would be in the best

interest of the child to remain in the same school, program, or child care;

(g) Appointment of a guardian ad litem or attorney;

(h) Whether the child is or may be an Indian child as defined in 25 U.S.C. Sec. 1903, whether the provisions of the Indian child welfare act apply, and whether there is compliance with the Indian child welfare act, including notice to the child's tribe;

(i) Whether restraining orders, or orders expelling an allegedly abusive parent from the home, will allow the child to safely remain in the home;

(j) Whether any orders for examinations, evaluations, or immediate services are needed. However, the court may not order a parent to undergo examinations, evaluation, or services at the shelter care hearing unless the parent agrees to the examination, evaluation, or service;

(k) The terms and conditions for parental, sibling, and family visitation.

~~((2))~~ (5)(a) The court shall release a child alleged to be dependent to the care, custody, and control of the child's parent, guardian, or legal custodian unless the court finds there is reasonable cause to believe that:

~~((a))~~ (i) After consideration of the specific services that have been provided, reasonable efforts have been made to prevent or eliminate the need for removal of the child from the child's home and to make it possible for the child to return home; and

~~((b))~~ (ii)(A) The child has no parent, guardian, or legal custodian to provide supervision and care for such child; or

~~((c))~~ (B) The release of such child would present a serious threat of substantial harm to such child; or

~~((d))~~ (C) The parent, guardian, or custodian to whom the child could be released has been charged with violating RCW 9A.40.060 or 9A.40.070.

(b) If the court does not release the child to his or her parent, guardian, or legal custodian, and the child was initially placed with a relative pursuant to RCW 13.34.060(1), the court shall order continued placement with a relative, unless there is reasonable cause to believe the health, safety, or welfare of the child would be jeopardized or that the efforts to reunite the parent and child will be hindered. The relative must be willing and available to:

(i) Care for the child and be able to meet any special needs of the child;

(ii) Facilitate the child's visitation with siblings, if such visitation is part of the supervising agency's plan or is ordered by the court; and

(iii) Cooperate with the department in providing necessary background checks and home studies.

(c) If the child was not initially placed with a relative, and the court does not release the child to his or her parent, guardian, or legal custodian, the supervising agency shall make reasonable efforts to locate a relative pursuant to RCW 13.34.060(1).

(d) If a relative is not available, the court shall order continued shelter care or order placement with another suitable person, and the court shall set forth its reasons for the order. ~~((The court shall enter a finding as to whether RCW 13.34.060(2) and subsections (1) and (2) of this section have been complied with. If actual notice was not given to the parent, guardian, or legal custodian and the whereabouts of such person is known or can be ascertained, the court shall order the supervising agency or the department of social and health services to make reasonable efforts to advise the parent, guardian, or legal custodian of the status of the case, including the date and time of any subsequent hearings, and their rights under RCW 13.34.090.~~

~~((3))~~ If the court orders placement of the child with a person not related to the child and not licensed to provide foster care, the

placement is subject to all terms and conditions of this section that apply to relative placements.

(e) Any placement with a relative, or other person approved by the court pursuant to this section, shall be contingent upon cooperation with the agency case plan and compliance with court orders related to the care and supervision of the child including, but not limited to, court orders regarding parent-child contacts, sibling contacts, and any other conditions imposed by the court. Noncompliance with the case plan or court order is grounds for removal of the child from the home of the relative or other person, subject to review by the court.

(6)(a) A shelter care order issued pursuant to this section shall include the requirement for a case conference as provided in RCW 13.34.067. However, if the parent is not present at the shelter care hearing, or does not agree to the case conference, the court shall not include the requirement for the case conference in the shelter care order.

(b) If the court orders a case conference, the shelter care order shall include notice to all parties and establish the date, time, and location of the case conference which shall be no later than thirty days before the fact-finding hearing.

(c) The court may order another conference, case staffing, or hearing as an alternative to the case conference required under RCW 13.34.067 so long as the conference, case staffing, or hearing ordered by the court meets all requirements under RCW 13.34.067, including the requirement of a written agreement specifying the services to be provided to the parent.

(7)(a) A shelter care order issued pursuant to this section may be amended at any time with notice and hearing thereon. The shelter care decision of placement shall be modified only upon a showing of change in circumstances. No child may be placed in shelter care for longer than thirty days without an order, signed by the judge, authorizing continued shelter care.

(b)(i) An order releasing the child on any conditions specified in this section may at any time be amended, with notice and hearing thereon, so as to return the child to shelter care for failure of the parties to conform to the conditions originally imposed.

(ii) The court shall consider whether nonconformance with any conditions resulted from circumstances beyond the control of the parent, guardian, or legal custodian and give weight to that fact before ordering return of the child to shelter care.

~~((4))~~ (8)(a) If a child is returned home from shelter care a second time in the case, or if the supervisor of the caseworker deems it necessary, the multidisciplinary team may be reconvened.

~~((5))~~ (b) If a child is returned home from shelter care a second time in the case a law enforcement officer must be present and file a report to the department.

Sec. 7. RCW 13.34.130 and 2003 c 227 s 3 are each amended to read as follows:

If, after a fact-finding hearing pursuant to RCW 13.34.110, it has been proven by a preponderance of the evidence that the child is dependent within the meaning of RCW 13.34.030 after consideration of the social study prepared pursuant to RCW 13.34.110 and after a disposition hearing has been held pursuant to RCW 13.34.110, the court shall enter an order of disposition pursuant to this section.

(1) The court shall order one of the following dispositions of the case:

(a) Order a disposition other than removal of the child from his or her home, which shall provide a program designed to alleviate the immediate danger to the child, to mitigate or cure any damage the child has already suffered, and to aid the parents so that the child will not be endangered in the future. In determining the disposition, the

court should choose those services, including housing assistance, that least interfere with family autonomy and are adequate to protect the child.

(b) Order the child to be removed from his or her home and into the custody, control, and care of a relative or the department or a licensed child placing agency for placement in a foster family home or group care facility licensed pursuant to chapter 74.15 RCW or in a home not required to be licensed pursuant to chapter 74.15 RCW. Unless there is reasonable cause to believe that the health, safety, or welfare of the child would be jeopardized or that efforts to reunite the parent and child will be hindered, such child shall be placed with a person who is: (i) Related to the child as defined in RCW 74.15.020(2)(a) with whom the child has a relationship and is comfortable; and (ii) willing and available to care for the child.

(2) Placement of the child with a relative under this subsection shall be given preference by the court. An order for out-of-home placement may be made only if the court finds that reasonable efforts have been made to prevent or eliminate the need for removal of the child from the child's home and to make it possible for the child to return home, specifying the services that have been provided to the child and the child's parent, guardian, or legal custodian, and that preventive services have been offered or provided and have failed to prevent the need for out-of-home placement, unless the health, safety, and welfare of the child cannot be protected adequately in the home, and that:

(a) There is no parent or guardian available to care for such child;

(b) The parent, guardian, or legal custodian is not willing to take custody of the child; or

(c) The court finds, by clear, cogent, and convincing evidence, a manifest danger exists that the child will suffer serious abuse or neglect if the child is not removed from the home and an order under RCW 26.44.063 would not protect the child from danger.

(3) If the court has ordered a child removed from his or her home pursuant to subsection (1)(b) of this section, the court shall consider whether it is in a child's best interest to be placed with, have contact with, or have visits with siblings.

(a) There shall be a presumption that such placement, contact, or visits are in the best interests of the child provided that:

(i) The court has jurisdiction over all siblings subject to the order of placement, contact, or visitation pursuant to petitions filed under this chapter or the parents of a child for whom there is no jurisdiction are willing to agree; and

(ii) There is no reasonable cause to believe that the health, safety, or welfare of any child subject to the order of placement, contact, or visitation would be jeopardized or that efforts to reunite the parent and child would be hindered by such placement, contact, or visitation. In no event shall parental visitation time be reduced in order to provide sibling visitation.

(b) The court may also order placement, contact, or visitation of a child with a step-brother or step-sister provided that in addition to the factors in (a) of this subsection, the child has a relationship and is comfortable with the step-sibling.

(4) If the court has ordered a child removed from his or her home pursuant to subsection (1)(b) of this section and placed into nonparental or nonrelative care, the court shall order a placement that allows the child to remain in the same school he or she attended prior to the initiation of the dependency proceeding when such a placement is practical and in the child's best interest.

(5) If the court has ordered a child removed from his or her home pursuant to subsection (1)(b) of this section, the court may order that a petition seeking termination of the parent and child relationship be filed if the requirements of RCW 13.34.132 are met.

~~((5))~~ (6) If there is insufficient information at the time of the disposition hearing upon which to base a determination regarding the suitability of a proposed placement with a relative, the child shall remain in foster care and the court shall direct the supervising agency to conduct necessary background investigations as provided in chapter 74.15 RCW and report the results of such investigation to the court within thirty days. However, if such relative appears otherwise suitable and competent to provide care and treatment, the criminal history background check need not be completed before placement, but as soon as possible after placement. Any placements with relatives, pursuant to this section, shall be contingent upon cooperation by the relative with the agency case plan and compliance with court orders related to the care and supervision of the child including, but not limited to, court orders regarding parent-child contacts, sibling contacts, and any other conditions imposed by the court. Noncompliance with the case plan or court order shall be grounds for removal of the child from the relative's home, subject to review by the court.

Sec. 8. RCW 13.34.136 and 2004 c 146 s 1 are each amended to read as follows:

(1) ~~((Whenever a child is ordered removed from the child's home;))~~ A permanency plan shall be developed no later than sixty days from the time the supervising agency assumes responsibility for providing services, including placing the child, or at the time of a hearing under RCW 13.34.130, whichever occurs first. The permanency planning process continues until a permanency planning goal is achieved or dependency is dismissed. The planning process shall include reasonable efforts to return the child to the parent's home.

(2) ~~The agency ((charged with his or her care shall provide the court with))~~ supervising the dependency shall submit a written permanency plan to all parties and the court not less than fourteen days prior to the scheduled hearing. Responsive reports of parties not in agreement with the supervising agency's proposed permanency plan must be provided to the supervising agency, all other parties, and the court at least seven days prior to the hearing.

The permanency plan shall include:

(a) A permanency plan of care that shall identify one of the following outcomes as a primary goal and may identify additional outcomes as alternative goals: Return of the child to the home of the child's parent, guardian, or legal custodian; adoption; guardianship; permanent legal custody; long-term relative or foster care, until the child is age eighteen, with a written agreement between the parties and the care provider; successful completion of a responsible living skills program; or independent living, if appropriate and if the child is age sixteen or older. The department shall not discharge a child to an independent living situation before the child is eighteen years of age unless the child becomes emancipated pursuant to chapter 13.64 RCW;

(b) Unless the court has ordered, pursuant to RCW 13.34.130(4), that a termination petition be filed, a specific plan as to where the child will be placed, what steps will be taken to return the child home, what steps the agency will take to promote existing appropriate sibling relationships and/or facilitate placement together or contact in accordance with the best interests of each child, and what actions the agency will take to maintain parent-child ties. All aspects of the plan shall include the goal of achieving permanence for the child.

(i) The agency plan shall specify what services the parents will be offered to enable them to resume custody, what requirements the parents must meet to resume custody, and a time limit for each service plan and parental requirement.

(ii) Visitation is the right of the family, including the child and the parent, in cases in which visitation is in the best interest of the child. Early, consistent, and frequent visitation is crucial for maintaining parent-child relationships and making it possible for parents and children to safely reunify. The agency shall encourage the maximum parent and child and sibling contact possible, when it is in the best interest of the child, including regular visitation and participation by the parents in the care of the child while the child is in placement. Visitation shall not be limited as a sanction for a parent's failure to comply with court orders or services where the health, safety, or welfare of the child is not at risk as a result of the visitation. Visitation may be limited or denied only if the court determines that such limitation or denial is necessary to protect the child's health, safety, or welfare. The court and the agency should rely upon community resources, relatives, foster parents, and other appropriate persons to provide transportation and supervision for visitation to the extent that such resources are available, and appropriate, and the child's safety would not be compromised.

(iii) A child shall be placed as close to the child's home as possible, preferably in the child's own neighborhood, unless the court finds that placement at a greater distance is necessary to promote the child's or parents' well-being.

(iv) The plan shall state whether both in-state and, where appropriate, out-of-state placement options have been considered by the department.

(v) Unless it is not in the best interests of the child, whenever practical, the plan should ensure the child remains enrolled in the school the child was attending at the time the child entered foster care.

(vi) The agency charged with supervising a child in placement shall provide all reasonable services that are available within the agency, or within the community, or those services which the department has existing contracts to purchase. It shall report to the court if it is unable to provide such services; and

(c) If the court has ordered, pursuant to RCW 13.34.130(4), that a termination petition be filed, a specific plan as to where the child will be placed, what steps will be taken to achieve permanence for the child, services to be offered or provided to the child, and, if visitation would be in the best interests of the child, a recommendation to the court regarding visitation between parent and child pending a fact-finding hearing on the termination petition. The agency shall not be required to develop a plan of services for the parents or provide services to the parents if the court orders a termination petition be filed. However, reasonable efforts to ensure visitation and contact between siblings shall be made unless there is reasonable cause to believe the best interests of the child or siblings would be jeopardized.

~~((2))~~ (3) Permanency planning goals should be achieved at the earliest possible date, preferably before the child has been in out-of-home care for fifteen months. In cases where parental rights have been terminated, the child is legally free for adoption, and adoption has been identified as the primary permanency planning goal, it shall be a goal to complete the adoption within six months following entry of the termination order.

(4) If the court determines that the continuation of reasonable efforts to prevent or eliminate the need to remove the child from his or her home or to safely return the child home should not be part of the permanency plan of care for the child, reasonable efforts shall be made to place the child in a timely manner and to complete whatever steps are necessary to finalize the permanent placement of the child.

~~((3))~~ (5) The identified outcomes and goals of the permanency plan may change over time based upon the circumstances of the particular case.

(6) The court shall consider the child's relationships with the child's siblings in accordance with RCW 13.34.130(3).

(7) For purposes related to permanency planning:

(a) "Guardianship" means a dependency guardianship or a legal guardianship pursuant to chapter 11.88 RCW or equivalent laws of another state or a federally recognized Indian tribe.

(b) "Permanent custody order" means a custody order entered pursuant to chapter 26.10 RCW.

(c) "Permanent legal custody" means legal custody pursuant to chapter 26.10 RCW or equivalent laws of another state or a federally recognized Indian tribe.

Sec. 9. RCW 13.34.138 and 2005 c 512 s 3 are each amended to read as follows:

(1) Except for children whose cases are reviewed by a citizen review board under chapter 13.70 RCW, the status of all children found to be dependent shall be reviewed by the court at least every six months from the beginning date of the placement episode or the date dependency is established, whichever is first ~~((, at a))~~. The purpose of the hearing ~~((in which it))~~ shall be ~~((determined))~~ to review the progress of the parties and determine whether court supervision should continue.

(a) The initial review hearing shall be an in-court review and shall be set six months from the beginning date of the placement episode or no more than ninety days from the entry of the disposition order, whichever comes first. The requirements for the initial review hearing, including the in-court review requirement, shall be accomplished within existing resources.

(b) The initial review hearing may be a permanency planning hearing when necessary to meet the time frames set forth in RCW 13.34.145~~((3))~~ (1)(a) or 13.34.134. ~~((The review shall include findings regarding the agency and parental completion of disposition plan requirements, and if necessary, revised permanency time limits. This review shall consider both the agency's and parent's efforts that demonstrate consistent measurable progress over time in meeting the disposition plan requirements. The requirements for the initial review hearing, including the in-court requirement, shall be accomplished within existing resources. The supervising agency shall provide a foster parent, preadoptive parent, or relative with notice of, and their right to an opportunity to be heard in, a review hearing pertaining to the child, but only if that person is currently providing care to that child at the time of the hearing. This section shall not be construed to grant party status to any person who has been provided an opportunity to be heard.))~~

(2)(a) A child shall not be returned home at the review hearing unless the court finds that a reason for removal as set forth in RCW 13.34.130 no longer exists. The parents, guardian, or legal custodian shall report to the court the efforts they have made to correct the conditions which led to removal. If a child is returned, casework supervision shall continue for a period of six months, at which time there shall be a hearing on the need for continued intervention.

(b) If the child is not returned home, the court shall establish in writing:

(i) ~~((Whether reasonable services have been provided to or offered to the parties to facilitate reunion, specifying the services provided or offered))~~ Whether the agency is making reasonable efforts to provide services to the family and eliminate the need for placement of the child. If additional services, including housing assistance, are needed to facilitate the return of the child to the child's parents, the court

shall order that reasonable services be offered specifying such services;

(ii) Whether there has been compliance with the case plan by the child, the child's parents, and the agency supervising the placement;

(iii) Whether progress has been made toward correcting the problems that necessitated the child's placement in out-of-home care;

(iv) Whether the services set forth in the case plan and the responsibilities of the parties need to be clarified or modified due to the availability of additional information or changed circumstances;

(v) Whether there is a continuing need for placement;

(vi) Whether the child is in an appropriate placement which adequately meets all physical, emotional, and educational needs;

~~((iii))~~ (vii) Whether ~~((the child has been placed in the least-restrictive setting appropriate to the child's needs, including whether consideration and))~~ preference has been given to placement with the child's relatives;

~~((iii))~~ Whether there is a continuing need for placement and whether the placement is appropriate;

~~((iv))~~ Whether there has been compliance with the case plan by the child, the child's parents, and the agency supervising the placement;

~~((v))~~ Whether progress has been made toward correcting the problems that necessitated the child's placement in out-of-home care;

~~((vi))~~ (viii) Whether both in-state and, where appropriate, out-of-state placements have been considered;

(ix) Whether the parents have visited the child and any reasons why visitation has not occurred or has been infrequent;

~~((vii))~~ Whether additional services, including housing assistance, are needed to facilitate the return of the child to the child's parents; if so, the court shall order that reasonable services be offered specifying such services; and

~~((viii))~~ (x) Whether terms of visitation need to be modified;

(xi) Whether the court-approved long-term permanent plan for the child remains the best plan for the child;

(xii) Whether any additional court orders need to be made to move the case toward permanency; and

(xiii) The projected date by which the child will be returned home or other permanent plan of care will be implemented.

(c) The court at the review hearing may order that a petition seeking termination of the parent and child relationship be filed.

~~((2))~~ (3)(a) In any case in which the court orders that a dependent child may be returned to or remain in the child's home, the in-home placement shall be contingent upon the following:

(i) The compliance of the parents with court orders related to the care and supervision of the child, including compliance with an agency case plan; and

(ii) The continued participation of the parents, if applicable, in available substance abuse or mental health treatment if substance abuse or mental illness was a contributing factor to the removal of the child.

(b) The following may be grounds for removal of the child from the home, subject to review by the court:

(i) Noncompliance by the parents with the agency case plan or court order;

(ii) The parent's inability, unwillingness, or failure to participate in available services or treatment for themselves or the child, including substance abuse treatment if a parent's substance abuse was a contributing factor to the abuse or neglect; or

(iii) The failure of the parents to successfully and substantially complete available services or treatment for themselves or the child, including substance abuse treatment if a parent's substance abuse was a contributing factor to the abuse or neglect.

~~((3))~~ (4) The court's ability to order housing assistance under RCW 13.34.130 and this section is: (a) Limited to cases in which homelessness or the lack of adequate and safe housing is the primary reason for an out-of-home placement; and (b) subject to the availability of funds appropriated for this specific purpose.

~~((4))~~ (5) The court shall consider the child's relationship with siblings in accordance with RCW 13.34.130(3).

Sec. 10. RCW 13.34.145 and 2003 c 227 s 6 are each amended to read as follows:

(1) ~~((A permanency plan shall be developed no later than sixty days from the time the supervising agency assumes responsibility for providing services, including placing the child, or at the time of a hearing under RCW 13.34.130, whichever occurs first. The permanency planning process continues until a permanency planning goal is achieved or dependency is dismissed. The planning process shall include reasonable efforts to return the child to the parent's home.~~

~~— (a) Whenever a child is placed in out-of-home care pursuant to RCW 13.34.130, the agency that has custody of the child shall provide the court with a written permanency plan of care directed towards securing a safe, stable, and permanent home for the child as soon as possible. The plan shall identify one of the following outcomes as the primary goal and may also identify additional outcomes as alternative goals: Return of the child to the home of the child's parent, guardian, or legal custodian; adoption; guardianship; permanent legal custody; long-term relative or foster care, until the child is age eighteen, with a written agreement between the parties and the care provider; a responsible living skills program; and independent living, if appropriate and if the child is age sixteen or older and the provisions of subsection (2) of this section are met.~~

~~— (b) The identified outcomes and goals of the permanency plan may change over time based upon the circumstances of the particular case.~~

~~— (c) Permanency planning goals should be achieved at the earliest possible date, preferably before the child has been in out-of-home care for fifteen months. In cases where parental rights have been terminated, the child is legally free for adoption, and adoption has been identified as the primary permanency planning goal, it shall be a goal to complete the adoption within six months following entry of the termination order.~~

~~— (d) For purposes related to permanency planning:~~

~~— (i) "Guardianship" means a dependency guardianship, a legal guardianship pursuant to chapter 11.88 RCW, or equivalent laws of another state or a federally recognized Indian tribe.~~

~~— (ii) "Permanent custody order" means a custody order entered pursuant to chapter 26.10 RCW.~~

~~— (iii) "Permanent legal custody" means legal custody pursuant to chapter 26.10 RCW or equivalent laws of another state or of a federally recognized Indian tribe.~~

~~— (2) Whenever a permanency plan identifies independent living as a goal, the plan shall also specifically identify the services that will be provided to assist the child to make a successful transition from foster care to independent living. Before the court approves independent living as a permanency plan of care, the court shall make a finding that the provision of services to assist the child in making a transition from foster care to independent living will allow the child to manage his or her financial, personal, social, educational, and nonfinancial affairs. The department shall not discharge a child to an independent living situation before the child is eighteen years of age unless the child becomes emancipated pursuant to chapter 13.64 RCW.~~

~~— ((3))~~ The purpose of a permanency planning hearing is to review the permanency plan for the child, inquire into the welfare of the child and progress of the case, and reach decisions regarding the permanent placement of the child.

(a) A permanency planning hearing shall be held in all cases where the child has remained in out-of-home care for at least nine months and an adoption decree, guardianship order, or permanent custody order has not previously been entered. The hearing shall take place no later than twelve months following commencement of the current placement episode.

~~((4))~~ (b) Whenever a child is removed from the home of a dependency guardian or long-term relative or foster care provider, and the child is not returned to the home of the parent, guardian, or legal custodian but is placed in out-of-home care, a permanency planning hearing shall take place no later than twelve months, as provided in ((subsection (3) of) this section, following the date of removal unless, prior to the hearing, the child returns to the home of the dependency guardian or long-term care provider, the child is placed in the home of the parent, guardian, or legal custodian, an adoption decree, guardianship order, or a permanent custody order is entered, or the dependency is dismissed.

~~((5))~~ (c) Permanency planning goals should be achieved at the earliest possible date, preferably before the child has been in out-of-home care for fifteen months. In cases where parental rights have been terminated, the child is legally free for adoption, and adoption has been identified as the primary permanency planning goal, it shall be a goal to complete the adoption within six months following entry of the termination order.

(2) No later than ten working days prior to the permanency planning hearing, the agency having custody of the child shall submit a written permanency plan to the court and shall mail a copy of the plan to all parties and their legal counsel, if any.

~~((6))~~ (3) At the permanency planning hearing, the court shall ((enter findings as required by RCW 13.34.138 and shall review the permanency plan prepared by the agency)) conduct the following inquiry:

(a) If a goal of long-term foster or relative care has been achieved prior to the permanency planning hearing, the court shall review the child's status to determine whether the placement and the plan for the child's care remain appropriate.

(b) In cases where the primary permanency planning goal has not been achieved, the court shall inquire regarding the reasons why the primary goal has not been achieved and determine what needs to be done to make it possible to achieve the primary goal. The court shall review the permanency plan prepared by the agency and make explicit findings regarding each of the following:

(i) The continuing necessity for, and the safety and appropriateness of, the placement;

(ii) The extent of compliance with the permanency plan by the agency and any other service providers, the child's parents, the child, and the child's guardian, if any;

(iii) The extent of any efforts to involve appropriate service providers in addition to agency staff in planning to meet the special needs of the child and the child's parents;

(iv) The progress toward eliminating the causes for the child's placement outside of his or her home and toward returning the child safely to his or her home or obtaining a permanent placement for the child;

(v) The date by which it is likely that the child will be returned to his or her home or placed for adoption, with a guardian or in some other alternative permanent placement; and

(vi) If the child has been placed outside of his or her home for fifteen of the most recent twenty-two months, not including any period during which the child was a runaway from the out-of-home placement or the first six months of any period during which the child was returned to his or her home for a trial home visit, the appropriateness of the permanency plan, whether reasonable efforts were made by the agency to achieve the goal of the permanency plan, and the circumstances which prevent the child from any of the following:

(A) Being returned safely to his or her home;

(B) Having a petition for the involuntary termination of parental rights filed on behalf of the child;

(C) Being placed for adoption;

(D) Being placed with a guardian;

(E) Being placed in the home of a fit and willing relative of the child; or

(F) Being placed in some other alternative permanent placement, including independent living or long-term foster care.

(c)(i) If the permanency plan identifies independent living as a goal, the court shall make a finding that the provision of services to assist the child in making a transition from foster care to independent living will allow the child to manage his or her financial, personal, social, educational, and nonfinancial affairs prior to approving independent living as a permanency plan of care.

(ii) The permanency plan shall also specifically identify the services that will be provided to assist the child to make a successful transition from foster care to independent living.

(iii) The department shall not discharge a child to an independent living situation before the child is eighteen years of age unless the child becomes emancipated pursuant to chapter 13.64 RCW.

(d) If the child has resided in the home of a foster parent or relative for more than six months prior to the permanency planning hearing, the court shall also enter a finding regarding whether the foster parent or relative was informed of the hearing as required in RCW 74.13.280 and 13.34.138. ~~(If a goal of long-term foster or relative care has been achieved prior to the permanency planning hearing, the court shall review the child's status to determine whether the placement and the plan for the child's care remain appropriate. In cases where the primary permanency planning goal has not been achieved, the court shall inquire regarding the reasons why the primary goal has not been achieved and determine what needs to be done to make it possible to achieve the primary goal.)~~

(4) In all cases, at the permanency planning hearing, the court shall:

(a)(i) Order the permanency plan prepared by the agency to be implemented; or

(ii) Modify the permanency plan, and order implementation of the modified plan; and

(b)(i) Order the child returned home only if the court finds that a reason for removal as set forth in RCW 13.34.130 no longer exists; or

(ii) Order the child to remain in out-of-home care for a limited specified time period while efforts are made to implement the permanency plan.

~~((7))~~ (5) Following the first permanency planning hearing, the court shall hold a further permanency planning hearing in accordance with this section at least once every twelve months until a permanency planning goal is achieved or the dependency is dismissed, whichever occurs first.

(6) Prior to the second permanency planning hearing, the agency that has custody of the child shall consider whether to file a petition for termination of parental rights.

(7) If the court orders the child returned home, casework supervision shall continue for at least six months, at which time a review hearing shall be held pursuant to RCW 13.34.138, and the court shall determine the need for continued intervention.

(8) The juvenile court may hear a petition for permanent legal custody when: (a) The court has ordered implementation of a permanency plan that includes permanent legal custody; and (b) the party pursuing the permanent legal custody is the party identified in the permanency plan as the prospective legal custodian. During the pendency of such proceeding, the court shall conduct review hearings and further permanency planning hearings as provided in this chapter. At the conclusion of the legal guardianship or permanent legal custody proceeding, a juvenile court hearing shall be held for the purpose of determining whether dependency should be dismissed. If a guardianship or permanent custody order has been entered, the dependency shall be dismissed.

(9) Continued juvenile court jurisdiction under this chapter shall not be a barrier to the entry of an order establishing a legal guardianship or permanent legal custody when the requirements of subsection (8) of this section are met.

~~(10) (Following the first permanency planning hearing, the court shall hold a further permanency planning hearing in accordance with this section at least once every twelve months until a permanency planning goal is achieved or the dependency is dismissed, whichever occurs first.~~

~~(11) Except as provided in RCW 13.34.235, the status of all dependent children shall continue to be reviewed by the court at least once every six months, in accordance with RCW 13.34.138, until the dependency is dismissed. Prior to the second permanency planning hearing, the agency that has custody of the child shall consider whether to file a petition for termination of parental rights.~~

~~(12))~~ Nothing in this chapter may be construed to limit the ability of the agency that has custody of the child to file a petition for termination of parental rights or a guardianship petition at any time following the establishment of dependency. Upon the filing of such a petition, a fact-finding hearing shall be scheduled and held in accordance with this chapter unless the agency requests dismissal of the petition prior to the hearing or unless the parties enter an agreed order terminating parental rights, establishing guardianship, or otherwise resolving the matter.

~~((13))~~ (11) The approval of a permanency plan that does not contemplate return of the child to the parent does not relieve the supervising agency of its obligation to provide reasonable services, under this chapter, intended to effectuate the return of the child to the parent, including but not limited to, visitation rights. The court shall consider the child's relationships with siblings in accordance with RCW 13.34.130.

~~((14))~~ (12) Nothing in this chapter may be construed to limit the procedural due process rights of any party in a termination or guardianship proceeding filed under this chapter.

Sec. 11. RCW 74.13.031 and 2006 c 266 s 1 and 2006 c 221 s 3 are each reenacted and amended to read as follows:

The department shall have the duty to provide child welfare services and shall:

(1) Develop, administer, supervise, and monitor a coordinated and comprehensive plan that establishes, aids, and strengthens services for the protection and care of runaway, dependent, or neglected children.

(2) Within available resources, recruit an adequate number of prospective adoptive and foster homes, both regular and specialized, i.e. homes for children of ethnic minority, including Indian homes for

Indian children, sibling groups, handicapped and emotionally disturbed, teens, pregnant and parenting teens, and annually report to the governor and the legislature concerning the department's success in: (a) Meeting the need for adoptive and foster home placements; (b) reducing the foster parent turnover rate; (c) completing home studies for legally free children; and (d) implementing and operating the passport program required by RCW 74.13.285. The report shall include a section entitled "Foster Home Turn-Over, Causes and Recommendations."

(3) Investigate complaints of any recent act or failure to act on the part of a parent or caretaker that results in death, serious physical or emotional harm, or sexual abuse or exploitation, or that presents an imminent risk of serious harm, and on the basis of the findings of such investigation, offer child welfare services in relation to the problem to such parents, legal custodians, or persons serving in loco parentis, and/or bring the situation to the attention of an appropriate court, or another community agency: PROVIDED, That an investigation is not required of nonaccidental injuries which are clearly not the result of a lack of care or supervision by the child's parents, legal custodians, or persons serving in loco parentis. If the investigation reveals that a crime against a child may have been committed, the department shall notify the appropriate law enforcement agency.

(4) Offer, on a voluntary basis, family reconciliation services to families who are in conflict.

(5) Monitor out-of-home placements, on a timely and routine basis, to assure the safety, well-being, and quality of care being provided is within the scope of the intent of the legislature as defined in RCW 74.13.010 and 74.15.010, and annually submit a report measuring the extent to which the department achieved the specified goals to the governor and the legislature.

(6) Have authority to accept custody of children from parents and to accept custody of children from juvenile courts, where authorized to do so under law, to provide child welfare services including placement for adoption, to provide for the routine and necessary medical, dental, and mental health care, or necessary emergency care of the children, and to provide for the physical care of such children and make payment of maintenance costs if needed. Except where required by Public Law 95-608 (25 U.S.C. Sec. 1915), no private adoption agency which receives children for adoption from the department shall discriminate on the basis of race, creed, or color when considering applications in their placement for adoption.

(7) Have authority to provide temporary shelter to children who have run away from home and who are admitted to crisis residential centers.

(8) Have authority to purchase care for children; and shall follow in general the policy of using properly approved private agency services for the actual care and supervision of such children insofar as they are available, paying for care of such children as are accepted by the department as eligible for support at reasonable rates established by the department.

(9) Establish a children's services advisory committee which shall assist the secretary in the development of a partnership plan for utilizing resources of the public and private sectors, and advise on all matters pertaining to child welfare, licensing of child care agencies, adoption, and services related thereto. At least one member shall represent the adoption community.

(10)(a) Have authority to provide continued foster care or group care as needed to participate in or complete a high school or vocational school program.

(b)(i) Beginning in 2006, the department has the authority to allow up to fifty youth reaching age eighteen to continue in foster care or

group care as needed to participate in or complete a posthigh school academic or vocational program, and to receive necessary support and transition services.

(ii) In 2007 and 2008, the department has the authority to allow up to fifty additional youth per year reaching age eighteen to remain in foster care or group care as provided in (b)(i) of this subsection.

(iii) A youth who remains eligible for such placement and services pursuant to department rules may continue in foster care or group care until the youth reaches his or her twenty-first birthday. Eligibility requirements shall include active enrollment in a posthigh school academic or vocational program and maintenance of a 2.0 grade point average.

(11) Refer cases to the division of child support whenever state or federal funds are expended for the care and maintenance of a child, including a child with a developmental disability who is placed as a result of an action under chapter 13.34 RCW, unless the department finds that there is good cause not to pursue collection of child support against the parent or parents of the child. Cases involving individuals age eighteen through twenty shall not be referred to the division of child support unless required by federal law.

(12) Have authority within funds appropriated for foster care services to purchase care for Indian children who are in the custody of a federally recognized Indian tribe or tribally licensed child-placing agency pursuant to parental consent, tribal court order, or state juvenile court order; and the purchase of such care shall be subject to the same eligibility standards and rates of support applicable to other children for whom the department purchases care.

Notwithstanding any other provision of RCW 13.32A.170 through 13.32A.200 and 74.13.032 through 74.13.036, or of this section all services to be provided by the department of social and health services under subsections (4), (6), and (7) of this section, subject to the limitations of these subsections, may be provided by any program offering such services funded pursuant to Titles II and III of the federal juvenile justice and delinquency prevention act of 1974.

(13) Within amounts appropriated for this specific purpose, provide preventive services to families with children that prevent or shorten the duration of an out-of-home placement.

(14) Have authority to provide independent living services to youths, including individuals who have attained eighteen years of age, and have not attained twenty-one years of age who are or have been in foster care.

(15) Consult at least quarterly with foster parents, including members of the foster parent association of Washington state, for the purpose of receiving information and comment regarding how the department is performing the duties and meeting the obligations specified in this section and RCW 74.13.250 and 74.13.320 regarding the recruitment of foster homes, reducing foster parent turnover rates, providing effective training for foster parents, and administering a coordinated and comprehensive plan that strengthens services for the protection of children. Consultation shall occur at the regional and statewide levels.

NEW SECTION. Sec. 12. (1) The secretary of the department of social and health services shall work in conjunction with the University of Washington to study the need for and the feasibility of creating tiered classifications for foster parent licensing, including a professional foster parent classification. The secretary of the department of social and health services and the dean of the school of social work, or his or her designee, at the University of Washington jointly shall facilitate a work group composed of: (a) The president of the senate shall appoint two members from each of the two largest caucuses of the senate; and the speaker of the house

of representatives shall appoint two members from each of the two largest caucuses of the house of representatives; (b) four foster parents, including two representatives from the foster parent association of Washington state; (c) the director of the institute for children and families at the University of Washington; (d) a representative of the Washington federation of state employees; and (e) four or more child welfare professionals with subject matter expertise from the public, private, or academic communities.

(2) To promote the exchange of ideas and collaboration, the secretary and the director also shall convene at least two focused stakeholder meetings seeking input from a broad range of foster parents, social workers, and community members. To facilitate the exchange of ideas, the department of social and health services shall provide to the work group the contact information for licensed foster parents for the sole purpose of communicating with foster parents regarding issues relevant to foster parents. The work group shall keep the contact information confidential and shall develop guidelines for the use and maintenance of this contact information among work group members.

(3) The secretary of the department of social and health services and the dean of the school of social work, or his or her designee, at the University of Washington shall report the recommendations of the work group to the appropriate committees of the legislature by January 1, 2008.

NEW SECTION. Sec. 13. Section 12 of this act expires January 1, 2008.

NEW SECTION. Sec. 14. 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 1 of the title, after "welfare;" strike the remainder of the title and insert "amending RCW 13.34.200, 13.34.060, 13.34.062, 13.34.065, 13.34.130, 13.34.136, 13.34.138, and 13.34.145; reenacting and amending RCW 74.13.031; adding a new section to chapter 13.34 RCW; adding a new section to chapter 43.20A RCW; creating a new section; and providing an expiration date."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House did not concur in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 1624 and asked the Senate to recede therefrom.

MESSAGE FROM THE SENATE

April 12, 2007

Mr. Speaker:

The Senate has passed ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1705 with the following amendment:

Strike everything after the enacting clause and insert the following:

NEW SECTION. Sec. 1. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Authority" means a health sciences and services authority created pursuant to this chapter.

(2) "Board" means the governing board of trustees of an authority.

(3) "Director" means the director of the higher education coordinating board.

(4) "Health sciences and services" means biosciences that advance new therapies and procedures to combat disease and promote public health.

(5) "Local government" means a city, town, or county.

(6) "Sponsoring local government" means a city, town, or county that creates a health sciences and services authority.

NEW SECTION. Sec. 2. PURPOSE. The health sciences and services program is created to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health.

NEW SECTION. Sec. 3. CREATION. A local government must establish by ordinance or resolution an authority. At a minimum, the ordinance must:

(1) Specify the powers to be exercised by the authority;

(2) Reserve the local government's right to dissolve the authority after its contractual responsibilities have expired;

(3) Establish an administrative board, including: (a) The number of board members; (b) the times and terms of appointment for each board position; (c) the amount of compensation, if any, to be paid to board members; (d) the procedures for removing board members and filing vacancies; and (e) the qualifications for the appointment of individuals to the board;

(4) Establish the authority's boundaries, which must be contiguous tracts of land;

(5) Ensure that private and public funds provided to the authority will be segregated;

(6) Establish guidelines under which the authority may invest its funds;

(7) Provide the requirements for auditing the records of the authority; and

(8) Require the local government's legal counsel to also provide legal services to the authority.

NEW SECTION. Sec. 4. APPLICATIONS. (1) The higher education coordinating board may approve applications submitted by local governments for an area's designation as a health sciences and services authority under this chapter. The director shall determine the division to review applications submitted by local governments under this chapter. The application for designation shall be in the form and manner and contain such information as the higher education coordinating board may prescribe, provided the application shall:

(a) Contain sufficient information to enable the director to determine the viability of the proposal;

(b) Demonstrate that an ordinance or resolution has been passed by the legislative authority of a local government that delineates the boundaries of an area that may be designated an authority;

(c) Be submitted on behalf of the local government, or, if that office does not exist, by the legislative body of the local government;

(d) Demonstrate that the public funds directed to programs or facilities in the authority will leverage private sector resources and contributions to activities to be performed;

(e) Provide a plan or plans for the development of the authority as an entity to advance as a cluster for health sciences education, health sciences research, biotechnology development, biotechnology product commercialization, and/or health care services; and

(f) Demonstrate that the state has previously provided funds to health sciences and services programs or facilities in the applicant city, town, or county.

(2) The director shall determine the division to develop criteria to evaluate the application. The criteria shall include:

(a) The presence of infrastructure capable of spurring development of the area as a center of health sciences and services;

(b) The presence of higher education facilities where undergraduate or graduate coursework or research is conducted; and

(c) The presence of facilities in which health services are provided.

(3) There shall be no more than one authority statewide.

(4) An authority may only be created in a county with a population of less than one million persons.

(5) The director may reject or approve an application. When denying an application, the director must specify the application's deficiencies. The decision regarding such designation as it relates to a specific local government is final; however, a rejected application may be resubmitted.

(6) Applications are due December 31, 2007, and must be processed within sixty days of submission.

(7) The director may, at his or her discretion, amend the boundaries of an authority upon the request of the local government.

(8) The higher education coordinating board may adopt any rules necessary to implement this act within one hundred twenty days of the effective date of this section.

(9) The joint legislative audit and review committee shall conduct an audit of the authority and report to the legislature by December 1, 2012. The report shall evaluate the effectiveness of the authority in providing the advancement of new therapies and procedures to combat disease and improve public health. The audit shall also look into where and how funds have been spent and if the funds have effectively executed the mission of the authority.

NEW SECTION. Sec. 5. BOARD. (1) An authority shall be overseen by a board with not more than fourteen members. The authority board shall select the chair. Board members must have some experience with the mission of the authority. The board members shall be appointed as follows:

(a) The governor shall appoint three members;

(b) The county legislative authority in which the authority resides shall appoint three members;

(c) The mayor of the city in which the authority is created, or the mayor of the largest city within the authority if created by a county, shall appoint three members; and

(d) Up to five additional members may be appointed by the board.

(2) A simple majority of the board members shall constitute a quorum.

(3) The board shall annually elect a secretary and any other officers it deems necessary.

(4) The local government shall designate an individual with financial experience to serve as treasurer. The individual may be a city or county treasurer, city or county auditor, or a private party. If the treasurer is a private party, the local government shall require a bond in an amount and under such terms and conditions as the local government deems necessary to protect the authority. The treasurer shall have the power to create and maintain funds, issue warrants, and invest funds in its possession.

(5) The board may adopt bylaws or rules for their own governance.

(6) Meetings of the board shall be held in accordance with the open public meetings act, chapter 42.30 RCW, and at the call of the chair or when a majority of the board so requests. Meetings of the board may be held at any location and board members may participate in a meeting of the board by means of a conference telephone or similar communication equipment under RCW 23B.08.200.

NEW SECTION. Sec. 6. POWERS AND DUTIES. (1) The authority has all the general powers necessary to carry out its purposes and duties and to exercise its specific powers, including the authority may:

(a) Sue and be sued in its own name;

(b) Make and execute agreements, contracts, and other instruments, with any public or private entity or person, in accordance with this chapter;

(c) Employ, contract with, or engage independent counsel, financial advisors, auditors, other technical or professional assistants, and such other personnel as are necessary or desirable to implement this chapter;

(d) Establish such special funds, and control deposits to and disbursements from them, as it finds convenient for the implementation of this chapter;

(e) Enter into contracts with public and private entities for research to be conducted in this state;

(f) Delegate any of its powers and duties if consistent with the purposes of this chapter;

(g) Exercise any other power reasonably required to implement the purposes of this chapter; and

(h) Hire staff and pay administrative costs; however, such expenses shall be paid from moneys provided by the sponsoring local government and moneys received from gifts, grants, and bequests and the interest earned on the authority's accounts and investments.

(2) In addition to other powers and duties prescribed in this chapter, the authority is empowered to:

(a) Use the authority's public moneys, leveraging those moneys with amounts received from other public and private sources in accordance with contribution agreements, promote bioscience-based economic development, and advance new therapies and procedures to combat disease and promote public health;

(b) Solicit and receive gifts, grants, and bequests, and enter into contribution agreements with private entities and public entities to receive moneys in consideration of the authority's promise to leverage those moneys with the revenue generated by the tax authorized under section 11 of this act and contributions from other public entities and private entities, in order to use those moneys to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

(c) Hold funds received by the authority in trust for their use pursuant to this chapter to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

(d) Manage its funds, obligations, and investments as necessary and consistent with its purpose, including the segregation of revenues into separate funds and accounts;

(e) Make grants to entities pursuant to contract to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. Grant agreements shall specify the deliverables to be provided by the recipient pursuant to the grant. Grants to private entities may only be provided under a contractual agreement that ensures the state will

receive appropriate consideration, such as an assurance of job creation or retention, or the delivery of services that provide for the public health, safety, and welfare. The authority shall solicit requests for funding and evaluate the requests by reference to factors such as: (i) The quality of the proposed research; (ii) its potential to improve health outcomes, with particular attention to the likelihood that it will also lower health care costs, substitute for a more costly diagnostic or treatment modality, or offer a breakthrough treatment for a particular disease or condition; (iii) its potential to leverage additional funding; (iv) its potential to provide health care benefits; (v) its potential to stimulate employment; and (vi) evidence of public and private collaboration;

(f) Create one or more advisory boards composed of scientists, industrialists, and others familiar with health sciences and services; and

(g) Adopt policies and procedures to facilitate the orderly process of grant application, review, and reward.

(3) The records of the authority shall be subject to audit by the office of the state auditor.

(4) The authority must apply for a Washington state quality award within four years of its creation.

NEW SECTION. Sec. 7. GENERAL INDEBTEDNESS--GENERAL OBLIGATION BONDS. (1) A local government that creates a health sciences and services authority may incur general indebtedness, and issue general obligation bonds, to finance the grants and other programs and retire the indebtedness in whole or in part from the funds distributed pursuant to section 11 of this act and subject to the following requirements:

(a) The ordinance adopted by the local government creating the authority and authorizing the use of the excise tax in section 11 of this act indicates an intent to incur this indebtedness and the maximum amount of this indebtedness that is contemplated; and

(b) The local government includes this statement of the intent in all notices.

(2) The general indebtedness incurred under this section may be payable from other tax revenues, the full faith and credit of the sponsoring local government, and nontax income, revenues, fees, and rents from the public improvements, as well as contributions, grants, and nontax money available to the local government for payment of costs of the grants and other programs or associated debt service on the general indebtedness.

NEW SECTION. Sec. 8. LIMITATION ON BONDS ISSUED. The bonds issued by a local government under section 7 of this act shall not constitute an obligation of the state of Washington, either general or special.

NEW SECTION. Sec. 9. LIABILITY. (1) Members of the board, as well as other persons acting on behalf of the authority, while acting within the scope of their employment or agency, shall not be subject to personal liability resulting from their official duties conferred on them under this chapter.

(2) The state, the local government that created the authority, and the authority shall not be liable for any loss, damage, harm, or other consequences resulting directly or indirectly from grants provided by the authority or from programs, services, research, or other activities funded with such grants.

NEW SECTION. Sec. 10. DISSOLUTION. The board may petition the sponsoring local government to be dissolved upon a

showing that it has no reason to exist and that any assets it retains must be returned to the state treasurer.

NEW SECTION. Sec. 11. A new section is added to chapter 82.14 RCW to read as follows:

(1) The legislative authority of a local jurisdiction that has created a health sciences and services authority under section 3 of this act may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the local jurisdiction. The rate of the tax shall not exceed 0.015 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax.

(2) The tax imposed under subsection (1) of this section shall be deducted from the amount of tax otherwise required to be collected or paid over to the department under chapter 82.08 or 82.12 RCW. The department of revenue shall perform the collection of the tax on behalf of the authority at no cost to the authority.

(3) The amounts received under this section may only be used in accordance with section 6 of this act or to finance and retire the indebtedness incurred pursuant to section 7 of this act, in whole or in part.

Sec. 12. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 338 s 5, 2006 c 302 s 12, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 171 s 8 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 15.110, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean

Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10)(a) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(b) Financial or proprietary information supplied to the liquor control board including the amount of beer or wine sold by a domestic winery, brewery, microbrewery, or certificate of approval holder under RCW 66.24.206(1) or 66.24.270(2)(a) and including the amount of beer or wine purchased by a retail licensee in connection with a retail licensee's obligation under RCW 66.24.210 or 66.24.290, for receipt of shipments of beer or wine.

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of community, trade, and economic development:

(i) Financial and proprietary information collected from any person and provided to the department of community, trade, and economic development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

(ii) Financial or proprietary information collected from any person and provided to the department of community, trade, and economic development or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does

not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085; ~~((and))~~

(17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit~~((-))~~;

(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 are subject to RCW 42.56.610 and 90.64.190; ~~and~~

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under sections 1 through 6 of this act, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information.

Sec. 13. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 338 s 5, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 171 s 8 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 15.110, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or

on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of community, trade, and economic development:

(i) Financial and proprietary information collected from any person and provided to the department of community, trade, and economic development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

(ii) Financial or proprietary information collected from any person and provided to the department of community, trade, and economic development or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085; ~~(and)~~

(17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit(-);

(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to RCW 42.56.610 and 90.64.190; and

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under

sections 1 through 6 of this act, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information.

NEW SECTION. Sec. 14. CAPTIONS. Captions used in this act are not any part of the law.

NEW SECTION. Sec. 15. SEVERABILITY. 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. 16. CODIFICATION. Sections 1 through 10 of this act constitute a new chapter in Title 35 RCW.

NEW SECTION. Sec. 17. EXPIRATION DATE. Section 12 of this act expires June 30, 2008.

NEW SECTION. Sec. 18. EFFECTIVE DATE. Section 13 of this act takes effect June 30, 2008."

On page 1, line 2 of the title, after "authorities;" strike the remainder of the title and insert "reenacting and amending RCW 42.56.270 and 42.56.270; adding a new section to chapter 82.14 RCW; adding a new chapter to Title 35 RCW; creating a new section; providing an effective date; and providing an expiration date."

as the same is herewith transmitted.

Brad Hendrickson, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House refused to concur in the Senate amendments to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1705, and asked the Senate to recede.

MESSAGE FROM THE SENATE

April 19, 2007

Mr. Speaker:

The Senate refuses to recede from its amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1359 and asks the House for a Conference thereon. The President has appointed the following members as Conferees: Senators Weinstein, Fraser and Brandland, and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House insisted on its position regarding the Senate's amendments to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1359, refuses to grant a Conference thereon, and again asked the Senate to recede.

MESSAGE FROM THE SENATE

April 18, 2007

Mr. Speaker:

The Senate insists on its position on ENGROSSED SUBSTITUTE HOUSE BILL NO. 1368 and asks the House to concur, and the same is herewith transmitted.

Thomas Hoemann, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 1368 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Simpson and Curtis spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Engrossed Substitute House Bill No. 1368, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1368, as amended by the Senate and the bill passed the House by the following vote: Yeas - 98, Nays - 0, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darnelle, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 98.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1368, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 19, 2007

Mr. Speaker:

The Senate receded from its amendment to SUBSTITUTE HOUSE BILL NO. 1909. Under suspension of the rules the bill was returned to second reading for purpose of amendment.

The Senate adopted the following amendment and passed the bill as amended by the Senate:

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 76.48.130 and 1995 c 366 s 13 are each amended to read as follows:

(1) A person who violates a provision of this chapter, other than the provisions contained in RCW 76.48.120, as now or hereafter amended, is guilty of a gross misdemeanor and upon conviction thereof shall be punished by a fine of not more than one thousand dollars or by imprisonment in the county jail for not to exceed one year or by both a fine and imprisonment.

(2) In any prosecution for a violation of this chapter's requirements to obtain or possess a specialized forest products permit or true copy thereof, an authorization, sales invoice, or bill of lading, it is an affirmative defense, if established by the defendant by a preponderance of the evidence, that: (a) The specialized forest products were harvested from the defendant's own land; or (b) the specialized forest products were harvested with the permission of the landowner.

NEW SECTION. Sec. 2. (1) The specialized forest products work group is established. The work group must consist of appropriate representation from: The department of natural resources; county sheriffs; county prosecutors; industrial and small forest landowners; tribes; recreational and professional wood carvers; cedar and specialty wood processors; and other appropriate persons invited by the commissioner of public lands.

(2) The specialized forest products work group must review the current specialized forest products statute, chapter 76.48 RCW, as well as applicable theft laws. The specialized forest products work group must evaluate the statute, as well as its application, and make recommendations, if any, to ensure that the specialized forest products requirements: Provide reasonable tools for law enforcement and reasonably protect landowners from theft; are not unduly burdensome to harvesters, those possessing or transporting specialized forest products, or cedar or specialty wood processors or buyers; are clear and may be readily understood by law enforcement and the public; and are administered and enforced consistently throughout the state.

(3) The specialized forest products work group must be staffed by the department of natural resources.

(4) The specialized forest products work group must provide a report to the appropriate committees of the legislature containing its recommendations, as well as draft legislation implementing its recommendations, by December 1, 2007.

(5) This section expires July 1, 2008.

Sec. 3. RCW 76.48.020 and 2005 c 401 s 1 are each amended to read as follows:

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

(1) "Authorization" means a properly completed preprinted form authorizing the transportation or possession of Christmas trees which contains the information required by RCW 76.48.080, a sample of which is filed before the harvesting occurs with the sheriff of the county in which the harvesting is to occur.

(2) "Bill of lading" means a written or printed itemized list or statement of particulars pertinent to the transportation or possession of a specialized forest product.

(3) "Cascara bark" means the bark of a Cascara tree.

(4) "Cedar processor" means any person who purchases, takes, or retains possession of cedar products or cedar salvage for later sale in the same or modified form following removal and delivery from the land where harvested.

(5) "Cedar products" means cedar shakeboards, shake and shingle bolts, and rounds one to three feet in length.

(6) "Cedar salvage" means cedar chunks, slabs, stumps, and logs having a volume greater than one cubic foot and being harvested or transported from areas not associated with the concurrent logging of timber stands (a) under a forest practices application approved or notification received by the department of natural resources, or (b) under a contract or permit issued by an agency of the United States government.

(7) "Christmas trees" means any evergreen trees or the top thereof, commonly known as Christmas trees, with limbs and branches, with or without roots, including fir, pine, spruce, cedar, and other coniferous species.

(8) "Cut or picked evergreen foliage," commonly known as brush, means evergreen boughs, huckleberry foliage, salal, fern, Oregon grape, rhododendron, mosses, bear grass, scotch broom (*Cytisus scoparius*), and other cut or picked evergreen products. "Cut or picked evergreen foliage" does not mean cones, berries, any foliage that does not remain green year-round, or seeds.

(9) "Harvest" means to separate, by cutting, prying, picking, peeling, breaking, pulling, splitting, or otherwise removing, a specialized forest product (a) from its physical connection or contact with the land or vegetation upon which it is or was growing or (b) from the position in which it is lying upon the land.

(10) "Harvest site" means each location where one or more persons are engaged in harvesting specialized forest products close enough to each other that communication can be conducted with an investigating law enforcement officer in a normal conversational tone.

(11) "Huckleberry" means the following species of edible berries, if they are not nursery grown: *Vaccinium membranaceum*, *Vaccinium deliciosum*, *Vaccinium ovatum*, *Vaccinium parvifolium*, *Vaccinium globulare*, *Vaccinium ovalifolium*, *Vaccinium alaskaense*, *Vaccinium caespitosum*, *Vaccinium occidentale*, *Vaccinium uliginosum*, *Vaccinium myrtillus*, and *Vaccinium scoparium*.

(12) "Landowner" means, with regard to real property, the private owner, the state of Washington or any political subdivision, the federal government, or a person who by deed, contract, or lease has authority to harvest and sell forest products of the property. "Landowner" does not include the purchaser or successful high bidder at a public or private timber sale.

((12)) (13) "Native ornamental trees and shrubs" means any trees or shrubs which are not nursery grown and which have been removed from the ground with the roots intact.

((13)) (14) "Permit area" means a designated tract of land that may contain single or multiple harvest sites.

((14)) (15) "Person" includes the plural and all corporations, foreign or domestic, copartnerships, firms, and associations of persons.

((15)) (16) "Processed cedar products" means cedar shakes, shingles, fence posts, hop poles, pickets, stakes, rails, or rounds less than one foot in length.

((16)) (17) "Sheriff" means, for the purpose of validating specialized forest products permits, the county sheriff, deputy sheriff, or an authorized employee of the sheriff's office or an agent of the office.

((17)) (18) "Specialized forest products" means Christmas trees, native ornamental trees and shrubs, cut or picked evergreen foliage,

cedar products, cedar salvage, processed cedar products, specialty wood, wild edible mushrooms, and Cascara bark.

((18)) (19) "Specialized forest products permit" means a printed document in a form printed by the department of natural resources, or true copy thereof, that is signed by a landowner or his or her authorized agent or representative, referred to in this chapter as "permittors" and validated by the county sheriff and authorizes a designated person, referred to in this chapter as "permittee," who has also signed the permit, to harvest and transport a designated specialized forest product from land owned or controlled and specified by the permittor and that is located in the county where the permit is issued.

((19)) (20) "Specialty wood" means wood that is:

(a) In logs less than eight feet in length, chunks, slabs, stumps, or burls; and

(b) One or more of the following:

(i) Of the species western red cedar, Englemann spruce, Sitka spruce, big leaf maple, or western red alder;

(ii) Without knots in a portion of the surface area at least twenty-one inches long and seven and a quarter inches wide when measured from the outer surface toward the center; or

(iii) Suitable for the purposes of making musical instruments or ornamental boxes.

((20)) (21) "Specialty wood buyer" means the first person that receives any specialty wood product after it leaves the harvest site.

((21)) (22) "Specialty wood processor" means any person who purchases, takes, or retains possession of specialty wood products or specialty wood salvage for later sale in the same or modified form following removal and delivery from the land where harvested.

((22)) (23) "Transportation" means the physical conveyance of specialized forest products outside or off of a harvest site by any means.

((23)) (24) "True copy" means a replica of a validated specialized forest products permit as reproduced by a copy machine capable of effectively reproducing the information contained on the permittee's copy of the specialized forest products permit. A copy is made true by the permittee or the permittee and permittor signing in the space provided on the face of the copy. A true copy will be effective until the expiration date of the specialized forest products permit unless the permittee or the permittee and permittor specify an earlier date. A permittor may require the actual signatures of both the permittee and permittor for execution of a true copy by so indicating in the space provided on the original copy of the specialized forest products permit. A permittee, or, if so indicated, the permittee and permittor, may condition the use of the true copy to harvesting only, transportation only, possession only, or any combination thereof.

((24)) (25) "Wild edible mushrooms" means edible mushrooms not cultivated or propagated by artificial means.

Sec. 4. RCW 76.48.030 and 1995 c 366 s 2 are each amended to read as follows:

It is unlawful for any person to:

(1) Harvest specialized forest products as described in RCW 76.48.020, in the quantities specified in RCW 76.48.060, without first obtaining a validated specialized forest products permit;

(2) Engage in activities or phases of harvesting specialized forest products not authorized by the permit; ((or))

(3) Harvest specialized forest products in any lesser quantities than those specified in RCW 76.48.060, as now or hereafter amended, without first obtaining permission from the landowner or his or her duly authorized agent or representative; or

(4) Harvest huckleberries in any amount using a rake, mechanical device, or any other method that damages the huckleberry bush.

NEW SECTION. Sec. 5. (1) By December 1, 2007, the department of natural resources must review the uses of and demands on the state's wild huckleberry resource, and estimate whether the current consumptive uses of wild huckleberries are sustainable and compatible among the various consumptive users of the resource. Based upon this review, the department of natural resources must deliver recommendations to the appropriate committees of the legislature as to whether a state-permitting requirement to harvest, possess, or transport wild huckleberries would remedy any problems identified during the review, whether the specialized forest products permit would be the most effective permitting program to utilize, and what permit conditions or requirements should be placed on the harvest, possession, or transportation of wild huckleberries.

(2) This section expires July 1, 2008."

On page 1, line 1 of the title, after "products;" strike the remainder of the title and insert "amending RCW 76.48.130, 76.48.020, and 76.48.030; creating new sections; and providing expiration dates."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1909 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Orcutt and B. Sullivan spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Substitute House Bill No. 1909, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1909, as amended by the Senate and the bill passed the House by the following vote: Yeas - 98, Nays - 0, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler,

Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 98.

SUBSTITUTE HOUSE BILL NO. 1909, as amended by the Senate having received the constitutional majority, was declared passed.

There being no objection, the Rules Committee was relieved of SENATE BILL NO. 5434, and the bill was placed on the Second Reading calendar.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate has passed ENGROSSED SUBSTITUTE SENATE BILL NO. 6157, and the same is herewith transmitted.

Thomas Hoemann, Secretary

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

INTRODUCTION & FIRST READING

ESSB 6157

By Senate Committee on Ways & Means
(originally sponsored by Senator
Prentice)

AN ACT Relating to reducing offender recidivism by increasing access and coordination of offender services in communities through inventories of services and community transition coordination network pilot programs; by improving local law and justice councils to focus their efforts on effective use of correctional resources and coordination between state and local law enforcement and corrections agencies; by developing and implementing individual reentry plans that describe actions and services to prepare offenders for release from jail or prison and require an offender to participate in available programming directed in their plan in order to qualify for fifty percent earned early release; by excluding the use of an individual reentry plan as the basis in civil actions against local governments; by requiring an offender released to community supervision to be returned to the county of origin unless it is inappropriate due to matters of victim safety, lack of family or other supports for the offender in other locations, or negative influences on the offender in that community; by requiring the department of corrections to prepare a list of counties and rural multicounty areas for anticipated siting of work release, community justice centers and other community-based correctional facilities while making substantial efforts to provide for the equitable distribution of the facilities; by studying and identifying evidence-based practices for work release; by increasing the use of effective practices in residential and nonresidential

transition facilities for offenders under the jurisdiction of the department of corrections; by permitting partial confinement in lieu of earned early release up to three months; by requiring, upon a finding at a third violation hearing that the offender committed a violation, the return of an offender to total confinement to serve up to the remaining portion of his or her sentence unless it is determined that returning the offender would interfere with the offender's ability to maintain community supports or participate in treatment and would increase the likelihood of reoffending; by requiring an offender arrested for a new felony while under community custody, community placement, or community supervision to be held in confinement until a hearing before the department or until a formal charge is filed, whichever is earlier; by prohibiting an offender under community custody, community placement, or community supervision who is found guilty of a new felony after the effective date of this act from qualifying for fifty percent earned early release; by creating a task force to study and review the current laws and policy regarding community custody and community supervision; by conducting a community corrections workload study; by improving educational opportunities; by providing liability protection for landlords who rent to former offenders and entities participating in the transitional housing program under certain conditions; by encouraging housing authorities to formulate rental policies not overly burdensome to previously incarcerated individuals; by establishing a transitional housing program for offenders in need of stable housing; by allowing funds to be disbursed from a personal inmate savings account in order to assist an offender to secure appropriate housing; by establishing expedited procedures for released offenders to obtain a driver's license or identification card; by reviewing and recommending changes to occupational licensing laws; and by adding appropriations for sections 305(2) and (4), section 304(1)(b)(ii)(D) and (E), and section 307 of this act; amending RCW 72.09.300, 72.09.015, 9.94A.728, 9.94A.737, 72.09.460, 72.09.480, and 72.09.111; adding new sections to chapter 72.09 RCW; adding a new section to chapter 59.18 RCW; adding a new section to chapter 35.82 RCW; adding a new section to chapter 43.185C RCW; adding a new chapter to Title 72 RCW; creating new sections; making appropriations; and providing expiration dates.

There being no objection, ENGROSSED SUBSTITUTE SENATE BILL NO. 6157 was read the first time, the rules were suspended and the bill was placed on the Second Reading calendar.

MESSAGES FROM THE SENATE

April 20, 2007

Mr. Speaker:

The President has signed:

SUBSTITUTE SENATE BILL NO. 5009,
 SECOND SUBSTITUTE SENATE BILL NO. 5164,
 SUBSTITUTE SENATE BILL NO. 5207,
 SUBSTITUTE SENATE BILL NO. 5224,
 SUBSTITUTE SENATE BILL NO. 5412,

SECOND SUBSTITUTE SENATE BILL NO. 5470,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5627,
 SECOND SUBSTITUTE SENATE BILL NO. 5790,
 SENATE BILL NO. 6167,

and the same are herewith transmitted.

Thomas Hoemann, Secretary

April 20, 2007

Mr. Speaker:

The Senate has passed:

SUBSTITUTE HOUSE BILL NO. 1566,
 HOUSE BILL NO. 2163,

and the same are herewith transmitted.

Brad Hendrickson, Deputy Secretary

April 20, 2007

Mr. Speaker:

The Senate concurred in the House amendments to the following bills and passed the bills as amended by the House:
 SUBSTITUTE SENATE BILL NO. 5340,
 SECOND SUBSTITUTE SENATE BILL NO. 5955,
 and the same are herewith transmitted.

Brad Hendrickson, Deputy Secretary

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

SECOND READING

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5557, By Senate Committee on Ways & Means (originally sponsored by Senators Hargrove, Prentice, Zarelli, Hatfield, Brandland, Brown, Poulsen, Pridemore and McAuliffe)

Concerning public facilities for economic development purposes.

The bill was read the second time.

There being no objection, the committee amendment by the Committee on Finance was adopted. (For Committee amendment, see Journal, 100th Day, April 17, 2007.)

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 Hunter and Orcutt spoke in favor of passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be the final passage of Engrossed Second Substitute Senate Bill No. 5557, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5557, as amended by the House and the bill passed the House by the following vote: Yeas - 97, Nays - 1, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 97.

Voting nay: Representative Hasegawa - 1.

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5557, as amended by the House, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 19, 2007

Mr. Speaker:

The Senate refuses to concur in the House amendment to SUBSTITUTE SENATE BILL NO. 5097 and asks the House to recede therefrom, and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House receded from its amendment to SUBSTITUTE SENATE BILL NO. 5097 to page 2, line 15; insisted on its amendment to page 4, line 27, and advanced the bill as amended by the House to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Quall and Curtis spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Substitute Senate Bill No. 5097, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Substitute Senate Bill No. 5097, as amended by the House and the bill passed the House by the following vote: Yeas - 98, Nays - 0, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 98.

SUBSTITUTE SENATE BILL NO. 5097, as amended by the House having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

Mr. Speaker:

The Senate receded from its amendment to SECOND SUBSTITUTE HOUSE BILL NO. 1277. Under suspension of the rules the bill was returned to second reading for purpose of amendment. The Senate adopted the following amendment and passed the bill as amended by the Senate:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 39.102.020 and 2006 c 181 s 102 are each amended to read as follows:

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

(1) "Annual state contribution limit" means ~~((five))~~ seven million five hundred thousand dollars statewide per fiscal year.

(2) "Assessed value" means the valuation of taxable real property as placed on the last completed assessment roll.

(3) "Base year" means the first calendar year following the ~~((creation of a revenue development area. For a local government that meets the requirements of RCW 39.102.040(2), "base year" is the calendar year after it amends its ordinance as provided in RCW 39.102.040(2))~~ calendar year in which a sponsoring local government, and any cosponsoring local government, receives approval by the board for a project award, provided that the approval is granted before October 15th. If approval by the board is received on or after October 15th but on or before December 31st, the "base year" is the second calendar year following the calendar year in which a sponsoring local government, and any cosponsoring local government, receives approval by the board for a project award.

(4) "Board" means the community economic revitalization board under chapter 43.160 RCW.

(5) "Demonstration project" means one of the following projects:

- (a) Bellingham waterfront redevelopment project;
- (b) Spokane river district project at Liberty Lake; and
- (c) Vancouver riverwest project.

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

(7) "Fiscal year" means the twelve-month period beginning July 1st and ending the following June 30th.

(8) "Local excise taxes" means local revenues derived from the imposition of sales and use taxes authorized in RCW 82.14.030 at the tax rate that was in effect at the time the revenue development area was ~~((created))~~ approved by the board, except that if a local government reduces the rate of such tax after the revenue development area was ~~((created))~~ approved by the board, "local excise taxes" means the local revenues derived from the imposition of the sales and use taxes authorized in RCW 82.14.030 at the lower tax rate.

(9) "Local excise tax allocation revenue" means the amount of local excise taxes received by the local government during the measurement year from taxable activity within the revenue development area over and above the amount of local excise taxes received by the local government during the base year from taxable activity within the revenue development area, except that:

(a) If a sponsoring local government ~~((creates))~~ adopts a revenue development area and reasonably determines that no activity subject to tax under chapters 82.08 and 82.12 RCW occurred within the boundaries of the revenue development area in the twelve months immediately preceding the ((creation)) approval of the revenue development area ((within the boundaries of the area that became the revenue development area)) by the board, "local excise tax allocation revenue" means the entire amount of local excise taxes received by the sponsoring local government during a calendar year period beginning with the calendar year immediately following the ~~((creation))~~ approval of the revenue development area by the board and continuing with each measurement year thereafter; and

(b) For revenue development areas ~~((created))~~ approved by the board in calendar years 2006 and 2007 that do not meet the requirements in (a) of this subsection and if legislation is enacted in this state ~~((by July 1, 2006;))~~ during the 2007 legislative session that adopts the sourcing provisions of the streamlined sales and use tax agreement, "local excise tax allocation revenue" means the amount of local excise taxes received by the sponsoring local government during the measurement year from taxable activity within the revenue development area over and above an amount of local excise taxes received by the sponsoring local government during the 2007 or 2008 base year, as the case may be, adjusted by the department for any estimated impacts from retail sales and use tax sourcing changes effective ~~((July 1, 2007))~~ in 2008. The amount of base year adjustment determined by the department is final.

(10) "Local government" means any city, town, county, port district, and any federally recognized Indian tribe.

(11) "Local infrastructure financing" means the use of revenues received from local excise tax allocation revenues, local property tax allocation revenues, ~~((dedicated))~~ other revenues from local public sources, and revenues received from the local option sales and use tax authorized in RCW 82.14.475, dedicated to pay either the principal and interest on bonds authorized under RCW 39.102.150 or to pay public improvement costs on a pay-as-you-go basis subject to section 14 of this act, or both.

(12) "Local property tax allocation revenue" means those tax revenues derived from the receipt of regular property taxes levied on

the property tax allocation revenue value and used for local infrastructure financing.

(13)(a) "Revenues from local public sources" means ~~((federal and private monetary contributions, amounts of local excise tax allocation revenues, and amounts of local property tax allocation revenues dedicated by participating taxing districts and participating local governments for local infrastructure financing))~~;

(i) Amounts of local excise tax allocation revenues and local property tax allocation revenues, dedicated by sponsoring local governments, participating local governments, and participating taxing districts, for local infrastructure financing; and

(ii) Any other local revenues, except as provided in (b) of this subsection, including revenues derived from federal and private sources.

(b) Revenues from local public sources do not include any local funds derived from state grants, state loans, or any other state moneys including any local sales and use taxes credited against the state sales and use taxes imposed under chapter 82.08 or 82.12 RCW.

(14) "Low-income housing" means residential housing for low-income persons or families who lack the means which is necessary to enable them, without financial assistance, to live in decent, safe, and sanitary dwellings, without overcrowding. For the purposes of this subsection, "low income" means income that does not exceed eighty percent of the median family income for the standard metropolitan statistical area in which the revenue development area is located.

(15) "Measurement year" means a calendar year, beginning with the calendar year following the base year and each calendar year thereafter, that is used annually to measure state and local excise tax allocation revenues.

(16) "Ordinance" means any appropriate method of taking legislative action by a local government.

(17) "Participating local government" means a local government having a revenue development area within its geographic boundaries that has entered into a written agreement with a sponsoring local government as provided in RCW 39.102.080 to allow the use of all or some of its local excise tax allocation revenues or other revenues from local public sources dedicated for local infrastructure financing.

(18) "Participating taxing district" means a local government having a revenue development area within its geographic boundaries that has entered into a written agreement with a sponsoring local government as provided in RCW 39.102.080 to allow the use of some or all of its local property tax allocation revenues or other revenues from local public sources dedicated for local infrastructure financing.

(19)(a)(i) "Property tax allocation revenue value" means seventy-five percent of any increase in the assessed value of real property in a revenue development area resulting from:

(A) The placement of new construction, improvements ~~((or both))~~ to property, or both, on the assessment roll ~~((s after the revenue development area is created))~~, where the new construction ~~((or))~~ and improvements ~~((occur entirely after the revenue development area is created))~~ are initiated after the revenue development area is approved by the board;

(B) The cost of new housing construction, conversion, and rehabilitation improvements, when such cost is treated as new construction for purposes of chapter 84.55 RCW as provided in RCW 84.14.020, and the new housing construction, conversion, and rehabilitation improvements are initiated after the revenue development area is approved by the board;

(C) The cost of rehabilitation of historic property, when such cost is treated as new construction for purposes of chapter 84.55 RCW as provided in RCW 84.26.070, and the rehabilitation is initiated after the revenue development area is approved by the board.

(ii) Increases in the assessed value of real property in a revenue development area resulting from (a)(i)(A) through (C) of this subsection are included in the property tax allocation revenue value in the initial year. These same amounts are also included in the property tax allocation revenue value in subsequent years unless the property becomes exempt from property taxation.

~~(b) ((If any new construction added to the assessment rolls consists of entire buildings, "property tax allocation revenue value" includes seventy-five percent of any increase in the assessed value of the buildings in the years following their initial placement on the assessment rolls.~~

~~— (c) "Property tax allocation revenue value" does not include any increase in the assessed value of improvements to property or new construction that do not consist of an entire building, occurring after their initial placement on the assessment rolls)) "Property tax allocation revenue value" includes seventy-five percent of any increase in the assessed value of new construction consisting of an entire building in the years following the initial year, unless the building becomes exempt from property taxation.~~

(c) Except as provided in (b) of this subsection, "property tax allocation revenue value" does not include any increase in the assessed value of real property after the initial year.

(d) There is no property tax allocation revenue value if the assessed value of real property in a revenue development area has not increased ~~((due to new construction or improvements to property occurring after the revenue development area is created))~~ as a result of any of the reasons specified in (a)(i)(A) through (C) of this subsection.

(e) For purposes of this subsection, "initial year" means:

(i) For new construction and improvements to property added to the assessment roll, the year during which the new construction and improvements are initially placed on the assessment roll;

(ii) For the cost of new housing construction, conversion, and rehabilitation improvements, when such cost is treated as new construction for purposes of chapter 84.55 RCW, the year when such cost is treated as new construction for purposes of levying taxes for collection in the following year; and

(iii) For the cost of rehabilitation of historic property, when such cost is treated as new construction for purposes of chapter 84.55 RCW, the year when such cost is treated as new construction for purposes of levying taxes for collection in the following year.

(20) "Taxing district" means a government entity that levies or has levied for it regular property taxes upon real property located within a proposed or approved revenue development area.

(21) "Public improvements" means:

(a) Infrastructure improvements within the revenue development area that include:

(i) Street, bridge, and road construction and maintenance, including highway interchange construction;

(ii) Water and sewer system construction and improvements, including wastewater reuse facilities;

(iii) Sidewalks, traffic controls, and streetlights;

(iv) Parking, terminal, and dock facilities;

(v) Park and ride facilities of a transit authority;

(vi) Park facilities and recreational areas, including trails; and

(vii) Storm water and drainage management systems;

(b) Expenditures for facilities and improvements that support affordable housing as defined in RCW 43.63A.510.

(22) "Public improvement costs" means the cost of: (a) Design, planning, acquisition including land acquisition, site preparation including land clearing, construction, reconstruction, rehabilitation, improvement, and installation of public improvements; (b)

demolishing, relocating, maintaining, and operating property pending construction of public improvements; (c) the local government's portion of relocating utilities as a result of public improvements; (d) financing public improvements, including interest during construction, legal and other professional services, taxes, insurance, principal and interest costs on general indebtedness issued to finance public improvements, and any necessary reserves for general indebtedness; (e) assessments incurred in revaluing real property for the purpose of determining the property tax allocation revenue base value that are in excess of costs incurred by the assessor in accordance with the revaluation plan under chapter 84.41 RCW, and the costs of apportioning the taxes and complying with this chapter and other applicable law; ~~((and))~~ (f) administrative expenses and feasibility studies reasonably necessary and related to these costs ~~((including related)); and (g) any of the above-described costs that may have been incurred before adoption of the ordinance authorizing the public improvements and the use of local infrastructure financing to fund the costs of the public improvements.~~

(23) "Regular property taxes" means regular property taxes as defined in RCW 84.04.140, except: (a) Regular property taxes levied by public utility districts specifically for the purpose of making required payments of principal and interest on general indebtedness; (b) regular property taxes levied by the state for the support of the common schools under RCW 84.52.065; and (c) regular property taxes authorized by RCW 84.55.050 that are limited to a specific purpose. "Regular property taxes" do not include excess property tax levies that are exempt from the aggregate limits for junior and senior taxing districts as provided in RCW 84.52.043.

(24) "Property tax allocation revenue base value" means the assessed value of real property located within a revenue development area for taxes levied in the year in which the revenue development area is ~~((created))~~ adopted for collection in the following year, plus one hundred percent of any increase in the assessed value of real property located within a revenue development area that is placed on the assessment rolls after the revenue development area is ~~((created))~~ adopted, less the property tax allocation revenue value.

(25) "Relocating a business" means the closing of a business and the reopening of that business, or the opening of a new business that engages in the same activities as the previous business, in a different location within a one-year period, when an individual or entity has an ownership interest in the business at the time of closure and at the time of opening or reopening. "Relocating a business" does not include the closing and reopening of a business in a new location where the business has been acquired and is under entirely new ownership at the new location, or the closing and reopening of a business in a new location as a result of the exercise of the power of eminent domain.

(26) "Revenue development area" means the geographic area ~~((created))~~ adopted by a sponsoring local government and approved by the board, from which local excise and property tax allocation revenues are derived for local infrastructure financing.

(27) "Small business" has the same meaning as provided in RCW 19.85.020.

(28) "Sponsoring local government" means a city, town, or county, and for the purpose of this chapter a federally recognized Indian tribe or any combination thereof, that ~~((creates))~~ adopts a revenue development area and applies to the board to use local infrastructure financing.

(29) "State contribution" means the lesser of:

(a) One million dollars;

(b) The state excise tax allocation revenue and state property tax allocation revenue received by the state during the preceding calendar year;

(c) The total amount of local excise tax allocation revenues, local property tax allocation revenues, and other revenues from local public sources, that are dedicated by a sponsoring local government, any participating local governments, and participating taxing districts, in the preceding calendar year to the payment of principal and interest on bonds issued under RCW 39.102.150 or to pay public improvement costs on a pay-as-you-go basis subject to section 14 of this act, or both; or

(d) The amount of project award granted by the board in the notice of approval to use local infrastructure financing under RCW 39.102.040.

(30) "State excise taxes" means revenues derived from state retail sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount of tax distributions from all local retail sales and use taxes, other than the local sales and use taxes authorized by RCW 82.14.475, imposed on the same taxable events that are credited against the state retail sales and use taxes under chapters 82.08 and 82.12 RCW.

(31) "State excise tax allocation revenue" means the amount of state excise taxes received by the state during the measurement year from taxable activity within the revenue development area over and above the amount of state excise taxes received by the state during the base year from taxable activity within the revenue development area, except that:

(a) If a sponsoring local government (~~creates~~) adopts a revenue development area and reasonably determines that no activity subject to tax under chapters 82.08 and 82.12 RCW occurred within the boundaries of the revenue development area in the twelve months immediately preceding the (~~creation~~) approval of the revenue development area (~~(within the boundaries of the area that became the revenue development area)~~) by the board, "state excise tax allocation revenue" means the entire amount of state excise taxes received by the state during a calendar year period beginning with the calendar year immediately following the (~~creation~~) approval of the revenue development area by the board and continuing with each measurement year thereafter; and

(b) For revenue development areas (~~created~~) approved by the board in calendar years 2006 and 2007 that do not meet the requirements in (a) of this subsection and if legislation is enacted in this state (~~by July 1, 2006,~~) during the 2007 legislative session that adopts the sourcing provisions of the streamlined sales and use tax agreement, "state excise tax allocation revenue" means the amount of state excise taxes received by the state during the measurement year from taxable activity within the revenue development area over and above an amount of state excise taxes received by the state during the 2007 or 2008 base year, as the case may be, adjusted by the department for any estimated impacts from retail sales and use tax sourcing changes effective (~~July 1, 2007,~~) in 2008. The amount of base year adjustment determined by the department is final.

(32) "State property tax allocation revenue" means those tax revenues derived from the imposition of property taxes levied by the state for the support of common schools under RCW 84.52.065 on the property tax allocation revenue value.

(33) "Real property" has the same meaning as in RCW 84.04.090 and also includes any privately owned improvements located on publicly owned land that are subject to property taxation.

Sec. 2. RCW 39.102.040 and 2006 c 181 s 202 are each amended to read as follows:

(1) Prior to applying to the board to use local infrastructure financing, a sponsoring local government shall:

(a) Designate a revenue development area within the limitations in RCW 39.102.060;

(b) Certify that the conditions in RCW 39.102.070 are met;

(c) Complete the process in RCW 39.102.080;

(d) Provide public notice as required in RCW 39.102.100; and

(e) Pass an ordinance adopting the revenue development area as required in RCW 39.102.090.

(2) Any local government that has created an increment area under chapter 39.89 RCW (~~that~~) and has not issued bonds to finance any public improvement (~~(shall be)~~) may apply to the board and have its increment area considered for approval as a revenue development area under this chapter without (~~creating~~) adopting a new (~~increment~~) revenue development area under RCW 39.102.090 and 39.102.100 if it amends its ordinance to comply with RCW 39.102.090(1) and otherwise meets the conditions and limitations under this chapter.

(3) As a condition to imposing a sales and use tax under RCW 82.14.475, a sponsoring local government, including any cosponsoring local government seeking authority to impose a sales and use tax under RCW 82.14.475, must apply to the board and be approved for a project award amount. The application shall be in a form and manner prescribed by the board and include but not be limited to information establishing that the applicant is an eligible candidate to impose the local sales and use tax under RCW 82.14.475, the anticipated effective date for imposing the tax, the estimated number of years that the tax will be imposed, and the estimated amount of tax revenue to be received in each fiscal year that the tax will be imposed. The board shall make available forms to be used for this purpose. As part of the application, each applicant must provide to the board a copy of the ordinance or ordinances creating the revenue development area as required in RCW 39.102.090. A notice of approval to use local infrastructure financing shall contain a project award that represents the maximum amount of state contribution that the applicant, including any cosponsoring local governments, can earn each year that local infrastructure financing is used. The total of all project awards shall not exceed the annual state contribution limit. The determination of a project award shall be made based on information contained in the application and the remaining amount of annual state contribution limit to be awarded. Determination of a project award by the board is final.

(4) Sponsoring local governments, and any cosponsoring local governments, applying in calendar year 2007 for a competitive project award, must submit completed applications to the board no later than July 1, 2007. By September 15, 2007, in consultation with the department of revenue and the department of community, trade, and economic development, the board shall approve (~~qualified~~) competitive project(~~s, up to the annual state contribution limit~~) awards from competitive applications submitted by the 2007 deadline. No more than two million five hundred thousand dollars in competitive project awards shall be approved in 2007. For projects not approved by the board in 2007, sponsoring and cosponsoring local governments may apply again to the board in 2008 for approval of a project.

(b) Sponsoring local governments, and any cosponsoring local governments, applying in calendar year 2008 for a competitive project award, must submit completed applications to the board no later than July 1, 2008. By September 18, 2008, in consultation with the department of revenue and the department of community, trade, and economic development, the board shall approve competitive

project awards from competitive applications submitted by the 2008 deadline.

(c) Except as provided in RCW 39.102.050(2), a total of no more than five million dollars in competitive project awards shall be approved for local infrastructure financing. ((Except as provided in RCW 39.102.050, approvals shall be based on the following criteria))

(d) The project selection criteria and weighting developed prior to the effective date of this act for the application evaluation and approval process shall apply to applications received prior to November 1, 2007. In evaluating applications for a competitive project award after November 1, 2007, the board shall, in consultation with the Washington state economic development commission, develop the relative weight to be assigned to the following criteria:

((~~a~~)) (i) The ((project)) project's potential to enhance the sponsoring local government's regional and/or international competitiveness;

((~~b~~)) (ii) The project's ability to encourage mixed use and transit-oriented development and the redevelopment of a geographic area;

((~~c~~)) (iii) Achieving an overall distribution of projects statewide that reflect geographic diversity;

((~~d~~)) (iv) The estimated wages and benefits for the project is greater than the average labor market area;

((~~e~~)) (v) The estimated state and local net employment change over the life of the project;

((~~f~~)) (vi) The current economic health and vitality of the proposed revenue development area and the contiguous community and the estimated impact of the proposed project on the proposed revenue development area and contiguous community;

(vii) The estimated state and local net property tax change over the life of the project; ~~and~~

~~(g))~~ (viii) The estimated state and local sales and use tax increase over the life of the project;

(ix) An analysis that shows that, over the life of the project, neither the local excise tax allocation revenues nor the local property tax allocation revenues will constitute more than eighty percent of the total local funds as described in RCW 39.102.020(29)(c); and

(x) If a project is located within an urban growth area, evidence that the project utilizes existing urban infrastructure and that the transportation needs of the project will be adequately met through the use of local infrastructure financing or other sources.

(e)(i) Except as provided in this subsection (4)(e), the board may not approve the use of local infrastructure financing within more than one revenue development area per county.

(ii) In a county in which the board has approved the use of local infrastructure financing, the use of such financing in additional revenue development areas may be approved, subject to the following conditions:

(A) The sponsoring local government is located in more than one county; and

(B) The sponsoring local government designates a revenue development area that comprises portions of a county within which the use of local infrastructure financing has not yet been approved.

(iii) In a county where the local infrastructure financing tool is authorized under RCW 39.102.050, the board may approve additional use of the local infrastructure financing tool.

(5) ((A revenue development area is considered created when the sponsoring local government, including any cosponsoring local government, has adopted an ordinance creating the revenue development area and the board has approved the sponsoring local government to use local infrastructure financing. If a sponsoring local government receives approval from the board after the fifteenth

day of October to use local infrastructure financing, the revenue development area is considered created in the calendar year following the approval:)) Once the board has approved the sponsoring local government, and any cosponsoring local governments, to use local infrastructure financing, notification ((shall)) must be sent by the board to the sponsoring local government, and any cosponsoring local governments, authorizing the sponsoring local government, and any cosponsoring local governments, to impose the local sales and use tax authorized under RCW 82.14.475, subject to the conditions in RCW 82.14.475.

Sec. 3. RCW 39.102.050 and 2006 c 181 s 203 are each amended to read as follows:

(1) In addition to a competitive process, demonstration projects are provided to determine the feasibility of the local infrastructure financing tool. Notwithstanding RCW 39.102.040, the board shall approve each demonstration project ((before approving any other application)). Demonstration project applications must be received by the board no later than July 1, 2008. The Bellingham waterfront redevelopment project award shall not exceed one million dollars per year, the Spokane river district project award shall not exceed one million dollars per year, and the Vancouver riverwest project award shall not exceed five hundred thousand dollars per year. The board shall approve by September 15, 2007, demonstration project applications submitted no later than July 1, 2007. The board shall approve by September 18, 2008, demonstration project applications submitted by July 1, 2008.

(2) If before board approval of the final competitive project award in 2008, a demonstration project has not received approval by the board, the state dollars set aside for the demonstration project in subsection (1) of this section shall be available for the competitive application process. If a demonstration project has received a partial award before the approval of the final competitive project award, the remaining state dollars set aside for the demonstration project in subsection (1) of this section shall be available for the competitive process.

Sec. 4. RCW 39.102.060 and 2006 c 181 s 204 are each amended to read as follows:

The designation of a revenue development area is subject to the following limitations:

(1) The taxable real property within the revenue development area boundaries may not exceed one billion dollars in assessed value at the time the revenue development area is designated;

(2) The average assessed value per square foot of taxable land within the revenue development area boundaries, as of January 1st of the year the application is submitted to the board under RCW 39.102.040, may not exceed seventy dollars at the time the revenue development area is designated;

(3) ((No more than one revenue development area may be created in a county)) No revenue development area shall have within its geographic boundaries any part of a hospital benefit zone under chapter 39.100 RCW or any part of another revenue development area created under this chapter;

(4) A revenue development area is limited to contiguous tracts, lots, pieces, or parcels of land without the creation of islands of property not included in the revenue development area;

(5) The boundaries may not be drawn to purposely exclude parcels where economic growth is unlikely to occur;

(6) The public improvements financed through local infrastructure financing must be located in the revenue development area;

(7) A revenue development area cannot comprise an area containing more than twenty-five percent of the total assessed value of the taxable real property within the boundaries of the sponsoring local government, including any cosponsoring local government, at the time the revenue development area is designated;

(8) The boundaries of the revenue development area shall not be changed for the time period that local infrastructure financing is used; and

(9) A revenue development area cannot include any part of an increment area created under chapter 39.89 RCW, except those increment areas created prior to January 1, 2006.

Sec. 5. RCW 39.102.090 and 2006 c 181 s 207 are each amended to read as follows:

(1) To ~~((create))~~ adopt a revenue development area, a sponsoring local government, and any cosponsoring local government, must adopt an ordinance establishing the revenue development area that:

(a) Describes the public improvements proposed to be made in the revenue development area;

(b) Describes the boundaries of the revenue development area, subject to the limitations in RCW 39.102.060;

(c) Estimates the cost of the proposed public improvements and the portion of these costs to be financed by local infrastructure financing;

(d) Estimates the time during which local excise tax allocation revenues, local property tax allocation revenues, and other revenues from local public sources are to be used for local infrastructure financing;

(e) Provides the date when the use of local excise tax allocation revenues and local property tax allocation revenues will commence; and

(f) Finds that the conditions in RCW 39.102.070 are met and the findings in RCW 39.102.080 are complete.

(2) The sponsoring local government, and any cosponsoring local government, must hold a public hearing on the proposed financing of the public improvements in whole or in part with local infrastructure financing ~~((at least thirty days))~~ before passage of the ordinance establishing the revenue development area. The public hearing may be held by either the governing body of the sponsoring local government and the governing body of any cosponsoring local government, or by a committee of those governing bodies that includes at least a majority of the whole governing body or bodies. The public hearing is subject to the notice requirements in RCW 39.102.100.

(3) The sponsoring local government, and any cosponsoring local government, shall deliver a certified copy of the adopted ordinance to the county treasurer, the governing body of each participating local government and participating taxing district within which the revenue development area is located, the board, and the department.

Sec. 6. RCW 39.102.110 and 2006 c 181 s 301 are each amended to read as follows:

(1) A sponsoring local government or participating local government that has received approval by the board to use local infrastructure financing may use annually its local excise tax allocation revenues to finance public improvements in the revenue development area financed in whole or in part by local infrastructure financing. The use of local excise tax allocation revenues dedicated by participating local governments must cease ~~((when such allocation revenues are no longer necessary or obligated to pay bonds issued to finance the public improvements in the revenue development area))~~ on the date specified in the written agreement required in RCW

39.102.080(1), or if no date is specified then the date when the local tax under RCW 82.14.475 expires. Any participating local government is authorized to dedicate local excise tax allocation revenues to the sponsoring local government as authorized in RCW 39.102.080(1).

(2) A sponsoring local government shall provide the board accurate information describing the geographical boundaries of the revenue development area at the time of application. The information shall be provided in an electronic format or manner as prescribed by the department. The sponsoring local government shall ensure that the boundary information provided to the board and department is kept current.

(3) In the event a city annexes a county area located within a county-sponsored revenue development area, the city shall remit to the county the portion of the local excise tax allocation revenue that the county would have received had the area not been annexed to the county. The city shall remit such revenues until such time as the bonds issued under RCW 39.102.150 are retired.

Sec. 7. RCW 39.102.120 and 2006 c 181 s 302 are each amended to read as follows:

(1) Commencing in the second calendar year following ~~((the passage of the ordinance creating a revenue development area and authorizing the use of local infrastructure financing))~~ board approval of a revenue development area, the county treasurer shall distribute receipts from regular taxes imposed on real property located in the revenue development area as follows:

(a) Each participating taxing district and the sponsoring local government shall receive that portion of its regular property taxes produced by the rate of tax levied by or for the taxing district on the property tax allocation revenue base value for that local infrastructure financing project in the taxing district, or upon the total assessed value of real property in the taxing district, whichever is smaller; and

(b) The sponsoring local government shall receive an additional portion of the regular property taxes levied by it and by or for each participating taxing district upon the property tax allocation revenue value within the revenue development area. However, if there is no property tax allocation revenue value, the sponsoring local government shall not receive any additional regular property taxes under this subsection (1)(b). The sponsoring local government may agree to receive less than the full amount of the additional portion of regular property taxes under this subsection (1)(b) as long as bond debt service, reserve, and other bond covenant requirements are satisfied, in which case the balance of these tax receipts shall be allocated to the participating taxing districts that levied regular property taxes, or have regular property taxes levied for them, in the revenue development area for collection that year in proportion to their regular tax levy rates for collection that year. The sponsoring local government may request that the treasurer transfer this additional portion of the property taxes to its designated agent. The portion of the tax receipts distributed to the sponsoring local government or its agent under this subsection (1)(b) may only be expended to finance public improvement costs associated with the public improvements financed in whole or in part by local infrastructure financing.

(2) The county assessor shall allocate any increase in the assessed value of real property occurring in the revenue development area to the property tax allocation revenue value and property tax allocation revenue base value as appropriate. This section does not authorize revaluations of real property by the assessor for property taxation that are not made in accordance with the assessor's revaluation plan under

chapter 84.41 RCW or under other authorized revaluation procedures.

(3) The apportionment of increases in assessed valuation in a revenue development area, and the associated distribution to the sponsoring local government of receipts from regular property taxes that are imposed on the property tax allocation revenue value, must cease when property tax allocation revenues are no longer (~~necessary or~~) obligated to pay the costs of the public improvements. Any excess local property tax allocation revenues derived from regular property taxes and earnings on these tax allocation revenues, remaining at the time the allocation of tax receipts terminates, must be returned to the county treasurer and distributed to the participating taxing districts that imposed regular property taxes, or had regular property taxes imposed for it, in the revenue development area for collection that year, in proportion to the rates of their regular property tax levies for collection that year.

(4) The allocation to the revenue development area of portions of the local regular property taxes levied by or for each taxing district upon the property tax allocation revenue value within that revenue development area is declared to be a public purpose of and benefit to each such taxing district.

(5) The allocation of local property tax allocation revenues pursuant to this section shall not affect or be deemed to affect the rate of taxes levied by or within any taxing district or the consistency of any such levies with the uniformity requirement of Article VII, section 1 of the state Constitution.

(6) This section does not apply to those revenue development areas that include any part of an increment area created under chapter 39.89 RCW.

Sec. 8. RCW 82.14.475 and 2006 c 181 s 401 are each amended to read as follows:

(1) A sponsoring local government, and any cosponsoring local government, that has been approved by the board to use local infrastructure financing may impose a sales and use tax in accordance with the terms of this chapter and subject to the criteria set forth in this section. Except as provided in this section, the tax is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the taxing jurisdiction of the sponsoring local government or cosponsoring local government. The rate of tax shall not exceed the rate provided in RCW 82.08.020(1), less the aggregate rates of any other local sales and use taxes imposed on the same taxable events that are credited against the state sales and use taxes imposed under chapters 82.08 and 82.12 RCW. The rate of tax may be changed only on the first day of a fiscal year as needed. Notice of rate changes must be provided to the department on the first day of March to be effective on July 1st of the next fiscal year.

(2) The tax authorized under subsection (1) of this section shall be credited against the state taxes imposed under chapter 82.08 or 82.12 RCW. The department shall perform the collection of such taxes on behalf of the sponsoring local government or cosponsoring local government at no cost to the sponsoring local government or cosponsoring local government and shall remit the taxes as provided in RCW 82.14.060.

(3)(a) No tax may be imposed under the authority of this section:

(i) Before July 1, 2008;

(ii) Before approval by the board under RCW 39.102.040; and

(iii) ~~((Except as provided in (b) of this subsection, unless)) Before the sponsoring local government has received ((and dedicated to the payment of bonds authorized in RCW 39.102.150, in whole or in~~

~~part, both)) local excise tax allocation revenues ((and)), local property tax allocation revenues, or both, during the preceding calendar year.~~

~~(b) ((The requirement to receive local property tax allocation revenues under (a) of this subsection is waived if the revenue development area coincides with or is contained entirely within the boundaries of an increment area adopted by a local government under the authority of chapter 39.89 RCW for the purposes of utilizing community revitalization financing.~~

~~—(c))~~ The tax imposed under this section shall expire when the bonds issued under the authority of RCW 39.102.150 are retired, but not more than twenty-five years after the tax is first imposed.

(4) An ordinance adopted by the legislative authority of a sponsoring local government or cosponsoring local government imposing a tax under this section shall provide that:

(a) The tax shall first be imposed on the first day of a fiscal year;

(b) The cumulative amount of tax received by the sponsoring local government, and any cosponsoring local government, in any fiscal year shall not exceed the amount of the state contribution;

(c) The tax shall cease to be distributed for the remainder of any fiscal year in which either:

(i) The amount of tax received by the sponsoring local government, and any cosponsoring local government, equals the amount of the state contribution;

(ii) The amount of revenue from taxes imposed under this section by all sponsoring and cosponsoring local governments equals the annual state contribution limit; or

(iii) The amount of tax received by the sponsoring local government equals the amount of project award granted in the approval notice described in RCW 39.102.040;

~~(d) ((Except when the requirement to receive local property tax allocation revenues is waived as provided in subsection (3)(b) of this section.))~~ Neither the local excise tax allocation revenues nor the local property tax allocation revenues ((can be)) may constitute more than eighty percent of the total local funds as described in RCW 39.102.020(29)(c). This requirement applies beginning January 1st of the fifth calendar year after the calendar year in which the sponsoring local government begins allocating local excise tax allocation revenues under RCW 39.102.110;

(e) The tax shall be distributed again, should it cease to be distributed for any of the reasons provided in (c) of this subsection, at the beginning of the next fiscal year, subject to the restrictions in this section; and

(f) Any revenue generated by the tax in excess of the amounts specified in (c) of this subsection shall belong to the state of Washington.

(5) If a county and city cosponsor a revenue development area, the combined rates of the city and county tax shall not exceed the rate provided in RCW 82.08.020(1), less the aggregate rates of any other local sales and use taxes imposed on the same taxable events that are credited against the state sales and use taxes imposed under chapters 82.08 and 82.12 RCW. The combined amount of distributions received by both the city and county may not exceed the state contribution.

(6) The department shall determine the amount of tax receipts distributed to each sponsoring local government, and any cosponsoring local government, imposing sales and use tax under this section and shall advise a sponsoring or cosponsoring local government when tax distributions for the fiscal year equal the amount of state contribution for that fiscal year as provided in subsection (8) of this section. Determinations by the department of the amount of tax distributions attributable to each sponsoring or

cosponsoring local government are final and shall not be used to challenge the validity of any tax imposed under this section. The department shall remit any tax receipts in excess of the amounts specified in subsection (4)(c) of this section to the state treasurer who shall deposit the money in the general fund.

(7) If a sponsoring or cosponsoring local government fails to comply with RCW 39.102.140, no tax may be distributed in the subsequent fiscal year until such time as the sponsoring or cosponsoring local government complies and the department calculates the state contribution amount for such fiscal year.

(8) Each year, the amount of taxes approved by the department for distribution to a sponsoring or cosponsoring local government in the next fiscal year shall be equal to the state contribution and shall be no more than the total local funds as described in RCW 39.102.020(29)(c). The department shall consider information from reports described in RCW 39.102.140 when determining the amount of state contributions for each fiscal year. A sponsoring or cosponsoring local government shall not receive, in any fiscal year, more revenues from taxes imposed under the authority of this section than the amount approved annually by the department. The department shall not approve the receipt of more distributions of sales and use tax under this section to a sponsoring or cosponsoring local government than is authorized under subsection (4) of this section.

(9) The amount of tax distributions received from taxes imposed under the authority of this section by all sponsoring and cosponsoring local governments is limited annually to not more than ~~((five)) seven million five hundred thousand dollars. ((The tax distributions shall be available to the sponsoring local government, and any cosponsoring local government, imposing a tax under this section only as long as the sponsoring local government has outstanding indebtedness under RCW 39.102.150.))~~

(10) The definitions in RCW 39.102.020 apply to this section unless the context clearly requires otherwise.

(11) If a sponsoring local government is a federally recognized Indian tribe, the distribution of the sales and use tax authorized under this section shall be authorized through an interlocal agreement pursuant to chapter 39.34 RCW.

(12) Subject to section 14 of this act, the tax imposed under the authority of this section may be applied either to provide for the payment of debt service on bonds issued under RCW 39.102.150 by the sponsoring local government or to pay public improvement costs on a pay-as-you-go basis, or both.

(13) The tax imposed under the authority of this section shall cease to be imposed if the sponsoring local government or cosponsoring local government fails to issue bonds under the authority of RCW 39.102.150 by June 30th of the fifth fiscal year in which the local tax authorized under this section is imposed.

Sec. 9. RCW 39.102.140 and 2006 c 181 s 403 are each amended to read as follows:

(1) A sponsoring local government shall provide a report to the board and the department by March 1st of each year. The report shall contain the following information:

(a) The amount of local excise tax allocation revenues, ~~((and))~~ local property tax allocation revenues, other revenues from local public sources, and taxes under RCW 82.14.475~~((and revenues from local public sources))~~ received by the sponsoring local government during the preceding calendar year that were dedicated to pay the public improvements financed in whole or in part with local infrastructure financing, and a summary of how these revenues were expended;

(b) The names of any businesses locating within the revenue development area as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with local infrastructure financing;

(c) The total number of permanent jobs created in the revenue development area as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with local infrastructure financing;

(d) The average wages and benefits received by all employees of businesses locating within the revenue development area as a result of the public improvements undertaken by the sponsoring local government and financed in whole or in part with local infrastructure financing; and

(e) That the sponsoring local government is in compliance with RCW 39.102.070.

(2) The board shall make a report available to the public and the legislature by June 1st of each year. The report shall include a list of public improvements undertaken by sponsoring local governments and financed in whole or in part with local infrastructure financing and it shall also include a summary of the information provided to the department by sponsoring local governments under subsection (1) of this section.

Sec. 10. RCW 39.102.150 and 2006 c 181 s 501 are each amended to read as follows:

(1) A sponsoring local government that has designated a revenue development area and been authorized the use of local infrastructure financing may incur general indebtedness, and issue general obligation bonds, to finance the public improvements and retire the indebtedness in whole or in part from local excise tax allocation revenues, local property tax allocation revenues, and sales and use taxes imposed under the authority of RCW 82.14.475 that it receives, subject to the following requirements:

(a) The ordinance adopted by the sponsoring local government and authorizing the use of local infrastructure financing indicates an intent to incur this indebtedness and the maximum amount of this indebtedness that is contemplated; and

(b) The sponsoring local government includes this statement of the intent in all notices required by RCW ~~((39.102.090))~~ 39.102.100.

(2)(a) Except as provided in (b) of this subsection, the general indebtedness incurred under subsection (1) of this section may be payable from other tax revenues, the full faith and credit of the local government, and nontax income, revenues, fees, and rents from the public improvements, as well as contributions, grants, and nontax money available to the local government for payment of costs of the public improvements or associated debt service on the general indebtedness.

(b) A sponsoring local government that issues bonds under this section shall not pledge any money received from the state of Washington for the payment of such bonds, other than the local sales and use taxes imposed under the authority of RCW 82.14.475 and collected by the department.

(3) In addition to the requirements in subsection (1) of this section, a sponsoring local government designating a revenue development area and authorizing the use of local infrastructure financing may require the nonpublic participant to provide adequate security to protect the public investment in the public improvement within the revenue development area.

(4) Bonds issued under this section shall be authorized by ordinance of the governing body of the sponsoring local government and may be issued in one or more series and shall bear such date or dates, be payable upon demand or mature at such time or times, bear

interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered as provided in RCW 39.46.030, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption with or without premium, be secured in such manner, and have such other characteristics, as may be provided by such ordinance or trust indenture or mortgage issued pursuant thereto.

(5) The sponsoring local government may annually pay into a fund to be established for the benefit of bonds issued under this section a fixed proportion or a fixed amount of any local excise tax allocation revenues and local property tax allocation revenues derived from property or business activity within the revenue development area containing the public improvements funded by the bonds, such payment to continue until all bonds payable from the fund are paid in full. The local government may also annually pay into the fund established in this section a fixed proportion or a fixed amount of any revenues derived from taxes imposed under RCW 82.14.475, such payment to continue until all bonds payable from the fund are paid in full. Revenues derived from taxes imposed under RCW 82.14.475 are subject to the use restriction in RCW 39.102.130.

(6) In case any of the public officials of the sponsoring local government whose signatures appear on any bonds or any coupons issued under this chapter shall cease to be such officials before the delivery of such bonds, such signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if such officials had remained in office until such delivery. Any provision of any law to the contrary notwithstanding, any bonds issued under this chapter are fully negotiable.

(7) Notwithstanding subsections (4) through (6) of this section, bonds issued under this section may be issued and sold in accordance with chapter 39.46 RCW.

Sec. 11. RCW 39.102.130 and 2006 c 181 s 402 are each amended to read as follows:

Money collected from the taxes imposed under RCW 82.14.475 ~~((shall))~~ may be used only for the purpose of ~~((principal and interest payments on bonds issued under the authority of RCW 39.102.150))~~ paying debt service on bonds issued under the authority of RCW 39.102.150 or to pay public improvement costs on a pay-as-you-go basis as provided in section 14 of this act, or both.

NEW SECTION. Sec. 12. RCW 39.102.180 (General indebtedness, general obligation bonds--Authority--Security) and 2006 c 181 s 504 are each repealed.

NEW SECTION. Sec. 13. A new section is added to chapter 39.102 RCW to read as follows:

The department of revenue and the community economic revitalization board may adopt any rules under chapter 34.05 RCW they consider necessary for the administration of this chapter.

NEW SECTION. Sec. 14. A new section is added to chapter 39.102 RCW to read as follows:

Local excise tax allocation revenues, local property tax allocation revenues, other revenues from local public sources, that are dedicated to local infrastructure financing, and revenues received from the local option sales and use tax authorized in RCW 82.14.475, may not be used to pay for public improvement costs on a pay-as-you-go basis after the date that the sponsoring local government that issued the

bonds as provided in RCW 39.102.150 is required to begin paying debt service on those bonds.

NEW SECTION. Sec. 15. This act applies retroactively as well as prospectively.

NEW SECTION. Sec. 16. 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. 17. This act expires June 30, 2039."

On page 1, line 2 of the title, after "projects;" strike the remainder of the title and insert "amending RCW 39.102.020, 39.102.040, 39.102.050, 39.102.060, 39.102.090, 39.102.110, 39.102.120, 82.14.475, 39.102.140, 39.102.150, and 39.102.130; adding new sections to chapter 39.102 RCW; creating a new section; repealing RCW 39.102.180; and providing an expiration date."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 1277 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Kelley and Orcutt spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Second Substitute House Bill No. 1277, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1277, as amended by the Senate and the bill passed the House by the following vote: Yeas - 96, Nays - 2, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De

Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 96.

Voting nay: Representatives Condotta and Kristiansen - 2.

SECOND SUBSTITUTE HOUSE BILL NO. 1277, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate insists on its position on ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1303, and asks the House to concur, and the same is herewith transmitted.

Thomas Hoemann, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1303 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Dickerson and Kretz spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Engrossed Second Substitute House Bill No. 1303, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1303, as amended by the Senate and the bill passed the House by the following vote: Yeas - 79, Nays - 19, Absent - 0, Excused - 0.

Voting yea: Representatives Alexander, Anderson, Appleton, Bailey, Barlow, Blake, Buri, Campbell, Chase, Clibborn, Cody, Conway, Curtis, Darneille, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Haler, Hankins, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Kagi, Kelley, Kenney, Kessler, Kirby, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pedersen, Pettigrew, Priest, Quall, Roberts, Rodne, Rolfes, Santos, Schual-Berke, Seaquist, Sells, Simpson, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Takko, Upthegrove, Van De Wege, Wallace, Walsh, Williams, Wood and Mr. Speaker - 79.

Voting nay: Representatives Ahern, Armstrong, Chandler, Condotta, Crouse, DeBolt, Ericksen, Hailey, Hinkle, Jarrett,

Kretz, Kristiansen, Pearson, Roach, Ross, Schindler, Skinner, Sump and Warnick - 19.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1303, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 18, 2007

Mr. Speaker:

The Senate insists on its position on ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1432 and asks the House to concur, and the same is herewith transmitted.

Thomas Hoemann, 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.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives P. Sullivan and Priest spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be 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 - 98, Nays - 0, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 98.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1432, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate has passed HOUSE BILL NO. 1674, with the following amendment:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 43.06.460 and 2005 c 208 s 1 are each amended to read as follows:

(1) The governor is authorized to enter into cigarette tax contracts with the Squaxin Island Tribe, the Nisqually Tribe, Tulalip Tribes, the Muckleshoot Indian Tribe, the Quinault Nation, the Jamestown S'Klallam Indian Tribe, the Port Gamble S'Klallam Tribe, the Stillaguamish Tribe, the Sauk-Suiattle Tribe, the Skokomish Indian Tribe, the Yakama Nation, the Suquamish Tribe, the Nooksack Indian Tribe, the Lummi Nation, the Chehalis Confederated Tribes, the Upper Skagit Tribe, the Snoqualmie Tribe, the Swinomish Tribe, the Samish Indian Nation, the Quileute Tribe, the Kalispel Tribe, the Confederated Tribes of the Colville Reservation, the Cowlitz Indian Tribe, the Lower Elwha Klallam Tribe, ~~((and))~~ the Makah Tribe, the Hoh Tribe, and the Spokane Tribe. Each contract adopted under this section shall provide that the tribal cigarette tax rate be one hundred percent of the state cigarette and state and local sales and use taxes within three years of enacting the tribal tax and shall be set no lower than eighty percent of the state cigarette and state and local sales and use taxes during the three-year phase-in period. The three-year phase-in period shall be shortened by three months each quarter the number of cartons of nontribal manufactured cigarettes is at least ten percent or more than the quarterly average number of cartons of nontribal manufactured cigarettes from the six-month period preceding the imposition of the tribal tax under the contract. Sales at a retailer operation not in existence as of the date a tribal tax under this section is imposed are subject to the full rate of the tribal tax under the contract. The tribal cigarette tax is in lieu of the state cigarette and state and local sales and use taxes, as provided in RCW 43.06.455(3).

(2) A cigarette tax contract under this section is subject to RCW 43.06.455.

NEW SECTION. **Sec. 2.** 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, 2007."

On page 1, line 2 of the title, after "Tribe;" strike the remainder of the title and insert "amending RCW 43.06.460; providing an effective date; and declaring an emergency."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to HOUSE BILL NO. 1674 and advanced the bill as amended by the Senate to final passage.

**FINAL PASSAGE OF HOUSE BILL
AS SENATE AMENDED**

Representatives Hunter and Orcutt spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of House Bill No. 1674, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of House Bill No. 1674, as amended by the Senate and the bill passed the House by the following vote: Yeas - 97, Nays - 1, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 97.

Voting nay: Representative Dunn - 1.

HOUSE BILL NO. 1674, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate has passed ENGROSSED HOUSE BILL NO. 1902, with the following amendment:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 82.08.855 and 2006 c 172 s 1 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to the sale to an eligible farmer of:

(a) Replacement parts for qualifying farm machinery and equipment;

(b) Labor and services rendered in respect to the installing of replacement parts; and

(c) Labor and services rendered in respect to the repairing of qualifying farm machinery and equipment, provided that during the course of repairing no tangible personal property is installed, incorporated, or placed in, or becomes an ingredient or component of, the qualifying farm machinery and equipment other than replacement parts.

(2)(a) Notwithstanding anything to the contrary in this chapter, if ((replacement parts are installed by the seller during the course of repairing, cleaning, altering, or improving qualifying farm machinery and equipment and the seller makes a separate charge for the parts, the tax levied by RCW 82.08.020 does not apply to the separately stated charge to an eligible farmer for replacement parts but only if the separately stated charge does not exceed either the seller's current publicly stated retail price for the parts or, if no separately stated retail price is available, the seller's cost for the parts. However, the exemption provided by this section shall not apply if replacement parts are installed by the seller during the course of repairing, cleaning, altering, or improving qualifying farm machinery and equipment and the seller makes a single nonitemized charge for providing the parts and service)) a single transaction involves services that are not exempt under this section and services that would be exempt under this section if provided separately, the exemptions provided in subsection (1)(b) and (c) of this section apply if: (i) The seller makes a separately itemized charge for labor and services described in subsection (1)(b) or (c) of this section; and (ii) the separately itemized charge does not exceed the seller's usual and customary charge for such services.

(b) If the requirements in (a)(i) and (ii) of this subsection (2) are met, the exemption provided in subsection (1)(b) or (c) of this section applies to the separately itemized charge for labor and services described in subsection (1)(b) or (c) of this section.

(3)(a) A person claiming an exemption under this section must keep records necessary for the department to verify eligibility under this section. An exemption is available only when the buyer provides the seller with an exemption certificate issued by the department containing such information as the department requires. The exemption certificate shall be in a form and manner prescribed by the department. The seller shall retain a copy of the certificate for the seller's files.

(b) The department shall provide an exemption certificate to an eligible farmer or renew an exemption certificate, upon application by that eligible farmer. The application must be in a form and manner prescribed by the department and shall contain the following information as required by the department:

(i) The name and address of the applicant;

(ii) The uniform business identifier or tax reporting account number of the applicant, if the applicant is required to be registered with the department;

(iii) The type of farming engaged in;

(iv) Either a copy of the applicant's information as provided in (b)(iv)(A) of this subsection or a declaration as provided in (b)(iv)(B) of this subsection, as elected by the applicant:

(A) A copy of the applicant's Schedule F of Form 1040, Form 1120, or other applicable form filed with the internal revenue service indicating the applicant's gross sales or harvested value of agricultural products ((by the applicant in the calendar)) for the tax year ((immediately preceding the year that the application was made to the department)) covered by the return. If ((application is made

before the due date of the applicant's)) the applicant has not filed a federal income tax return for the prior ((calendar)) tax year((s)) or ((any extension of the due date)) is not required to file a federal income tax return, the applicant shall provide ((a copy of the appropriate federal income tax form that was due for the second calendar year immediately preceding the year that the application is made to the department. If the applicant is not required to file federal income tax returns, the department may require the applicant to provide copies of other documents establishing the amount of the applicant's gross sales of agricultural products for the relevant calendar year)) copies of other documents establishing the amount of the applicant's gross sales or harvested value of agricultural products for the tax year immediately preceding the year in which an application for exemption under this section is submitted to the department;

(B) A declaration signed under penalty of perjury as provided in RCW 9A.72.085 that the applicant is an eligible farmer as defined in subsection (4)(b) of this section. Any person who knowingly makes a materially false statement on an application submitted to the department under the provisions of this section shall be guilty of perjury in the second degree under chapter 9A.72 RCW. In addition, the person is liable for payment of any taxes for which an exemption under this section was claimed, with interest at the rate provided for delinquent taxes, retroactively to the date the exemption was claimed, and penalties as provided under chapter 82.32 RCW;

(v) The name of the individual authorized to sign the certificate, printed in a legible fashion;

(vi) The signature of the authorized individual; and

(vii) Other information the department may require to verify the applicant's eligibility for the exemption.

(c)(i) Except as otherwise provided in this section, exemption certificates take effect on the date issued by the department are not transferable and are valid for the remainder of the calendar year in which the certificate is issued and the following four calendar years. The department shall attempt to notify holders of exemption certificates of the impending expiration of the certificate at least sixty days before the certificate expires and shall provide an application for renewal of the certificate.

(ii) When a certificate holder merely changes identity or form of ownership of an entity and there is no change in beneficial ownership, the exemption certificate shall be transferred to the new entity upon written notice to the department by the transferor or transferee.

(d)(i) ((Exemption certificates issued to persons who are eligible farmers under subsection (4)(b)(iii) of this section are conditioned on the person making at least ten thousand dollars of gross sales of agricultural products grown, raised, or produced by that person in the first full calendar year that the person engages in business as a farmer)) A person who is an eligible farmer as defined in subsection (4)(b)(iii) of this section shall be issued a conditional exemption certificate. The exemption certificate is conditioned upon:

(A) The eligible farmer having gross sales or a harvested value of agricultural products grown, raised, or produced by that person of at least ten thousand dollars in the first full tax year in which the person engages in business as a farmer; or

(B) The eligible farmer, during the first full tax year in which that person engages in business as a farmer, growing, raising, or producing agricultural products having an estimated value at any time during that year of at least ten thousand dollars, if the person will not sell or harvest an agricultural product during the first full tax year in which the person engages in business as a farmer.

(ii) ~~((A person who is issued a conditional exemption certificate must provide the department with a copy of the person's Schedule F of Form 1040, Form 1120, or other applicable form filed with the internal revenue service indicating the gross sales of agricultural products by the person in the first full calendar year that the person engaged in business as a farmer. If a person is not required to file federal income tax returns, the person shall provide copies of other documents establishing the amount of the person's gross sales of agricultural products for the first full calendar year that the person engaged in business as a farmer. The documentation required in this subsection (3)(d)(ii) is due no later than December 31st of the year immediately following the first full calendar year in which the person engaged in business as a farmer.~~

~~—(iii)) If a person fails to ((provide the required documentation to the department by the due date or any extension granted by the department, or if)) meet the condition provided in (d)(i)(A) or (B) of this subsection ((is not met)), the department shall revoke the exemption certificate. The department shall notify the person in writing of the revocation and the person's responsibility, and due date, for ((repayment)) payment of any taxes for which an exemption under this section was claimed. Any taxes for which an exemption under this section was claimed shall be due and payable within thirty days of the date of the notice revoking the certificate. The department shall assess interest on the taxes for which the exemption was claimed. Interest shall be assessed at the rate provided for delinquent excise taxes under chapter 82.32 RCW, retroactively to the date the exemption was claimed, and shall accrue until the taxes for which the exemption was claimed are ((repaid)) paid. Penalties shall not be imposed on any tax required to be ((repaid)) paid under this subsection (3)(d)(ii) if full payment is received by the due date. Nothing in this subsection (3)(d) prohibits a person from reapplying for an exemption certificate.~~

(4) The definitions in this subsection apply to this section.

(a) "Agricultural products" has the meaning provided in RCW 82.04.213.

(b) "Eligible farmer" means:

(i) A farmer as defined in RCW 82.04.213 whose gross ~~((proceeds of))~~ sales or harvested value of agricultural products grown, raised, or produced by that person is at least ten thousand dollars ~~((in))~~ for the ~~((calendar))~~ tax year immediately preceding the year in which ~~((a claim of exemption is made under this section))~~ an application for exemption under this section is submitted to the department;

(ii) The transferee of an exemption certificate under subsection (3)(c)(ii) of this section where the transferred certificate expires before the transferee engages in farming operations for a full ~~((calendar))~~ tax year, if the combined gross ~~((proceeds of))~~ sales ~~((by))~~ or harvested value of agricultural products that the transferor and transferee ~~((of agricultural products that they))~~ have grown, raised, or produced meet the requirements of (b)(i) of this subsection;

(iii) A farmer as defined in RCW 82.04.213, who does not meet the definition of "eligible farmer" in (b)(i) or (ii) of this subsection, and who did not engage in farming for the entire ~~((calendar))~~ tax year immediately preceding the year in which application for exemption under this section is ~~((made and who did not engage in farming in any other year))~~ submitted to the department, because the farmer is either new to farming or newly returned to farming; or

(iv) Anyone who otherwise meets the definition of "eligible farmer" in this subsection except that they are not a "person" as defined in RCW 82.04.030.

(c) "Farm vehicle" has the same meaning as in RCW 46.04.181.

(d) "Harvested value" means the number of units of the agricultural product that were grown, raised, or produced, multiplied

by the average sales price of the agricultural product. For purposes of this subsection (4)(d), "average sales price" means the average price per unit of agricultural product received by farmers in this state as reported by the United States department of agriculture's national agricultural statistics service for the twelve-month period that coincides with, or that ends closest to, the end of the relevant tax year, regardless of whether the prices are subject to revision. If the price per unit of an agricultural product received by farmers in this state is not available from the national agricultural statistics service, average sales price may be determined by using the average price per unit of agricultural product received by farmers in this state as reported by a recognized authority for the agricultural product.

(e) "Qualifying farm machinery and equipment" means machinery and equipment used primarily by an eligible farmer for growing, raising, or producing agricultural products. "Qualifying farm machinery and equipment" does not include:

(i) ((Farm vehicles and other)) Vehicles as ((those terms are defined in chapter 46.04 RCW, except)) defined in RCW 46.04.670, other than farm tractors as defined in RCW 46.04.180, farm vehicles, and other farm implements. For purposes of this subsection (4)((e)) (e)(i), "farm implement" means machinery or equipment manufactured, designed, or reconstructed for agricultural purposes and used primarily by an eligible farmer to grow, raise, or produce agricultural products, but does not include lawn tractors and all-terrain vehicles;

(ii) Aircraft;

(iii) Hand tools and hand-powered tools; and

(iv) Property with a useful life of less than one year.

((f)) (f)(i) "Replacement parts" means those parts that replace an existing part, or which are essential to maintain the working condition, of a piece of qualifying farm machinery or equipment. ((However, "replacement parts" shall not include paint, fuel, oil, grease, hydraulic fluids, antifreeze, and similar items))

(ii) Paint, fuel, oil, hydraulic fluids, antifreeze, and similar items are not replacement parts except when installed, incorporated, or placed in qualifying farm machinery and equipment during the course of installing replacement parts as defined in (f)(i) of this subsection or making repairs as described in subsection (1)(c) of this section.

(g) "Tax year" means the period for which a person files its federal income tax return, irrespective of whether the period represents a calendar year, fiscal year, or some other consecutive twelve-month period. If a person is not required to file a federal income tax return, "tax year" means a calendar year.

Sec. 2. RCW 82.12.855 and 2006 c 172 s 2 are each amended to read as follows:

(1) The provisions of this chapter do not apply in respect to the use by an eligible farmer of:

(a) Replacement parts for qualifying farm machinery and equipment;

(b) Labor and services rendered in respect to the installing of replacement parts; and

(c) Labor and services rendered in respect to the repairing of qualifying farm machinery and equipment, provided that during the course of repairing no tangible personal property is installed, incorporated, or placed in, or becomes a component of, the qualifying farm machinery and equipment other than replacement parts.

(2)(a) Notwithstanding anything to the contrary in this chapter, if ~~((replacement parts are installed by the seller during the course of repairing, cleaning, altering, or improving qualifying farm machinery and equipment and the seller makes a separate charge for the parts, the tax imposed by this chapter does not apply to the separately stated~~

~~charge to an eligible farmer for replacement parts but only if the separately stated charge does not exceed either the seller's current publicly stated retail price for the parts or, if no separately stated retail price is available, the seller's cost for the parts. However, the exemption provided by this section shall not apply if replacement parts are installed by the seller during the course of repairing, cleaning, altering, or improving qualifying farm machinery and equipment and the seller makes a single nonitemized charge for providing the parts and service)) a single transaction involves services that are not exempt under this section and services that would be exempt under this section if provided separately, the exemptions provided in subsection (1)(b) and (c) of this section apply if: (i) The seller makes a separately itemized charge for labor and services described in subsection (1)(b) or (c) of this section; and (ii) the separately itemized charge does not exceed the seller's usual and customary charge for such services.~~

~~(b) If the requirements in (a)(i) and (ii) of this subsection (2) are met, the exemption provided in subsection (1)(b) or (c) of this section applies to the separately itemized charge for labor and services described in subsection (1)(b) or (c) of this section.~~

~~(3) The definitions and recordkeeping requirements in RCW 82.08.855, other than the exemption certificate requirement, apply to this section.~~

~~(4) If a person is an eligible farmer as defined in RCW 82.08.855(4)(b)(iii) who cannot prove income because the person is new to farming or newly returned to farming, the exemption under this section will apply only if one of the conditions in RCW 82.08.855(3)(d)(i)(A) or (B) is met. If the conditions are not met, any taxes for which an exemption under this section was claimed and interest on such taxes must be paid. Amounts due under this subsection shall be in accordance with RCW 82.08.855(3)(d)(ii), except that the due date for payment is January 31st of the year immediately following the first full tax year in which the person engaged in business as a farmer.~~

~~(5) Except as provided in subsection (4) of this section, the department shall not assess the tax imposed under this chapter against a person who no longer qualifies as an eligible farmer with respect to the use of any articles or services exempt under subsection (1) of this section, if the person was an eligible farmer when the person first put the articles or services to use in this state."~~

On page 1, line 2 of the title, after "equipment;" strike the remainder of the title and insert "amending RCW 82.08.855 and 82.12.855; and prescribing penalties."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED HOUSE BILL NO. 1902 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Grant and Orcutt spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Engrossed House Bill No. 1902, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed House Bill No. 1902, as amended by the Senate and the bill passed the House by the following vote: Yeas - 95, Nays - 3, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 95.

Voting nay: Representatives Anderson, Chase and Hasegawa - 3.

ENGROSSED HOUSE BILL NO. 1902, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate receded from its amendment to SECOND SUBSTITUTE HOUSE BILL NO. 2220. Under suspension of the rules the bill was returned to second reading for purpose of amendment. The Senate adopted the following amendment and passed the bill as amended by the Senate:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. A new section is added to chapter 28B.20 RCW to read as follows:

(1) The sea grant program at the University of Washington shall, consistent with this section, commission a series of scientific research studies that examines the possible effects, including the cumulative effects, of the current prevalent geoduck aquaculture techniques and practices on the natural environment in and around Puget Sound, including the Strait of Juan de Fuca. The sea grant program shall use funding provided from the geoduck aquaculture research account

created in section 2 of this act to review existing literature, directly perform research identified as needed, or to enter into and manage contracts with scientific organizations or institutions to accomplish these results.

(2) Prior to entering into a contract with a scientific organization or institution, the sea grant program must:

(a) Analyze, through peer review, the credibility of the proposed party to the contract, including whether the party has credible experience and knowledge and has access to the facilities necessary to fully execute the research required by the contract; and

(b) Require that all proposed parties to a contract fully disclose any past, present, or planned future personal or professional connections with the shellfish industry or public interest groups.

(3) All research commissioned under this section must be subjected to a rigorous peer review process prior to being accepted and reported by the sea grant program.

(4) In prioritizing and directing research under this section, the sea grant program shall meet with the department of ecology at least annually and rely on guidance submitted by the department of ecology. The department of ecology shall convene the shellfish aquaculture regulatory committee created in section 4 of this act as necessary to serve as an oversight committee to formulate the guidance provided to the sea grant program. The objective of the oversight committee, and the resulting guidance provided to the sea grant program, is to ensure that the research required under this section satisfies the planning, permitting, and data management needs of the state, to assist in the prioritization of research given limited funding, and to help identify any research that is beneficial to complete other than what is listed in subsection (5) of this section.

(5) To satisfy the minimum requirements of subsection (1) of this section, the sea grant program shall review all scientific research that is existing or in progress that examines the possible effect of currently prevalent geoduck practices, on the natural environment, and prioritize and conduct new studies as needed, to measure and assess the following:

(a) The environmental effects of structures commonly used in the aquaculture industry to protect juvenile geoducks from predation;

(b) The environmental effects of commercial harvesting of geoducks from intertidal geoduck beds, focusing on current prevalent harvesting techniques, including a review of the recovery rates for benthic communities after harvest;

(c) The extent to which geoducks in standard aquaculture tracts alter the ecological characteristics of overlying waters while the tracts are submerged, including impacts on species diversity, and the abundance of other benthic organisms;

(d) Baseline information regarding naturally existing parasites and diseases in wild and cultured geoducks, including whether and to what extent commercial intertidal geoduck aquaculture practices impact the baseline;

(e) Genetic interactions between cultured and wild geoduck, including measurements of differences between cultured geoducks and wild geoducks in terms of genetics and reproductive status; and

(f) The impact of the use of sterile triploid geoducks and whether triploid animals diminish the genetic interactions between wild and cultured geoducks.

(6) If adequate funding is not made available for the completion of all research required under this section, the sea grant program shall consult with the shellfish aquaculture regulatory committee, via the department of ecology, to prioritize which of the enumerated research projects have the greatest cost/benefit ratio in terms of providing information important for regulatory decisions; however, the study identified in subsection (5)(b) of this section shall receive top

priority. The prioritization process may include the addition of any new studies that may be appropriate in addition to, or in place of, studies listed in this section.

(7) When appropriate, all research commissioned under this section must address localized and cumulative effects of geoduck aquaculture.

(8) The sea grant program and the University of Washington are prohibited from retaining greater than fifteen percent of any funding provided to implement this section for administrative overhead or other deductions not directly associated with conducting the research required by this section.

(9) Individual commissioned contracts under this section may address single or multiple components listed for study under this section.

(10) All research commissioned under this section must be completed and the results reported to the appropriate committees of the legislature by December 1, 2013. In addition, the sea grant program shall provide the appropriate committees of the legislature with annual reports updating the status and progress of the ongoing studies that are completed in advance of the 2013 deadline.

NEW SECTION. Sec. 2. A new section is added to chapter 28B.20 RCW to read as follows:

The geoduck aquaculture research account is created in the custody of the state treasurer. All receipts from any legislative appropriations, the aquaculture industry, or any other private or public source directed to the account must be deposited in the account. Expenditures from the account may only be used by the sea grant program for the geoduck research projects identified by section 1 of this act. Only the president of the University of Washington or the president's designee may authorize expenditures from the account. The account is subject to the allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

Sec. 3. RCW 79.135.100 and 1984 c 221 s 10 are each amended to read as follows:

(1) If state-owned aquatic lands are used for aquaculture production or harvesting, rents and fees shall be established through competitive bidding or negotiation.

(2) After an initial twenty-three acres are leased, the department is prohibited from offering leases that would permit the intertidal commercial aquaculture of geoducks on more than fifteen acres of state-owned aquatic lands a year until December 1, 2014.

(3) Any intertidal leases entered into by the department for geoduck aquaculture must be conditioned in such a way that the department can engage in monitoring of the environmental impacts of the lease's execution, without unreasonably diminishing the economic viability of the lease, and that the lease tracts are eligible to be made part of the studies conducted under section 1 of this act.

(4) The department must notify all abutting landowners and any landowner within three hundred feet of the lands to be leased of the intent of the department to lease any intertidal lands for the purposes of geoduck aquaculture.

NEW SECTION. Sec. 4. (1) The shellfish aquaculture regulatory committee is established to, consistent with this section, serve as an advisory body to the department of ecology on regulatory processes and approvals for all current and new shellfish aquaculture activities, and the activities conducted pursuant to RCW 90.58.060, as the activities relate to shellfish. The shellfish aquaculture regulatory committee is advisory in nature, and no vote or action of the

committee may overrule existing statutes, regulations, or local ordinances.

(2) The shellfish aquaculture regulatory committee shall develop recommendations as to:

(a) A regulatory system or permit process for all current and new shellfish aquaculture projects and activities that integrates all applicable existing local, state, and federal regulations and is efficient both for the regulators and the regulated; and

(b) Appropriate guidelines for geoduck aquaculture operations to be included in shoreline master programs under section 5 of this act. When developing the recommendations for guidelines under this subsection, the committee must examine the following:

(i) Methods for quantifying and reducing marine litter; and

(ii) Possible landowner notification policies and requirements for establishing new geoduck aquaculture farms.

(3)(a) The members of the shellfish aquaculture regulatory committee shall be appointed by the director of the department of ecology as follows:

(i) Two representatives of county government, one from a county located on the Puget Sound, and one from a county located on the Pacific Ocean;

(ii) Two individuals who are professionally engaged in the commercial aquaculture of shellfish, one who owns or operates an aquatic farm in Puget Sound, and one who owns or operates an aquatic farm in state waters other than the Puget Sound;

(iii) Two representatives of organizations representing the environmental community;

(iv) Two individuals who own shoreline property, one of which does not have a commercial geoduck operation on his or her property and one of which who does have a commercial geoduck operation on his or her property; and

(v) One representative each from the following state agencies: The department of ecology, the department of fish and wildlife, the department of agriculture, and the department of natural resources.

(b) In addition to the other participants listed in this subsection, the governor shall invite the full participation of two tribal governments, at least one of which is located within the drainage of the Puget Sound.

(4) The department of ecology shall provide administrative and clerical assistance to the shellfish aquaculture regulatory committee and all agencies listed in subsection (3) of this section shall provide technical assistance.

(5) Nonagency members of the shellfish aquaculture regulatory committee will not be compensated, but are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(6) Any participation by a Native American tribe on the shellfish aquaculture regulatory committee shall not, under any circumstances, be viewed as an admission by the tribe that any of its activities, or those of its members, are subject to any of the statutes, regulations, ordinances, standards, or permit systems reviewed, considered, or proposed by the committee.

(7) The shellfish aquaculture regulatory committee is authorized to form technical advisory panels as needed and appoint to them members not on the shellfish aquaculture regulatory committee.

(8) The department of ecology shall report the recommendations and findings of the shellfish aquaculture regulatory committee to the appropriate committees of the legislature by December 1, 2007, with a further report, if necessary, by December 1, 2008.

NEW SECTION. Sec. 5. (1) The department of ecology shall develop, by rule, guidelines for the appropriate siting and operation

of geoduck aquaculture operations to be included in any master program under this section. The guidelines adopted under this section must be prepared with the advice of the shellfish aquaculture regulatory committee created in section 4 of this act, which shall serve as the advisory committee for the development of the guidelines.

(2) The guidelines required under this section must be filed for public review and comment no later than six months after the delivery of the final report by the shellfish aquaculture regulatory committee created in section 4 of this act.

(3) The department of ecology shall update the guidelines required under this section, as necessary, after the completion of the geoduck research by the sea grant program at the University of Washington required under section 1 of this act.

Sec. 6. RCW 77.115.040 and 1993 sp.s. c 2 s 58 are each amended to read as follows:

(1) All aquatic farmers, as defined in RCW 15.85.020, shall register with the department. The director shall assign each aquatic farm a unique registration number and develop and maintain in an electronic database a registration list of all aquaculture farms. The department shall establish procedures to annually update the aquatic farmer information contained in the registration list. The department shall coordinate with the department of health using shellfish growing area certification data when updating the registration list.

(2) Registered aquaculture farms shall provide the department ((production statistical data)) with the following information:

(a) The name of the aquatic farmer;

(b) The address of the aquatic farmer;

(c) Contact information such as telephone, fax, web site, and email address, if available;

(d) The number and location of acres under cultivation, including a map displaying the location of the cultivated acres;

(e) The name of the landowner of the property being cultivated or otherwise used in the aquatic farming operation;

(f) The private sector cultured aquatic product being propagated, farmed, or cultivated; and

(g) Statistical production data.

(3) The state veterinarian shall be provided with registration and statistical data by the department."

On page 1, line 1 of the title, after "shellfish," strike the remainder of the title and insert "amending RCW 79.135.100 and 77.115.040; adding new sections to chapter 28B.20 RCW; and creating new sections."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 2220 and advanced the bill as amended by the Senate to final passage.

**FINAL PASSAGE OF HOUSE BILL
AS SENATE AMENDED**

Representatives Lantz and Sump spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Second Substitute House Bill No. 2220, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 2220, as amended by the Senate and the bill passed the House by the following vote: Yeas - 98, Nays - 0, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 98.

SECOND SUBSTITUTE HOUSE BILL NO. 2220, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate receded from its amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 2358. Under suspension of the rules the bill was returned to second reading for purpose of amendment. The Senate adopted the following amendment and passed the bill as amended by the Senate:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. The legislature finds from the 2006 Washington state ferries financing study that the state has limited information on state ferry users and markets. Accurate user and market information is vital in order to find ways to maximize the ferry systems' current capacity and to make the most efficient use of citizens' tax dollars. Therefore, it is the intent of the legislature that Washington state ferries be given the tools necessary to maximize the utilization of existing capacity and to make the most efficient use of existing assets and tax dollars. Furthermore, it is the intent of the legislature that the department of transportation adopt adaptive management practices in its operating and capital programs so as to keep the costs of the Washington state ferries system as low as

possible while continuously improving the quality and timeliness of service.

Sec. 2. RCW 47.06.140 and 1998 c 171 s 7 are each amended to read as follows:

(1) The legislature declares the following transportation facilities and services to be of statewide significance: The interstate highway system, interregional state principal arterials including ferry connections that serve statewide travel, intercity passenger rail services, intercity high-speed ground transportation, major passenger intermodal terminals excluding all airport facilities and services, the freight railroad system, the Columbia/Snake navigable river system, marine port facilities and services that are related solely to marine activities affecting international and interstate trade, and high-capacity transportation systems serving regions as defined in RCW 81.104.015. The department, in cooperation with regional transportation planning organizations, counties, cities, transit agencies, public ports, private railroad operators, and private transportation providers, as appropriate, shall plan for improvements to transportation facilities and services of statewide significance in the statewide multimodal plan. Improvements to facilities and services of statewide significance identified in the statewide multimodal plan are essential state public facilities under RCW 36.70A.200.

(2) The department of transportation, in consultation with local governments, shall set level of service standards for state highways and state ferry routes of statewide significance. Although the department shall consult with local governments when setting level of service standards, the department retains authority to make final decisions regarding level of service standards for state highways and state ferry routes of statewide significance. In establishing level of service standards for state highways and state ferry routes of statewide significance, the department shall consider the necessary balance between providing for the free interjurisdictional movement of people and goods and the needs of local communities using these facilities. When setting the level of service standards under this section for state ferry routes, the department may allow for a standard that is adjustable for seasonality.

NEW SECTION. Sec. 3. A new section is added to chapter 47.60 RCW to read as follows:

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

(1) "Adaptive management" means a systematic process for continually improving management policies and practices by learning from the outcomes of operational programs.

(2) "Capital plan" means the state ferry system plan developed by the department as described in RCW 47.06.050(2) and adopted by the commission.

(3) "Capital project" has the same meaning as used in budget instructions developed by the office of financial management.

(4) "Commission" means the transportation commission created in RCW 47.01.051.

(5) "Improvement project" has the same meaning as in the budget instructions developed by the office of financial management. If the budget instructions do not define improvement project, then it has the same meaning as "program project" in the budget instructions. If a project meets both the improvement project and preservation project definitions in this section it must be defined as an improvement project. New vessel acquisitions must be defined as improvement projects.

(6) "Life-cycle cost model" means that portion of a capital asset inventory system which, among other things, is used to estimate future preservation needs.

(7) "Maintenance cost" has the same meaning as used in budget instructions developed by the office of financial management.

(8) "Preservation project" has the same meaning as used in budget instructions developed by the office of financial management.

(9) "Route" means all ferry sailings from one location to another, such as the Seattle to Bainbridge route or the Port Townsend to Keystone route.

(10) "Sailing" means an individual ferry sailing for a specific route, such as the 5:00 p.m. sailing from Seattle to Bremerton.

(11) "Travel shed" means one or more ferry routes with distinct characteristics as determined by the department.

NEW SECTION. Sec. 4. A new section is added to chapter 47.60 RCW to read as follows:

(1) The commission shall, with the involvement of the department, conduct a survey to gather data on ferry users to help inform level of service, operational, pricing, planning, and investment decisions. The survey must include, but is not limited to:

- (a) Recreational use;
- (b) Walk-on customer use;
- (c) Vehicle customer use;
- (d) Freight and goods movement demand; and
- (e) Reactions to potential operational strategies and pricing policies described under section 7 of this act and RCW 47.60.290.

(2) The commission shall develop the survey after providing an opportunity for ferry advisory committees to offer input.

(3) The survey must be updated at least every two years and maintained to support the development and implementation of adaptive management of ferry services.

Sec. 5. RCW 47.60.290 and 1983 c 3 s 136 are each amended to read as follows:

~~((Subject to the provisions of RCW 47.60.326;)) (1) The department ((is hereby authorized and directed to)) shall annually review ((tariffs and charges as)) fares and pricing policies applicable to the operation of the Washington state ferries ((for the purpose of establishing a more fair and equitable tariff to be charged passengers, vehicles, and commodities on the routes of the Washington state ferries)).~~

(2) Beginning in 2008, the department shall develop fare and pricing policy proposals that must:

(a) Recognize that each travel shed is unique, and might not have the same farebox recovery rate and the same pricing policies;

(b) Use data from the current survey conducted under section 4 of this act;

(c) Be developed with input from affected ferry users by public hearing and by review with the affected ferry advisory committees, in addition to the data gathered from the survey conducted in section 4 of this act;

(d) Generate the amount of revenue required by the biennial transportation budget;

(e) Consider the impacts on users, capacity, and local communities; and

(f) Keep fare schedules as simple as possible.

(3) While developing fare and pricing policy proposals, the department must consider the following:

- (a) Options for using pricing to level vehicle peak demand; and
- (b) Options for using pricing to increase off-peak ridership.

NEW SECTION. Sec. 6. A new section is added to chapter 47.60 RCW to read as follows:

(1) The commission shall adopt fares and pricing policies by rule, under chapter 34.05 RCW, according to the following schedule:

(a) Each year the department shall provide the commission a report of its review of fares and pricing policies, with recommendations for the revision of fares and pricing policies for the ensuing year;

(b) By September 1st of each year, beginning in 2008, the commission shall adopt by rule fares and pricing policies for the ensuing year.

(2) The commission may adopt by rule fares that are effective for more or less than one year for the purposes of transitioning to the fare schedule in subsection (1) of this section.

(3) The commission may increase ferry fares included in the schedule of charges adopted under this section by a percentage that exceeds the fiscal growth factor.

(4) The chief executive officer of the ferry system may authorize the use of promotional, discounted, and special event fares to the general public and commercial enterprises for the purpose of maximizing capacity use and the revenues collected by the ferry system. The department shall report to the commission a summary of the promotional, discounted, and special event fares offered during each fiscal year and the financial results from these activities.

(5) Fare revenues and other revenues deposited in the Puget Sound ferry operations account created in RCW 47.60.530 may not be used to support the Puget Sound capital construction account created in RCW 47.60.505, unless the support for capital is separately identified in the fare.

(6) The commission may not raise fares until the fare rules contain pricing policies developed under section 5 of this act, or September 1, 2009, whichever is later.

NEW SECTION. Sec. 7. A new section is added to chapter 47.60 RCW to read as follows:

(1) The department shall develop, and the commission shall review, operational strategies to ensure that existing assets are fully utilized and to guide future investment decisions. These operational strategies must, at a minimum:

(a) Recognize that each travel shed is unique and might not have the same operational strategies;

(b) Use data from the current survey conducted under section 4 of this act;

(c) Be consistent with vehicle level of service standards;

(d) Choose the most efficient balance of capital and operating investments by using a life-cycle cost analysis; and

(e) Use methods of collecting fares that maximize efficiency and achieve revenue management control.

(2) After the commission reviews recommendations by the department, the commission and department shall make joint recommendations to the legislature for the improvement of operational strategies.

(3) In developing operational strategies, the following, at a minimum, must be considered:

(a) The feasibility of using reservation systems;

(b) Methods of shifting vehicular traffic to other modes of transportation;

(c) Methods of improving on-dock operations to maximize efficiency and minimize operating and capital costs;

(d) A cost-benefit analysis of remote holding versus over-water holding;

(e) Methods of reorganizing holding areas and minimizing on-dock employee parking to maximize the dock size available for customer vehicles;

(f) Schedule modifications;

(g) Efficiencies in exit queuing and metering;

(h) Interoperability with other transportation services;

(i) Options for leveling vehicle peak demand; and

(j) Options for increasing off-peak ridership.

(4) Operational strategies must be reevaluated periodically and, at a minimum, before developing a new capital plan.

Sec. 8. RCW 47.60.330 and 2003 c 374 s 5 are each amended to read as follows:

(1) Before a substantial change to the service levels provided to ferry users, the department shall consult with affected ferry users by public hearing and by review with the affected ferry advisory committees.

~~(2) Before ((a substantial expansion or curtailment in the level of service provided to ferry users, or a revision in the schedule of ferry tolls or charges)) adding or eliminating a ferry route, the department ((of transportation)) shall consult with affected ferry users and receive legislative approval. ((The consultation shall be: (a) By public hearing in affected local communities; (b) by review with the affected ferry advisory committees pursuant to RCW 47.60.310; (c) by conducting a survey of affected ferry users; or (d) by any combination of (a) through (c):~~

~~— Promotional, discount, and special event fares that are not part of the published schedule of ferry charges or tolls are exempt. The department shall report an accounting of all exempt revenues to the transportation commission each fiscal year.~~

~~(2) There is created a ferry system productivity council consisting of a representative of each ferry advisory committee empanelled under RCW 47.60.310, elected by the members thereof, and two representatives of employees of the ferry system appointed by mutual agreement of all of the unions representing ferry employees, which shall meet from time to time with ferry system management to discuss means of improving ferry system productivity.~~

~~(3) Before increasing ferry tolls the department of transportation shall consider all possible cost reductions with full public participation as provided in subsection (1) of this section and, consistent with public policy, shall consider adapting service levels equitably on a route-by-route basis to reflect trends in and forecasts of traffic usage. Forecasts of traffic levels shall be developed by the bond covenant traffic engineering firm appointed under the provisions of RCW 47.60.450. Provisions of this section shall not alter obligations under RCW 47.60.450. Before including any toll increase in a budget proposal by the commission, the department of transportation shall consult with affected ferry users in the manner prescribed in (1)(b) of this section plus the procedure of either (1)(a) or (c) of this section.)~~

NEW SECTION. Sec. 9. A new section is added to chapter 47.60 RCW to read as follows:

(1) Appropriations made for the Washington state ferries capital program may not be used for maintenance costs.

(2) Appropriations made for preservation projects shall be spent only on preservation and only when warranted by asset condition, and shall not be spent on master plans, right-of-way acquisition, or other nonpreservation items.

(3) Systemwide and administrative capital program costs shall be allocated to specific capital projects using a cost allocation plan

developed by the department. Systemwide and administrative capital program costs shall be identifiable.

NEW SECTION. Sec. 10. A new section is added to chapter 47.60 RCW to read as follows:

(1) The department shall maintain a life-cycle cost model on capital assets such that:

(a) Available industry standards are used for estimating the life of an asset, and department-adopted standard life cycles derived from the experience of similar public and private entities are used when industry standards are not available;

(b) Standard estimated life is adjusted for asset condition when inspections are made;

(c) It does not include utilities or other systems that are not replaced on a standard life cycle; and

(d) It does not include assets not yet built.

(2) All assets in the life-cycle cost model must be inspected and updated in the life-cycle cost model for asset condition at least every three years.

(3) The life-cycle cost model shall be used when estimating future system preservation needs.

NEW SECTION. Sec. 11. A new section is added to chapter 47.60 RCW to read as follows:

(1) Preservation funding requests shall only be for assets in the life-cycle cost model.

(2) Preservation funding requests that exceed five million dollars per project must be accompanied by a predesign study. The predesign study must include all elements required by the office of financial management.

NEW SECTION. Sec. 12. A new section is added to chapter 47.60 RCW to read as follows:

The department shall develop terminal design standards that:

(1) Adhere to vehicle level of service standards as described in RCW 47.06.140;

(2) Adhere to operational strategies as described in section 7 of this act; and

(3) Choose the most efficient balance between capital and operating investments by using a life-cycle cost analysis.

NEW SECTION. Sec. 13. A new section is added to chapter 47.60 RCW to read as follows:

The capital plan must adhere to the following:

(1) A current ridership demand forecast;

(2) Vehicle level of service standards as described in RCW 47.06.140;

(3) Operational strategies as described in section 7 of this act; and

(4) Terminal design standards as described in section 12 of this act.

NEW SECTION. Sec. 14. A new section is added to chapter 47.60 RCW to read as follows:

(1) Terminal improvement project funding requests must adhere to the capital plan.

(2) Requests for terminal improvement design and construction funding must be submitted with a predesign study that:

(a) Includes all elements required by the office of financial management;

(b) Separately identifies basic terminal elements essential for operation and their costs;

(c) Separately identifies additional elements to provide ancillary revenue and customer comfort and their costs;

(d) Includes construction phasing options that are consistent with forecasted ridership increases;

(e) Separately identifies additional elements requested by local governments and the cost and proposed funding source of those elements;

(f) Separately identifies multimodal elements and the cost and proposed funding source of those elements; and

(g) Identifies all contingency amounts.

NEW SECTION. Sec. 15. A new section is added to chapter 47.60 RCW to read as follows:

(1) The joint legislative audit and review committee shall assess and report as follows:

(a) Audit the implementation of the cost allocation methodology evaluated under chapter . . . (Engrossed Substitute House Bill No. 1094), Laws of 2007, as it exists on the effective date of this section, assessing whether actual costs are allocated consistently with the methodology, whether there are sufficient internal controls to ensure proper allocation, and the adequacy of staff training; and

(b) Review the assignment of preservation costs and improvement costs for fiscal year 2009 to determine whether:

(i) The costs are capital costs;

(ii) The costs meet the statutory requirements for preservation activities and for improvement activities; and

(iii) Improvement costs are within the scope of legislative appropriations.

(2) The report on the evaluations in this section is due by January 31, 2010.

(3) This section expires December 31, 2010.

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

(1) RCW 47.60.150 (Fixing of charges--Deposit of revenues) and 2003 c 374 s 3, 1999 c 94 s 26, & 1990 c 42 s 405; and

(2) RCW 47.60.326 (Schedule of charges for state ferries--Review by department, factors considered--Rule making by commission) and 2005 c 270 s 1, 2003 c 374 s 4, 2001 1st sp.s. c 1 s 1, 1999 c 94 s 27, 1990 c 42 s 406, 1983 c 15 s 25, & 1981 c 344 s 5."

On page 1, line 1 of the title, after "ferries;" strike the remainder of the title and insert "amending RCW 47.06.140, 47.60.290, and 47.60.330; adding new sections to chapter 47.60 RCW; creating a new section; repealing RCW 47.60.150 and 47.60.326; and providing an expiration date."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 2358 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Rolfes and Jarrett spoke in favor the passage of the bill.

COLLOQUY

Representative Jarrett: "Engrossed Substitute House Bill 2358 states that ferry fares may not be increased until the fare rules contain pricing policies, or September 1, 2009, whichever is later. Is it intended that the Department of Transportation and the Transportation Commission will be able to implement operational and pricing strategies as directed by the bill, so long as they do not increase fares?"

Representative Rolfes: "Yes. The language would allow the agencies to implement operational and pricing strategies, so long as they do not increase individual or overall ferry fare levels. Operational and pricing strategies such as fees persons may choose to pay for reservations, promotional discounts, or other options that do not involve mandatory increased fees would be allowed under this language."

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Engrossed Substitute House Bill No. 2358, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2358, as amended by the Senate and the bill passed the House by the following vote: Yeas - 93, Nays - 5, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pedersen, Pettigrew, Priest, Quall, Roberts, Rodne, Rolfes, Ross, Santos, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 93.

Voting nay: Representatives Ericksen, Kristiansen, Pearson, Roach and Schindler - 5.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2358, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 31, 2007

Mr. Speaker:

The Senate has passed SUBSTITUTE HOUSE BILL NO. 1128, with the following amendment:

Page formatting changed due to budget amendment.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. (1) A budget is hereby adopted and, subject to the provisions set forth in the following sections, the several amounts specified in parts I through IX of this act, or so much thereof as shall be sufficient to accomplish the purposes designated, are hereby appropriated and authorized to be incurred for salaries, wages, and other expenses of the agencies and offices of the state and for other specified purposes for the fiscal biennium beginning July 1, 2007, and ending June 30, 2009, except as otherwise provided, out of the several funds of the state hereinafter named.

- (2) Unless the context clearly requires otherwise, the definitions in this section apply throughout this act.
- (a) "Fiscal year 2008" or "FY 2008" means the fiscal year ending June 30, 2008.
- (b) "Fiscal year 2009" or "FY 2009" means the fiscal year ending June 30, 2009.
- (c) "FTE" means full time equivalent.
- (d) "Lapse" or "revert" means the amount shall return to an unappropriated status.
- (e) "Provided solely" means the specified amount may be spent only for the specified purpose. Unless otherwise specifically authorized in this act, any portion of an amount provided solely for a specified purpose which is not expended subject to the specified conditions and limitations to fulfill the specified purpose shall lapse.

**PART I
GENERAL GOVERNMENT**

NEW SECTION. Sec. 101. FOR THE HOUSE OF REPRESENTATIVES

General Fund--State Appropriation (FY 2008)	\$33,397,000
General Fund--State Appropriation (FY 2009)	\$33,470,000
Pension Funding Stabilization Account Appropriation	\$560,000
TOTAL APPROPRIATION	\$67,427,000

The appropriations in this section are subject to the following conditions and limitations: \$56,000 of the general fund--state appropriation for fiscal year 2008 is for a joint legislative task force on the underground economy in the construction industry. For purposes of this subsection, "underground economy" means contracting and construction activities in which payroll is unreported or underreported with consequent nonpayment of payroll taxes to federal and state agencies including nonpayment of workers' compensation and unemployment compensation taxes. The purpose of the task force is to formulate a state policy to establish cohesion and transparency between state agencies to increase the oversight and regulation of the underground economy practices in the construction industry. For this purpose, the task force shall contract with the institute for public policy.

(1) The task force shall consist of: (a) The chair and ranking minority member of the senate labor, commerce, research and development committee; (b) the chair and ranking minority member of the house of representatives commerce and labor committee; (c) four members representing the construction industry, selected from nominations submitted by statewide construction industry organizations and appointed jointly by the president of the senate and the speaker of the house of representatives; and (d) four members representing construction laborers, selected from nominations submitted by statewide labor organizations and appointed jointly by the president of the senate and the speaker of the house of representatives. The employment security department, the department of labor and industries, and the department of revenue shall cooperate with the task force and shall each maintain a liaison representative as a nonvoting member of the task force. The departments shall provide information and data as the task force or the institute may reasonably request.

(2) The task force shall choose its chair or cochairs from among its legislative membership and shall use legislative facilities and staff support. The task force may hire additional staff with specific technical expertise. Legislative members shall be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060. The expenses of the task force will be paid jointly by the senate and house of representatives. Task force expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee. The task force shall report its findings and recommendations to the legislature by January 1, 2008.

NEW SECTION. Sec. 102. FOR THE SENATE

General Fund--State Appropriation (FY 2008)	\$25,710,000
General Fund--State Appropriation (FY 2009)	\$27,723,000
Pension Funding Stabilization Account Appropriation	\$467,000
TOTAL APPROPRIATION	\$53,900,000

The appropriations in this section are subject to the following conditions and limitations: \$56,000 of the general fund--state appropriation for fiscal year 2008 is for a joint legislative task force on the underground economy in the construction industry as described in section 101 of this act.

NEW SECTION. Sec. 103. FOR THE JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE

General Fund--State Appropriation (FY 2008)	\$3,200,000
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General Fund--State Appropriation (FY 2009)	\$2,866,000
Pension Funding Stabilization Account Appropriation	\$36,000
TOTAL APPROPRIATION	\$6,102,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Notwithstanding the provisions in this section, the committee may adjust the due dates for projects included on the committee's 2007-09 work plan as necessary to efficiently manage workload.

(2) \$100,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the joint legislative audit and review committee to conduct a review of the method used to determine lease rates for state-owned aquatic lands. The review shall include classification of current lease base and lease rates by category of use such as marinas; a review of previous studies of formulas for state-owned aquatic land leases; and identification of pros and cons of alternative approaches to calculating aquatic lands lease rates. The committee shall complete the review by June 2008.

(3) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$50,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the joint legislative audit and review committee to conduct an evaluation and comparison of the cost efficiency of rental housing voucher programs versus other housing projects intended to assist low-income households, including construction and rehabilitation of housing units. The study will consider factors including administrative costs, capital costs, and other operating costs involved in operating voucher and other housing programs. The study will compare the number of households that can be served by voucher and other housing programs, given a set amount of available funds. The department of community, trade, and economic development, the housing finance commission, housing authorities, community action agencies, and local governments shall provide the joint legislative audit and review committee with information necessary for the study. The joint legislative audit and review committee shall solicit input regarding the study from interested parties, including representatives from the affordable housing advisory board, the department of community, trade, and economic development, the housing finance commission, representatives from the private rental housing industry, housing authorities, community action agencies, county and city governments, and nonprofit and for-profit housing developers. The joint legislative audit and review committee shall present the results of the study to the legislature by December 31, 2008.

(4) \$100,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for a cost analysis of the programs and activities administered by the department of fish and wildlife. In conducting the study, the committee shall specifically identify the total costs that support both hunting and fishing programs as well as nongame programs, including appropriate shares of the agency's administrative and indirect costs. The committee shall compare the cost analysis to revenues that currently support the programs, including the level of support received from game licenses and fees. The committee shall base its analysis on available management information and shall provide the results of its analysis to the legislature by January 2008.

(5) The joint legislative audit and review committee shall conduct an analysis of performance measures used for housing programs targeted for specific populations, including farm workers, homeless families, and vulnerable and special needs populations. The analysis shall include: (a) An evaluation of existing performance measures as they relate to statutory requirements and the goals and mission of the program; and (b) a determination of the validity of performance measure data. The committee shall provide a report to the legislature by January 1, 2009.

(6) The joint legislative audit and review committee shall analyze gaps throughout the state in the availability and accessibility of services identified in the federal adoption and safe families act as it existed on the effective date of this section. The joint legislative audit and review committee shall submit to appropriate committees of the legislature a report and recommendations by December 1, 2007.

(7) Within the amounts appropriated in this section, the joint legislative audit and review committee shall conduct an analysis of the qualifications required to become a social worker I, II, III, or IV within the department of social and health services children in families administration. The committee shall conduct an analysis of the qualifications used by other states for equivalent categories of social workers. The committee shall analyze the strengths and weaknesses of Washington's qualifications relative to the other states. The findings shall be reported to the legislature by December 1, 2007.

(8) Within amounts provided in this section, the committee shall conduct a review of the eligibility requirements and eligibility review processes that apply to any state program that offers individual health care coverage for qualified recipients.

NEW SECTION. Sec. 104. FOR THE LEGISLATIVE EVALUATION AND ACCOUNTABILITY PROGRAM COMMITTEE

General Fund--State Appropriation (FY 2008)	\$1,771,000
General Fund--State Appropriation (FY 2009)	\$1,932,000
Pension Funding Stabilization Account Appropriation	\$41,000
TOTAL APPROPRIATION	\$3,744,000

NEW SECTION. Sec. 105. FOR THE OFFICE OF THE STATE ACTUARY

Department of Retirement Systems Expense Account--State Appropriation	\$3,373,000
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NEW SECTION. Sec. 106. FOR THE JOINT LEGISLATIVE SYSTEMS COMMITTEE

General Fund--State Appropriation (FY 2008)	\$8,854,000
General Fund--State Appropriation (FY 2009)	\$8,878,000
Pension Funding Stabilization Account Appropriation	\$92,000
TOTAL APPROPRIATION	\$17,824,000

NEW SECTION. Sec. 107. FOR THE STATUTE LAW COMMITTEE

General Fund--State Appropriation (FY 2008)	\$4,680,000
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General Fund--State Appropriation (FY 2009)	\$5,050,000
Pension Funding Stabilization Account Appropriation	\$75,000
TOTAL APPROPRIATION	\$9,805,000

NEW SECTION. Sec. 108. LEGISLATIVE AGENCIES. In order to achieve operating efficiencies within the financial resources available to the legislative branch, the executive rules committee of the house of representatives and the facilities and operations committee of the senate by joint action may transfer funds among the house of representatives, senate, joint legislative audit and review committee, legislative evaluation and accountability program committee, legislative transportation committee, office of the state actuary, joint legislative systems committee, and statute law committee.

NEW SECTION. Sec. 109. FOR THE SUPREME COURT

General Fund--State Appropriation (FY 2008)	\$6,972,000
General Fund--State Appropriation (FY 2009)	\$6,995,000
TOTAL APPROPRIATION	\$13,967,000

The appropriations in this section are subject to the following conditions and limitations: \$150,000 of the general fund--state appropriation for fiscal year 2008 and \$55,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement the task force on domestic violence as requested by section 306 of Second Substitute Senate Bill No. 5470 (dissolution). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 110. FOR THE LAW LIBRARY

General Fund--State Appropriation (FY 2008)	\$2,113,000
General Fund--State Appropriation (FY 2009)	\$2,107,000
TOTAL APPROPRIATION	\$4,220,000

NEW SECTION. Sec. 111. FOR THE COURT OF APPEALS

General Fund--State Appropriation (FY 2008)	\$15,372,000
General Fund--State Appropriation (FY 2009)	\$16,027,000
TOTAL APPROPRIATION	\$31,399,000

The appropriations in this section are subject to the following conditions and limitations: \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for Senate Bill No. 5351 (judges' travel reimbursement). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 112. FOR THE COMMISSION ON JUDICIAL CONDUCT

General Fund--State Appropriation (FY 2008)	\$1,088,000
General Fund--State Appropriation (FY 2009)	\$1,090,000
TOTAL APPROPRIATION	\$2,178,000

NEW SECTION. Sec. 113. FOR THE ADMINISTRATOR FOR THE COURTS

General Fund--State Appropriation (FY 2008)	\$26,141,000
General Fund--State Appropriation (FY 2009)	\$26,240,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$29,333,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$25,982,000
Equal Justice Subaccount of the Public Safety and Education Account--State Appropriation (FY 2008)	\$2,695,000
Equal Justice Subaccount of the Public Safety and Education Account--State Appropriation (FY 2009)	\$2,785,000
Judicial Information Systems Account--State Appropriation	\$38,500,000
Public Benefit and Research Services Account--State Appropriation	\$3,500,000
TOTAL APPROPRIATION	\$155,176,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$3,900,000 of the general fund--state appropriation for fiscal year 2008 and \$3,900,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for court-appointed special advocates in dependency matters. The administrator for the courts, after consulting with the association of juvenile court administrators and the association of court-appointed special advocate/guardian ad litem programs, shall distribute the funds to volunteer court-appointed special advocate/guardian ad litem programs. The distribution of funding shall be based on the number of children who need volunteer court-appointed special advocate representation and shall be equally accessible to all volunteer court-appointed special advocate/guardian ad litem programs. The administrator for the courts shall not retain more than six percent of total funding to cover administrative or any other agency costs.

(2) \$3,800,000 of the public safety and education account appropriation is provided solely for school districts for petitions to juvenile court for truant students as provided in RCW 28A.225.030 and 28A.225.035. The office of the administrator for the courts shall develop an interagency agreement with the superintendent of public instruction to allocate the funding provided in this subsection. Allocation of this money

to school districts shall be based on the number of petitions filed. This funding includes amounts school districts may expend on the cost of mailing petitions via certified mail or personal service as required by RCW 28A.225.030(5).

(3)(a) \$17,244,000 of the public safety and education account appropriation is provided solely for distribution to county juvenile court administrators to fund the costs of processing truancy, children in need of services, and at-risk youth petitions. By accepting these funds, the county juvenile court administrators shall not require any public agency or political subdivision of the state to serve by certified mail or by personal service notification of a contempt or show cause hearing related to a petition filed by a school district pursuant to RCW 28A.225.030(5) unless reimbursement for the cost of certified mail or personal service is provided by the court. The administrator for the courts shall not retain any portion of these funds to cover administrative costs. The administrator for the courts, in conjunction with the juvenile court administrators, shall develop an equitable funding distribution formula. The formula shall neither reward counties with higher than average per-petition processing costs nor shall it penalize counties with lower than average per-petition processing costs. These funds are sufficient to cover the cost of implementing Engrossed Senate Bill No. 5983 (truancy hearing notices).

(b) The distributions made under this subsection and distributions from the county criminal justice assistance account made pursuant to section 801 of this act constitute appropriate reimbursement for costs for any new programs or increased level of service for purposes of RCW 43.135.060.

(c) Each fiscal year during the 2007-09 fiscal biennium, each county shall report the number of petitions processed and the total actual costs of processing truancy, children in need of services, and at-risk youth petitions. Counties shall submit the reports to the administrator for the courts no later than 45 days after the end of the fiscal year. The administrator for the courts shall electronically transmit this information to the chairs and ranking minority members of the house of representatives appropriations committee and the senate ways and means committee no later than 60 days after a fiscal year ends. These reports are deemed informational in nature and are not for the purpose of distributing funds.

(4) \$325,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the completion of the juror pay pilot and research project.

(5) \$3,500,000 of the public benefit and research services account--state appropriation is provided solely for the provision of interpreter services. If Senate Bill No. 5902 (Sunday sales) is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(6) \$1,750,000 of the general fund--state appropriation for fiscal year 2008 and \$1,845,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Second Substitute Senate Bill No. 5470 (dissolution). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse. Within the amounts provided:

(a) \$1,950,000 is for distribution to the county superior courts to fund and train twenty full-time equivalent family court liaisons, starting January 1, 2008;

(b) \$86,000 is for distribution to the county clerks for reimbursement costs related to the family law handbook;

(c) \$700,000 is for distribution to the counties to provide guardian ad litem services for the indigent for a reduced or waived fee;

(d) \$600,000 is for distribution to the counties for predecree and postdecree mediation services for a reduced or waived fee, starting January 1, 2009; and

(e) Funding is sufficient to cover costs associated with sections 701 and 702 of Second Substitute Senate Bill No. 5470 (dissolution).

(7)(a) \$22,003,000 of the judicial information systems account appropriation is provided solely for the development and implementation of the core case management system. The amount provided in this subsection may not be expended until the following conditions have been met:

(i) Completion of a feasibility study detailing a linkage between the objectives of the core case management system, the technology efforts required, and the impacts of the new investments on existing infrastructure and business functions including the estimated fiscal impacts to the judicial information systems account and the near general fund accounts and the specific requirements and business processes needs of varying size courts at the municipal, district, and superior level, and the specific requirements and business process needs of state agencies dependent on data exchange with the judicial information system; and

(ii) Discussion with and presentation to the department of information systems and the information services board regarding the impact on the state agencies dependent on successful data exchange with the judicial information system and the results of the feasibility study.

(b) The judicial information systems committee shall provide quarterly updates to the appropriate committees of the legislature and the department of information systems on the status of implementation of the core case management system.

(c) The legislature respectfully requests the judicial information systems committee invite representatives from the state agencies dependent on successful data exchange to their regular meetings for consultation as nonvoting members.

NEW SECTION. Sec. 114. FOR THE OFFICE OF PUBLIC DEFENSE

General Fund--State Appropriation (FY 2008)	\$18,904,000
General Fund--State Appropriation (FY 2009)	\$18,884,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$6,649,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$6,588,000
Equal Justice Subaccount of the Public Safety and Education Account--State Appropriation (FY 2008)	\$1,911,000
Equal Justice Subaccount of the Public Safety and Education Account--State Appropriation (FY 2009)	\$1,975,000
TOTAL APPROPRIATION	\$54,911,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The amounts provided from the public safety and education account appropriations include funding for expert and investigative services in death penalty personal restraint petitions.

(2) The office of public defense shall cooperate with the Washington state institute for public policy in facilitating access to data in order for the institute to conduct a cost-benefit analysis of the program providing legal representation to indigent parents in dependency proceedings.

NEW SECTION. Sec. 115. FOR THE OFFICE OF CIVIL LEGAL AID

General Fund--State Appropriation (FY 2008)	\$11,882,000
General Fund--State Appropriation (FY 2009)	\$12,992,000
Equal Justice Subaccount of the Public Safety and Education Account--State Appropriation (FY 2008)	\$787,000
Equal Justice Subaccount of the Public Safety and Education Account--State Appropriation (FY 2009)	\$813,000
TOTAL APPROPRIATION	\$26,474,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$120,000 of the general fund--state appropriation for fiscal year 2008 and \$120,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to continue support for the existing agricultural dispute resolution system funded through the office of civil legal aid for disputes between farmers and farm workers. The office of civil legal aid shall report to the appropriate legislative committees on the effectiveness of this program by December 31, 2008.

(2) An amount not to exceed \$40,000 of the general fund--state appropriation for fiscal year 2008 and an amount not to exceed \$40,000 of the general fund--state appropriation for fiscal year 2009 may be used to provide telephonic legal advice and assistance to otherwise eligible persons who are sixty years of age or older on matters authorized by RCW 2.53.030(2)(a) through (k) regardless of household income or asset level.

(3) \$2,000,000 of the general fund--state appropriation for fiscal year 2008 and \$2,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to enhance funding for qualified legal aid programs for legal representation of indigent persons in matters relating to domestic violence in domestic relations and family law matters. If Second Substitute Senate Bill No. 5470 (dissolution) is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 116. FOR THE OFFICE OF PUBLIC GUARDIANSHIP

General Fund--State Appropriation (FY 2008)	\$1,000,000
General Fund--State Appropriation (FY 2009)	\$1,000,000
TOTAL APPROPRIATION	\$2,000,000

The appropriations in this section are subject to the following conditions and limitations: \$1,000,000 of the general fund--state appropriation for fiscal year 2008 and \$1,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement Substitute Senate Bill No. 5320 (office of public guardianship). If the bill is not enacted by June 30, 2007, the appropriations in this section shall lapse.

NEW SECTION. Sec. 117. FOR THE OFFICE OF THE GOVERNOR

General Fund--State Appropriation (FY 2008)	\$6,477,000
General Fund--State Appropriation (FY 2009)	\$6,506,000
General Fund--Federal Appropriation	\$5,000
Economic Development Strategic Reserve Account--State Appropriation	\$4,000,000
Oil Spill Prevention Account--State Appropriation	\$205,000
TOTAL APPROPRIATION	\$17,193,000

NEW SECTION. Sec. 118. FOR THE LIEUTENANT GOVERNOR

General Fund--State Appropriation (FY 2008)	\$776,000
General Fund--State Appropriation (FY 2009)	\$793,000
General Fund--Private/Local Appropriation	\$90,000
TOTAL APPROPRIATION	\$1,659,000

NEW SECTION. Sec. 119. FOR THE PUBLIC DISCLOSURE COMMISSION

General Fund--State Appropriation (FY 2008)	\$2,432,000
General Fund--State Appropriation (FY 2009)	\$2,335,000
TOTAL APPROPRIATION	\$4,767,000

The appropriations in this section are subject to the following conditions and limitations: \$100,000 of the general fund--state appropriation for fiscal year 2008 is for a feasibility study to determine the cost of designing, developing, implementing, and maintaining: (a) Software or other applications to accommodate electronic filing by lobbyists reporting under RCW 42.17.150 and 42.17.170, by lobbyist employers reporting under RCW 42.17.180, and by public agencies reporting under RCW 42.17.190; (b) a database and query system that results in data that is readily available to the public for review and analysis and that is compatible with current computer architecture, technology, and operating systems, including but not limited to Windows and Apple operating systems. The commission shall contract for the feasibility study and consult with the department of information services. The study may include other elements, as determined by the commission, that promote public access to information about lobbying activity reportable under chapter 42.17 RCW. The study shall be provided to the legislature by January 2008.

NEW SECTION. Sec. 120. FOR THE SECRETARY OF STATE

General Fund--State Appropriation (FY 2008)	\$32,495,000
General Fund--State Appropriation (FY 2009)	\$19,974,000

General Fund--Federal Appropriation	\$7,132,000
General Fund--Private/Local Appropriation	\$114,000
Archives and Records Management Account--State Appropriation	\$8,170,000
Department of Personnel Service Account--State Appropriation	\$732,000
Local Government Archives Account--State Appropriation	\$13,511,000
Election Account--Federal Appropriation	\$39,003,000
TOTAL APPROPRIATION	\$121,131,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$13,104,000 of the general fund--state appropriation for fiscal year 2008 is provided solely to reimburse counties for the state's share of primary and general election costs and the costs of conducting mandatory recounts on state measures. Counties shall be reimbursed only for those odd-year election costs that the secretary of state validates as eligible for reimbursement.

(2) \$2,421,000 of the general fund--state appropriation for fiscal year 2008 and \$3,893,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the verification of initiative and referendum petitions, maintenance of related voter registration records, and the publication and distribution of the voters and candidates pamphlet.

(3) \$125,000 of the general fund--state appropriation for fiscal year 2008 and \$118,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for legal advertising of state measures under RCW 29A.52.330.

(4)(a) \$2,465,000 of the general fund--state appropriation for fiscal year 2008 and \$2,501,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for contracting with a nonprofit organization to produce gavel-to-gavel television coverage of state government deliberations and other events of statewide significance during the 2007-09 biennium. The funding level for each year of the contract shall be based on the amount provided in this subsection. The nonprofit organization shall be required to raise contributions or commitments to make contributions, in cash or in kind, in an amount equal to forty percent of the state contribution. The office of the secretary of state may make full or partial payment once all criteria in this subsection have been satisfactorily documented.

(b) The legislature finds that the commitment of on-going funding is necessary to ensure continuous, autonomous, and independent coverage of public affairs. For that purpose, the secretary of state shall enter into a contract with the nonprofit organization to provide public affairs coverage.

(c) The nonprofit organization shall prepare an annual independent audit, an annual financial statement, and an annual report, including benchmarks that measure the success of the nonprofit organization in meeting the intent of the program.

(d) No portion of any amounts disbursed pursuant to this subsection may be used, directly or indirectly, for any of the following purposes:

(i) Attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, by any county, city, town, or other political subdivision of the state of Washington, or by the congress, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency;

(ii) Making contributions reportable under chapter 42.17 RCW; or

(iii) Providing any: (A) Gift; (B) honoraria; or (C) travel, lodging, meals, or entertainment to a public officer or employee.

(5) \$45,000 of the general fund--state appropriation for fiscal year 2008 and \$45,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for humanities Washington's "we the people" community conversations program.

(6) \$9,687,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the costs of the presidential primary, including a voters' pamphlet.

NEW SECTION. Sec. 121. FOR THE GOVERNOR'S OFFICE OF INDIAN AFFAIRS

General Fund--State Appropriation (FY 2008)	\$318,000
General Fund--State Appropriation (FY 2009)	\$333,000
TOTAL APPROPRIATION	\$651,000

The appropriations in this section are subject to the following conditions and limitations: The office shall assist the department of personnel on providing the government-to-government training sessions for federal, state, local, and tribal government employees. The training sessions shall cover tribal historical perspectives, legal issues, tribal sovereignty, and tribal governments. Costs of the training sessions shall be recouped through a fee charged to the participants of each session. The department of personnel shall be responsible for all of the administrative aspects of the training, including the billing and collection of the fees for the training.

NEW SECTION. Sec. 122. FOR THE COMMISSION ON ASIAN PACIFIC AMERICAN AFFAIRS

General Fund--State Appropriation (FY 2008)	\$251,000
General Fund--State Appropriation (FY 2009)	\$243,000
TOTAL APPROPRIATION	\$494,000

NEW SECTION. Sec. 123. FOR THE STATE TREASURER

State Treasurer's Service Account--State Appropriation	\$14,661,000
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NEW SECTION. Sec. 124. FOR THE STATE AUDITOR

General Fund--State Appropriation (FY 2008)	\$750,000
General Fund--State Appropriation (FY 2009)	\$762,000
State Auditing Services Revolving Account--State Appropriation	\$14,323,000

TOTAL APPROPRIATION \$15,835,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Audits of school districts by the division of municipal corporations shall include findings regarding the accuracy of: (a) Student enrollment data; and (b) the experience and education of the district's certified instructional staff, as reported to the superintendent of public instruction for allocation of state funding.

(2) \$752,000 of the general fund--state appropriation for fiscal year 2008 and \$762,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for staff and related costs to verify the accuracy of reported school district data submitted for state funding purposes; conduct school district program audits of state funded public school programs; establish the specific amount of state funding adjustments whenever audit exceptions occur and the amount is not firmly established in the course of regular public school audits; and to assist the state special education safety net committee when requested.

NEW SECTION. Sec. 125. FOR THE CITIZENS' COMMISSION ON SALARIES FOR ELECTED OFFICIALS

General Fund--State Appropriation (FY 2008) \$156,000
 General Fund--State Appropriation (FY 2009) \$225,000
 TOTAL APPROPRIATION \$381,000

NEW SECTION. Sec. 126. FOR THE ATTORNEY GENERAL

General Fund--State Appropriation (FY 2008) \$5,534,000
 General Fund--State Appropriation (FY 2009) \$5,775,000
 General Fund--Federal Appropriation \$3,911,000
 Public Safety and Education Account--State Appropriation (FY 2008) \$1,093,000
 Public Safety and Education Account--State Appropriation (FY 2009) \$1,133,000
 New Motor Vehicle Arbitration Account--State Appropriation \$1,244,000
 Legal Services Revolving Account--State Appropriation \$206,590,000
 Tobacco Prevention and Control Account--State Appropriation \$270,000
 TOTAL APPROPRIATION \$225,550,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The attorney general shall report each fiscal year on actual legal services expenditures and actual attorney staffing levels for each agency receiving legal services. The report shall be submitted to the office of financial management and the fiscal committees of the senate and house of representatives no later than ninety days after the end of each fiscal year.

(2) Prior to entering into any negotiated settlement of a claim against the state that exceeds five million dollars, the attorney general shall notify the director of financial management and the chairs of the senate committee on ways and means and the house of representatives committee on appropriations.

(3) \$6,200,000 of the legal services revolving account--state appropriation is provided solely for increases in salaries and benefits of assistant attorneys general effective July 1, 2007. This funding is provided solely for increases to address critical recruitment and retention problems, and shall not be used for the performance management program or to fund general administration. The attorney general shall report to the office of financial management and the fiscal committees of the senate and house of representatives by October 1, 2008, and provide detailed demographic information regarding assistant attorneys general who received increased salaries and benefits as a result of the appropriation. The report shall include at a minimum information regarding the years of service, division assignment within the attorney general's office, and client agencies represented by assistant attorneys general receiving increased salaries and benefits as a result of the amount provided in this subsection. The report shall include a proposed salary schedule for all assistant attorneys general using the same factors used to determine increased salaries under this section. The report shall also provide initial findings regarding the effect of the increases on recruitment and retention of assistant attorneys general.

(4) The office of the attorney general shall cooperate with the Washington state institute for public policy in facilitating access to data in order for the institute to conduct a cost-benefit analysis of the program providing legal representation to indigent parents in dependency proceedings.

NEW SECTION. Sec. 127. FOR THE CASELOAD FORECAST COUNCIL

General Fund--State Appropriation (FY 2008) \$730,000
 General Fund--State Appropriation (FY 2009) \$763,000
 TOTAL APPROPRIATION \$1,493,000

NEW SECTION. Sec. 128. FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT

General Fund--State Appropriation (FY 2008) \$56,934,000
 General Fund--State Appropriation (FY 2009) \$56,909,000
 General Fund--Federal Appropriation \$251,014,000
 General Fund--Private/Local Appropriation \$14,180,000
 Public Safety and Education Account--State Appropriation (FY 2008) \$2,756,000
 Public Safety and Education Account--State Appropriation (FY 2009) \$2,705,000
 Public Works Assistance Account--State Appropriation \$2,949,000

Tourism Promotion and Development Account--State Appropriation	\$1,000,000
Drinking Water Assistance Administrative Account--State Appropriation	\$356,000
Lead Paint Account--State Appropriation	\$6,000
Building Code Council Account--State Appropriation	\$1,142,000
Low-Income Weatherization Assistance Account--State Appropriation	\$8,365,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$3,621,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$3,630,000
Manufactured Home Installation Training Account--State Appropriation	\$147,000
Community and Economic Development Fee Account--State Appropriation	\$1,824,000
Washington Housing Trust Account--State Appropriation	\$32,074,000
Homeless Families Service Account--State Appropriation	\$300,000
Public Facility Construction Loan Revolving Account--State Appropriation	\$612,000
TOTAL APPROPRIATION	\$440,524,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$2,838,000 of the general fund--state appropriation for fiscal year 2008 and \$2,838,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a contract with the Washington technology center for work essential to the mission of the Washington technology center and conducted in partnership with universities. The center shall not pay any increased indirect rate nor increases in other indirect charges above the absolute amount paid during the 1995-97 fiscal biennium.

(2) 3,600,000 of the general fund--federal appropriation is provided solely for the justice assistance grant program, to be distributed in state fiscal year 2008 as follows:

- (a) \$2,013,000 to local units of government to continue multijurisdictional narcotics task forces;
- (b) \$330,000 to the department to continue the drug prosecution assistance program in support of multijurisdictional narcotics task forces;
- (c) \$675,000 to the Washington state patrol for coordination, investigative, and supervisory support to the multijurisdictional narcotics task forces;
- (d) \$110,000 to the department to support the governor's council on substance abuse;
- (e) \$97,000 to the department to continue evaluation of the justice assistance grant program; and
- (f) \$360,000 to the department for required grant administration, monitoring, and reporting on justice assistance grant programs.

The amounts in this subsection represent the maximum justice assistance grant expenditure authority for each program. No program may expend justice assistance grant funds in excess of the amounts provided in this subsection. If moneys in excess of the amounts in this subsection become available, whether from prior or current fiscal year distributions, the department shall hold these moneys in reserve and may not expend them without specific appropriation. These moneys shall be carried forward and applied to the pool of moneys available for appropriation for programs and projects in the succeeding fiscal year. As part of its budget request for the succeeding year, the department shall estimate and request authority to spend any justice assistance grant funds.

(3) \$1,658,000 of the general fund--state appropriation for fiscal year 2008 and \$1,658,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for multijurisdictional drug task forces.

(4) \$345,000 of the general fund--state appropriation for fiscal year 2008 and \$345,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to fund domestic violence legal advocacy.

(5) Repayments of outstanding loans granted under RCW 43.63A.600, the mortgage and rental assistance program, shall be remitted to the department, including any current revolving account balances. The department shall contract with a lender or contract collection agent to act as a collection agent of the state. The lender or contract collection agent shall collect payments on outstanding loans, and deposit them into an interest-bearing account. The funds collected shall be remitted to the department quarterly. Interest earned in the account may be retained by the lender or contract collection agent, and shall be considered a fee for processing payments on behalf of the state. Repayments of loans granted under this chapter shall be made to the lender or contract collection agent as long as the loan is outstanding, notwithstanding the repeal of the chapter.

(6) \$145,000 of the general fund--state appropriation for fiscal year 2008 and \$144,000 of the general fund--state appropriation for fiscal year 2009 are provided to support a task force on human trafficking.

(7) \$1,545,000 of the general fund--state appropriation for fiscal year 2008 and \$1,546,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for Second Substitute Senate Bill No. 5092 (associate development organizations). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(8) \$1,500,000 of the general fund--state appropriation for fiscal year 2008 and \$1,500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the community services block grant program.

(9) \$2,250,000 of the general fund--state appropriation for fiscal year 2008 and \$2,250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for Substitute Senate Bill No. 5090 (innovation partnership zones). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(10) \$500,000 of the general fund--state appropriation for fiscal year 2008 and \$500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a grant to the cascade land conservancy to develop and demonstrate one or more transfer of development rights programs. These programs shall involve the purchase or lease of development rights or conservation easements from family forest landowners facing pressure to convert their lands and who desire to keep their land in active forest management. The grant shall require the conservancy to work in collaboration with family forest landowners and affected local governments, and to submit an interim written progress report to the department by September 15, 2008, and a final report by June 30, 2009. The department shall transmit the reports to the governor and the appropriate committees of the legislature.

(11) \$608,000 of the general fund--state appropriation for fiscal year 2008 and \$605,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for Second Substitute Senate Bill No. 5643 (addressing children and families of incarcerated parents). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(12) \$180,000 of the general fund--state appropriation for fiscal year 2008 and \$180,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for KCTS public television to support programming in the Spanish language. These funds are intended to support the addition of a bilingual outreach coordinator to serve Latino adults, families and children in western and central Washington; multimedia promotion on Spanish-language media and website integration; the production of targeted public affairs programs that seek to improve education and the quality of life for Latinos; and to establish partnerships with city and county library systems to provide alternative access to the v-me Spanish language channel via the internet.

(13) \$1,000,000 of the tourism and promotion account--state appropriation is provided solely for Substitute Senate Bill No. 5116 (creating a public/private tourism partnership). Of this amount, \$815,000 is for distribution of 125,000 copies per year of the Washington state visitors' guide for the 2007-09 fiscal biennium. If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(14) \$50,000 of the general fund--state appropriation for fiscal year 2008 and \$50,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the African chamber of commerce of the Pacific Northwest to support the formation of trade alliances between Washington businesses and African businesses and governments.

(15) \$750,000 of the general fund--state appropriation for fiscal year 2008 and \$750,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the emergency food assistance program.

(16) \$500,000 of the general fund--state appropriation for fiscal year 2008 and \$500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to the department's individual development account program.

(17) \$226,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the energy facility site evaluation council to contract for a review of the status of pipeline utility corridor capacity and distribution for natural gas, petroleum and biofuels in southwest Washington. The council shall submit its findings and recommendations to the legislature by December 1, 2007.

(18) \$3,970,000 of the general fund--state appropriation for fiscal year 2008 and \$3,858,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5070 (offenders who are leaving confinement). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(19) \$100,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for a grant to the Amer-I-Can program to reduce gang violence.

(20) \$75,000 of the general fund--state appropriation for fiscal year 2008 and \$75,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a grant to the center for advanced manufacturing to assist domestic businesses to compete globally.

(21) \$250,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a grant to the developmental disabilities council to contract for legal services for individuals with developmental disabilities entering or currently residing in the department of social and health services division of developmental disabilities community protection program.

(22) \$50,000 of the general fund--state appropriation for fiscal year 2008 and \$50,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a grant to Safe Havens to provide supervised visitation for families affected by domestic violence and abuse.

(23) \$408,000 of the general fund--state appropriation for fiscal year 2008 and \$623,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for grants to county juvenile courts to expand the number of participants in juvenile drug courts consistent with the conclusions of the Washington state institute for public policy evaluation of effective programs to reduce future prison populations.

(24) \$250,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement Second Substitute Senate Bill No. 5652 (microenterprise development), including grants to microenterprise organizations for organizational capacity building and provision of training and technical assistance. If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(25) \$250,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to establish the state economic development commission as an independent state agency consistent with Second Substitute Senate Bill No. 5995 (economic development commission). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(26) \$150,000 of the general fund--state appropriation for fiscal year 2008 and \$150,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to support international trade fairs.

(27) \$50,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for a study to survey best practices for smart meters/smart grid/smart appliance technology and the range of applications for smart meters around the country. The survey shall include, but is not limited to, utilities using smart meters to: (a) Meter responses to time-of-use pricing, (b) meter savings from direct load control programs, (c) manage operations costs, (d) identify power outages, (e) meter voluntary interruptible power programs, (f) facilitate pay-as-you-go programs, and (g) enhance billing operations. The study will compare the survey results with Washington's electric utility power system including considerations of electricity price variations between peak and off-peak prices, seasonal price variations, forecast demand, conservation goals, seasonal or daily distribution or transmission constraints, etc., to identify the applications where smart meters may provide particular value to either individual consumers, individual Washington electric utility power systems, or the overall electric power grid in Washington, and to meeting state conservation and energy goals. The department shall complete the study and provide a report to the governor and the legislature by December 1, 2007.

(28) \$12,000 of the general fund--state appropriation for fiscal year 2008 and \$13,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a grant to the Synergy Group to coordinate the resources of Lake Stevens area nonprofit organizations to prevent redundancy in charitable efforts.

(29)(a) \$500,000 of the general fund--state appropriation for fiscal year 2008 is provided for a pilot program to provide assistance for three jurisdictions to enforce financial fraud and identity theft laws. Three pilot enforcement areas shall be established on January 1, 2008, two in the two largest counties by population west of the crest of the Cascade mountains and one in the largest county by population east of the crest of the Cascade mountains. Funding received for the purpose of this subsection through appropriations, gifts, and grants shall be divided equally between the three pilot enforcement areas. This funding is intended to provide for additional deputy prosecutors, law enforcement, clerical staff, and other support for the prosecution of financial fraud and identity theft crimes. The funding shall not be used to supplant existing funding and cannot be used for any purpose other than enforcement of financial fraud and identity theft laws. Appropriated state funds must be used to match gifts and grants of private-sector funds for the purposes of this subsection, and expenditure of appropriated state funds may not exceed expenditure of private funds.

(b) The department shall appoint a task force in each county with a pilot enforcement area. Each task force shall include the following members:

- (i) Two members from financial institutions;
- (ii) One member of the Washington association of county prosecutors;
- (iii) One member of the Washington association of sheriffs and police chiefs;
- (iv) One member of the Washington state association of municipal attorneys; and
- (v) One law enforcement officer.

(c) The task force in each county shall provide advice and expertise in order to facilitate the prosecutor's efforts to prosecute and reduce the incidence of financial fraud and identity theft crimes, including check fraud, chronic unlawful issuance of bank checks, embezzlement, credit/debit card fraud, identity theft, forgery, counterfeit instruments, organized counterfeit check rings, and organized identity theft rings.

(30) \$150,000 of the general fund--state appropriation for fiscal year 2008 and \$150,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a grant to Grays Harbor county for activities associated with southwest Washington coastal erosion investigations and demonstrations.

(31) \$85,000 of the public works assistance account--state appropriation is provided solely for the implementation of Substitute Senate Bill No. 5372 (Puget Sound partnership). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(32) The legislature finds that funds for the arts generated by Senate Bill No. 5986 will expand access to the biennial Building for the Arts competitive grant program. The department shall propose modifications to requirements for projects in counties receiving tax revenues specifically provided for the arts.

(33) \$237,000 of the general fund--state appropriation for fiscal year 2008 and \$237,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a grant to the retired senior volunteer program.

(34) \$200,000 of the general fund--state appropriation for fiscal year 2008 and \$200,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a grant to the Benton and Franklin county juvenile and drug courts. The grant is contingent upon the counties providing equivalent matching funds.

(35) \$50,000 of the general fund--state appropriation for fiscal year 2008 and \$50,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a grant to the Seattle aquarium for a scholarship program for transportation and admission costs for classrooms with lower incomes, English as second language or special needs.

(36) \$256,000 of the general fund--state appropriation for fiscal year 2008 and \$256,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the long-term care ombudsman program.

NEW SECTION. Sec. 129. FOR THE ECONOMIC AND REVENUE FORECAST COUNCIL

General Fund--State Appropriation (FY 2008)	\$589,000
General Fund--State Appropriation (FY 2009)	\$598,000
TOTAL APPROPRIATION	\$1,187,000

NEW SECTION. Sec. 130. FOR THE OFFICE OF FINANCIAL MANAGEMENT

General Fund--State Appropriation (FY 2008)	\$22,704,000
General Fund--State Appropriation (FY 2009)	\$22,001,000
General Fund--Federal Appropriation	\$23,525,000
General Fund--Private/Local Appropriation	\$1,265,000
State Auditing Services Revolving Account--State Appropriation	\$25,000
TOTAL APPROPRIATION	\$69,520,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$75,000 of the general fund--state appropriation for fiscal year 2008 and \$75,000 of the general fund--state appropriation for fiscal year 2009 are provided for a contract with the Ruckelshaus center to continue the agricultural pilot programs that identify projects to enhance farm income and improve natural resource protection. Specific work will include project outreach and refinement, stakeholder support, staffing the oversight committee, seeking federal and private match funding, and further refining the list of projects to be recommended for funding.

(2) \$175,000 of the general fund--state appropriation for fiscal year 2008 and \$175,000 of the general fund--state appropriation for fiscal year 2009 are provided for a contract with the Ruckelshaus center to fund "proof-of-concept" model and projects recommended by the oversight committee, as provided in subsection (1) of this section.

(3) \$580,000 of the general fund--state appropriation for fiscal year 2008 and \$580,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to the association of Washington cities and the Washington state association of counties for improving project permitting and mitigation processes.

(4) \$320,000 of the general fund--state appropriation for fiscal year 2008 and \$320,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the office of regulatory assistance to develop statewide multiagency permits for transportation infrastructure and other projects that integrate local, state, and federal permit requirements and mitigation standards.

(5) \$1,050,000 of the general fund--state appropriation for fiscal year 2008 and \$1,050,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement Second Substitute Senate Bill No. 5122. If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(6) \$165,000 of the general fund--state appropriation for fiscal year 2008 and \$115,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a study to develop options for a new K-12 pupil transportation funding formula. The office of financial management shall contract with consultants with expertise in both pupil transportation and K-12 finance formulas. The office of financial management and the contractors shall consult with the legislative fiscal committees and the office of the superintendent of public instruction. The office of financial management shall submit a final report to the governor, the house of representatives appropriations committee, and senate ways and means committee by November 15, 2008.

(7) \$175,000 of the general fund--state appropriation for fiscal year 2008 and \$175,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for financial assistance to local government agencies in counties representing populations of fewer than 350,000 residents for the acquisition and development of streamlined permitting technology infrastructure through an integrated business portal approach. Grant awards may not exceed \$100,000 per local government agency per fiscal year. The funding must be used to acquire and implement permit tracking systems that can support and are compatible with a multijurisdictional, integrated approach. Prior to granting funds, the office of regulatory assistance shall ensure that the proposed systems and technology are based on open-industry standards, allow for future integration of processes and sharing of data, and are extendable.

NEW SECTION. Sec. 131. FOR THE OFFICE OF ADMINISTRATIVE HEARINGS

Administrative Hearings Revolving Account--State Appropriation \$31,610,000

NEW SECTION. Sec. 132. FOR THE DEPARTMENT OF PERSONNEL

Department of Personnel Service Account--State Appropriation \$28,421,000
Higher Education Personnel Services Account--State Appropriation \$1,726,000
TOTAL APPROPRIATION \$30,147,000

The appropriations in this section are subject to the following conditions and limitations: The department shall coordinate with the governor's office of Indian affairs on providing the government-to-government training sessions for federal, state, local, and tribal government employees. The training sessions shall cover tribal historical perspectives, legal issues, tribal sovereignty, and tribal governments. Costs of the training sessions shall be recouped through a fee charged to the participants of each session. The department shall be responsible for all of the administrative aspects of the training, including the billing and collection of the fees for the training.

NEW SECTION. Sec. 133. FOR THE WASHINGTON STATE LOTTERY

Lottery Administrative Account--State Appropriation \$25,051,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section may not be expended by the Washington state lottery for any purpose associated with a lottery game offered through any interactive electronic device, including the internet.

NEW SECTION. Sec. 134. FOR THE COMMISSION ON HISPANIC AFFAIRS

General Fund--State Appropriation (FY 2008) \$256,000
General Fund--State Appropriation (FY 2009) \$267,000
TOTAL APPROPRIATION \$523,000

NEW SECTION. Sec. 135. FOR THE COMMISSION ON AFRICAN-AMERICAN AFFAIRS

General Fund--State Appropriation (FY 2008) \$252,000
General Fund--State Appropriation (FY 2009) \$258,000
TOTAL APPROPRIATION \$510,000

NEW SECTION. Sec. 136. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--OPERATIONS

General Fund--State Appropriation (FY 2008) \$200,000
General Fund--State Appropriation (FY 2009) \$250,000
Dependent Care Administrative Account--State Appropriation \$423,000
Department of Retirement Systems Expense Account--State Appropriation \$47,547,000
TOTAL APPROPRIATION \$48,420,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$15,000 of the department of retirement systems expense account appropriation is provided solely to implement Substitute House Bill No. 1261 (duty disability service credit). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(2) \$43,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1680 (emergency medical technician service credit). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(3) \$72,000 of the department of retirement systems expense account appropriation is provided solely to implement Engrossed Substitute House Bill No. 1649 (judges' past service credit purchases). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(4) \$33,000 of the department of retirement systems expense account appropriation is provided solely to implement Substitute House Bill No. 1262 (plan 1 post retirement employment). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(5) \$2,207,000 of the department of retirement systems expense account appropriation is provided solely to implement Substitute Senate Bill No. 5779 or House Bill No. 2391 (gainsharing revisions). If neither bill is enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(6) \$12,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Senate Bill No. 5014 (contribution rates). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(7) \$17,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Senate Bill No. 5175 (retirement annual increases). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(8) \$200,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to design a plan for the operation of a universal voluntary retirement accounts program, and then seek approval from the federal internal revenue service to offer the plan to workers and employers in Washington on a tax qualified basis. Features of Washington voluntary retirement accounts plan include a defined contribution plan with a limited pre-selected menu of investment options, administration by the department of retirement systems, investment oversight by the state investment board, tax-deferred payroll deductions, retirement account portability between jobs, and a two-tier system with workplace based individual retirement accounts open to all workers, and a deferred compensation 401(k)-type program or SIMPLE IRA-type program open to all employers who choose to participate for their employees. The director shall undertake the legal and development work to determine how to implement a universal voluntary retirement accounts program, managed through the department of retirement systems directly or by contract. By December 1, 2008, the director shall report to the legislature on the program's design and any required changes to state law that are necessary to implement the program.

NEW SECTION. Sec. 137. FOR THE DEPARTMENT OF REVENUE

General Fund--State Appropriation (FY 2008)	\$92,671,000
General Fund--State Appropriation (FY 2009)	\$93,944,000
Timber Tax Distribution Account--State Appropriation	\$5,451,000
Waste Reduction/Recycling/Litter Control--State Appropriation	\$109,000
Waste Tire Removal Account--State Appropriation	\$2,000
Real Estate Excise Tax Grant Account--State Appropriation	\$3,900,000
State Toxics Control Account--State Appropriation	\$73,000
Oil Spill Prevention Account--State Appropriation	\$14,000
Pension Funding Stabilization Account Appropriation	\$2,370,000
TOTAL APPROPRIATION	\$198,534,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$98,000 of the general fund--state appropriation for fiscal year 2008 and \$75,000 of the general fund--state appropriation for fiscal year 2009 are for the implementation of Substitute Senate Bill No. 5007 (taxation of vessels). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(2) \$66,000 of the general fund--state appropriation for fiscal year 2008 and \$56,000 of the general fund--state appropriation for fiscal year 2009 are for the implementation of Engrossed Second Substitute Senate Bill No. 5070 (offenders leaving confinement). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(3) \$25,000 of the general fund--state appropriation for fiscal year 2008 is for the department to study the effects of Senate Bill No. 5434 (taxation of tangible personal property originating from or destined to foreign countries). Senate Bill No. 5434 is not intended to create any barriers in the importation or exportation of goods to or from Washington. The department shall analyze the taxation of businesses engaged in the importation and exportation of goods to or from Washington and determine if there are any unintended consequences resulting from the bill for both state and local taxes. The department shall report the findings to the senate ways and means committee and the house of representatives finance committee by December 1, 2007.

NEW SECTION. Sec. 138. FOR THE STATE INVESTMENT BOARD

State Investment Board Expense Account--State Appropriation	\$18,460,000
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NEW SECTION. Sec. 139. FOR THE BOARD OF TAX APPEALS

General Fund--State Appropriation (FY 2008)	\$1,409,000
General Fund--State Appropriation (FY 2009)	\$1,268,000
TOTAL APPROPRIATION	\$2,677,000

NEW SECTION. Sec. 140. FOR THE MUNICIPAL RESEARCH COUNCIL

County Research Services Account--State Appropriation	\$847,000
City and Town Research Services--State Appropriation	\$4,458,000

Public Benefit and Research Services Account--State Appropriation	\$400,000
TOTAL APPROPRIATION	\$5,705,000

The appropriations in this section are subject to the following conditions and limitations: \$400,000 of the public benefit and research services account--state appropriation is contingent on enactment of Senate Bill No. 5902 (Sunday sales). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

NEW SECTION. Sec. 141. FOR THE OFFICE OF MINORITY AND WOMEN'S BUSINESS ENTERPRISES

OMWBE Enterprises Account--State Appropriation	\$3,294,000
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NEW SECTION. Sec. 142. FOR THE DEPARTMENT OF GENERAL ADMINISTRATION

General Fund--State Appropriation (FY 2008)	\$569,000
General Fund--State Appropriation (FY 2009)	\$568,000
General Fund--Federal Appropriation	\$3,642,000
General Administration Service Account--State Appropriation	\$33,770,000
TOTAL APPROPRIATION	\$38,549,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The department shall negotiate on behalf of the office of minority and women's business enterprises with the office's landlord to ensure enforcement of the improved building agreements stipulated in section 22 of the office's current lease dated June 8, 2005.

(2) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the temporary emergency food assistance program.

NEW SECTION. Sec. 143. FOR THE DEPARTMENT OF INFORMATION SERVICES

General Fund--State Appropriation (FY 2008)	\$4,590,000
General Fund--State Appropriation (FY 2009)	\$2,250,000
General Fund--Federal Appropriation	\$700,000
Health Services Account--State Appropriation (FY 2008)	\$1,000,000
Health Services Account--State Appropriation (FY 2009)	\$1,000,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$2,223,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$2,078,000
Data Processing Revolving Account--State Appropriation	\$6,288,000
TOTAL APPROPRIATION	\$20,129,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$2,340,000 of the general fund--state appropriation for fiscal year 2008 is provided solely to connect eastern state hospital to the integrated hospital information system, which is intended to improve operations and allow greater interactions between the hospital and community clinics, including electronic transmission of inpatient data to outpatient clinics that will provide care following discharge. Connection to this network will allow consultation with specialists and provide access to training for staff. Prior to any purchase of goods or services, a feasibility plan must be approved by the information services board.

(2) \$1,250,000 of the general fund--state appropriation for fiscal year 2009 is provided solely to support the operations of the digital learning commons.

(3) \$1,000,000 of the health services account appropriation for fiscal year 2008 and \$1,000,000 of the health services account appropriation for fiscal year 2009 are provided solely for a feasibility study and pilot project to develop an emergency medical response health management record system. The department shall contract for or conduct a feasibility study to determine whether the project can be done within the funds appropriated. If remaining funds are sufficient for implementation, the department shall contract to provide health management record services, such as those developed with patients in Whatcom county, to provide integrated care management that are web-services enabled. The record system developed by the pilot project will begin to provide services to emergency medical personnel within two years in at least King, Snohomish, Thurston, and Whatcom counties and the city of Vancouver. The requirements of the pilot project contract shall require the initial development of specific evaluation criteria and a report on the performance of the system according to those criteria no later than June 30, 2009.

(4) The department of information services shall form an interagency work group to conduct a review of the opportunities to improve access to online databases at lower costs for institutions of higher education and state agencies by utilizing the combined purchasing power of the state. In addition to the department of information services, the work group shall include representatives from the higher education coordinating board, the state board for community and technical colleges, the state library, the office of financial management, a research university, a regional university, a community college, the house of representatives, the senate, and at least two members of the public. The work group shall review approaches used in other states to provide cost efficient and equitable access to digital resources for faculty and students at public institutions of higher education, state employees, and the public, including review of the extent to which other states centrally fund group licenses. Based on this analysis, the department shall report its recommendations to the appropriate committees of the legislature by December 1, 2007.

(5) \$500,000 of the general fund--state appropriation for fiscal year 2008 and \$500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department of corrections, in consultation with the state health care authority, the association of sheriffs and police chiefs, the association of county officials, the state association of counties, and the association of Washington cities to conduct a demonstration project that facilitates and expedites the transfer of inmate health information between state and local correctional facilities. The

demonstration project shall include at least one county jail, one city jail, and one state correctional facility. The department shall use technology that could be expanded to include all correctional facilities in the state. Prior to December 31, 2008, the department shall complete an evaluation study of the demonstration project to include information on the costs necessary to implement a statewide program, anticipated savings created to state and local governments, the benefits of such a system, any relevant data from other states that have implemented similar statewide programs, and whether any statutory changes are necessary to implement a statewide system. The department may contract for development, implementation, and evaluation of the demonstration project.

(6) \$250,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for deposit into the data processing revolving account.

NEW SECTION. Sec. 144. FOR THE INSURANCE COMMISSIONER

General Fund--Federal Appropriation	\$1,525,000
Insurance Commissioners Regulatory Account--State Appropriation	\$42,342,000
TOTAL APPROPRIATION	\$43,867,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$464,000 of the insurance commissioners regulatory account--state appropriation is provided solely for implementation of Substitute House Bill No. 1532 or Engrossed Substitute Senate Bill No. 5717 (market conduct oversight). If neither bill is enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(2) \$71,000 of the insurance commissioners regulatory account--state appropriation is provided solely for the implementation of Senate Bill No. 5930 (recommendations of the blue ribbon commission on health care). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

NEW SECTION. Sec. 145. FOR THE BOARD OF ACCOUNTANCY

Certified Public Accountants' Account--State Appropriation	\$2,512,000
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NEW SECTION. Sec. 146. FOR THE FORENSIC INVESTIGATION COUNCIL

Death Investigations Account--State Appropriation	\$277,000
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The appropriation in this section is subject to the following conditions and limitations: \$250,000 of the death investigation account appropriation is provided solely for providing financial assistance to local jurisdictions in multiple death investigations. The forensic investigation council shall develop criteria for awarding these funds for multiple death investigations involving an unanticipated, extraordinary, and catastrophic event or those involving multiple jurisdictions.

NEW SECTION. Sec. 147. FOR THE HORSE RACING COMMISSION

Horse Racing Commission Operating Account--State Appropriation	\$5,361,000
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The appropriation in this section is subject to the following conditions and limitations: During the 2007-2009 fiscal biennium, the commission may increase license fees in excess of the fiscal growth factor as provided in RCW 43.135.055.

NEW SECTION. Sec. 148. FOR THE LIQUOR CONTROL BOARD

General Fund--State Appropriation (FY 2008)	\$1,715,000
General Fund--State Appropriation (FY 2009)	\$1,723,000
Liquor Control Board Construction and Maintenance Account--State Appropriation	\$8,517,000
Liquor Revolving Account--State Appropriation	\$188,179,000
TOTAL APPROPRIATION	\$200,134,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$1,277,000 of the liquor revolving account--state appropriation is provided solely for the implementation of increased information technology service support. The department shall submit a project plan to the department of information services for the implementation of increased information technology service support. Amounts provided in this subsection may not be expended without prior approval of the project plan by the department of information services. In approving the project plan, the department of information services shall ensure that the project is feasible, consistent with the architecture and infrastructure of the state, consistent with a statewide enterprise view of delivering services, and that the agency or state will be able to support the system in the future. The department of information services may require successful completion of each project phase prior to authorizing the agency to proceed with the project phase and may also require quality assurance plans.

(2) \$2,070,000 of the liquor revolving account--state appropriation is provided solely for the implementation of Senate Bill No. 5902 (Sunday sales). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(3) \$91,000 of the liquor revolving account--state appropriation is provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5859 (retail liquor licenses). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

NEW SECTION. Sec. 149. FOR THE BOARD FOR VOLUNTEER FIREFIGHTERS

Volunteer Firefighters' and Reserve Officers' Administrative Account--State Appropriation	\$1,019,000
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The appropriation in this section is subject to the following conditions and limitations: \$9,000 of the volunteer firefighters' and reserve officers' administrative account appropriation is provided solely to implement House Bill No. 1475 (additional board members). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

NEW SECTION. Sec. 150. FOR THE UTILITIES AND TRANSPORTATION COMMISSION

General Fund--State Appropriation (FY 2008)	\$160,000
Public Service Revolving Account--State Appropriation	\$29,461,000
Pipeline Safety Account--State Appropriation	\$2,978,000
Pipeline Safety Account--Federal Appropriation	\$1,535,000
TOTAL APPROPRIATION	\$34,134,000

The appropriations in this section are subject to the following conditions and limitations:

(1) In accordance with RCW 81.66.030, it is the policy of the state of Washington that the costs of regulating the companies transporting persons with special needs shall be borne by those companies. For each company or class of companies covered by RCW 81.66.030, the commission shall set fees at levels sufficient to fully cover the cost of supervising and regulating the companies or classes of companies. Pursuant to RCW 43.135.055, during the 2007-2009 fiscal biennium, the commission may increase fees in excess of the fiscal growth factor if the increases are necessary to fully fund the cost of supervision and regulation.

(2) In accordance with RCW 81.70.350, it is the policy of the state of Washington that the cost of regulating charter party carrier and excursion service carriers shall be borne by those entities. For each charter party carrier and excursion service carrier covered by RCW 81.70.350, the commission shall set fees at levels sufficient to fully cover the cost of supervising and regulating such carriers. Pursuant to RCW 43.135.055, during the 2007-2009 fiscal biennium, the commission may increase fees in excess of the fiscal growth factor if the increases are necessary to fully fund the cost of the program's supervision and regulation.

(3) The general fund--state appropriation for fiscal year 2008 is provided solely to conduct a survey to identify factors preventing the widespread availability and use of broadband technologies. The survey must collect and interpret reliable geographic, demographic, cultural, and telecommunications technology information to identify broadband disparities in the state. The commission shall consult appropriate stakeholders in designing the survey. The names and identification data of any person, household, or business participating in the survey are exempt from public disclosure under chapter 42.56 RCW. The commission shall report its findings to the appropriate legislative committees by December 31, 2007.

NEW SECTION. Sec. 151. FOR THE MILITARY DEPARTMENT

General Fund--State Appropriation (FY 2008)	\$11,203,000
General Fund--State Appropriation (FY 2009)	\$11,066,000
General Fund--Federal Appropriation	\$103,922,000
General Fund--Private/Local Appropriation	\$2,000
Enhanced 911 Account--State Appropriation	\$31,972,000
Disaster Response Account--State Appropriation	\$12,852,000
Disaster Response Account--Federal Appropriation	\$55,553,000
Military Department Rent and Lease Account--State Appropriation	\$374,000
Worker and Community Right-to-Know Account--State Appropriation	\$320,000
Nisqually Earthquake Account--State Appropriation	\$556,000
Nisqually Earthquake Account--Federal Appropriation	\$1,269,000
TOTAL APPROPRIATION	\$229,089,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$12,924,000 of the disaster response account--state appropriation and \$55,769,000 of the disaster response account--federal appropriation may be spent only on disasters declared by the governor and with the approval of the office of financial management. The military department shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on the disaster response account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2007-2009 biennium based on current revenue and expenditure patterns.

(2) \$556,000 of the Nisqually earthquake account--state appropriation and \$1,269,000 of the Nisqually earthquake account--federal appropriation are provided solely for response and recovery costs associated with the February 28, 2001, earthquake. The military department shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing earthquake recovery costs, including: (a) Estimates of total costs; (b) incremental changes from the previous estimate; (c) actual expenditures; (d) estimates of total remaining costs to be paid; and (e) estimates of future payments by biennium. This information shall be displayed by fund, by type of assistance, and by amount paid on behalf of state agencies or local organizations. The military department shall also submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on the Nisqually earthquake account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2007-2009 biennium based on current revenue and expenditure patterns.

(3) \$61,000,000 of the general fund--federal appropriation is provided solely for homeland security, subject to the following conditions:

(a) Any communications equipment purchased by local jurisdictions or state agencies shall be consistent with standards set by the Washington state interoperability executive committee;

(b) This amount shall not be allotted until a spending plan is reviewed by the governor's domestic security advisory group and approved by the office of financial management;

(c) The department shall submit a quarterly report to the office of financial management and the legislative fiscal committees detailing the governor's domestic security advisory group recommendations; homeland security revenues and expenditures, including estimates of total federal funding for the state; incremental changes from the previous estimate, planned and actual homeland security expenditures by the state and local governments with this federal funding; and matching or accompanying state or local expenditures; and

(d) The department shall submit a report by December 1st of each year to the office of financial management and the legislative fiscal committees detailing homeland security revenues and expenditures for the previous fiscal year by county and legislative district.

(4) Within the funds appropriated in this section, the department shall implement Substitute House Bill No. 1507 (uniformed service shared leave).

(5) \$1,250,000 of the general fund--state appropriation for fiscal year 2008 and \$1,250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the military department to contract with the Washington information network 2-1-1 to operate a statewide 2-1-1 system. The department shall provide the entire amount for 2-1-1 and shall not take any of the funds for administrative purposes.

NEW SECTION. Sec. 152. FOR THE PUBLIC EMPLOYMENT RELATIONS COMMISSION

General Fund--State Appropriation (FY 2008)	\$2,926,000
General Fund--State Appropriation (FY 2009)	\$2,970,000
Department of Personnel Service Account--State Appropriation	\$3,081,000
TOTAL APPROPRIATION	\$8,977,000

NEW SECTION. Sec. 153. FOR THE DEPARTMENT OF ARCHAEOLOGY AND HISTORIC PRESERVATION

General Fund--State Appropriation (FY 2008)	\$1,078,000
General Fund--State Appropriation (FY 2009)	\$1,055,000
General Fund--Federal Appropriation	\$1,593,000
General Fund--Private/Local Appropriation	\$14,000
TOTAL APPROPRIATION	\$3,740,000

The appropriations in this section are subject to the following conditions and limitations: \$30,000 of the general fund--state appropriation for fiscal year 2008 and \$30,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement Substitute Senate Bill No. 5542 (barn preservation). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 154. FOR THE GROWTH MANAGEMENT HEARINGS BOARD

General Fund--State Appropriation (FY 2008)	\$1,844,000
General Fund--State Appropriation (FY 2009)	\$1,860,000
TOTAL APPROPRIATION	\$3,704,000

NEW SECTION. Sec. 155. FOR THE STATE CONVENTION AND TRADE CENTER

State Convention and Trade Center Account--State Appropriation	\$36,910,000
State Convention and Trade Center Operating Account--State Appropriation	\$53,748,000
TOTAL APPROPRIATION	\$90,658,000

**PART II
HUMAN SERVICES**

NEW SECTION. Sec. 201. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES. (1) Appropriations made in this act to the department of social and health services shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act except as expressly provided in this act, nor shall allotment modifications permit moneys that are provided solely for a specified purpose to be used for other than that purpose.

(2) The department of social and health services shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(3) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act.

(4) The department is authorized to develop an integrated health care program designed to slow the progression of illness and disability and better manage medicaid expenditures for the aged and disabled population. Under this Washington medicaid integration partnership (WMIP) the department may combine and transfer such medicaid funds appropriated under sections 204, 206, 208, and 209 of this act as may be necessary to finance a unified health care plan for the WMIP program enrollment. The WMIP pilot projects shall not exceed a daily enrollment

of 13,000 persons during the 2007-2009 biennium. The amount of funding assigned to the pilot projects from each program may not exceed the average per capita cost assumed in this act for individuals covered by that program, actuarially adjusted for the health condition of persons enrolled in the pilot, times the number of clients enrolled in the pilot. In implementing the WMIP pilot projects, the department may: (a) Withhold from calculations of "available resources" as set forth in RCW 71.24.025 a sum equal to the capitated rate for individuals enrolled in the pilots; and (b) employ capitation financing and risk-sharing arrangements in collaboration with health care service contractors licensed by the office of the insurance commissioner and qualified to participate in both the medicaid and medicare programs. The department shall conduct an evaluation of the WMIP, measuring changes in participant health outcomes, changes in patterns of service utilization, participant satisfaction, participant access to services, and the state fiscal impact.

NEW SECTION. Sec. 202. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--CHILDREN IN FAMILIES ADMINISTRATION

General Fund--State Appropriation (FY 2008)	\$308,846,000
General Fund--State Appropriation (FY 2009)	\$316,164,000
General Fund--Federal Appropriation	\$477,500,000
General Fund--Private/Local Appropriation	\$500,000
Domestic Violence Prevention Account--State Appropriation	\$1,000,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$3,251,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$3,254,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$2,934,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$2,934,000
Pension Funding Stabilization Account--State Appropriation	\$2,298,000
TOTAL APPROPRIATION	\$1,118,681,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$3,063,000 of the general fund--state appropriation for fiscal year 2008 and \$3,063,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the category of services titled "intensive family preservation services."

(2) \$945,000 of the general fund--state appropriation for fiscal year 2008 and \$993,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to contract for the operation of one pediatric interim care facility. The facility shall provide residential care for up to thirteen children through two years of age. Seventy-five percent of the children served by the facility must be in need of special care as a result of substance abuse by their mothers. The facility shall also provide on-site training to biological, adoptive, or foster parents. The facility shall provide at least three months of consultation and support to parents accepting placement of children from the facility. The facility may recruit new and current foster and adoptive parents for infants served by the facility. The department shall not require case management as a condition of the contract.

(3) \$375,000 of the general fund--state appropriation for fiscal year 2008, \$375,000 of the general fund--state appropriation for fiscal year 2009, and \$322,000 of the general fund--federal appropriation are provided solely for up to three nonfacility-based programs for the training, consultation, support, and recruitment of biological, foster, and adoptive parents of children through age three in need of special care as a result of substance abuse by their mothers, except that each program may serve up to three medically fragile nonsubstance-abuse-affected children. In selecting nonfacility-based programs, preference shall be given to programs whose federal or private funding sources have expired or that have successfully performed under the existing pediatric interim care program.

(4) \$125,000 of the general fund--state appropriation for fiscal year 2008 and \$125,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a foster parent retention program. This program is directed at foster parents caring for children who act out sexually.

(5) The providers for the 31 HOPE beds shall be paid a \$1,000 base payment per bed per month, and reimbursed for the remainder of the bed cost only when the beds are occupied.

(6) Within amounts provided for the foster care and adoption support programs, the department shall control reimbursement decisions for foster care and adoption support cases such that the aggregate average cost per case for foster care and for adoption support does not exceed the amounts assumed in the projected caseload expenditures.

(7) Within amounts appropriated in this section, priority shall be given to proven intervention models, including evidence-based prevention and early intervention programs identified by the Washington state institute for public policy and the department. The department shall include information on the number, type, and outcomes of the evidence-based programs being implemented in its reports on child welfare reform efforts.

(8) \$500,000 of the general fund--state appropriation for fiscal year 2008, \$500,000 of the general fund--state appropriation for fiscal year 2009, and \$429,000 of the general fund--federal appropriation are provided solely to increase services provided through children's advocacy centers.

(9) \$50,000 of the general fund--state appropriation for fiscal year 2008 and \$50,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a street youth program in Spokane.

(10) \$2,000,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for a pilot project in Clark county to identify reactive attachment disorder in children and provide them with appropriate and recommended intervention services. The pilot project shall be open to children receiving services from the department's children's administration division. The department shall contract with a social service provider in Clark county to deliver a comprehensive and integrated approach to the assessment, diagnosis, and treatment of reactive attachment disorder. The goal of the pilot project is to develop an intake tool and evidence-based intervention services to permit early recognition and treatment of children with reactive attachment disorder served by the department's children's administration division.

(11) \$858,000 of the general fund--state appropriation for fiscal year 2008, \$809,000 of the general fund--state appropriation for fiscal year 2009, and \$715,000 of the general fund--federal appropriation are provided solely to implement Engrossed Substitute Senate Bill No. 5774 (background checks). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(12) \$4,962,000 of the general fund--state appropriation for fiscal year 2008, \$4,586,000 of the general fund--state appropriation for fiscal year 2009, and \$9,548,000 of the general fund--federal appropriation are provided solely for development and implementation of a statewide automated child welfare information system.

(13) \$126,000 of the general fund--state appropriation for fiscal year 2009 and \$55,000 of the general fund--federal appropriation are provided solely to implement Engrossed Substitute Senate Bill No. 5321 (addressing child welfare). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(14) \$1,250,000 of the general fund--state appropriation for fiscal year 2008 and \$1,250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement Engrossed Substitute Senate Bill No. 5909 (needs of children who have been in foster care). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(15) \$3,150,000 of the general fund--state appropriation for fiscal year 2008, \$3,200,000 of the general fund--state appropriation for fiscal year 2009, and \$3,600,000 of the general fund--federal appropriation are provided solely to expand the department's provision of court-ordered remedial services to parents and caregivers involved in dependency proceedings who are determined by the court to be unable to pay for services. Remedial services are those defined in the federal adoption and safe families act as time-limited family reunification services. Remedial services include individual, group, and family counseling; substance abuse treatment services; mental health services; assistance to address domestic violence; services designed to provide temporary child care and therapeutic services for families; and transportation to or from any of the above services and activities. This subsection does not create an entitlement to services.

(16) \$137,000 of the general fund--state appropriation for fiscal year 2008, \$137,000 of the general fund--state appropriation for fiscal year 2009, and \$118,000 of the general fund--federal appropriation are provided solely for implementation of Substitute House Bill No. 1287 (foster children). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(17) \$50,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the department to contract with the Washington state institute for public policy to study evidence-based, cost-effective programs and policies to reduce the likelihood of children entering and remaining in the child welfare system, including both prevention and intervention programs. If the department does not receive \$100,000 in matching funds from a private organization, the amount provided in this subsection shall lapse. The study shall be completed by April 30, 2008. The department shall cooperate with the institute in facilitating access to data in their administrative systems.

(18) The department shall cooperate with the Washington state institute for public policy in facilitating access to data in their administrative systems regarding a cost-benefit analysis of the program providing legal representation to parents involved in dependency or termination proceedings.

(19) The department shall continue spending levels for continuum of care in region one at the same level allotted during the 2005-2007 biennium.

(20) Within the amounts provided, the department shall develop and implement a two-tiered reimbursement rate schedule for children from birth to twenty-four months of age and children twenty-five months of age through age five served by the medicaid treatment child care program. The department shall work in collaboration with contracted providers of the program to develop the rate schedule, taking into consideration such factors as higher staff level and small group size requirements for each age group. The department shall implement the rate schedule no later than January 1, 2008, and neither reimbursement rate in the two-tiered schedule shall be lower than the reimbursement rate level from the 2007 fiscal year.

NEW SECTION. Sec. 203. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--JUVENILE REHABILITATION PROGRAM

General Fund--State Appropriation (FY 2008)	\$86,351,000
General Fund--State Appropriation (FY 2009)	\$88,252,000
General Fund--Federal Appropriation	\$5,712,000
General Fund--Private/Local Appropriation	\$1,098,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$19,544,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$19,737,000
Juvenile Accountability Incentive Account--Federal Appropriation	\$2,510,000
Pension Funding Stabilization Account--State Appropriation	\$2,200,000
TOTAL APPROPRIATION	\$225,404,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$353,000 of the violence reduction and drug enforcement account appropriation for fiscal year 2008 and \$353,000 of the violence reduction and drug enforcement account appropriation for fiscal year 2009 are provided solely for deposit in the county criminal justice assistance account for costs to the criminal justice system associated with the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county adult court costs associated with the implementation of chapter 338, Laws of 1997 and shall be distributed in accordance with RCW 82.14.310.

(2) \$3,078,000 of the violence reduction and drug enforcement account appropriation and \$1,425,000 of the general fund--state appropriation for fiscal year 2008 and \$3,078,000 of the violence reduction and drug enforcement account appropriation and \$1,425,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county impacts associated with the implementation of chapter 338, Laws of 1997 and shall be distributed to counties as prescribed in the current consolidated juvenile services (CJS) formula.

(3) \$1,030,000 of the general fund--state appropriation and \$2,686,000 of the violence reduction and drug enforcement account appropriation for fiscal year 2008 and \$1,030,000 of the general fund--state appropriation and \$2,686,000 of the violence reduction and drug enforcement account appropriation for fiscal year 2009 are provided solely to implement community juvenile accountability grants pursuant to chapter 338, Laws of 1997 (juvenile code revisions). Funds provided in this subsection may be used solely for community juvenile accountability grants, administration of the grants, and evaluations of programs funded by the grants.

(4) \$1,506,000 of the violence reduction and drug enforcement account appropriation for fiscal year 2008 and \$1,506,000 of the violence reduction and drug enforcement account appropriation for fiscal year 2009 are provided solely to implement alcohol and substance abuse treatment programs for locally committed offenders. The juvenile rehabilitation administration shall award these moneys on a competitive basis to counties that submitted a plan for the provision of services approved by the division of alcohol and substance abuse. The juvenile rehabilitation administration shall develop criteria for evaluation of plans submitted and a timeline for awarding funding and shall assist counties in creating and submitting plans for evaluation.

(5) \$2,669,000 of the general fund--state appropriation for fiscal year 2008 and \$3,066,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for grants to county juvenile courts for the following programs identified by the Washington state institute for public policy (institute) in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Functional family therapy, multi-systemic therapy, aggression replacement training and interagency coordination programs. County juvenile courts shall apply to the juvenile rehabilitation administration for funding for program-specific participation and the administration shall provide grants to the courts consistent with the per-participant treatment costs identified by the institute.

(6) \$1,287,000 of the general fund--state appropriation for fiscal year 2008 and \$1,287,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for expansion of the following programs in juvenile rehabilitation administration institutions identified by the Washington state institute for public policy in its October 2006 report: "Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs and Crime Rates": Multidimensional treatment foster care, family integrated transitions and aggression replacement training. The administration may concentrate delivery of these programs at a limited number of institutions to deliver the treatments in a cost-effective manner.

(7) The juvenile rehabilitation administration shall provide a block grant, rather than categorical funding, for consolidated juvenile services, community juvenile accountability act grants, the chemically dependent disposition alternative, and the special sex offender disposition to three county juvenile courts, or groups of courts, including the Pierce county juvenile court. To evaluate the effect of decategorizing funding for youth services, the juvenile court shall:

- (a) Develop intermediate client outcomes according to the risk assessment tool currently used by juvenile courts and in coordination with the juvenile rehabilitation administration;
- (b) Track the number of youth participating in each type of service, intermediate outcomes, and the incidence of recidivism within twenty-four months of completion of services;
- (c) Track similar data as in (b) of this subsection with an appropriate comparison group, selected in coordination with the juvenile rehabilitation administration and the family policy council;
- (d) Document the process for managing block grant funds on a quarterly basis and provide this report to the juvenile rehabilitation administration and the family policy council; and
- (e) Provide a process evaluation to the juvenile rehabilitation administration and the family policy council by June 20, 2008, and a concluding report by June 30, 2009. The courts shall develop this evaluation in consultation with the juvenile rehabilitation administration, the family policy council, and the Washington state institute for public policy.

NEW SECTION. Sec. 204. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MENTAL HEALTH PROGRAM

(1) COMMUNITY SERVICES/REGIONAL SUPPORT NETWORKS

General Fund--State Appropriation (FY 2008)	\$300,175,000
General Fund--State Appropriation (FY 2009)	\$312,172,000
General Fund--Federal Appropriation	\$378,358,000
General Fund--Private/Local Appropriation	\$11,948,000
TOTAL APPROPRIATION	\$1,002,653,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$105,583,000 of the general fund--state appropriation for fiscal year 2008 and \$106,707,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for persons and services not covered by the medicaid program. These funds shall be distributed proportionally to each regional support network's percentage of the total state population. Included in these amounts are inflationary increases of 1.6 percent effective July 2007 and an additional 1.0 percent effective July 2008.

(b) \$16,900,000 of the general fund--state appropriation for fiscal year 2008 and \$16,900,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department and regional support networks to contract for development and initial implementation of high-intensity program for active community treatment (PACT) teams, and other proven program approaches which the department concurs will enable the regional support network to achieve significant reductions during fiscal year 2008 and thereafter in the number of beds the regional support network would otherwise need to use at the state hospitals.

(c) The number of nonforensic beds allocated for use by regional support networks at eastern state hospital shall be 222 per day throughout fiscal year 2008. Beginning January 1, 2009, the number of nonforensic beds allocated for use by regional support networks at eastern state hospital shall be 192 per day. The number of nonforensic beds allocated for use by regional support networks at western state hospital shall

be 777 per day during the first and second quarters of fiscal year 2008, and 677 per day from January 2008 through August 2008. Beginning September 2008, the number of nonforensic beds allocated for use by regional support networks at western state hospital shall be 647 per day until May 2009, at which time the bed allocation shall be 617 beds per day. Beginning January 2008, beds in the program for adaptive living skills (PALS) are not included in the preceding bed allocations. Beginning that month, the department shall separately charge regional support networks for persons served in the PALS program and for use of state hospital beds for short-term commitments.

(d) From the general fund--state appropriations in this subsection, the secretary of social and health services shall assure that regional support networks reimburse the aging and disability services administration for the general fund--state cost of medicaid personal care services that enrolled regional support network consumers use because of their psychiatric disability.

(e) Within amounts appropriated in this subsection, the department shall contract with the Clark county regional support network for development and operation of a project demonstrating collaborative methods for providing intensive mental health services in the school setting for severely emotionally disturbed children who are medicaid eligible. Project services shall be delivered by teachers and teaching assistants who qualify as, or who are under the supervision of, mental health professionals meeting the requirements of chapter 275-57 WAC. The department shall increase medicaid payments to the regional support network by the amount necessary to cover the necessary and allowable costs of the demonstration, not to exceed the upper payment limit specified for the regional support network in the department's medicaid waiver agreement with the federal government after meeting all other medicaid spending requirements assumed in this subsection. The regional support network shall provide the required nonfederal share of the increased medicaid payment provided for operation of this project.

(f) At least \$902,000 of the federal block grant funding appropriated in this subsection shall be used for the continued operation of the mentally ill offender pilot program.

(g) \$5,147,000 of the general fund--state appropriation for fiscal year 2008 and \$5,242,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for mental health services for mentally ill offenders while confined in a county or city jail and for facilitating access to programs that offer mental health services upon mentally ill offenders' release from confinement. The department is authorized to transfer up to \$418,000 of these amounts each fiscal year to the economic services program for purposes of facilitating prompt access after their release from confinement to medical and income assistance services for which defendants and offenders may be eligible.

(h) \$1,548,000 of the general fund--state appropriation for fiscal year 2008 and \$1,579,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for grants for innovative mental health service delivery projects. Such projects may include, but are not limited to, clubhouse programs and projects for integrated health care and behavioral health services for general assistance recipients. These amounts shall supplement, and not supplant, local or other funding currently being used for activities funded under the projects authorized in this subsection.

(i) The department is authorized to continue to expend federal block grant funds and special purpose federal grants through direct contracts, rather than through contracts with regional support networks, and to allocate such funds through such formulas as it shall adopt.

(j) The department is authorized to continue to contract directly, rather than through contracts with regional support networks, for children's long-term inpatient facility services.

(k) \$2,250,000 of the general fund--state appropriation for fiscal year 2008, \$2,250,000 of the general fund--state appropriation for fiscal year 2009, and \$4,500,000 of the general fund--federal appropriation are provided solely for the continued operation of community residential and support services for persons who are older adults or who have co-occurring medical and behavioral disorders and who have been discharged or diverted from a state psychiatric hospital. These funds shall be used to serve individuals whose treatment needs constitute substantial barriers to community placement, who no longer require active psychiatric treatment at an inpatient hospital level of care, and who no longer meet the criteria for inpatient involuntary commitment. Coordination of these services will be done in partnership between the mental health program and the aging and disability services administration.

(l) \$774,000 of the general fund--state appropriation for fiscal year 2008 and \$789,000 of the general fund--state appropriation for fiscal year 2009 are provided to continue performance-based incentive contracts to provide appropriate community support services for individuals with severe mental illness who were discharged from the state hospitals as part of the expanding community services initiative during the 2003-05 biennium. These funds will be used to enhance community residential and support services provided by regional support networks through other state and federal funding.

(m) \$796,000 of the general fund--state appropriation for fiscal year 2008, \$1,422,000 of the general fund--state appropriation for fiscal year 2009, and \$908,000 of the general fund--federal appropriation are provided solely to phase-in new payment rates for medicaid psychiatric inpatient services. Under the new system, consistent with the way rates are set for the treatment of physical illnesses, payment rates for psychiatric inpatient care are to be set at the statewide industry average per diem cost, adjusted for regional wage differences and for differences in capital costs. To facilitate the transition to this new system, for hospitals that are expected to provide over 200 patient days of inpatient psychiatric care per year, rates shall not increase by more than an additional 10 percent each year, nor decrease by more than an additional 5 percent each year, until all hospitals are paid at the adjusted statewide average rate.

(n) \$5,077,000 of the general fund--state appropriation for fiscal year 2008 and \$5,077,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to increase payment rates for nonmedicaid psychiatric inpatient services above fiscal year 2005 levels. The department shall pay a standard statewide per diem rate for nonmedicaid psychiatric inpatient services, adjusted for regional wage differences, and hospital-specific capital and medical education costs, with no provision for phase-in.

(o) \$3,093,000 of the general fund--state appropriation and \$1,902,000 of the general fund--federal appropriation for fiscal year 2008 are provided solely to increase compensation for community mental health direct care staff effective January 2008. \$9,454,000 of the general fund--state appropriation and \$5,905,000 of the general fund--federal appropriation for fiscal year 2009 are provided solely to continue the January 2008 increase, and to provide an additional compensation increase for direct care staff effective January 2009. As used in this subsection, "direct care staff" means persons employed by community mental health agencies whose primary responsibility is providing direct treatment and support to people with mental illness. The term excludes employees whose duties are primarily administrative, and contractors. In order to obtain compensation pass-through funding, a community mental health agency must first provide a plan and budget to its regional support

network demonstrating how the full amount of the pass-through, except for the appropriate employer share of applicable payroll taxes, will be used to increase wages or benefits for direct care staff. Upon approval of the plan, in order to access the funds, the agency must submit to the regional support network and to the department of social and health services a legally binding written certification that it will increase compensation for its direct care staff as provided in the plan and budget. An agency's plan shall be approved and it shall be deemed to have met the certification requirement by submitting an executed collective bargaining agreement that increases compensation for direct care staff by an amount commensurate with the additional funding provided. If judged appropriate by the regional support network or the department, participating agencies shall be audited to determine whether their certification has been fulfilled.

(p) Within funds provided in this subsection (1), medicaid capitation rates shall be increased by 1.6 percent effective July 2007, and by an additional 1.0 percent effective July 2008.

(q) \$2,071,000 of the general fund--state appropriation for fiscal year 2008 and \$1,733,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Substitute House Bill No. 1456 (mental health professionals). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse. For purposes of organizing and delivering training as required by the bill, the department may retain up to fifteen percent of the amount appropriated for fiscal year 2008, and up to ten percent of the amount appropriated for fiscal year 2009. The remainders shall be distributed to regional support networks proportional to each network's percentage of the total state population.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2008)	\$128,971,000
General Fund--State Appropriation (FY 2009)	\$119,903,000
General Fund--Federal Appropriation	\$142,713,000
General Fund--Private/Local Appropriation	\$52,563,000
Pension Funding Stabilization Account--State Appropriation	\$7,058,000
TOTAL APPROPRIATION	\$451,208,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The state mental hospitals may use funds appropriated in this subsection to purchase goods and supplies through hospital group purchasing organizations when it is cost-effective to do so.

(b) \$45,000 of the general fund--state appropriation for fiscal year 2008 and \$45,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for payment to the city of Lakewood for police services provided by the city at western state hospital and adjacent areas.

(c) \$18,575,000 of the general fund--state appropriation for fiscal year 2008 and \$9,675,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to operate on a temporary basis five additional adult civil commitment wards at the state psychiatric hospitals. The legislature intends for these wards to close, on a phased basis, during the 2007-09 biennium as a result of targeted investments in community services for persons who would otherwise need care in the hospitals.

(d) \$125,000 of the general fund--state appropriation for fiscal year 2008 and \$125,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for safety training and for protective equipment for staff at eastern and western state hospitals. Protective equipment shall include shields, helmets, gloves, and body protection.

(3) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2008)	\$1,015,000
General Fund--State Appropriation (FY 2009)	\$1,003,000
General Fund--Federal Appropriation	\$3,047,000
TOTAL APPROPRIATION	\$5,065,000

(4) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2008)	\$4,820,000
General Fund--State Appropriation (FY 2009)	\$4,816,000
General Fund--Federal Appropriation	\$7,366,000
TOTAL APPROPRIATION	\$17,002,000

The appropriations in this subsection are subject to the following conditions and limitations: \$125,000 of the general fund--state appropriation for fiscal year 2008, \$125,000 of the general fund--state appropriation for fiscal year 2009, and \$164,000 of the general fund--federal appropriation are provided solely for the institute for public policy to continue the longitudinal analysis directed in chapter 334, Laws of 2001 (mental health performance audit), to build upon the evaluation of the impacts of chapter 214, Laws of 1999 (mentally ill offenders), and to assess program outcomes and cost effectiveness of the children's mental health pilot projects as required by chapter 372, Laws of 2006.

NEW SECTION. Sec. 205. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--DEVELOPMENTAL DISABILITIES PROGRAM

(1) COMMUNITY SERVICES

General Fund--State Appropriation (FY 2008)	\$346,918,000
General Fund--State Appropriation (FY 2009)	\$377,897,000

General Fund--Federal Appropriation	\$635,925,000
TOTAL APPROPRIATION	\$1,360,740,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$615,000 of the general fund--state appropriation for fiscal year 2008, \$892,000 of the general fund--state appropriation for fiscal year 2009, and \$2,546,011 of the general fund--federal appropriation are provided solely for health care benefits for agency home care workers who are employed through state contracts for at least twenty hours a week. The state contribution to the cost of health care benefits per participating worker per month shall be no greater than \$532.00 in fiscal year 2008 and \$585.00 in fiscal year 2009.

(b) Individuals receiving family support or high school transition payments as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(c) \$4,903,000 of the general fund--state appropriation for fiscal year 2008, \$9,295,000 of the general fund--state appropriation for fiscal year 2009, and \$15,016,000 of the general fund--federal appropriation are provided solely for community residential and support services. Funding in this subsection shall be prioritized for (i) residents of residential habilitation centers who are able to be adequately cared for in community settings and who choose to live in those community settings; (ii) clients without residential services who are at immediate risk of institutionalization or in crisis; (iii) children who are at risk of institutionalization or who are aging out of other state services; and (iv) current home and community-based waiver program clients who have been assessed as having an immediate need for increased services. The department shall ensure that the average cost per day for all program services other than start-up costs shall not exceed \$300. In order to maximize the number of clients served and ensure the cost-effectiveness of the waiver programs, the department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds, provided the total projected carry-forward expenditures do not exceed the amounts estimated. The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of persons served with these additional community services, where they were residing, what kinds of services they were receiving prior to placement, and the actual expenditures for all community services to support these clients.

(d) \$2,799,000 of the general fund--state appropriation for fiscal year 2008, \$5,961,000 of the general fund--state appropriation for fiscal year 2009, and \$9,268,000 of the general fund--federal appropriation are provided solely for expanded community services for persons with developmental disabilities who also have community protection issues. Funding in this subsection shall be prioritized for (i) clients being diverted or discharged from the state psychiatric hospitals; (ii) clients participating in the dangerous mentally ill offender program; (iii) clients participating in the community protection program; and (iv) mental health crisis diversion outplacements. The department shall ensure that the average cost per day for all program services other than start-up costs shall not exceed \$349 in fiscal year 2008 and \$356 in fiscal year 2009. In order to maximize the number of clients served and ensure the cost-effectiveness of the waiver programs, the department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds if the total projected carry-forward expenditures do not exceed the amounts estimated. The department shall implement the four new waiver programs such that decisions about enrollment levels and the amount, duration, and scope of services maintain expenditures within appropriations. The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of persons served with these additional community services, where they were residing, what kinds of services they were receiving prior to placement, and the actual expenditures for all community services to support these clients.

(e) \$13,598,000 of the general fund--state appropriation for fiscal year 2008, \$16,354,000 of the general fund--state appropriation for fiscal year 2009, and \$8,579,000 of the general fund--federal appropriation are provided solely for family support programs for individuals with developmental disabilities. Of the amounts provided in this subsection (e), \$1,096,000 of the general fund--state appropriation for fiscal year 2008 and \$3,852,000 of the general fund--state appropriation for fiscal year 2009 are for state-only services for individuals with developmental disabilities, as described in Second Substitute Senate Bill No. 5467 (developmental disabilities).

(f) \$1,380,000 of the general fund--state appropriation for fiscal year 2008, \$3,817,000 of the general fund--state appropriation for fiscal year 2009, and \$1,103,000 of the general fund--federal appropriation are provided solely for employment and day services. Priority consideration for this new funding shall be young adults with developmental disabilities living with their family who need employment opportunities and assistance after high school graduation. Services shall be provided for both waiver and nonwaiver clients. In order to maximize the number of clients served, the department may serve additional nonwaiver clients with unspent funds for waiver clients, provided the total projected carry-forward expenditures do not exceed the amounts estimated.

(g) \$218,000 of the general fund--state appropriation for fiscal year 2008 and \$205,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Second Substitute Senate Bill No. 5467 (developmental disabilities). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(h) \$6,223,000 of the general fund--state appropriation for fiscal year 2008, \$11,665,000 of the general fund--state appropriation for fiscal year 2009, and \$18,917,000 of the general fund--federal appropriation are provided solely for rate increases for community residential providers, including supported living and group homes. Of this amount, \$3,342,000 of the general fund--state appropriation for fiscal year 2009 and \$6,893,000 of the general fund--federal appropriation are provided solely for administrative rates only to those agencies whose average administrative rates are below the rate standard for their programs.

(i) \$1,164,000 of the general fund--state appropriation for fiscal year 2008, \$1,525,000 of the general fund--state appropriation for fiscal year 2009, and \$2,840,000 of the general fund--federal appropriation are provided solely for vendor rate increases for adult family homes and boarding homes, including those currently receiving exceptional rates.

(j) \$24,000 of the general fund--state appropriation for fiscal year 2008, \$25,000 of the general fund--state appropriation for fiscal year 2009, and \$51,000 of the general fund--federal appropriation are provided solely for an annual increase in the personal needs allowance, as required by Substitute Senate Bill No. 5517 (personal needs allowance). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2008)	\$73,783,000
General Fund--State Appropriation (FY 2009)	\$73,916,000
General Fund--Federal Appropriation	\$160,884,000
General Fund--Private/Local Appropriation	\$21,613,000
Pension Funding Stabilization Account--State Appropriation	\$5,614,000
TOTAL APPROPRIATION	\$335,810,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The developmental disabilities program is authorized to use funds appropriated in this section to purchase goods and supplies through direct contracting with vendors when the program determines it is cost-effective to do so.

(b) \$10,000 of the general fund--state appropriation for fiscal year 2008, \$10,000 of the general fund--state appropriation for fiscal year 2009, and \$21,000 of the general fund--federal appropriation are provided solely for an annual increase in the personal needs allowance as required by Substitute Senate Bill No. 5517 (personal needs allowance). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(c) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for services provided to community clients provided by licensed professionals at the state rehabilitation centers. The division shall submit claims for reimbursement for services provided to clients living in the community to medical assistance or third-party health care coverage, as appropriate, and shall implement a system for billing clients without coverage.

(3) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2008)	\$2,207,000
General Fund--State Appropriation (FY 2009)	\$2,266,000
General Fund--Federal Appropriation	\$2,700,000
TOTAL APPROPRIATION	\$7,173,000

The appropriations in this subsection are subject to the following conditions and limitations: As part of the needs assessment instrument, the department shall collect data on family income for minor children with developmental disabilities and all individuals who are receiving state-only funded services. The department shall ensure that this information is collected as part of the client assessment process.

(4) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2008)	\$17,000
General Fund--State Appropriation (FY 2009)	\$15,000
General Fund--Federal Appropriation	\$16,708,000
TOTAL APPROPRIATION	\$16,740,000

NEW SECTION. Sec. 206. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--AGING AND ADULT SERVICES PROGRAM

General Fund--State Appropriation (FY 2008)	\$700,056,000
General Fund--State Appropriation (FY 2009)	\$746,395,000
General Fund--Federal Appropriation	\$1,537,437,000
General Fund--Private/Local Appropriation	\$19,001,000
Pension Funding Stabilization Account--State Appropriation	\$1,448,000
TOTAL APPROPRIATION	\$3,004,337,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$10,456,000 of the general fund--state appropriation for fiscal year 2008, \$11,370,000 of the general fund--state appropriation for fiscal year 2009, and \$26,778,000 of the general fund--federal appropriation are provided solely for health care benefits for agency home care workers who are employed through state contracts for at least twenty hours a week. The state contribution to the cost of health care benefits per eligible participating worker per month shall be no greater than \$532.00 in fiscal year 2008 and \$585.00 per month in fiscal year 2009.

(2) For purposes of implementing chapter 74.46 RCW, the weighted average nursing facility payment rate shall not exceed \$156.73 for fiscal year 2008 and shall not exceed \$165.60 for fiscal year 2009. For all nursing facilities, the direct care, therapy care, support services, and operations component rates established in accordance with chapter 74.46 RCW shall be adjusted for economic trends and conditions by 3.2 percent effective July 1, 2007.

(3) In accordance with Substitute Senate Bill No. 5905 (capital authorization), the department shall issue certificates of capital authorization that result in up to \$16,000,000 of increased asset value completed and ready for occupancy in fiscal year 2008; up to \$16,000,000 of increased asset value completed and ready for occupancy in fiscal year 2009; and up to \$16,000,000 of increased asset value completed and ready for occupancy in fiscal year 2010. If Substitute Senate Bill No. 5905 is not enacted by June 30, 2007, the department shall issue certificates of capital authorization in the amounts in this subsection in accordance with chapter 74.46 RCW.

(4) Adult day health services shall not be considered a duplication of services for persons receiving care in long-term care settings licensed under chapter 18.20, 72.36, or 70.128 RCW.

(5) In accordance with chapter 74.39 RCW, the department may implement two medicaid waiver programs for persons who do not qualify for such services as categorically needy, subject to federal approval and the following conditions and limitations:

(a) One waiver program shall include coverage of care in community residential facilities. Enrollment in the waiver shall not exceed 600 persons at any time.

(b) The second waiver program shall include coverage of in-home care. Enrollment in this second waiver shall not exceed 200 persons at any time.

(c) The department shall identify the number of medically needy nursing home residents, and enrollment and expenditures on each of the two medically needy waivers, on monthly management reports.

(d) If it is necessary to establish a waiting list for either waiver because the budgeted number of enrollment opportunities has been reached, the department shall track how the long-term care needs of applicants assigned to the waiting list are met.

(6) \$1,804,000 of the general fund--state appropriation for fiscal year 2008 and \$1,804,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for operation of the volunteer chore services program.

(7) The department shall establish waiting lists to the extent necessary to assure that annual expenditures on the community options program entry systems (COPES) program do not exceed appropriated levels. In establishing and managing any such waiting list, the department shall assure priority access to persons with the greatest unmet needs, as determined by department assessment processes.

(8) \$125,000 of the general fund--state appropriation for fiscal year 2008, \$125,000 of the general fund--state appropriation for fiscal year 2009, and \$250,000 of the general fund--federal appropriation are provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5930 (blue ribbon commission). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(9)(a) \$14,250,000 of the fiscal year 2009 general fund--state appropriation and \$15,145,000 of the general fund--federal appropriation are provided solely to increase nursing facility payment rates.

(b) \$250,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the department to contract with an outside entity to review the current payment methodologies for nursing homes, boarding homes, and adult family homes and make recommendations for revisions to, restructuring of, or replacement of existing payment methodologies no later than October 1, 2007, to the governor and the appropriate fiscal and policy committees of the legislature.

A joint legislative task force on long-term care residential facility payment systems is established to review the report and make recommendations to the legislature no later than December 31, 2007. The task force shall consist of eight legislators. The president of the senate shall appoint two members of the majority caucus and two members of the minority caucus. The speaker of the house of representatives shall appoint two members of the majority caucus and two members of the minority caucus. Each body shall select members of committees with jurisdiction over health and long-term care and fiscal matters. The task force shall give strong consideration to the report of the outside entity, as well as the following principles in the course of its deliberation:

(i) A continuum of residential care settings should be available to medicaid-eligible adults so as to honor consumer choice;

(ii) Payment methodologies for care provided in adult family homes, boarding homes, and nursing homes should be based upon resident acuity, with payment rates that recognize the impact of differing state and federal regulatory requirements upon facility costs, but also address current disparities in payments to facilities serving residents with similar nursing or personal care needs;

(iii) Payment methodologies should be designed to support retention of qualified direct care staff through training, wages, and benefits offered to direct care staff, with special consideration given to nursing homes, boarding homes, and adult family homes that care for a disproportionate number of medicaid-eligible residents relative to their peer facilities;

(iv) Performance measures related to critical issues such as staff retention and resident outcomes should be developed, with payment linked to facility performance on the measures; and

(v) Payment methodologies should be simplified, with greater ease of administration for the department and providers, and greater predictability and stability in payments.

The task force expires December 31, 2007.

(10) \$7,998,000 of the general fund--state appropriation for fiscal year 2008, \$10,736,000 of the general fund--state appropriation for fiscal year 2009, and \$19,561,000 of the general fund--federal appropriation are provided solely for vendor rate increases for adult family homes and boarding homes, including those currently receiving exceptional rates.

(11) \$215,000 of the general fund--state appropriation for fiscal year 2008, \$223,000 of the general fund--state appropriation for fiscal year 2009, and \$462,000 of the general fund--federal appropriation are provided solely for an annual increase in the personal needs allowance as required by Substitute Senate Bill No. 5517 (personal needs allowance). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(12) \$52,000 of the general fund--state appropriation for fiscal year 2008, \$44,000 of the general fund--state appropriation for fiscal year 2009, and \$95,000 of the general fund--federal appropriation are provided solely to implement Substitute Senate Bill No. 5285 or Substitute House Bill No. 1246 (residential services). If neither bill is enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(13) Within amounts appropriated in this section, the department is authorized to expand the number of boarding homes and adult family homes that receive exceptional care rates for persons with Alzheimer's disease and related dementias who might otherwise require nursing home care. The department may expand the number of licensed boarding home facilities and adult family homes that specialize in caring for such conditions by up to 50 beds each, for a total of 100 beds. The department will develop standards for adult family homes to qualify for such exceptional care rates in order to enhance consumer choice.

NEW SECTION. Sec. 207. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ECONOMIC SERVICES PROGRAM

General Fund--State Appropriation (FY 2008)	\$587,993,000
General Fund--State Appropriation (FY 2009)	\$620,753,000

General Fund--Federal Appropriation	\$988,317,000
General Fund--Private/Local Appropriation	\$27,920,000
Pension Funding Stabilization Account--State Appropriation	\$4,592,000
TOTAL APPROPRIATION	\$2,229,575,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$353,252,000 of the general fund--state appropriation for fiscal year 2008, \$369,691,000 of the general fund--state appropriation for fiscal year 2009, and \$782,540,000 of the general fund--federal appropriation are provided solely for all components of the WorkFirst program. Within the amounts provided for the WorkFirst program, the department may provide assistance using state-only funds for families eligible for temporary assistance for needy families. Within the amounts provided for the WorkFirst program, the department shall:

(a) Establish a post-TANF work transition program;

(b) Continue to implement WorkFirst program improvements that are designed to achieve progress against outcome measures specified in RCW 74.08A.410. Outcome data regarding job retention and wage progression shall be reported quarterly to appropriate fiscal and policy committees of the legislature for families who leave assistance, measured after 12 months, 24 months, and 36 months. The department shall also report the percentage of families who have returned to temporary assistance for needy families after 12 months, 24 months, and 36 months;

(c) Submit a report by October 1, 2007, to the fiscal committees of the legislature containing a spending plan for the WorkFirst program. The plan shall identify how spending levels in the 2007-2009 biennium will be adjusted to stay within available federal grant levels and the appropriated state-fund levels;

(d) Provide quarterly fiscal reports to the office of financial management and the legislative fiscal committees detailing information on the amount expended from general fund--state and general fund--federal by activity;

(e) Within the amounts provided, increase the spending for the limited English proficiency pathway by \$3,000,000 above the amounts allotted by the department for the program for the 2005-2007 biennium; and

(f) Within the amounts provided, increase the spending for naturalization services by \$1,500,000 above the amounts allotted by the department for the program for the 2005-2007 biennium.

(2) \$5,401,000 of the general fund--state appropriation for fiscal year 2009 is provided solely for implementation of Substitute Senate Bill No. 5244 (implementing the deficit reduction act). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(3) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to the department for the data tracking provisions specified in sections 701 and 702 of Second Substitute Senate Bill No. 5470 (dissolution). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 208. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ALCOHOL AND SUBSTANCE ABUSE PROGRAM

General Fund--State Appropriation (FY 2008)	\$69,986,000
General Fund--State Appropriation (FY 2009)	\$70,060,000
General Fund--Federal Appropriation	\$138,881,000
General Fund--Private/Local Appropriation	\$632,000
Criminal Justice Treatment Account--State Appropriation	\$17,743,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$24,538,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$24,538,000
Problem Gambling Account--State Appropriation	\$1,567,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$1,044,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$1,043,000
Pension Funding Stabilization Account--State Appropriation	\$146,000
TOTAL APPROPRIATION	\$350,178,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$3,153,000 of the general fund--state appropriation for fiscal year 2008 and \$3,152,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the parent child assistance program. The department shall contract with the University of Washington and community-based providers for the provision of this program. For all contractors, indirect charges for administering the program shall not exceed ten percent of the total contract amount.

(2) \$6,150,000 of the general fund--state appropriation for fiscal year 2008, \$7,755,000 of the general fund--state appropriation for fiscal year 2009, and \$3,724,000 of the general fund--federal appropriation are provided solely for vendor rate increases for outpatient treatment providers.

(3) \$11,113,000 of the general fund--state appropriation for fiscal year 2008, \$14,490,000 of the general fund--state appropriation for fiscal year 2009, and \$14,269,000 of the general fund--federal appropriation are provided solely to increase capacity of chemical dependency treatment services for adult medicaid eligible and general assistance-unemployable clients, including a report to the office of financial management and the appropriate policy and fiscal committees of the legislature on a quarterly basis with the following information by treatment modality, category of person treated (general assistance-unemployable, SSI-eligible, other medicaid, youth, priority populations etc.), and by county for both the expansion and nonexpansion target populations:

(a) Total funds spent and number of clients treated and services provided;

(b) Total assumed cost offsets in medical assistance on a total and per client basis for the expansion population; and

(c) Outcome or success rate data, if available.

(4) \$698,000 of the general fund--state appropriation for fiscal year 2008, \$698,000 of the general fund--state appropriation for fiscal year 2009, and \$154,000 of the general fund--federal appropriation are provided solely to increase capacity of chemical dependency treatment services for minors who are under 200 percent of the federal poverty level. The department shall monitor the number and type of clients entering treatment, for purposes of determining potential cost offsets.

NEW SECTION. Sec. 209. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MEDICAL ASSISTANCE PROGRAM

General Fund--State Appropriation (FY 2008)	\$1,584,606,000
General Fund--State Appropriation (FY 2009)	\$1,659,518,000
General Fund--Federal Appropriation	\$4,300,327,000
General Fund--Private/Local Appropriation	\$2,000,000
Emergency Medical Services and Trauma Care Systems Trust Account--State Appropriation	\$15,076,000
Health Services Account--State Appropriation (FY 2008)	\$356,441,000
Health Services Account--State Appropriation (FY 2009)	\$388,186,000
Pension Funding Stabilization Account--State Appropriation	\$646,000
TOTAL APPROPRIATION	\$8,306,800,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Based on quarterly expenditure reports and caseload forecasts, if the department estimates that expenditures for the medical assistance program will exceed the appropriations, the department shall take steps including but not limited to reduction of rates or elimination of optional services to reduce expenditures so that total program costs do not exceed the annual appropriation authority.

(2) In determining financial eligibility for medicaid-funded services, the department is authorized to disregard recoveries by Holocaust survivors of insurance proceeds or other assets, as defined in RCW 48.104.030.

(3) Sufficient amounts are appropriated in this section for the department to continue podiatry services for medicaid-eligible adults.

(4) Sufficient amounts are appropriated in this section for the department to provide an adult dental benefit that is equivalent to the benefit provided in the 2003-05 biennium.

(5) In accordance with RCW 74.46.625, \$6,000,000 of the general fund--federal appropriation is provided solely for supplemental payments to nursing homes operated by public hospital districts. The public hospital district shall be responsible for providing the required nonfederal match for the supplemental payment, and the payments shall not exceed the maximum allowable under federal rules. It is the legislature's intent that the payments shall be supplemental to and shall not in any way offset or reduce the payments calculated and provided in accordance with part E of chapter 74.46 RCW. It is the legislature's further intent that costs otherwise allowable for rate-setting and settlement against payments under chapter 74.46 RCW shall not be disallowed solely because such costs have been paid by revenues retained by the nursing home from these supplemental payments.

(6) \$1,111,000 of the health services account appropriation for fiscal year 2008, \$1,110,000 of the health services account appropriation for fiscal year 2009, \$5,402,000 of the general fund--federal appropriation, \$1,590,000 of the general fund--state appropriation for fiscal year 2008, and \$1,591,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for grants to rural hospitals. The department shall distribute the funds under a formula that provides a relatively larger share of the available funding to hospitals that (a) serve a disproportionate share of low-income and medically indigent patients and (b) have relatively smaller net financial margins, to the extent allowed by the federal medicaid program.

(7) \$10,546,000 of the health services account appropriation for fiscal year 2008, \$10,546,000 of the health services account--state appropriation for fiscal year 2009, and \$19,725,000 of the general fund--federal appropriation are provided solely for grants to nonrural hospitals. The department shall distribute the funds under a formula that provides a relatively larger share of the available funding to hospitals that (a) serve a disproportionate share of low-income and medically indigent patients and (b) have relatively smaller net financial margins, to the extent allowed by the federal medicaid program.

(8) The department shall continue the inpatient hospital certified public expenditures program for the 2007-2009 biennium. The program shall apply to all public hospitals, including those owned or operated by the state, except those classified as critical access hospitals or state psychiatric institutions. The department shall submit a report to the governor and legislature by November 1, 2007, which evaluates whether savings continue to exceed costs for this program. If the certified public expenditures program in its current form is no longer cost-effective to maintain, the department shall submit a report to the governor and legislature detailing cost-effective alternative uses of local, state, and federal resources as a replacement for this program. During fiscal year 2008 and fiscal year 2009, hospitals in the program shall be paid and shall retain (a) one hundred percent of the federal portion of the allowable hospital cost for each medicaid inpatient fee-for-service claim payable by medical assistance; and (b) one hundred percent of the federal portion of the maximum disproportionate share hospital payment allowable under federal regulations. Inpatient medicaid payments shall be established using an allowable methodology that approximates the cost of claims submitted by the hospitals. Payments made to each hospital in the program in each fiscal year of the biennium shall be compared to a baseline amount that is the total of (a) the total payment for claims for services rendered during the fiscal year calculated according to the methodology employed by the legislature in the omnibus appropriations act for implementation in fiscal year 2008 and (b) disproportionate share hospital payment amounts paid to and retained by each hospital during fiscal year 2005 that pertain to fiscal year 2005. If payments during the fiscal year exceed the hospital's baseline amount, no additional payments will be made to the hospital except the federal portion of allowable disproportionate share hospital payments for which the hospital can certify allowable match. If payments during the fiscal year are less than the baseline amount, the hospital will be paid a state grant equal to the difference between payments during the fiscal year and the applicable baseline amount. Payment of the state grant shall be made in the applicable fiscal year and is subject to an interim cost settlement within eleven

months after the end of the fiscal year. A final cost settlement shall be performed within two years after the end of the related fiscal year. To the extent that a final cost settlement determines that a hospital has received funds in excess of what it would have received under the methodology in place in fiscal year 2008 as described in this subsection, the hospital must repay these amounts to the state when requested. \$74,477,000 of the general fund--state appropriation for fiscal year 2008, of which \$6,570,000 is appropriated in section 204(1) of this act and the balance in this section, and \$70,668,000 of the general fund--state appropriation for fiscal year 2009, of which \$6,570,000 is appropriated in section 204(1) of this act and the balance in this section, are provided solely for state grants for the participating hospitals.

(9) \$7,314,000 of the general fund--state appropriation for fiscal year 2008, \$7,800,000 of the general fund--state appropriation for fiscal year 2009, and \$48,995,000 of the general fund--federal appropriation are provided solely for development and implementation of a replacement system for the existing medicaid management information system. The amounts are conditioned on the department satisfying the requirements of section 902 of this act.

(10) When a person is ineligible for medicaid solely by reason of residence in an institution for mental diseases, the department shall provide the person with the same benefits as he or she would receive if eligible for medicaid, using state-only funds to the extent necessary.

(11) The medical assistance administration is authorized to use funds appropriated in this section to purchase goods and supplies through direct contracting with vendors when the administration determines it is cost-effective to do so.

(12) The legislature affirms that it is in the state's interest for Harborview medical center to remain an economically viable component of the state's health care system.

(13) The department shall, within available resources, continue operation of the medical care services care management pilot project for clients receiving general assistance benefits in King and Pierce counties. The project may use a full or partial capitation model that includes a mechanism for shared savings.

(14) \$341,000 of the health services account appropriation for fiscal year 2008, \$1,054,000 of the health services account appropriation for fiscal year 2009, and \$1,461,000 of the general fund--federal appropriation are provided solely to implement Substitute Senate Bill No. 5305 (foster care youth medical). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(15) \$6,529,000 of the general fund--state appropriation for fiscal year 2008 and \$6,651,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to provide full benefit dual eligible beneficiaries with medicare part D prescription drug copayment coverage in accordance with chapter 3, Laws of 2007 (part D copayment drug program).

(16) The department shall conduct a study to determine the financial impact associated with continuing to cover brand name medications versus the same medication in its generic form. The study shall account for all rebates paid to the state on each product studied up until the point where the generic form is less expensive, net of federally required rebates. A report is due to the legislative fiscal committees by December 1, 2007.

(17) \$198,000 of the general fund--state appropriation for fiscal year 2008 and \$268,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the first two years of a four-year project by the Seattle-King county health department to improve management of symptoms and reduce complications related to asthma among medicaid eligible children. The department shall contract with the Seattle-King county health department to have trained community health workers visit medicaid eligible children in their homes to identify and reduce exposure to asthma triggers, improve clients' self-management skills, and coordinate clients' care with their primary care and specialty providers. The contract shall include an evaluation of the impact of the services provided under the contract on urgent physician's visits, emergency room utilization, and inpatient hospitalization.

(18) \$750,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for development and implementation of an outreach program as provided in accordance with chapter 5, Laws of 2007 (Second Substitute Senate Bill No. 5093). By December 15, 2007, the department shall provide a report to the appropriate committees of the legislature on the progress of implementing the following activities:

(a) Feasibility study and implementation plan to develop online application capability that is integrated with the department's automated client eligibility system;

(b) Development of data linkages with the office of superintendent of public instruction for free and reduced price lunch enrollment information and the department of early learning for child care subsidy program enrollment information;

(c) Informing insurers and providers when their enrollees' eligibility is going to expire so insurers and providers can help families reenroll;

(d) Outreach contracts with local governmental entities, community based organizations, and tribes;

(e) Results of data sharing with outreach contractors, and other contracted entities such as local governments, community-based organizations, tribes, health care providers, and insurers to engage, enroll, and reenroll identified children;

(f) Results of efforts to maximize federal matching funds, wherever possible; and

(g) Plans for sustaining outreach programs proven to be successful.

(19) \$640,000 of the general fund--state appropriation for fiscal year 2008 and \$616,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to:

(a) Pay the premiums associated with enrollment in a medicare advantage plan for those full benefit dual eligible beneficiaries, as defined in RCW 74.09.010, who were enrolled on or before November 14, 2006 in a medicare advantage plan sponsored by an entity accredited by the national committee for quality assurance and for whom the department had been paying Part C premium as of November 2006, as well as any persons who age in or otherwise qualify for continuous enrollment in such a plan on or after November 2006; and

(b) Undertake, directly or by contract, a study to determine the cost-effectiveness of paying premiums for enrollment of full benefit dual eligible beneficiaries in medicare advantage plans in lieu of paying full benefit dual eligible beneficiaries' medicare cost-sharing. The study shall compare the cost and health outcomes experience, including rates of nursing home placement and costs for groups of full benefit dual eligible beneficiaries who are enrolled in medicare advantage plans, in medicare special needs plan or in medicare fee-for-service. The study shall compare the health status and utilization of health and long-term care services for the three groups, and the impact of access to a medical home and specialty care, over a period of two years to determine any differences in health status, health outcomes, and state expenditures that result.

The department shall submit the results of the study to the governor and the legislature on or before December 1, 2009. The department is authorized to accept private cash and in-kind donations and grants to support the study and evaluation.

(20) Within existing funds, the department shall evaluate the fiscal impact of the federal upper limits on medicaid reimbursement to pharmacies implemented under the federal deficit reduction act, and report its findings to the legislature by December 1, 2007.

NEW SECTION. Sec. 210. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--VOCATIONAL REHABILITATION PROGRAM

General Fund--State Appropriation (FY 2008)	\$11,631,000
General Fund--State Appropriation (FY 2009)	\$12,348,000
General Fund--Federal Appropriation	\$90,885,000
Telecommunications Devices for the Hearing and Speech Impaired--State Appropriation	\$1,793,000
Pension Funding Stabilization Account--State Appropriation	\$116,000
TOTAL APPROPRIATION	\$116,773,000

NEW SECTION. Sec. 211. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--SPECIAL COMMITMENT PROGRAM

General Fund--State Appropriation (FY 2008)	\$48,899,000
General Fund--State Appropriation (FY 2009)	\$51,382,000
TOTAL APPROPRIATION	\$100,281,000

NEW SECTION. Sec. 212. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ADMINISTRATION AND SUPPORTING SERVICES PROGRAM

General Fund--State Appropriation (FY 2008)	\$31,206,000
General Fund--State Appropriation (FY 2009)	\$30,687,000
General Fund--Federal Appropriation	\$63,399,000
General Fund--Private/Local Appropriation	\$810,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$1,226,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$1,226,000
Pension Funding Stabilization Account--State Appropriation	\$1,408,000
TOTAL APPROPRIATION	\$129,962,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$250,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the Washington state mentors program, which provides technical assistance and training to mentoring programs that serve at-risk youth.

(2) \$500,000 of the general fund--state appropriation for fiscal year 2008 and \$500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the Washington council for prevention of child abuse and neglect to expand its home visitation program.

(3) \$150,000 of the general fund--state appropriation for fiscal year 2008 and \$150,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to the family policy council for distribution as grants to community networks in counties with county juvenile courts participating in decategorization of funding for evidence-based programs through the juvenile rehabilitation administration. The council shall provide grants of up to \$50,000 per fiscal year to the Pierce County-Tacoma urban community network and two additional community networks supporting counties or groups of counties in evaluating programs funding through a block grant by the juvenile rehabilitation administration. If counties or groups of counties do not request decategorized funding, the amounts proportionate to grants of \$50,000 per year per community network shall lapse.

(4) \$500,000 of the general fund--state appropriation for fiscal year 2008 and \$500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for funding of the teamchild project through the governor's juvenile justice advisory committee.

NEW SECTION. Sec. 213. FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--PAYMENTS TO OTHER AGENCIES PROGRAM

General Fund--State Appropriation (FY 2008)	\$56,492,000
General Fund--State Appropriation (FY 2009)	\$56,611,000
General Fund--Federal Appropriation	\$54,635,000
TOTAL APPROPRIATION	\$167,738,000

NEW SECTION. Sec. 214. FOR THE STATE HEALTH CARE AUTHORITY

General Fund--Federal Appropriation	\$4,664,000
State Health Care Authority Administrative Account--State Appropriation	\$54,136,000
Medical Aid Account--State Appropriation	\$521,000
Health Services Account--State Appropriation (FY 2008)	\$273,385,000
Health Services Account--State Appropriation (FY 2009)	\$299,131,000
TOTAL APPROPRIATION	\$631,837,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Within amounts appropriated in this section and sections 205 and 206 of this act, the health care authority shall continue to provide an enhanced basic health plan subsidy for foster parents licensed under chapter 74.15 RCW and workers in state-funded home care programs. Under this enhanced subsidy option, foster parents and home care workers with family incomes below 200 percent of the federal poverty level shall be allowed to enroll in the basic health plan at the minimum premium amount charged to enrollees with incomes below sixty-five percent of the federal poverty level.

(2) The health care authority shall require organizations and individuals which are paid to deliver basic health plan services and which choose to sponsor enrollment in the subsidized basic health plan to pay 133 percent of the premium amount which would otherwise be due from the sponsored enrollees.

(3) The administrator shall take at least the following actions to assure that persons participating in the basic health plan are eligible for the level of assistance they receive: (a) Require submission of (i) income tax returns, and recent pay history, from all applicants, or (ii) other verifiable evidence of earned and unearned income from those persons not required to file income tax returns; (b) check employment security payroll records at least once every twelve months on all enrollees; (c) require enrollees whose income as indicated by payroll records exceeds that upon which their subsidy is based to document their current income as a condition of continued eligibility; (d) require enrollees for whom employment security payroll records cannot be obtained to document their current income at least once every six months; (e) not reduce gross family income for self-employed persons by noncash-flow expenses such as, but not limited to, depreciation, amortization, and home office deductions, as defined by the United States internal revenue service; and (f) pursue repayment and civil penalties from persons who have received excessive subsidies, as provided in RCW 70.47.060(9).

(4) \$1,984,000 of the health services account--state appropriation for fiscal year 2008 and \$6,315,000 of the health services account--state appropriation for fiscal year 2009 are provided solely for additional enrollment in the basic health plan. If available basic health plan slots are exceeded, the authority shall maintain a waiting list and provide for notification when slots become available.

(5) Appropriations in this act include specific funding for health records banking under section 9 of Engrossed Second Substitute Senate Bill No. 5930 (blue ribbon commission).

(6) \$11,934,000 of the health services account--state appropriation for fiscal year 2008 and \$11,834,000 of the health services account--state appropriation for fiscal year 2009 are provided solely for funding for health care services provided through local community clinics.

(7) \$784,000 of the health services account--state appropriation for fiscal year 2008, \$1,676,000 of the health service account--state appropriation for fiscal year 2009, \$540,000 of the general fund--federal appropriation, and \$22,480,000 of the state health care authority administrative account appropriation are provided for the development of a new benefits administration and insurance accounting system.

(8) \$2,137,000 of the health services account--state appropriation for fiscal year 2008 is provided solely for the implementation of the health insurance connector, in accordance with section 19 of Engrossed Second Substitute Senate Bill No. 5930 (blue ribbon commission). If the bill is not enacted by June 2007, the amount provided in this subsection shall lapse.

(9) \$664,000 of the health services account--state appropriation for fiscal year 2008 and \$664,000 of the health services account--state appropriation for fiscal year 2009 are provided solely for the implementation of the Washington quality forum, pursuant to section 8 of Engrossed Second Substitute Senate Bill No. 5930 (blue ribbon commission). If the bill is not enacted by June 2007, the amounts provided in this subsection shall lapse.

(10) \$600,000 of the health services account--state appropriation for fiscal year 2008 and \$600,000 of the health services account--state appropriation for fiscal year 2009 are provided solely for the implementation of the state employee health pilot, pursuant to section 36 of Engrossed Second Substitute Senate Bill No. 5930 (blue ribbon commission). If the bill is not enacted by June 2007, the amounts provided in this subsection shall lapse.

(11) \$500,000 of the health services account--state appropriation for fiscal year 2008 and \$500,000 of the health services account--state appropriation for fiscal year 2009 are provided solely for continuation of the community health collaborative grant program in accordance with chapter 67, Laws of 2006 (E2SSB 6459). The applicant organizations must assure measurable improvements in health access within their service region, demonstrate active collaboration with key community partners, and provide two dollars in matching funds for each grant dollar awarded.

(12) \$1,000,000 of the health services account--state appropriation for fiscal year 2008 and \$1,000,000 of the health services account--state appropriation for fiscal year 2009 are provided solely for community clinics to provide dental services to the low-income and uninsured.

NEW SECTION. Sec. 215. FOR THE HUMAN RIGHTS COMMISSION

General Fund--State Appropriation (FY 2008)	\$3,177,000
General Fund--State Appropriation (FY 2009)	\$2,976,000
General Fund--Federal Appropriation	\$1,328,000
TOTAL APPROPRIATION	\$7,481,000

NEW SECTION. Sec. 216. FOR THE BOARD OF INDUSTRIAL INSURANCE APPEALS

Worker and Community Right-to-Know Account--State Appropriation	\$20,000
Accident Account--State Appropriation	\$16,789,000
Medical Aid Account--State Appropriation	\$16,790,000
TOTAL APPROPRIATION	\$33,599,000

NEW SECTION. Sec. 217. FOR THE CRIMINAL JUSTICE TRAINING COMMISSION

Public Safety and Education Account--State Appropriation (FY 2008)	\$13,774,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$13,787,000

Death Investigations Account--State Appropriation	\$148,000
Municipal Criminal Justice Assistance Account--State Appropriation	\$460,000
TOTAL APPROPRIATION	\$28,169,000

The appropriations in this section are subject to the following conditions and limitations:

(1) During the 2007-2009 biennium, the criminal justice training commission is authorized to raise existing fees charged for firearms certification for security guards in excess of the fiscal growth factor established pursuant to RCW 43.135.055, if necessary, to meet the actual costs of conducting the certification programs and the appropriation levels in this section.

(2) \$1,014,000 of the public safety and education account--state appropriation for fiscal year 2008 and \$1,015,000 of the public safety and education account--state appropriation for fiscal year 2009 are provided solely for four additional basic law enforcement academies in fiscal year 2008 and four additional basic law enforcement academies in fiscal year 2009. Continued funding for these additional academies is contingent upon the result of an office of financial management forecast for future student demand for basic law enforcement academies at the criminal justice training centers in Burien and Spokane.

(3) \$1,146,000 of the public safety and education account--state appropriation for fiscal year 2008 and \$1,219,000 of the public safety and education account--state appropriation for fiscal year 2009 are provided solely for the Washington association of sheriffs and police chiefs to implement a crime mapping enhancement to the national incident-based reporting system (NIBRS), and the continued development, maintenance, and operation of the jail booking and reporting system (JBRS), and the statewide automated victim information and notification system (SAVIN).

NEW SECTION. Sec. 218. FOR THE DEPARTMENT OF LABOR AND INDUSTRIES

General Fund--State Appropriation (FY 2008)	\$7,973,000
General Fund--State Appropriation (FY 2009)	\$7,961,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$15,190,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$16,327,000
Public Safety and Education Account--Federal Appropriation	\$10,000,000
Asbestos Account--State Appropriation	\$848,000
Electrical License Account--State Appropriation	\$37,970,000
Farm Labor Revolving Account--Private/Local Appropriation	\$28,000
Worker and Community Right-to-Know Account--State Appropriation	\$1,844,000
Public Works Administration Account--State Appropriation	\$3,728,000
Accident Account--State Appropriation	\$212,218,000
Accident Account--Federal Appropriation	\$13,622,000
Medical Aid Account--State Appropriation	\$225,414,000
Medical Aid Account--Federal Appropriation	\$3,186,000
Plumbing Certificate Account--State Appropriation	\$1,562,000
Pressure Systems Safety Account--State Appropriation	\$3,417,000
Family Leave Account--State Appropriation	\$18,665,000
TOTAL APPROPRIATION	\$579,953,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$2,413,000 of the medical aid account--state appropriation is provided solely for conducting utilization reviews of physical and occupational therapy cases at the 24th visit and the associated administrative costs, including those of entering data into the claimant's file. The department shall develop and report performance measures and targets for these reviews to the office of financial management. The reports are due September 30th for the prior fiscal year and must include the amount spent and the estimated savings per fiscal year.

(2) \$2,247,000 of the medical aid account--state appropriation is provided solely to implement Engrossed Substitute Senate Bill No. 5920 or Engrossed Substitute House Bill No. 2073 (vocational rehabilitation services). If neither bill is enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(3) \$822,000 of the medical aid account--state appropriation is provided solely for vocational services professional staff salary adjustments necessary to recruit and retain positions required for anticipated changes in work duties as a result of Engrossed Substitute Senate Bill No. 5920 or Engrossed Substitute House Bill No. 2073 (vocational rehabilitation services). If neither bill is enacted by June 30, 2007, the amount provided in this subsection shall lapse. Compensation for anticipated changes to work duties is subject to review and approval by the director of the department of personnel and is subject to collective bargaining.

(4) \$8,000,000 of the medical aid account--state appropriation is provided solely to establish a program of safety and health as authorized by RCW 49.17.210 to be administered under rules adopted pursuant to chapter 34.05 RCW, provided that projects funded involve workplaces insured by the medical aid fund, and that priority is given to projects fostering accident prevention through cooperation between employers and employees or their representatives.

(5) \$600,000 of the medical aid account--state appropriation is provided solely for the department to contract with one or more independent experts to evaluate and recommend improvements to the rating plan under chapter 51.18 RCW, including analyzing how risks are pooled, the effect of including worker premium contributions in adjustment calculations, incentives for accident and illness prevention, return-to-work practices, and other sound risk-management strategies that are consistent with recognized insurance principles.

(6) \$182,000 of the accident account--state appropriation and \$181,000 of the medical aid account--state appropriation are provided solely to implement Substitute Senate Bill No. 5443 (claims suppression). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(7) \$558,000 of the medical aid account--state appropriation is provided solely to implement Engrossed Substitute Senate Bill No. 5290 (advisory committees). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(8) \$104,000 of the public safety and education account--state appropriation for fiscal year 2008, \$104,000 of the public safety and education account--state appropriation for fiscal year 2009, \$361,000 of the accident account--state appropriation, and \$361,000 of the medical aid account--state appropriation are provided solely for implementation of Engrossed Substitute Senate Bill No. 5675 (worker's compensation benefits). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(9) \$730,000 of the medical aid account--state appropriation is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5930 (blue ribbon commission). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(10) \$437,000 of the accident account--state appropriation and \$437,000 of the medical aid account--state appropriation are provided solely for implementation of Substitute Senate Bill No. 5053 (industrial insurance ombudsman). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(11) \$18,665,000 of the family leave account--state appropriation is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 5659 (family and medical leave insurance). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(12) \$75,000 of the accident account--state appropriation and \$75,000 of the medical aid--state appropriation are provided solely for implementation of Engrossed Substitute Senate Bill No. 5915 (notices to employers). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(13) \$69,000 of the general fund--state appropriation for fiscal year 2008, \$62,000 of the general fund--state appropriation for fiscal year 2009, \$145,000 of the electrical license account--state appropriation, and \$15,000 of the plumbing certificate account--state appropriation are provided solely to implement Substitute Senate Bill No. 6106 (trade regulation). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 219. FOR THE INDETERMINATE SENTENCE REVIEW BOARD

General Fund--State Appropriation (FY 2008)	\$1,797,000
General Fund--State Appropriation (FY 2009)	\$1,795,000
TOTAL APPROPRIATION	\$3,592,000

The appropriations in this subsection are subject to the following conditions and limitations: \$224,000 of the general fund--state appropriation for fiscal year 2008 and \$210,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of House Bill No. 1220 (sentence review board). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 220. FOR THE DEPARTMENT OF VETERANS AFFAIRS

(1) HEADQUARTERS

General Fund--State Appropriation (FY 2008)	\$2,029,000
General Fund--State Appropriation (FY 2009)	\$2,043,000
Charitable, Educational, Penal, and Reformatory Institutions Account--State Appropriation	\$10,000
Veterans Innovations Program Account Appropriation	\$1,437,000
TOTAL APPROPRIATION	\$5,519,000

(2) FIELD SERVICES

General Fund--State Appropriation (FY 2008)	\$4,987,000
General Fund--State Appropriation (FY 2009)	\$5,090,000
General Fund--Federal Appropriation	\$972,000
General Fund--Private/Local Appropriation	\$2,988,000
Veteran Estate Management Account--Private/Local Appropriation	\$1,062,000
TOTAL APPROPRIATION	\$15,099,000

The appropriations in this subsection are subject to the following conditions and limitations: \$440,000 of the general fund--state appropriation for fiscal year 2008 and \$560,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement Second Substitute Senate Bill No. 5164 (veterans' conservation corps). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(3) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2008)	\$5,623,000
General Fund--State Appropriation (FY 2009)	\$5,175,000
General Fund--Federal Appropriation	\$41,331,000
General Fund--Private/Local Appropriation	\$30,197,000
TOTAL APPROPRIATION	\$82,326,000

NEW SECTION. Sec. 221. FOR THE HOME CARE QUALITY AUTHORITY

General Fund--State Appropriation (FY 2008)	\$1,708,000
General Fund--State Appropriation (FY 2009)	\$1,718,000
TOTAL APPROPRIATION	\$3,426,000

NEW SECTION. Sec. 222. FOR THE DEPARTMENT OF HEALTH

General Fund--State Appropriation (FY 2008)	\$77,428,000
General Fund--State Appropriation (FY 2009)	\$76,093,000
General Fund--Federal Appropriation	\$474,041,000
General Fund--Private/Local Appropriation	\$108,238,000
Hospital Commission Account--State Appropriation	\$1,190,000
Health Professions Account--State Appropriation	\$57,772,000
Aquatic Lands Enhancement Account--State Appropriation	\$600,000
Emergency Medical Services and Trauma Care Systems Trust Account--State Appropriation	\$12,579,000
Safe Drinking Water Account--State Appropriation	\$2,939,000
Drinking Water Assistance Account--Federal Appropriation	\$16,272,000
Waterworks Operator Certification--State Appropriation	\$1,493,000
Drinking Water Assistance Administrative Account--State Appropriation	\$326,000
Water Quality Account--State Appropriation (FY 2008)	\$1,866,000
Water Quality Account--State Appropriation (FY 2009)	\$1,870,000
State Toxics Control Account--State Appropriation	\$2,912,000
Medical Test Site Licensure Account--State Appropriation	\$1,988,000
Youth Tobacco Prevention Account--State Appropriation	\$1,512,000
Public Health Supplemental Account--Private/Local Appropriation	\$2,472,000
Accident Account--State Appropriation	\$280,000
Medical Aid Account--State Appropriation	\$46,000
Health Services Account--State Appropriation (FY 2008)	\$42,067,000
Health Services Account--State Appropriation (FY 2009)	\$46,596,000
Tobacco Prevention and Control Account--State Appropriation	\$52,709,000
Oyster Reserve Land Account--State Appropriation	\$302,000
TOTAL APPROPRIATION	\$983,591,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The department is authorized to raise existing fees charged for its fee-supported programs in excess of the fiscal growth factor pursuant to RCW 43.135.055, if necessary, to meet the actual costs of conducting business and the appropriation levels in this section.

(2) By January 1, 2008, the department shall submit to the appropriate policy and fiscal committees of the legislature an evaluation of the economic benefits to the state's health care system of the midwifery licensure and regulatory program under chapter 18.50 RCW. In particular, the evaluation shall determine whether these economic benefits exceed the state expenditures to subsidize the cost of the licensing and regulatory program.

(3) The department of health shall not initiate any services that will require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation that provides appropriation authority, and an equal amount of appropriated state moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(4) \$51,000 of the general fund--state appropriation for fiscal year 2008 and \$24,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Engrossed Substitute Senate Bill No. 5297 (sex education). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(5) \$34,000 of the general fund--state appropriation for fiscal year 2008, \$44,000 of the general fund--state appropriation for fiscal year 2009, and \$302,000 of the oyster reserve land account--state appropriation are provided solely for the implementation of Engrossed Substitute Senate Bill No. 5372 (Puget Sound partnership). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(6) \$115,000 of the general fund--state appropriation for fiscal year 2008 and \$62,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department of health to provide relevant information on measures taken to facilitate expanded use of reclaimed water pursuant to Engrossed Second Substitute Senate Bill No. 6117 (reclaimed water). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(7) \$386,000 of the general fund--state appropriation for fiscal year 2008 and \$384,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Engrossed Substitute Senate Bill No. 5894 (on-site sewage systems). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(8) \$2,000,000 of the general fund--state appropriation for fiscal year 2008 is for one-time funding to purchase and store antiviral medications to be used in accordance with the state pandemic influenza response plan. These drugs are to be purchased through the United States department of health and human services to take advantage of federal subsidies.

(9) \$2,000,000 of the general fund--state appropriation for fiscal year 2008 and \$2,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for department of health-funded family planning clinics to increase the capacity of the clinics to provide family planning and reproductive health services to low-income men and women who are not otherwise eligible for services through the department of social and health services medical assistance program. Of the amounts appropriated in this subsection, the department is authorized to expend up to \$1,000,000 of its general fund--state appropriation for fiscal year 2009 for services provided in fiscal year 2008, if necessary to offset reductions in federal funding.

(10) \$100,000 of the general fund--state appropriation for fiscal year 2008 is provided solely to continue the autism task force established by chapter 259, Laws of 2005, through December 2007. The task force shall:

(a) Review and continue to refine criteria for regional autism centers throughout Washington state based on community needs in each area, and address the role of autism centers within the larger context of developmental disabilities;

(b) Prioritize its December 2006 recommendations and develop an implementation plan for the highest priorities. The plan should detail how systems will coordinate to improve service and avoid duplication between state agencies including the department of social and health services, department of health, office of superintendent of public instruction, as well as school districts, autism centers, and local partners and providers. The plan shall also estimate the costs of the highest priority recommendations and report to the legislature and governor by December 1, 2007;

(c) Compile information for and draft the "Washington Service Guidelines for Individuals with Autism - Birth Through Lifespan" book described in the task force's recommendations. Funding to print and distribute the book is expected to come from federal or private sources; and

(d) Monitor the federal combating autism act and its funding availability and make recommendations on applying for grants to assist in implementation of the 2006 task force recommendations. The department of health shall be the lead agency in providing staff for the task force. The department may seek additional staff assistance from the office of the superintendent of public instruction and the committee staff of the legislature. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses.

(11) \$17,000 of the general fund--state appropriation for fiscal year 2008, \$17,000 of the general fund--state appropriation for fiscal year 2009, and \$1,501,000 of the health professions account--state appropriation are provided solely for implementation of Second Substitute Senate Bill No. 5509 (health care providers). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(12) \$200,000 of the general fund--state appropriation for fiscal year 2008 and \$200,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of the Washington state hepatitis C strategic plan.

(13) \$1,100,000 of the general fund--state appropriation for fiscal year 2008 and \$1,100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the lifelong AIDS alliance to restore lost federal funding.

(14) \$250,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for medical nutritional therapy for people with HIV/AIDS and other low-income residents in King county with chronic illnesses.

(15) \$645,000 of the general fund--state appropriation for fiscal year 2008 and \$645,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the neurodevelopmental center system, which provides therapy and medical services for young, low-income children with developmental disabilities.

(16) \$580,000 of the general fund--state appropriation for fiscal year 2008, \$420,000 of the general fund--state appropriation for fiscal year 2009, and \$700,000 of the general fund--federal appropriation are provided solely for implementation of prescription drug monitoring under Engrossed Second Substitute Bill No. 5930 (blue ribbon commission). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(17) \$70,000 of the general fund--state appropriation for fiscal year 2008 and \$70,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department to develop rules for approving drainfield remediation technologies as part of the Puget Sound recovery efforts towards environmentally responsible septic use.

NEW SECTION. Sec. 223. FOR THE DEPARTMENT OF CORRECTIONS

(1) ADMINISTRATION AND SUPPORT SERVICES

General Fund--State Appropriation (FY 2008)	\$55,050,000
General Fund--State Appropriation (FY 2009)	\$48,490,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$13,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$13,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$1,393,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$1,404,000
Pension Funding Stabilization Account--State Appropriation	\$1,280,000
TOTAL APPROPRIATION	\$107,643,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$9,389,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the completion of phase three of the department's offender-based tracking system replacement project. This amount is conditioned on the department satisfying the requirements of section 902 of this act.

(b) \$35,000 of the general fund--state appropriation for fiscal year 2008 and \$35,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the establishment and support of a statewide council on mentally ill offenders that includes as its members representatives of community-based mental health treatment programs, current or former judicial officers, and directors and commanders of city and county jails and state prison facilities. The council will begin to investigate and promote cost-effective approaches to meeting the long-term needs of adults and juveniles with mental disorders who have a history of offending or who are at-risk of offending, including their mental health, physiological, housing, employment, and job training needs.

(c) \$75,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for implementation of Substitute Senate Bill No. 5980 (sex offender notification). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(d) \$208,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for implementation of Senate Bill No. 5332 (victim notification). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(e) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$93,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of Second Substitute Senate Bill No. 5643 (children and families of incarcerated parents). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(f) In making expenditures for appropriations made in this section for contracts for chemical dependency treatment for offenders in corrections facilities, including corrections centers and community supervision facilities, the department shall seek vendors that have demonstrated effectiveness in the treatment of offenders, where at least 50 percent of those offenders treated remain drug-free for at least two years.

(2) CORRECTIONAL OPERATIONS

General Fund--State Appropriation (FY 2008)	\$572,372,000
General Fund--State Appropriation (FY 2009)	\$606,963,000
General Fund--Federal Appropriation	\$3,455,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$1,492,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$1,492,000
Pension Funding Stabilization Account--State Appropriation	\$11,800,000
TOTAL APPROPRIATION	\$1,197,574,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The department may expend funds generated by contractual agreements entered into for mitigation of severe overcrowding in local jails. Any funds generated in excess of actual costs shall be deposited in the state general fund. Expenditures shall not exceed revenue generated by such agreements and shall be treated as a recovery of costs.

(b) The department shall provide funding for the pet partnership program at the Washington corrections center for women at a level at least equal to that provided in the 1995-97 biennium.

(c) The department shall accomplish personnel reductions with the least possible impact on correctional custody staff, community custody staff, and correctional industries. For the purposes of this subsection, correctional custody staff means employees responsible for the direct supervision of offenders.

(d) During the 2007-09 biennium, when contracts are established or renewed for offender pay phone and other telephone services provided to inmates, the department shall select the contractor or contractors primarily based on the following factors: (i) The lowest rate charged to both the inmate and the person paying for the telephone call; and (ii) the lowest commission rates paid to the department, while providing reasonable compensation to cover the costs of the department to provide the telephone services to inmates and provide sufficient revenues for the activities funded from the institutional welfare betterment account.

(e) The Harborview medical center shall provide inpatient and outpatient hospital services to offenders confined in department of corrections facilities at a rate no greater than the average rate that the department has negotiated with other community hospitals in Washington state.

(3) COMMUNITY SUPERVISION

General Fund--State Appropriation (FY 2008)	\$122,634,000
General Fund--State Appropriation (FY 2009)	\$131,598,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$8,526,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$8,629,000
Pension Funding Stabilization Account--State Appropriation	\$2,800,000
TOTAL APPROPRIATION	\$274,187,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The department shall accomplish personnel reductions with the least possible impact on correctional custody staff, community custody staff, and correctional industries. For the purposes of this subsection, correctional custody staff means employees responsible for the direct supervision of offenders.

(b) For the acquisition of properties and facilities, the department of corrections is authorized to enter into financial contracts, paid for from operating resources, for the purposes indicated and in not more than the principal amounts indicated, plus financing expenses and required reserves pursuant to chapter 39.94 RCW. This authority applies to the following: Lease-develop with the option to purchase or lease-purchase work release beds in facilities throughout the state for \$8,561,000.

(4) CORRECTIONAL INDUSTRIES

General Fund--State Appropriation (FY 2008)	\$966,000
General Fund--State Appropriation (FY 2009)	\$2,513,000
TOTAL APPROPRIATION	\$3,479,000

The appropriations in this subsection are subject to the following conditions and limitations: \$110,000 of the general fund--state appropriation for fiscal year 2008 and \$110,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for transfer to the jail industries board. The board shall use the amounts provided only for administrative expenses, equipment purchases, and technical assistance associated with advising cities and counties in developing, promoting, and implementing consistent, safe, and efficient offender work programs.

(5) INTERAGENCY PAYMENTS

General Fund--State Appropriation (FY 2008)	\$34,326,000
General Fund--State Appropriation (FY 2009)	\$34,495,000
TOTAL APPROPRIATION	\$68,821,000

The appropriations in this subsection are subject to the following conditions and limitations: \$35,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for expenditures related to the *Farrakhan v. Locke* litigation.

NEW SECTION. Sec. 224. FOR THE DEPARTMENT OF SERVICES FOR THE BLIND

General Fund--State Appropriation (FY 2008)	\$2,312,000
General Fund--State Appropriation (FY 2009)	\$2,356,000
General Fund--Federal Appropriation	\$17,003,000
General Fund--Private/Local Appropriation	\$20,000
TOTAL APPROPRIATION	\$21,691,000

NEW SECTION. Sec. 225. FOR THE EMPLOYMENT SECURITY DEPARTMENT

General Fund--Federal Appropriation	\$261,495,000
General Fund--Private/Local Appropriation	\$32,413,000
Unemployment Compensation Administration Account--Federal Appropriation	\$241,802,000
Administrative Contingency Account--State Appropriation	\$30,716,000
Employment Service Administrative Account--State Appropriation	\$30,656,000
TOTAL APPROPRIATION	\$597,082,000

The appropriations in this subsection are subject to the following conditions and limitations:

(1) \$4,578,000 of the unemployment compensation administration account--federal appropriation is provided from funds made available to the state by section 903(d) of the social security act (Reed Act). These funds are authorized to provide direct services to unemployment insurance claimants and providing job search review.

(2) \$2,300,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the social security act (Reed Act). This amount is authorized to continue implementation of chapter 4, Laws of 2003 2nd sp. sess. and for implementation costs relating to chapter 133, Laws of 2005 (unemployment insurance).

(3) \$12,348,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the social security act (Reed Act). This amount is authorized to continue current unemployment insurance functions.

(4) \$447,000 of the administrative contingency account--state appropriation is provided solely to implement Substitute Senate Bill No. 5653 (self-employment). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(5) \$276,000 of the administrative contingency account--state appropriation is provided solely to implement Engrossed Second Substitute Senate Bill No. 5070 (offender re-entry). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(6) \$12,054,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the social security act (Reed act). This amount is authorized to fund the unemployment insurance tax information system (TAXIS) technology initiative for the employment security department.

(7) \$430,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the social security act (Reed act). This amount is authorized to replace high-risk servers used by the unemployment security department.

(8) \$503,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the social security act (Reed act). This amount is authorized to provide a system to track computer upgrades and changes for the unemployment security department.

**PART III
NATURAL RESOURCES**

NEW SECTION. Sec. 301. FOR THE COLUMBIA RIVER GORGE COMMISSION

General Fund--State Appropriation (FY 2008)	\$506,000
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General Fund--State Appropriation (FY 2009)	\$520,000
General Fund--Federal Appropriation	\$9,000
General Fund--Private/Local Appropriation	\$1,010,000
TOTAL APPROPRIATION	\$2,045,000

NEW SECTION. Sec. 302. FOR THE DEPARTMENT OF ECOLOGY

General Fund--State Appropriation (FY 2008)	\$46,999,000
General Fund--State Appropriation (FY 2009)	\$46,163,000
General Fund--Federal Appropriation	\$80,586,000
General Fund--Private/Local Appropriation	\$13,316,000
Special Grass Seed Burning Research Account--State Appropriation	\$14,000
Reclamation Account--State Appropriation	\$3,872,000
Flood Control Assistance Account--State Appropriation	\$3,891,000
State Emergency Water Projects Revolving Account--State Appropriation	\$390,000
Waste Reduction/Recycling/Litter Control--State Appropriation	\$19,224,000
State Drought Preparedness--State Appropriation	\$117,000
State and Local Improvements Revolving Account (Water Supply Facilities)--State Appropriation	\$382,000
Vessel Response Account--State Appropriation	\$1,438,000
Freshwater Aquatic Algae Control Account--State Appropriation	\$509,000
Site Closure Account--State Appropriation	\$661,000
Water Quality Account--State Appropriation (FY 2008)	\$16,314,000
Water Quality Account--State Appropriation (FY 2009)	\$15,523,000
Wood Stove Education and Enforcement Account--State Appropriation	\$360,000
Worker and Community Right-to-Know Account--State Appropriation	\$2,162,000
State Toxics Control Account--State Appropriation	\$91,511,000
State Toxics Control Account--Private/Local Appropriation	\$381,000
Local Toxics Control Account--State Appropriation	\$18,212,000
Water Quality Permit Account--State Appropriation	\$36,488,000
Underground Storage Tank Account--State Appropriation	\$3,605,000
Environmental Excellence Account--State Appropriation	\$504,000
Biosolids Permit Account--State Appropriation	\$1,290,000
Hazardous Waste Assistance Account--State Appropriation	\$5,462,000
Air Pollution Control Account--State Appropriation	\$6,211,000
Oil Spill Prevention Account--State Appropriation	\$12,035,000
Air Operating Permit Account--State Appropriation	\$2,967,000
Freshwater Aquatic Weeds Account--State Appropriation	\$1,649,000
Oil Spill Response Account--State Appropriation	\$7,078,000
Metals Mining Account--State Appropriation	\$14,000
Water Pollution Control Revolving Account--State Appropriation	\$440,000
Water Pollution Control Revolving Account--Federal Appropriation	\$2,145,000
TOTAL APPROPRIATION	\$441,913,000

The appropriations in this section are subject to the following conditions and limitations:

- (1) \$170,000 of the oil spill prevention account--state appropriation is provided solely for a contract with the University of Washington's sea grant program to continue an educational program targeted to small spills from commercial fishing vessels, ferries, cruise ships, ports, and marinas.
- (2) Fees approved by the department of ecology in the 2007-09 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.
- (3) \$1,000,000 of the general fund--state appropriation for fiscal year 2008 and \$927,000 of the general fund--state appropriation for fiscal year 2009 are provided for wetland mitigation. If Substitute Senate Bill No. 5145 is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse. The department shall issue a report of its findings and recommendations on how wetland mitigation success can be improved to the office of financial management and the appropriate fiscal committees of the legislature.
- (4) \$260,000 of the state toxics control account--state appropriation is provided solely to support pesticide container recycling activities in Washington.
- (5) \$250,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a pilot project to provide grants to two local government jurisdictions located in the Puget Sound area to improve compliance with existing environmental laws. Grant funds shall be used for providing information on existing requirements, providing technical assistance necessary to comply on a voluntary basis, and taking enforcement action.
- (6) \$1,206,000 of the reclamation account--state appropriation is provided solely to implement Substitute Senate Bill No. 5881 (water power license fees). If the bill is not enacted by June 30, 2007, the amount provided in this section shall lapse.
- (7) \$694,000 of the underground storage tank account--state appropriation is provided solely to implement Substitute Senate Bill No. 5475 (underground storage tanks). If the bill is not enacted by June 30, 2007, the amount provided in this section shall lapse.

(8) \$2,026,000 of the local toxics control account--state appropriation is provided solely for local governments located near hazardous waste clean-up sites, including Duwamish Waterway, Commencement Bay, and Bellingham Bay, to work with small businesses and citizens to safely manage hazardous and solid wastes to prevent the contamination.

(9) \$490,000 of the state toxics control account and \$1,290,000 of the local toxics control account are provided solely for public participation grants related to toxic cleanup sites within and around Puget Sound.

(10) \$1,000,000 of the general fund--state appropriation for fiscal year 2008 and \$1,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement watershed plans.

(11) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of key recommendations and actions identified in the "Washington's Ocean Action Plan: Enhancing Management of Washington State's Ocean and Outer Coast". The department of ecology shall provide a progress report on implementing this plan to the appropriate committees of the legislature by December 31, 2008.

(12) \$435,000 of the general fund--state appropriation for fiscal year 2008 and \$360,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department to clarify Spokane area water rights by mapping and documenting rights, assessing information system needs, enhancing water source metering and reporting, and consulting with local interests to determine whether to proceed with a general water right adjudication.

(13) \$53,000 of the oil spill prevention account--state appropriation for fiscal year 2009 is provided solely for the implementation of Senate Bill No. 5552 (discharges of oil). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(14) \$25,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the implementation of Substitute Senate Bill No. 5745 (solid fuel burning devices). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(15) \$319,000 of the general fund--state appropriation for fiscal year 2008 and \$241,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 6117 (reclaimed water). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(16) \$150,000 of the general fund--state appropriation for fiscal year 2008 and \$150,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department to oversee beach seaweed removal for the west Seattle Fauntleroy community and Federal Way's Dumas bay. The department may only use up to \$50,000 of these amounts for its costs associated with administering this activity.

(17) \$149,000 of the general fund--state appropriation for fiscal year 2008 and \$150,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a marshland study of key areas of salmon habitat along the Snohomish river estuary.

(18) \$65,000 of the general fund--state appropriation for fiscal year 2008, \$44,000 of the general fund--state appropriation for fiscal year 2009, \$152,000 of the water quality account--state appropriation for fiscal year 2008, and \$103,000 of the water quality account--state appropriation for fiscal year 2009 are provided solely for the implementation of Engrossed Substitute Senate Bill No. 5372 (Puget Sound partnership). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(19) \$100,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the department to contract with the U.S. institute for environmental conflict resolution, a federal agency, to develop a pilot water management process with three federally recognized treaty Indian tribes. \$50,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the department to contract with northwest Indian fisheries commission to help establish the pathway for the process in federal agencies.

NEW SECTION. Sec. 303. FOR THE STATE PARKS AND RECREATION COMMISSION

General Fund--State Appropriation (FY 2008)	\$46,362,000
General Fund--State Appropriation (FY 2009)	\$47,494,000
General Fund--Federal Appropriation	\$4,450,000
General Fund--Private/Local Appropriation	\$71,000
Winter Recreation Program Account--State Appropriation	\$1,111,000
Off Road Vehicle Account--State Appropriation	\$224,000
Snowmobile Account--State Appropriation	\$4,811,000
Aquatic Lands Enhancement Account--State Appropriation	\$347,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$23,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$24,000
Parks Renewal and Stewardship Account--State Appropriation	\$34,636,000
Parks Renewal and Stewardship Account--Private/Local Appropriation	\$300,000
TOTAL APPROPRIATION	\$139,853,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Fees approved by the state parks and recreation commission in the 2007-09 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.

(2) \$79,000 of the general fund--state appropriation for fiscal year 2008 and \$79,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a grant for the operation of the Northwest avalanche center.

(3) \$300,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for project scoping and cost estimating for the agency's 2009-11 capital budget submittal.

(4) \$2,255,000 of the general fund--state appropriation for fiscal year 2009 is provided solely for costs associated with relocating the commission's Tumwater headquarters office.

(5) \$272,000 of the general fund--state appropriation for fiscal year 2008 and \$271,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for costs associated with relocating the commission's eastern Washington regional headquarters office.

(6) \$1,000,000 of the general fund--state appropriation for fiscal year 2008 and \$1,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for replacing vehicles and equipment.

(7) \$1,611,000 of the general fund--state appropriation for fiscal year 2008 and \$1,428,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for planned and emergency maintenance of park facilities.

(8) \$600,000 of the general fund--federal appropriation for fiscal year 2008 and \$1,100,000 of the general fund--federal appropriation for fiscal year 2009 are provided solely for the recreational boating safety program.

(9) \$954,000 of the general fund--state appropriation for fiscal year 2008 and \$1,007,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the operations of Cama Beach state park.

(10) \$1,000,000 of the general fund--state appropriation for fiscal year 2008 and \$1,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the state parks and recreation commission to establish an outdoor education and recreation grant program. Priority for the grants shall be programs for students who qualify for free and reduced-price lunch, who are most likely to fail academically, or who have the greatest potential to drop out of school.

(11) \$25,000 of the general fund--state appropriation for fiscal year 2008 and \$25,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of Substitute Senate Bill No. 5219 (weather and avalanche center). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(12) \$9,000 of the general fund--state appropriation for fiscal year 2008 and \$9,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of Substitute Senate Bill No. 5463 (forest fire protection). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(13) \$42,000 of the general fund--state appropriation for fiscal year 2008 and \$42,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of Substitute Senate Bill No. 5236 (public lands management). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 304. FOR THE INTERAGENCY COMMITTEE FOR OUTDOOR RECREATION

General Fund--State Appropriation (FY 2008)	\$1,546,000
General Fund--State Appropriation (FY 2009)	\$1,580,000
General Fund--Federal Appropriation	\$18,236,000
General Fund--Private/Local Appropriation	\$250,000
Aquatic Lands Enhancement Account--State Appropriation	\$257,000
Water Quality Account--State Appropriation (FY 2008)	\$100,000
Water Quality Account--State Appropriation (FY 2009)	\$100,000
Firearms Range Account--State Appropriation	\$37,000
Recreation Resources Account--State Appropriation	\$2,506,000
Nonhighway and Off-Road Vehicles Activities Program Account--State Appropriation	\$1,004,000
TOTAL APPROPRIATION	\$25,616,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$16,025,000 of the general fund--federal appropriation is provided solely for implementation of the forest and fish agreement rules. These funds shall be allocated to the department of natural resources and the department of fish and wildlife.

(2) \$22,000 of the general fund--state appropriation for fiscal year 2008 and \$22,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Substitute Senate Bill No. 5372 (Puget Sound partnership). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 305. FOR THE ENVIRONMENTAL HEARINGS OFFICE

General Fund--State Appropriation (FY 2008)	\$1,102,000
General Fund--State Appropriation (FY 2009)	\$1,105,000
TOTAL APPROPRIATION	\$2,207,000

NEW SECTION. Sec. 306. FOR THE CONSERVATION COMMISSION

General Fund--State Appropriation (FY 2008)	\$2,783,000
General Fund--State Appropriation (FY 2009)	\$2,797,000
General Fund--Federal Appropriation	\$1,178,000
Water Quality Account--State Appropriation (FY 2008)	\$7,335,000
Water Quality Account--State Appropriation (FY 2009)	\$7,350,000
TOTAL APPROPRIATION	\$21,443,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for supplementary basic funding grants to the state's lowest-income conservation districts. The supplementary grant process shall be structured to aid recipients in becoming financially self-sufficient in the future.

(2) \$250,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement Senate Bill No. 5108 (office of farmland preservation). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

NEW SECTION. Sec. 307. FOR THE DEPARTMENT OF FISH AND WILDLIFE

General Fund--State Appropriation (FY 2008)	\$53,004,000
General Fund--State Appropriation (FY 2009)	\$49,132,000
General Fund--Federal Appropriation	\$51,024,000
General Fund--Private/Local Appropriation	\$36,379,000
Off Road Vehicle Account--State Appropriation	\$405,000
Aquatic Lands Enhancement Account--State Appropriation	\$5,859,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$266,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$322,000
Recreational Fisheries Enhancement--State Appropriation	\$3,495,000
Warm Water Game Fish Account--State Appropriation	\$2,876,000
Eastern Washington Pheasant Enhancement Account--State Appropriation	\$751,000
Aquatic Invasive Species Enforcement Account--State Appropriation	\$204,000
Aquatic Invasive Species Prevention Account--State Appropriation	\$842,000
Wildlife Account--State Appropriation	\$62,397,000
Wildlife Account--Federal Appropriation	\$33,324,000
Wildlife Account--Private/Local Appropriation	\$12,872,000
Game Special Wildlife Account--State Appropriation	\$1,943,000
Game Special Wildlife Account--Federal Appropriation	\$8,877,000
Game Special Wildlife Account--Private/Local Appropriation	\$475,000
Water Quality Account--State Appropriation (FY 2008)	\$160,000
Water Quality Account--State Appropriation (FY 2009)	\$160,000
Environmental Excellence Account--State Appropriation	\$15,000
Regional Fisheries Salmonid Recovery Account--Federal Appropriation	\$2,750,000
Oil Spill Prevention Account--State Appropriation	\$1,048,000
Oyster Reserve Land Account--State Appropriation	\$412,000
Wildlife Rehabilitation Account--State Appropriation	\$352,000
TOTAL APPROPRIATION	\$329,344,000

The appropriations in this section are subject to the following conditions and limitations:

- (1) The department shall use the department of printing for printing needs. Funds provided in this section may not be used to staff or fund a stand-alone printing operation.
- (2) \$175,000 of the general fund--state appropriation for fiscal year 2008 and \$175,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of hatchery reform recommendations defined by the hatchery scientific review group.
- (3) The department shall support the activities of the aquatic nuisance species coordination committee to foster state, federal, tribal, and private cooperation on aquatic nuisance species issues. The committee shall strive to prevent the introduction of nonnative aquatic species and to minimize the spread of species that are introduced.
- (4) The department shall emphasize enforcement of laws related to protection of fish habitat and the illegal harvest of salmon and steelhead. Within the amount provided for the agency, the department shall provide support to the department of health to enforce state shellfish harvest laws.
- (5) \$400,000 of the general fund--state appropriation for fiscal year 2008 and \$400,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a state match to support the Puget Sound nearshore partnership between the department and the U.S. army corps of engineers.
- (6) The department shall assist the office of regulatory assistance in implementing activities consistent with the governor's regulatory improvement program. The department shall support and provide expertise to facilitate, coordinate, and simplify citizen and business interactions so as to improve state regulatory processes involving state, local, and federal stakeholders.
- (7) \$633,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for operations and fish production costs at department-operated Mitchell act hatchery facilities.
- (8) Within the amount provided for the agency, the department shall implement a joint management and collaborative enforcement agreement with the confederated tribes of the Colville and the Spokane tribe.
- (9) \$182,000 of the general fund--state appropriation for fiscal year 2008 and \$182,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of a ballast water management program as described in Second Substitute Senate Bill No. 5923 (aquatic invasive species enforcement and control). The department shall coordinate with the department of ecology and the office of financial management to evaluate the feasibility of synchronizing ballast water program and spills program inspections. The department will submit recommendations to the office of financial management by November 1, 2007.
- (10) \$250,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for hatchery facility maintenance improvements.
- (11) \$880,000 of the general fund--state appropriation for fiscal year 2008 and \$881,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for estimates of juvenile abundance of federally listed salmon and steelhead populations. The department shall report to the office of financial management and the appropriate fiscal committees of the legislature with a letter stating the use and measurable results of activities that are supported by these funds.

(12) \$125,000 of the general fund--state appropriation for fiscal year 2008 and \$125,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the strategic budget and accountability program.

(13) \$113,000 of the general fund--state appropriation for fiscal year 2008 and \$113,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement Substitute Senate Bill No. 5372 (Puget Sound partnership). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(14) Prior to submitting its 2009-11 biennial operating and capital budget request related to state fish hatcheries to the office of financial management, the department shall contract with the hatchery scientific review group (HSRG) to review this request. This review shall: (a) Determine if the proposed requests are consistent with HSRG recommendations; (b) prioritize the components of the requests based on their contributions to protecting wild salmonid stocks and meeting the recommendations of the HSRG; and (c) evaluate whether the proposed requests are being made in the most cost effective manner. The department shall provide a copy of the HSRG review to the office of financial management and the appropriate legislative committees by October 1, 2008.

(15) \$43,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the implementation of Substitute Senate Bill No. 5447 (coastal Dungeness crab). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(16) \$4,000 of the general fund--state appropriation for fiscal year 2008 and \$4,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Substitute Senate Bill No. 5463 (forest fire protection). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(17) \$89,000 of the general fund--state appropriation for fiscal year 2008 and \$89,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Substitute Senate Bill No. 6141 (forest health). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(18) \$113,000 of the general fund--state appropriation for fiscal year 2008, \$113,000 of the general fund--state appropriation for fiscal year 2009, and \$204,000 of the aquatic invasive species enforcement account--state appropriation are provided solely for the implementation of Substitute Senate Bill No. 5923 (aquatic invasive species). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(19) \$42,000 of the general fund--state appropriation for fiscal year 2008 and \$42,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Substitute Senate Bill No. 5236 (public lands management). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(20) \$352,000 of the wildlife rehabilitation account is provided solely for the implementation of Senate Bill No. 5188 (wildlife rehabilitation). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(21) \$77,000 of the general fund--state appropriation for fiscal year 2008 and \$75,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department of fish and wildlife to participate in the upper Columbia salmon recovery plan implementation, habitat conservation plan hatchery committees, and the priest rapids salmon and steelhead agreement hatchery technical committee.

(22) Within existing funds, the department of fish and wildlife shall sell the upper 20-acre parcel of the Beebe springs property. Proceeds from the sale are to be used to develop the Beebe springs natural interpretive site.

(23) Within existing funds, the department of fish and wildlife in coordination with department of ecology shall evaluate environmental impacts of proposed sinking vessels in Puget Sound for dive attractions.

NEW SECTION. Sec. 308. FOR THE DEPARTMENT OF NATURAL RESOURCES

General Fund--State Appropriation (FY 2008)	\$47,326,000
General Fund--State Appropriation (FY 2009)	\$48,399,000
General Fund--Federal Appropriation	\$24,991,000
General Fund--Private/Local Appropriation	\$1,235,000
Forest Development Account--State Appropriation	\$55,290,000
Off-Road Vehicle Account--State Appropriation	\$4,114,000
Surveys and Maps Account--State Appropriation	\$2,440,000
Aquatic Lands Enhancement Account--State Appropriation	\$7,338,000
Resources Management Cost Account--State Appropriation	\$91,759,000
Surface Mining Reclamation Account--State Appropriation	\$3,235,000
Disaster Response Account--State Appropriation	\$5,000,000
Forest and Fish Support Account--State Appropriation	\$4,000,000
Water Quality Account--State Appropriation (FY 2008)	\$1,328,000
Water Quality Account--State Appropriation (FY 2009)	\$1,331,000
Aquatic Land Dredged Material Disposal Site Account--State Appropriation	\$1,325,000
Natural Resources Conservation Areas Stewardship Account--State Appropriation	\$34,000
State Toxics Control Account--State Appropriation	\$80,000
Air Pollution Control Account--State Appropriation	\$557,000
Derelict Vessel Removal Account--State Appropriation	\$3,641,000
Agricultural College Trust Management Account--State Appropriation	\$1,984,000
TOTAL APPROPRIATION	\$305,407,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$122,000 of the general fund--state appropriation for fiscal year 2008 and \$162,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for deposit into the agricultural college trust management account and are provided solely to manage approximately 70,700 acres of Washington State University's agricultural college trust lands.

(2) \$11,463,000 of the general fund--state appropriation for fiscal year 2008, \$13,792,000 of the general fund--state appropriation for fiscal year 2009, and \$5,000,000 of the disaster response account--state appropriation are provided solely for emergency fire suppression. None of the general fund and disaster response account amounts provided in this subsection may be used to fund agency indirect and administrative expenses. Agency indirect and administrative costs shall be allocated among the agency's remaining accounts and appropriations.

(3) Fees approved by the department of natural resources and the board of natural resources in the 2007-09 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.

(4) \$198,000 of the general fund--state appropriation for fiscal year 2008 and \$199,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department to work with appropriate stakeholders and state agencies in determining how privately owned lands, in combination with other land ownership such as public and tribal lands, contribute to wildlife habitat. The assessment will also determine how commercial forests, forest lands on the urban fringe, and small privately-owned forest lands that are managed according to Washington's forest and fish prescriptions, in combination with other forest management activities, function as wildlife habitat now and in the future.

(5) \$2,500,000 of the forest and fish support account--state appropriation is provided solely for adaptive management, monitoring, and participation grants to tribes. If federal funding for this purpose is reinstated, the amount provided in this subsection shall lapse.

(6) \$400,000 of the forest and fish support account--state appropriation is provided solely for adaptive management, monitoring, and participation grants to the departments of ecology and fish and wildlife. If federal funding for this purpose is reinstated, this subsection shall lapse.

(7) The department shall prepare a feasibility study that analyzes applicable business processes and develops the scope, requirements, and alternatives for replacement of the department's current suite of payroll-support systems. The department shall use an independent consultant to assist with the study, and shall submit the completed analysis to the office of financial management, the department of personnel, and the department of information services by August 1, 2008.

(8) \$600,000 of the general fund--state appropriation for fiscal year 2008 and \$600,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to continue interagency agreements with the department of fish and wildlife and the department of ecology for forest and fish report field implementation tasks.

(9) All department staff serving as recreation-management trail stewards shall be noncommissioned.

(10) \$112,000 of the aquatic lands enhancement account--state appropriation is provided solely for spartina eradication efforts. The department may enter into agreements with federal agencies to eradicate spartina from private lands that may provide a source of reinfestation to public lands.

(11) \$52,000 of the general fund--state appropriation for fiscal year 2008 and \$52,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department to convene and staff a work group to study issues related to wildfire prevention and protection. The work group shall be composed of members representing rural counties in eastern and western Washington, fire districts, environmental protection organizations, industrial forest landowners, the agricultural community, the beef industry, small forest landowners, the building industry, realtors, the governor or a designee, the insurance commissioner or a designee, the office of financial management, the state fire marshal or a designee, the state building code council, and the commissioner or public lands or a designee. The work group shall issue a report of findings and recommendations to the appropriate committees of the legislature by August 1, 2008.

(12) \$143,000 of the aquatic lands enhancement account--state appropriation is provided solely to implement Substitute Senate Bill No. 5372 (Puget Sound partnership). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(13) \$2,000,000 of the derelict vessel removal account--state appropriation is provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 6044 (derelict vessels). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(14) \$42,000 of the general fund--state appropriation for fiscal year 2008 and \$42,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Substitute Senate Bill No. 5236 (public lands management). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(15) \$14,000 of the forest development account--state appropriation and \$52,000 of the resources management cost account--state appropriation are provided solely for implementation of Substitute Senate Bill No. 5463 (forest fire protection). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(16) \$182,000 of the resources management cost account--state appropriation is provided solely for implementation of Substitute Senate Bill No. 6011 (Maury island reserve). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(17) \$1,000,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the removal of two large floating dry docks off Lake Washington near the Port Quendall site in north Renton.

(18) \$762,000 of the general fund--state appropriation for fiscal year 2008 and \$1,011,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Substitute Senate Bill No. 6141 (forest health). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(19) \$48,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for implementation of Substitute Senate Bill No. 5844 (specialized forest products). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(20) \$22,000 of the surface mining reclamation account--state appropriation and \$22,000 of the resources management cost account--state appropriation are provided solely for the implementation of Substitute Senate Bill No. 5972 (surface mining reclamation). If the bill is not enacted by June 30, 2007, the amounts in this subsection shall lapse.

(21) \$250,000 of the general fund--state appropriation for fiscal year 2008, \$250,000 of the general fund--state appropriation for fiscal year 2009, and \$500,000 of the resource management cost account--state appropriation are provided solely to extend the 2005-2007 contract with

the University of Washington college of forestry resources for additional research and technical assistance on the future of Washington forests. Reports shall be submitted by June 30, 2009, to the appropriate committees of the legislature on the following topics:

(a) An assessment by the center for international trade in forest products of the highest valued markets for timber products and recommendations for forest management approaches that would improve the position of Washington's forest and timber products industry in those high-valued markets. The college and the department shall also develop a pilot project on the Olympic experimental forest to test the economic viability of selective harvest of certain high-valued trees at such low intensity and with minimal-impact harvest techniques such that the forest ecosystem values are not diminished.

(b) The development of silvicultural and forest management techniques and technology that maintain and restore forest conditions that are resistant and resilient to fire, insects, disease, and other damaging agents. Recommendations for a research approach that will determine the long-term efficacy of different forest health treatments shall also be included.

(c) An exploration of the potential markets for renewable energy from biomass from Washington forests, especially from material removed from eastern Washington forests as part of forest health improvement efforts. This exploration shall assess the feasibility of converting large amounts of underutilized forest biomass into useful products and green energy by providing required analyses needed to efficiently collect and deliver forest biomass to green energy end users. The role of transportation and processing infrastructure in developing markets for such material for both clean energy and value-added products shall be included in the exploration. The college shall coordinate with Washington State University efforts to identify what new biological, chemical, and engineering technologies are emerging for converting forest biomass to clean and efficient energy.

(d) Recommendations for the college's northwest environmental forum for retaining the highest valued working forest lands at risk of conversion to nonforest uses. These recommendations should include an examination of means to enhance biodiversity through strategic retention of certain lands, as well as economic incentives for landowners to retain lands as working forests and provide ecosystem services. The recommendations shall consider the health and value of the forest lands, the rate of loss of working forest lands in the area, the risk to timber processing infrastructure from continued loss of working forest lands, and the multiple benefits derived from retaining working forest lands. The recommendations shall prioritize forest lands in the Cascade foothills, which include the area generally encompassing the nonurbanized lands within the Cascade mountain range and drainages lying between three hundred and three thousand feet above mean sea level, and located within Whatcom, Skagit, Snohomish, King, Pierce, Thurston, and Lewis counties.

(22) \$25,000 of the general fund--state appropriation for fiscal year 2008 and \$25,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for Chelan county, as the chair of the Stemilt partnership, to perform the following:

- (a) Work with private and public land management entities to identify and evaluate land ownership possibilities;
- (b) Perform technical studies, baseline assessments, environmental review, due diligence, and similar real estate evaluations; and
- (c) Implement real estate transactions based on the results of the studies.

NEW SECTION. Sec. 309. FOR THE DEPARTMENT OF AGRICULTURE

General Fund--State Appropriation (FY 2008)	\$12,560,000
General Fund--State Appropriation (FY 2009)	\$12,354,000
General Fund--Federal Appropriation	\$10,853,000
General Fund--Private/Local Appropriation	\$413,000
Aquatic Lands Enhancement Account--State Appropriation	\$2,022,000
Energy Freedom Account--State Appropriation	\$500,000
Water Quality Account--State Appropriation (FY 2008)	\$574,000
Water Quality Account--State Appropriation (FY 2009)	\$575,000
State Toxics Control Account--State Appropriation	\$4,016,000
Water Quality Permit Account--State Appropriation	\$52,000
TOTAL APPROPRIATION	\$43,919,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Fees and assessments approved by the department in the 2007-09 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.

(2) Within funds appropriated in this section, the department, in addition to the authority provided in RCW 17.26.007, may enter into agreements with federal agencies to eradicate spartina from private lands that may provide a source of reinfestation to public lands.

(3) \$307,000 of the general fund--state appropriation for fiscal year 2008 and \$280,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to implement Substitute Senate Bill No. 5372 (Puget Sound partnership). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(4) \$62,000 of the general fund--state appropriation for fiscal year 2008 and \$63,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a study to evaluate the use of sugar beets for the production of biofuels.

NEW SECTION. Sec. 310. FOR THE WASHINGTON POLLUTION LIABILITY REINSURANCE PROGRAM

Pollution Liability Insurance Program Trust Account--State Appropriation	\$772,000
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NEW SECTION. Sec. 311. FOR THE PUGET SOUND PARTNERSHIP

General Fund--State Appropriation (FY 2008)	\$500,000
General Fund--State Appropriation (FY 2009)	\$500,000
General Fund--Federal Appropriation	\$1,155,000

General Fund--Private/Local Appropriation	\$2,500,000
Aquatic Lands Enhancement Account--State Appropriation	\$500,000
Water Quality Account--State Appropriation (FY 2008)	\$3,458,000
Water Quality Account--State Appropriation (FY 2009)	\$3,459,000
TOTAL APPROPRIATION	\$12,072,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$1,000,000 of the water quality account--state appropriation for fiscal year 2008, \$1,000,000 of the water quality account--state appropriation for fiscal year 2009, and \$2,500,000 of the general fund--private/local appropriation are provided solely for the education of citizens through attracting and utilizing volunteers to engage in activities that result in environmental benefits.

(2) \$2,208,000 of the water quality account--state appropriation for fiscal year 2008, \$2,209,000 of the water quality account--state appropriation for fiscal year 2009, \$500,000 of the general fund--state appropriation for fiscal year 2008, \$500,000 of the general fund--state appropriation for fiscal year 2009, and \$1,155,000 of the general fund--federal appropriation are provided solely to implement Substitute Senate Bill No. 5372 (Puget Sound partnership). If the bill is not enacted by June 30, 2007, then \$2,208,000 of the water quality account--state appropriation for fiscal year 2008, \$2,209,000 of the water quality account--state appropriation for fiscal year 2009, and \$1,155,000 of the general fund--federal appropriation are appropriated to the office of the governor for operation of the Puget Sound action team, and \$500,000 of the general fund--state appropriation for fiscal year 2008 and \$500,000 of the general fund--state appropriation for fiscal year 2009 of the amounts provided in this subsection shall lapse.

**PART IV
TRANSPORTATION**

NEW SECTION. Sec. 401. FOR THE DEPARTMENT OF LICENSING

General Fund--State Appropriation (FY 2008)	\$1,667,000
General Fund--State Appropriation (FY 2009)	\$1,915,000
Architects' License Account--State Appropriation	\$720,000
Cemetery Account--State Appropriation	\$222,000
Professional Engineers' Account--State Appropriation	\$3,277,000
Real Estate Commission Account--State Appropriation	\$8,317,000
Master License Account--State Appropriation	\$13,165,000
Uniform Commercial Code Account--State Appropriation	\$2,925,000
Real Estate Education Account--State Appropriation	\$275,000
Real Estate Appraiser Commission Account--State Appropriation	\$1,564,000
Business Professions Account--State Appropriation	\$10,203,000
Real Estate Research Account--State Appropriation	\$319,000
Funeral Directors And Embalmers Account--State Appropriation	\$542,000
Geologists' Account--State Appropriation	\$56,000
Data Processing Revolving Account--State Appropriation	\$29,000
Derelict Vessel Removal Account--State Appropriation	\$31,000
Home Inspector's Account--State Appropriation	\$624,000
TOTAL APPROPRIATION	\$45,851,000

The appropriations in this section are subject to the following conditions and limitations:

(1) In accordance with RCW 43.24.086, it is the policy of the state of Washington that the cost of each professional, occupational, or business licensing program be fully borne by the members of that profession, occupation, or business. For each licensing program covered by RCW 43.24.086, the department shall set fees at levels sufficient to fully cover the cost of administering the licensing program, including any costs associated with policy enhancements funded in the 2007-09 fiscal biennium. Pursuant to RCW 43.135.055, during the 2007-09 fiscal biennium, the department may increase fees in excess of the fiscal growth factor if the increases are necessary to fully fund the costs of the licensing programs.

(2) \$624,000 of the home inspector's account--state appropriation is provided solely to implement Engrossed Substitute Senate Bill No. 5788 (licensing of home inspectors). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

NEW SECTION. Sec. 402. FOR THE STATE PATROL

General Fund--State Appropriation (FY 2008)	\$39,946,000
General Fund--State Appropriation (FY 2009)	\$38,587,000
General Fund--Federal Appropriation	\$5,094,000
General Fund--Private/Local Appropriation	\$1,223,000
Death Investigations Account--State Appropriation	\$5,306,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$1,377,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$1,385,000
Enhanced 911 Account--State Appropriation	\$572,000
County Criminal Justice Assistance Account--State Appropriation	\$3,040,000

Municipal Criminal Justice Assistance Account--State Appropriation	\$1,242,000
Fire Service Trust Account--State Appropriation	\$131,000
Disaster Response Account--State Appropriation	\$2,000
Fire Service Training Account--State Appropriation	\$7,557,000
Aquatic Invasive Species Enforcement Account--State Appropriation	\$248,000
State Toxics Control Account--State Appropriation	\$472,000
Fingerprint Identification Account--State Appropriation	\$6,517,000
DNA Data Base Account--State Appropriation	\$170,000
TOTAL APPROPRIATION	\$112,869,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$233,000 of the general fund--state appropriation for fiscal year 2008, \$282,000 of the general fund--state appropriation for fiscal year 2009, and \$357,000 of the fingerprint identification account--state appropriation are provided solely for workload associated with implementation of the federal Adam Walsh act -- the children's safety and violent crime reduction act of 2006.

(2) In accordance with RCW 10.97.100 and chapter 43.43 RCW, the Washington state patrol is authorized to perform and charge fees for criminal history and background checks for state and local agencies, and nonprofit and other private entities and disseminate the records. It is the policy of the state of Washington that the fees cover, as nearly as practicable, the direct and indirect costs of performing criminal history and background checks activities. Pursuant to RCW 43.135.055, during the 2007-2009 fiscal biennium, the Washington state patrol may increase fees in excess of the fiscal growth factor if the increases are necessary to fully fund the direct and indirect cost of the criminal history and background check activities.

(3) \$200,000 of the fire service training account--state appropriation is provided solely for two FTEs in the office of the state director of fire protection exclusively to review K-12 construction documents for fire and life safety in accordance with the state building code. It is the intent of this subsection to provide these services only to those districts that are located in counties without qualified review capabilities.

(4) \$21,000 of the general fund--state appropriation for fiscal year 2008 and \$21,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for one-time bonuses of \$5,000 for troopers who completed trooper basic training after July 1, 2003, and who have served a continuous commission of four years within the districts to which they are assigned by the Washington state patrol without accepting a transfer, other than a transfer granted for promotion or hardship. This one-time bonus is: Not subject to collective bargaining; available only at the discretion of the chief, who shall consider the trooper's record of service when deciding whether to award the bonus; and is not to be included as compensation for any retirement, pension, or disability purpose.

**PART V
EDUCATION**

NEW SECTION. Sec. 501. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

(1) STATE AGENCY OPERATIONS

General Fund--State Appropriation (FY 2008)	\$20,831,000
General Fund--State Appropriation (FY 2009)	\$21,190,000
General Fund--Federal Appropriation	\$21,527,000
TOTAL APPROPRIATION	\$63,548,000

The appropriations in this section are subject to the following conditions and limitations:

(a) \$11,965,000 of the general fund--state appropriation for fiscal year 2008 and \$12,351,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the operation and expenses of the office of the superintendent of public instruction. Within the amounts provided in this subsection, the superintendent shall recognize the extraordinary accomplishments of four students who have demonstrated a strong understanding of the civics essential learning requirements to receive the Daniel J. Evans civic education award. The students selected for the award must demonstrate understanding through completion of at least one of the classroom-based civics assessment models developed by the superintendent of public instruction, and through leadership in the civic life of their communities. The superintendent shall select two students from eastern Washington and two students from western Washington to receive the award, and shall notify the governor and legislature of the names of the recipients.

(b) \$1,080,000 of the general fund--state appropriation for fiscal year 2008 and \$815,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the operation and expenses of the state board of education, including basic education assistance activities. Within the amounts provided, the board shall (i) develop a comprehensive set of recommendations for an accountability system; (ii) adopt high school graduation requirements aligned with international performance standards in mathematics and science and, in conjunction with the office of the superintendent of public instruction, identify no more than three curricula that are aligned with these standards; and (iii) review all requirements related to the high school diploma as directed by section 405, chapter 263, Laws of 2006.

(c) \$4,543,000 of the general fund--state appropriation for fiscal year 2008 and \$5,803,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to the professional educator standards board for the following:

(i) \$930,000 in fiscal year 2008 and \$1,070,000 in fiscal year 2009 are for the operation and expenses of the Washington professional educator standards board, including administering the alternative routes to certification program, pipeline for paraeducators conditional scholarship loan program, and the retooling to teach math conditional loan program. Within the amounts provided in this subsection (1)(d)(i), the professional educator standards board shall: (A) Revise the teacher mathematics endorsement competencies and alignment of teacher tests to the updated competencies; (B) review teacher preparation requirements in cultural understanding and make recommendations for

strengthening these standards; (C) create a new professional level teacher assessment; (D) expand the alternative routes to teacher certification program for business professionals and instructional assistants who will teach math and science; and (E) revise requirements for college and university teacher preparation programs to match a new knowledge- and skill-based performance system; and

(ii) \$3,269,000 of the general fund--state appropriation for fiscal year 2008 and \$4,289,000 of the general fund--state appropriation for fiscal year 2009 are for conditional scholarship loans and mentor stipends provided through the alternative routes to certification program administered by the professional educator standards board. Of the amounts provided in this subsection (1)(d)(ii):

(A) \$500,000 each year is provided solely for conditional scholarships to candidates seeking an endorsement in special education, math, science, or bilingual education;

(B) \$2,210,000 for fiscal year 2008 and \$3,230,000 for fiscal year 2009 are for the expansion of conditional scholarship loans and mentor stipends for individuals enrolled in alternative route state partnership programs and seeking endorsements in math, science, special education or bilingual education as follows: (I) For route one interns (those currently holding associates of arts degrees), in fiscal year 2008, 120 interns seeking endorsements in the specified subject areas and for fiscal year 2009, an additional 120 interns in the specified subject areas; and (II) for all other routes, funding is provided each year for 140 interns seeking endorsements in the specified subject areas; and

(C) Remaining amounts in this subsection (1)(d)(ii) shall be used to continue existing alternative routes to certification programs;

(iii) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$200,000 of the general fund--state appropriation for fiscal year 2009 provided in this subsection (1)(d) are for \$4,000 conditional loan stipends for paraeducators participating in the pipeline for paraeducators established Engrossed Second Substitute Senate Bill No. 5813 (relating to improving mathematics, technology, English as a second language, special education, and science education); and

(iv) \$244,000 of the general fund--state appropriation for fiscal year 2008 and \$244,000 of the general fund--state appropriation for fiscal year 2009 are for conditional stipends for certificated teachers pursuing a mathematics or science endorsement under the retooling to teach mathematics or science program established in Engrossed Second Substitute Senate Bill No. 5813 (relating to improving mathematics, technology, English as a second language, special education, and science education). The conditional stipends shall be for endorsement exam fees as well as stipends for teachers who must also complete coursework.

(d) \$555,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for increased attorney general fees related to education litigation.

(e) \$300,000 of the general fund--state appropriation for fiscal year 2008 and \$300,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for replacement of the apportionment system, which includes the processes that collect school district budget and expenditure information, staffing characteristics, and the student enrollments that drive the funding process.

(f) \$78,000 of the general fund--state appropriation for fiscal year 2008 and \$78,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to provide direct services and support to schools around an integrated, interdisciplinary approach to instruction in conservation, natural resources, sustainability, and human adaptation to the environment. Specific integration efforts will focus on science, math, and the social sciences. Integration between basic education and career and technical education, particularly agricultural and natural sciences education, is to be a major element.

(g) \$1,336,000 of the general fund--state appropriation for fiscal year 2008 and \$1,227,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the creation of a statewide data base of longitudinal student information. This amount is conditioned on the department satisfying the requirements in section 902 of this act.

(h) \$325,000 of the general fund--state appropriation for fiscal year 2008 and \$325,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for comprehensive cultural competence and anti-bias education programs for educators and students. The office of superintendent of public instruction shall administer grants to school districts with the assistance and input of groups such as the anti-defamation league and the Jewish federation of Seattle.

(i) \$50,000 of the general fund--state appropriation for fiscal year 2008 and \$50,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to promote the financial literacy of students. The effort will be coordinated through the financial literacy public-private partnership.

(j) \$204,000 of the general fund--state appropriation for fiscal year 2008 and \$66,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5843 (regarding educational data and data systems). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(k) \$114,000 of the general fund--state appropriation for fiscal year 2008 and \$114,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Substitute Senate Bill No. 5102 (legislative youth advisory council) or Substitute House Bill No. 1052 (legislative youth advisory council). If neither bill is enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(l) \$162,000 of the general fund--state appropriation for fiscal year 2008 and \$31,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Second Substitute Senate Bill No. 5643 (children and families of incarcerated parents). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(m) \$28,000 of the general fund--state appropriation for fiscal year 2008 and \$27,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Second Substitute Senate Bill No. 5098 (Washington college bound scholarship). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(n) \$46,000 of the general fund--state appropriation for fiscal year 2008 and \$3,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Engrossed Substitute Senate Bill No. 5297 (regarding providing medically and scientifically accurate sexual health education in schools). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(o) \$45,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the office of superintendent of public instruction to convene a workgroup to develop school food allergy guidelines and policies for school district implementation. The workgroup shall complete the development of the food allergy guidelines and policies by March 31, 2008, in order to allow for school district

implementation in the 2008-2009 school year. The guidelines developed shall incorporate state and federal laws that impact management of food allergies in school settings.

(2) STATEWIDE PROGRAMS

General Fund--State Appropriation (FY 2008)	\$15,072,000
General Fund--State Appropriation (FY 2009)	\$15,748,000
General Fund--Federal Appropriation	\$55,890,000
TOTAL APPROPRIATION	\$86,710,000

The appropriations in this subsection are provided solely for the statewide programs specified in this subsection and are subject to the following conditions and limitations:

(a) HEALTH AND SAFETY

(i) \$2,541,000 of the general fund--state appropriation for fiscal year 2008 and \$2,541,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a corps of nurses located at educational service districts, as determined by the superintendent of public instruction, to be dispatched to the most needy schools to provide direct care to students, health education, and training for school staff.

(ii) \$96,000 of the general fund--state appropriation for fiscal year 2008 and \$96,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the school safety center in the office of the superintendent of public instruction subject to the following conditions and limitations:

(A) The safety center shall: Disseminate successful models of school safety plans and cooperative efforts; provide assistance to schools to establish a comprehensive safe school plan; select models of cooperative efforts that have been proven successful; act as an information dissemination and resource center when an incident occurs in a school district either in Washington or in another state; coordinate activities relating to school safety; review and approve manuals and curricula used for school safety models and training; and develop and maintain a school safety information web site.

(B) The school safety center advisory committee shall develop a training program, using the best practices in school safety, for all school safety personnel.

(iii) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a school safety training program provided by the criminal justice training commission. The commission, in collaboration with the school safety center advisory committee, shall provide the school safety training for all school administrators and school safety personnel, including school safety personnel hired after the effective date of this section.

(iv) \$40,000 of the general fund--state appropriation for fiscal year 2008 and \$40,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the safety center advisory committee to develop and distribute a pamphlet to promote internet safety for children, particularly in grades seven through twelve. The pamphlet shall be posted on the superintendent of public instruction's web site. To the extent possible, the pamphlet shall be distributed in schools throughout the state and in other areas accessible to youth, including but not limited to libraries and community centers.

(v) \$10,344,000 of the general fund--federal appropriation is provided for safe and drug free schools and communities grants for drug and violence prevention activities and strategies.

(vi) \$146,000 of the general fund--state appropriation for fiscal year 2008 and \$146,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a nonviolence and leadership training program provided by the institute for community leadership. The program shall provide a request for proposal process, with up to 80 percent funding, for nonviolence leadership workshops serving at least 12 school districts with direct programming in 36 elementary, middle, and high schools throughout Washington state.

(vii) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a pilot youth suicide prevention and information program. The office of superintendent of public instruction will work with selected school districts and community agencies in identifying effective strategies for preventing youth suicide.

(viii) \$800,000 of the general fund--state appropriation for fiscal year 2008 and \$800,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Substitute Senate Bill No. 5097 (school safety). Specifically, the funding is provided for the educational service districts to collaborate with the office of superintendent of public instruction's school safety center and the school safety advisory committee to award grants to school districts for the development and updating of comprehensive safe school plans, school safety training, and the conducting of safety-related drills. If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(b) TECHNOLOGY

\$1,939,000 of the general fund--state appropriation for fiscal year 2008 and \$1,939,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for K-20 telecommunications network technical support in the K-12 sector to prevent system failures and avoid interruptions in school utilization of the data processing and video-conferencing capabilities of the network. These funds may be used to purchase engineering and advanced technical support for the network.

(c) GRANTS AND ALLOCATIONS

(i) \$641,000 of the general fund--state appropriation for fiscal year 2008 and \$1,318,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the special services pilot projects authorized in House Bill No. 2136 or Senate Bill No. 6094 (core subject instruction). If neither bill is enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(ii) \$31,000 of the general fund--state appropriation for fiscal year 2008 and \$31,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for operation of the Cispus environmental learning center.

(iii) \$97,000 of the general fund--state appropriation for fiscal year 2008 and \$97,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to support vocational student leadership organizations.

(iv) \$146,000 of the general fund--state appropriation for fiscal year 2008 and \$146,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the Washington civil liberties education program.

(v) \$1,000,000 of the general fund--state appropriation for fiscal year 2008 and \$1,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the Washington state achievers scholarship program. The funds shall be used to support community involvement officers that recruit, train, and match community volunteer mentors with students selected as achievers scholars.

(vi) \$294,000 of the general fund--state appropriation for fiscal year 2008 and \$294,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the Lorraine Wojahn dyslexia pilot reading program in up to five school districts.

(vii) \$75,000 of the general fund--state appropriation for fiscal year 2008 and \$75,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for developing and disseminating curriculum and other materials documenting women's role in World War II.

(viii) \$175,000 of the general fund--state appropriation for fiscal year 2008 and \$175,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for incentive grants for districts to develop preapprenticeship programs. Grant awards up to \$10,000 each shall be used to support the program's design, school/business/labor agreement negotiations, and recruiting high school students for preapprenticeship programs in the building trades and crafts.

(ix) \$3,220,000 of the general fund--state appropriation for fiscal year 2008 and \$3,220,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the dissemination of the Navigation 101 curriculum to all districts, including disseminating electronic student planning tools and software for analyzing the impact of the implementation of Navigation 101 on student performance, and grants to at least one hundred school districts each year for the implementation of the Navigation 101 program. The implementation grants will be limited to a maximum of two years and the school districts selected shall represent various regions of the state and reflect differences in school district size and enrollment characteristics.

(x) \$36,000 of the general fund--state appropriation for fiscal year 2008 and \$36,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the enhancement of civics education. Of this amount, \$25,000 each year is provided solely for competitive grants to school districts for curriculum alignment, development of innovative civics projects, and other activities that support the civics assessment established in chapter 113, Laws of 2006.

(xi) \$2,500,000 of the general fund--state appropriation for fiscal year 2008 and \$2,500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Engrossed Substitute Senate Bill No. 5497 (authorizing a statewide program for comprehensive dropout prevention, intervention, and retrieval). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(xii) \$25,000 of the general fund--state appropriation for fiscal year 2008 and \$25,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the communities in school program in Pierce county.

(xiii) \$500,000 of the general fund--state appropriation for fiscal year 2008 and \$500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the office of superintendent of public instruction to contract with a company to develop and implement a pilot program for providing indigenous learning curriculum and standards specific online learning programs based on the recommended standards in chapter 205, Laws of 2005 (Washington's tribal history). The specific content areas covered by the pilot program will include social studies and science. The contractor selected will have experience in developing and implementing indigenous learning curricula and if possible will be affiliated with a recognized Washington state tribe. The pilot program will be implemented in a minimum of three school districts in collaboration with Washington tribes and school districts. To the extent possible and appropriate, the pilot program will involve organizations including, the University of Washington's mathematics science and engineering achievement, the digital learning commons, the virtual possibilities network, the museum of arts and culture in Spokane, Eastern Washington University, and Washington State University.

(xiv) \$500,000 of the general fund--state appropriation for fiscal year 2008 and \$500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Substitute Senate Bill No. 5714 (Spanish and Chinese language instruction). Within the amounts specifically appropriated for this purpose, the amounts are provided for a pilot program in two school districts to provide sequentially articulated Spanish and Chinese language instruction in elementary schools. If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(xv) \$70,000 of the general fund--state appropriation for fiscal year 2008 and \$70,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to support and expand the mentoring advanced placement program in current operation in southwest Washington.

NEW SECTION. Sec. 502. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR GENERAL APPORTIONMENT

General Fund--State Appropriation (FY 2008)	\$4,485,724,000
General Fund--State Appropriation (FY 2009)	\$4,556,783,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$4,714,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$4,673,000
Pension Funding Stabilization Account Appropriation	\$226,624,000
TOTAL APPROPRIATION	\$9,278,518,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2) Allocations for certificated staff salaries for the 2007-08 and 2008-09 school years shall be determined using formula-generated staff units calculated pursuant to this subsection. Staff allocations for small school enrollments in (e) through (g) of this subsection shall be reduced for vocational full-time equivalent enrollments. Staff allocations for small school enrollments in grades K-6 shall be the greater of that generated under (a) of this subsection, or under (d) and (e) of this subsection. Certificated staffing allocations shall be as follows:

(a) On the basis of each 1,000 average annual full-time equivalent enrollments, excluding full-time equivalent enrollment otherwise recognized for certificated staff unit allocations under (d) through (g) of this subsection:

- (i) Four certificated administrative staff units per thousand full-time equivalent students in grades K-12;
- (ii) Forty-nine certificated instructional staff units per thousand full-time equivalent students in grades K-3;
- (iii) Forty-six certificated instructional staff units per thousand full-time equivalent students in grades 4-12; and

(iv) An additional 4.2 certificated instructional staff units for grades K-3 and an additional 7.2 certificated instructional staff units for grade

4. Any funds allocated for the additional certificated units provided in this subsection (iv) shall not be considered as basic education funding;

(A) Funds provided under this subsection (2)(a)(iv) in excess of the amount required to maintain the statutory minimum ratio established under RCW 28A.150.260(2)(b) shall be allocated only if the district documents an actual ratio in grades K-4 equal to or greater than 53.2 certificated instructional staff per thousand full-time equivalent students. For any school district documenting a lower certificated instructional staff ratio, the allocation shall be based on the district's actual grades K-4 certificated instructional staff ratio achieved in that school year, or the statutory minimum ratio established under RCW 28A.150.260(2)(b), if greater;

(B) Districts at or above 51.0 certificated instructional staff per one thousand full-time equivalent students in grades K-4 may dedicate up to 1.3 of the 53.2 funding ratio to employ additional classified instructional assistants assigned to basic education classrooms in grades K-4. For purposes of documenting a district's staff ratio under this section, funds used by the district to employ additional classified instructional assistants shall be converted to a certificated staff equivalent and added to the district's actual certificated instructional staff ratio. Additional classified instructional assistants, for the purposes of this subsection, shall be determined using the 1989-90 school year as the base year;

(C) Any district maintaining a ratio in grades K-4 equal to or greater than 53.2 certificated instructional staff per thousand full-time equivalent students may use allocations generated under this subsection (2)(a)(iv) in excess of that required to maintain the minimum ratio established under RCW 28A.150.260(2)(b) to employ additional basic education certificated instructional staff or classified instructional assistants in grades 5-6. Funds allocated under this subsection (2)(a)(iv) shall only be expended to reduce class size in grades K-6. No more than 1.3 of the certificated instructional funding ratio amount may be expended for provision of classified instructional assistants;

(b) For school districts with a minimum enrollment of 250 full-time equivalent students whose full-time equivalent student enrollment count in a given month exceeds the first of the month full-time equivalent enrollment count by 5 percent, an additional state allocation of 110 percent of the share that such increased enrollment would have generated had such additional full-time equivalent students been included in the normal enrollment count for that particular month;

(c)(i) On the basis of full-time equivalent enrollment in:

(A) Vocational education programs approved by the superintendent of public instruction, a maximum of 0.92 certificated instructional staff units and 0.08 certificated administrative staff units for each 19.5 full-time equivalent vocational students; and

(B) Skills center programs meeting the standards for skills center funding established in January 1999 by the superintendent of public instruction with a waiver allowed for skills centers in current operation that are not meeting this standard until the 2007-08 school year, 0.92 certificated instructional staff units and 0.08 certificated administrative units for each 16.67 full-time equivalent vocational students;

(ii) Vocational full-time equivalent enrollment shall be reported on the same monthly basis as the enrollment for students eligible for basic support, and payments shall be adjusted for reported vocational enrollments on the same monthly basis as those adjustments for enrollment for students eligible for basic support; and

(iii) Indirect cost charges by a school district to vocational-secondary programs shall not exceed 15 percent of the combined basic education and vocational enhancement allocations of state funds;

(d) For districts enrolling not more than twenty-five average annual full-time equivalent students in grades K-8, and for small school plants within any school district which have been judged to be remote and necessary by the state board of education and enroll not more than twenty-five average annual full-time equivalent students in grades K-8:

(i) For those enrolling no students in grades 7 and 8, 1.76 certificated instructional staff units and 0.24 certificated administrative staff units for enrollment of not more than five students, plus one-twentieth of a certificated instructional staff unit for each additional student enrolled; and

(ii) For those enrolling students in grades 7 or 8, 1.68 certificated instructional staff units and 0.32 certificated administrative staff units for enrollment of not more than five students, plus one-tenth of a certificated instructional staff unit for each additional student enrolled;

(e) For specified enrollments in districts enrolling more than twenty-five but not more than one hundred average annual full-time equivalent students in grades K-8, and for small school plants within any school district which enroll more than twenty-five average annual full-time equivalent students in grades K-8 and have been judged to be remote and necessary by the state board of education:

(i) For enrollment of up to sixty annual average full-time equivalent students in grades K-6, 2.76 certificated instructional staff units and 0.24 certificated administrative staff units; and

(ii) For enrollment of up to twenty annual average full-time equivalent students in grades 7 and 8, 0.92 certificated instructional staff units and 0.08 certificated administrative staff units;

(f) For districts operating no more than two high schools with enrollments of less than three hundred average annual full-time equivalent students, for enrollment in grades 9-12 in each such school, other than alternative schools:

(i) For remote and necessary schools enrolling students in any grades 9-12 but no more than twenty-five average annual full-time equivalent students in grades K-12, four and one-half certificated instructional staff units and one-quarter of a certificated administrative staff unit;

(ii) For all other small high schools under this subsection, nine certificated instructional staff units and one-half of a certificated administrative staff unit for the first sixty average annual full time equivalent students, and additional staff units based on a ratio of 0.8732 certificated instructional staff units and 0.1268 certificated administrative staff units per each additional forty-three and one-half average annual full time equivalent students.

Units calculated under (g)(ii) of this subsection shall be reduced by certificated staff units at the rate of forty-six certificated instructional staff units and four certificated administrative staff units per thousand vocational full-time equivalent students;

(g) For each nonhigh school district having an enrollment of more than seventy annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-8 program or a grades 1-8 program, an additional one-half of a certificated instructional staff unit; and

(i) For each nonhigh school district having an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-6 program or a grades 1-6 program, an additional one-half of a certificated instructional staff unit.

(3) Allocations for classified salaries for the 2007-08 and 2008-09 school years shall be calculated using formula-generated classified staff units determined as follows:

(a) For enrollments generating certificated staff unit allocations under subsection (2)(e) through (i) of this section, one classified staff unit for each three certificated staff units allocated under such subsections;

(b) For all other enrollment in grades K-12, including vocational full-time equivalent enrollments, one classified staff unit for each sixty average annual full-time equivalent students; and

(c) For each nonhigh school district with an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, an additional one-half of a classified staff unit.

(4) Fringe benefit allocations shall be calculated at a rate of 14.63 percent in the 2007-08 school year and 16.40 percent in the 2008-09 school year for certificated salary allocations provided under subsection (2) of this section, and a rate of 17.24 percent in the 2007-08 school year and 18.54 percent in the 2008-09 school year for classified salary allocations provided under subsection (3) of this section.

(5) Insurance benefit allocations shall be calculated at the maintenance rate specified in section 504(2) of this act, based on the number of benefit units determined as follows:

(a) The number of certificated staff units determined in subsection (2) of this section; and

(b) The number of classified staff units determined in subsection (3) of this section multiplied by 1.152. This factor is intended to adjust allocations so that, for the purposes of distributing insurance benefits, full-time equivalent classified employees may be calculated on the basis of 1440 hours of work per year, with no individual employee counted as more than one full-time equivalent.

(6)(a) For nonemployee-related costs associated with each certificated staff unit allocated under subsection (2)(a), (b), and (d) through (h) of this section, there shall be provided a maximum of \$9,703 per certificated staff unit in the 2007-08 school year and a maximum of \$9,907 per certificated staff unit in the 2008-09 school year.

(b) For nonemployee-related costs associated with each vocational certificated staff unit allocated under subsection (2)(c)(i)(A) of this section, there shall be provided a maximum of \$23,831 per certificated staff unit in the 2007-08 school year and a maximum of \$24,331 per certificated staff unit in the 2008-09 school year.

(c) For nonemployee-related costs associated with each vocational certificated staff unit allocated under subsection (2)(c)(i)(B) of this section, there shall be provided a maximum of \$18,489 per certificated staff unit in the 2007-08 school year and a maximum of \$18,877 per certificated staff unit in the 2008-09 school year.

(7) Allocations for substitute costs for classroom teachers shall be distributed at a maintenance rate of \$555.20 for the 2007-08 and 2008-09 school years per allocated classroom teachers exclusive of salary increase amounts provided in section 504 of this act. Solely for the purposes of this subsection, allocated classroom teachers shall be equal to the number of certificated instructional staff units allocated under subsection (2) of this section, multiplied by the ratio between the number of actual basic education certificated teachers and the number of actual basic education certificated instructional staff reported statewide for the prior school year.

(8) Any school district board of directors may petition the superintendent of public instruction by submission of a resolution adopted in a public meeting to reduce or delay any portion of its basic education allocation for any school year. The superintendent of public instruction shall approve such reduction or delay if it does not impair the district's financial condition. Any delay shall not be for more than two school years. Any reduction or delay shall have no impact on levy authority pursuant to RCW 84.52.0531 and local effort assistance pursuant to chapter 28A.500 RCW.

(9) The superintendent may distribute a maximum of \$16,622,000 outside the basic education formula during fiscal years 2008 and 2009 as follows:

(a) For fire protection for school districts located in a fire protection district as now or hereafter established pursuant to chapter 52.04 RCW, a maximum of \$547,000 may be expended in fiscal year 2008 and a maximum of \$558,000 may be expended in fiscal year 2009;

(b) For summer vocational programs at skills centers, a maximum of \$2,385,000 may be expended for the 2008 fiscal year and a maximum of \$2,385,000 for the 2009 fiscal year. 20 percent of each fiscal year amount may carry over from one year to the next;

(c) A maximum of \$390,000 may be expended for school district emergencies;

(d) A maximum of \$485,000 each fiscal year may be expended for programs providing skills training for secondary students who are enrolled in extended day school-to-work programs, as approved by the superintendent of public instruction. The funds shall be allocated at a rate not to exceed \$500 per full-time equivalent student enrolled in those programs; and

(e) \$4,714,000 of the education legacy trust account appropriation for fiscal year 2008 and \$4,673,000 of the education legacy trust account appropriation for fiscal year 2009 are provided solely for allocations for equipment replacement in vocational programs and skills centers. Each year of the biennium, the funding shall be allocated based on \$75 per full-time equivalent vocational student and \$125 per full-time equivalent skills center student.

(f) \$2,991,000 of the general fund--state appropriation for fiscal year 2008 and \$4,403,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Second Substitute Senate Bill No. 5790 (regarding skills centers). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(10) For purposes of RCW 84.52.0531, the increase per full-time equivalent student is 5.7 percent from the 2006-07 school year to the 2007-08 school year and 5.1 percent from the 2007-08 school year to the 2008-09 school year.

(11) If two or more school districts consolidate and each district was receiving additional basic education formula staff units pursuant to subsection (2)(b) through (h) of this section, the following shall apply:

(a) For three school years following consolidation, the number of basic education formula staff units shall not be less than the number of basic education formula staff units received by the districts in the school year prior to the consolidation; and

(b) For the fourth through eighth school years following consolidation, the difference between the basic education formula staff units received by the districts for the school year prior to consolidation and the basic education formula staff units after consolidation pursuant to subsection (2)(a) through (h) of this section shall be reduced in increments of twenty percent per year.

NEW SECTION. Sec. 503. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--BASIC EDUCATION EMPLOYEE COMPENSATION. (1) The following calculations determine the salaries used in the general fund allocations for certificated instructional, certificated administrative, and classified staff units under section 502 of this act:

(a) Salary allocations for certificated instructional staff units shall be determined for each district by multiplying the district's certificated instructional total base salary shown on LEAP Document 2 by the district's average staff mix factor for certificated instructional staff in that school year, computed using LEAP Document 1; and

(b) Salary allocations for certificated administrative staff units and classified staff units for each district shall be based on the district's certificated administrative and classified salary allocation amounts shown on LEAP Document 2.

(2) For the purposes of this section:

(a) "LEAP Document 1" means the staff mix factors for certificated instructional staff according to education and years of experience, as developed by the legislative evaluation and accountability program committee on March 24, 2007, at 07:29 hours; and

(b) "LEAP Document 2" means the school year salary allocations for certificated administrative staff and classified staff and derived and total base salaries for certificated instructional staff as developed by the legislative evaluation and accountability program committee on March 24, 2007, at 07:29 hours.

(3) Incremental fringe benefit factors shall be applied to salary adjustments at a rate of 14.63 percent for school year 2007-08 and 16.40 percent for school year 2008-09 for certificated staff and for classified staff 17.24 percent for school year 2007-08 and 18.54 percent for the 2008-09 school year.

(4)(a) Pursuant to RCW 28A.150.410, the following state-wide salary allocation schedules for certificated instructional staff are established for basic education salary allocations:

K-12 Salary Allocation Schedule For Certificated Instructional Staff

Years of Service	2007-08 School Year								
	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90 or PHD
0	32,746	33,630	34,547	35,465	38,412	40,310	39,260	42,207	44,107
1	33,187	34,083	35,011	35,970	38,948	40,836	39,696	42,674	44,560
2	33,607	34,512	35,450	36,483	39,452	41,359	40,135	43,104	45,012
3	34,039	34,953	35,901	36,967	39,930	41,884	40,552	43,513	45,468
4	34,464	35,418	36,372	37,474	40,455	42,423	40,988	43,969	45,938
5	34,902	35,861	36,824	37,988	40,958	42,965	41,432	44,403	46,410
6	35,353	36,291	37,287	38,508	41,464	43,482	41,887	44,843	46,860
7	36,145	37,097	38,106	39,394	42,393	44,467	42,739	45,737	47,812
8	37,304	38,308	39,340	40,735	43,775	45,925	44,079	47,120	49,269
9		39,562	40,646	42,091	45,202	47,425	45,434	48,547	50,770
10			41,967	43,516	46,669	48,966	46,861	50,014	52,310
11				44,984	48,204	50,547	48,328	51,550	53,891
12				46,404	49,781	52,194	49,853	53,126	55,540
13					51,397	53,882	51,431	54,741	57,226
14					53,020	55,632	53,056	56,471	58,977
15					54,400	57,080	54,435	57,939	60,511
16 or more					55,487	58,220	55,523	59,097	61,720

K-12 Salary Allocation Schedule For Certificated Instructional Staff

2008-09 School Year

Years of Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	MA+90 or PHD
0	33,898	34,814	35,762	36,713	39,763	41,728	40,641	43,691	45,658
1	34,354	35,282	36,243	37,236	40,318	42,272	41,093	44,175	46,128
2	34,789	35,726	36,697	37,766	40,840	42,814	41,547	44,621	46,596
3	35,237	36,183	37,164	38,267	41,335	43,357	41,979	45,044	47,067
4	35,676	36,664	37,651	38,793	41,878	43,915	42,430	45,516	47,554
5	36,130	37,123	38,120	39,324	42,399	44,476	42,890	45,965	48,043
6	36,597	37,567	38,598	39,863	42,923	45,011	43,361	46,421	48,508
7	37,416	38,402	39,446	40,780	43,885	46,031	44,243	47,346	49,494
8	38,616	39,655	40,724	42,168	45,315	47,541	45,630	48,778	51,002
9		40,954	42,076	43,572	46,792	49,093	47,032	50,255	52,556
10			43,443	45,047	48,310	50,688	48,509	51,773	54,150
11				46,566	49,900	52,326	50,028	53,363	55,787
12				48,036	51,533	54,030	51,606	54,995	57,493
13					53,205	55,777	53,240	56,667	59,239
14					54,885	57,589	54,922	58,457	61,052
15					56,313	59,088	56,350	59,977	62,639
16 or more					57,439	60,269	57,476	61,176	63,892

(b) As used in this subsection, the column headings "BA+(N)" refer to the number of credits earned since receiving the baccalaureate degree.

(c) For credits earned after the baccalaureate degree but before the masters degree, any credits in excess of forty-five credits may be counted after the masters degree. Thus, as used in this subsection, the column headings "MA+(N)" refer to the total of:

(i) Credits earned since receiving the masters degree; and

(ii) Any credits in excess of forty-five credits that were earned after the baccalaureate degree but before the masters degree.

(5) For the purposes of this section:

(a) "BA" means a baccalaureate degree.

(b) "MA" means a masters degree.

(c) "PHD" means a doctorate degree.

(d) "Years of service" shall be calculated under the same rules adopted by the superintendent of public instruction.

(e) "Credits" means college quarter hour credits and equivalent in-service credits computed in accordance with RCW 28A.415.020 and 28A.415.023.

(6) No more than ninety college quarter-hour credits received by any employee after the baccalaureate degree may be used to determine compensation allocations under the state salary allocation schedule and LEAP documents referenced in this act, or any replacement schedules and documents, unless:

(a) The employee has a masters degree; or

(b) The credits were used in generating state salary allocations before January 1, 1992.

(7) The certificated instructional staff base salary specified for each district in LEAP Document 2 and the salary schedules in subsection (4)(a) of this section include two learning improvement days. A school district is eligible for the learning improvement day funds only if the learning improvement days have been added to the 180-day contract year. If fewer days are added, the additional learning improvement allocation shall be adjusted accordingly. The additional days shall be limited to specific activities identified in the state required school improvement plan related to improving student learning that are consistent with education reform implementation, and shall not be considered part of basic education. The principal in each school shall assure that the days are used to provide the necessary school-wide, all staff professional development that is tied directly to the school improvement plan. The school principal and the district superintendent shall maintain documentation as to their approval of these activities. The length of a learning improvement day shall not be less than the length of a full day under the base contract. The superintendent of public instruction shall ensure that school districts adhere to the intent and purposes of this subsection.

(8) The salary allocation schedules established in this section are for allocation purposes only except as provided in RCW 28A.400.200(2) and subsection (7) of this section.

NEW SECTION. Sec. 504. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL EMPLOYEE COMPENSATION ADJUSTMENTS

General Fund--State Appropriation (FY 2008)	\$160,575,000
General Fund--State Appropriation (FY 2009)	\$344,618,000
General Fund--Federal Appropriation	\$771,000
TOTAL APPROPRIATION	\$505,964,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$439,468,000 is provided solely for the following:

(a) A cost of living adjustment of 3.7 percent effective September 1, 2007, and another 2.8 percent effective September 1, 2008, pursuant to Initiative Measure No. 732.

(b) Additional salary increases as necessary to fund the base salaries for certificated instructional staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act. Allocations for these salary increases shall be provided to all 262 districts that are not grandfathered to receive salary allocations above the statewide salary allocation schedule, and to certain grandfathered districts to the extent necessary to ensure that salary allocations for districts that are currently grandfathered do not fall below the statewide salary allocation schedule. These additional salary increases will result in a decrease in the number of grandfathered districts from the current thirty-four to twenty-four in the 2007-08 school year and to thirteen in the 2008-09 school year.

(c) Additional salary increases to certain districts as necessary to fund the per full-time-equivalent salary allocations for certificated administrative staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act. These additional salary increases shall ensure a minimum salary allocation for certificated administrative staff of \$54,405 in the 2007-08 school year and \$57,097 in the 2008-09 school year.

(d) Additional salary increases to certain districts as necessary to fund the per full-time-equivalent salary allocations for classified staff as listed for each district in LEAP Document 2, defined in section 503(2)(b) of this act. These additional salary increases ensure a minimum salary allocation for classified staff of \$29,960 in the 2007-08 school year and \$31,175 in the 2008-09 school year.

(e) The appropriations in this subsection (1) include associated incremental fringe benefit allocations at rates 13.99 percent for the 2007-08 school year and 15.76 percent for the 2008-09 school year for certificated staff and 13.74 percent for the 2007-08 school year and 15.04 percent for the 2008-09 school year for classified staff.

(f) The appropriations in this section include the increased portion of salaries and incremental fringe benefits for all relevant state-funded school programs in part V of this act. Increases for general apportionment (basic education) are based on the salary allocation schedules and methodology in sections 502 and 503 of this act. Increases for special education result from increases in each district's basic education allocation per student. Increases for educational service districts and institutional education programs are determined by the superintendent of public instruction using the methodology for general apportionment salaries and benefits in sections 502 and 503 of this act.

(g) The appropriations in this section provide cost of living and incremental fringe benefit allocations based on formula adjustments as follows:

	School Year	
	2007-08	2008-09
Pupil Transportation (per weighted pupil mile)	\$1.03	\$1.93
Highly Capable (per formula student)	\$11.18	\$20.93
Transitional Bilingual Education (per eligible bilingual student)	\$29.94	\$56.05
Learning Assistance (per formula student)	\$7.59	\$14.22

(h) The appropriations in this section include \$925,000 for fiscal year 2008 and \$1,940,000 for fiscal year 2009 for salary increase adjustments for substitute teachers.

(2) \$66,185,000 is provided for adjustments to insurance benefit allocations. The maintenance rate for insurance benefit allocations is \$682.54 per month for the 2007-08 and 2008-09 school years. The appropriations in this section provide for a rate increase to \$707.00 per month for the 2007-08 school year and \$732.00 per month for the 2008-09 school year. The adjustments to health insurance benefit allocations are at the following rates:

	School Year	
	2007-08	2008-09
Pupil Transportation (per weighted pupil mile)	\$0.22	\$0.45

Highly Capable (per formula student)	\$1.50	\$3.05
Transitional Bilingual Education (per eligible bilingual student)	\$3.97	\$8.01
Learning Assistance (per formula student)	\$0.93	\$1.89

(3) The rates specified in this section are subject to revision each year by the legislature.

NEW SECTION. Sec. 505. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PUPIL TRANSPORTATION

General Fund--State Appropriation (FY 2008)	\$262,882,000
General Fund--State Appropriation (FY 2009)	\$264,573,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$12,500,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$12,500,000
TOTAL APPROPRIATION	\$552,455,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2) A maximum of \$848,000 of this fiscal year 2008 appropriation and a maximum of \$866,000 of the fiscal year 2009 appropriation may be expended for regional transportation coordinators and related activities. The transportation coordinators shall ensure that data submitted by school districts for state transportation funding shall, to the greatest extent practical, reflect the actual transportation activity of each district.

(3) \$5,000 of the fiscal year 2008 appropriation and \$5,000 of the fiscal year 2009 appropriation are provided solely for the transportation of students enrolled in "choice" programs. Transportation shall be limited to low-income students who are transferring to "choice" programs solely for educational reasons.

(4) Allocations for transportation of students shall be based on reimbursement rates of \$44.88 per weighted mile in the 2007-08 school year and \$45.44 per weighted mile in the 2008-09 school year exclusive of salary and benefit adjustments provided in section 504 of this act. Allocations for transportation of students transported more than one radius mile shall be based on weighted miles as determined by superintendent of public instruction multiplied by the per mile reimbursement rates for the school year pursuant to the formulas adopted by the superintendent of public instruction. Allocations for transportation of students living within one radius mile shall be based on the number of enrolled students in grades kindergarten through five living within one radius mile of their assigned school multiplied by the per mile reimbursement rate for the school year multiplied by 1.29.

(5) \$12,500,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$12,500,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely for the office of superintendent of public instruction, in consultation with the joint legislative audit and review committee, to develop an equitable funding methodology to provide additional assistance to school districts for their pupil transportation costs beyond the levels otherwise provided in this section. The allocation methodology for the amounts provided in this subsection shall be based primarily on the findings and analysis from the joint legislative and audit review committee's K-12 pupil transportation study completed in December 2006.

(6) The office of the superintendent of public instruction shall provide reimbursement funding to a school district only after the superintendent of public instruction determines that the school bus was purchased from the list established pursuant to RCW 28A.160.195(2) or a comparable competitive bid process based on the lowest price quote based on similar bus categories to those used to establish the list pursuant to RCW 28A.160.195.

(7) The superintendent of public instruction shall base depreciation payments for school district buses on the five-year average of lowest bids in the appropriate category of bus. In the final year on the depreciation schedule, the depreciation payment shall be based on the lowest bid in the appropriate bus category for that school year.

NEW SECTION. Sec. 506. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL FOOD SERVICE PROGRAMS

General Fund--State Appropriation (FY 2008)	\$3,159,000
General Fund--State Appropriation (FY 2009)	\$3,159,000
General Fund--Federal Appropriation	\$280,398,000
TOTAL APPROPRIATION	\$286,716,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$3,000,000 of the general fund--state appropriation for fiscal year 2008 and \$3,000,000 of the general fund--state appropriation for fiscal year 2009 are provided for state matching money for federal child nutrition programs.

(2) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the 2009 fiscal year appropriation are provided for summer food programs for children in low-income areas.

(3) \$59,000 of the general fund--state appropriation for fiscal year 2008 and \$59,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to reimburse school districts for school breakfasts served to students enrolled in the free or reduced price meal program pursuant to chapter 287, Laws of 2005 (requiring school breakfast programs in certain schools).

NEW SECTION. Sec. 507. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SPECIAL EDUCATION PROGRAMS

General Fund--State Appropriation (FY 2008)	\$548,413,000
General Fund--State Appropriation (FY 2009)	\$566,972,000
General Fund--Federal Appropriation	\$435,735,000
TOTAL APPROPRIATION	\$1,551,120,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Funding for special education programs is provided on an excess cost basis, pursuant to RCW 28A.150.390. School districts shall ensure that special education students as a class receive their full share of the general apportionment allocation accruing through sections 502 and 504 of this act. To the extent a school district cannot provide an appropriate education for special education students under chapter 28A.155 RCW through the general apportionment allocation, it shall provide services through the special education excess cost allocation funded in this section.

(2)(a) The superintendent of public instruction shall ensure that:

- (i) Special education students are basic education students first;
- (ii) As a class, special education students are entitled to the full basic education allocation; and
- (iii) Special education students are basic education students for the entire school day.

(b) All districts shall use the excess cost methodology first developed and implemented for the 2001-02 school year using the S-275 personnel reporting system and all related accounting requirements.

(3) Each fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(4) The superintendent of public instruction shall distribute state funds to school districts based on two categories: (a) The first category includes (i) children birth through age two who are eligible for the optional program for special education eligible developmentally delayed infants and toddlers, and (ii) students eligible for the mandatory special education program and who are age three or four, or five and not yet enrolled in kindergarten; and (b) the second category includes students who are eligible for the mandatory special education program and who are age five and enrolled in kindergarten and students age six through 21.

(5)(a) For the 2007-08 and 2008-09 school years, the superintendent shall make allocations to each district based on the sum of:

(i) A district's annual average headcount enrollment of students ages birth through four and those five year olds not yet enrolled in kindergarten, as defined in subsection (4) of this section, multiplied by the district's average basic education allocation per full-time equivalent student, multiplied by 1.15; and

(ii) A district's annual average full-time equivalent basic education enrollment multiplied by the funded enrollment percent determined pursuant to subsection (6)(b) of this section, multiplied by the district's average basic education allocation per full-time equivalent student multiplied by 0.9309.

(b) For purposes of this subsection, "average basic education allocation per full-time equivalent student" for a district shall be based on the staffing ratios required by RCW 28A.150.260 and shall not include enhancements, secondary vocational education, or small schools.

(6) The definitions in this subsection apply throughout this section.

(a) "Annual average full-time equivalent basic education enrollment" means the resident enrollment including students enrolled through choice (RCW 28A.225.225) and students from nonhigh districts (RCW 28A.225.210) and excluding students residing in another district enrolled as part of an interdistrict cooperative program (RCW 28A.225.250).

(b) "Enrollment percent" means the district's resident special education annual average enrollment, excluding the birth through age four enrollment and those five year olds not yet enrolled in kindergarten, as a percent of the district's annual average full-time equivalent basic education enrollment.

Each district's general fund--state funded special education enrollment shall be the lesser of the district's actual enrollment percent or 12.7 percent.

(7) At the request of any interdistrict cooperative of at least 15 districts in which all excess cost services for special education students of the districts are provided by the cooperative, the maximum enrollment percent shall be calculated in accordance with subsection (6)(b) of this section, and shall be calculated in the aggregate rather than individual district units. For purposes of this subsection, the average basic education allocation per full-time equivalent student shall be calculated in the aggregate rather than individual district units.

(8) To the extent necessary, \$30,690,000 of the general fund--state appropriation and \$29,574,000 of the general fund--federal appropriation are provided for safety net awards for districts with demonstrated needs for special education funding beyond the amounts provided in subsection (5) of this section. If safety net awards exceed the amount appropriated in this subsection (8), the superintendent shall expend all available federal discretionary funds necessary to meet this need. Safety net funds shall be awarded by the state safety net oversight committee subject to the following conditions and limitations:

(a) The committee shall consider unmet needs for districts that can convincingly demonstrate that all legitimate expenditures for special education exceed all available revenues from state funding formulas. In the determination of need, the committee shall also consider additional available revenues from federal sources. Differences in program costs attributable to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for safety net awards.

(b) The committee shall then consider the extraordinary high cost needs of one or more individual special education students. Differences in costs attributable to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for safety net awards.

(c) Using criteria developed by the committee, the committee shall then consider extraordinary costs associated with communities that draw a large number of families with children in need of special education services.

(d) The maximum allowable indirect cost for calculating safety net eligibility may not exceed the federal restricted indirect cost rate for the district plus one percent.

(e) Safety net awards must be adjusted for any audit findings or exceptions related to special education funding.

(9) The superintendent of public instruction may adopt such rules and procedures as are necessary to administer the special education funding and safety net award process. Prior to revising any standards, procedures, or rules, the superintendent shall consult with the office of financial management and the fiscal committees of the legislature.

(10) The safety net oversight committee appointed by the superintendent of public instruction shall consist of:

(a) One staff from the office of superintendent of public instruction;

(b) Staff of the office of the state auditor who shall be nonvoting members of the committee; and

(c) One or more representatives from school districts or educational service districts knowledgeable of special education programs and funding.

(11) Pursuant to Engrossed Second Substitute Senate Bill No. 5841 (enhancing student learning opportunities), the office of superintendent of public instruction shall review and streamline the application process to access safety net funds, provide technical assistance to school districts, and annually survey school districts regarding improvement to the process. The safety net oversight committee shall study the excess cost accounting method and explore options for a possible replacement, including an option that reflects the full amount of special education funding and the legislative direction to ensure that as a class, special education students are entitled to the full basic education allocation.

(12) A maximum of \$678,000 may be expended from the general fund--state appropriations to fund 5.43 full-time equivalent teachers and 2.1 full-time equivalent aides at children's orthopedic hospital and medical center. This amount is in lieu of money provided through the home and hospital allocation and the special education program.

(13) A maximum of \$1,000,000 of the general fund--federal appropriation is provided for projects to provide special education students with appropriate job and independent living skills, including work experience where possible, to facilitate their successful transition out of the public school system. The funds provided by this subsection shall be from federal discretionary grants.

(14) \$50,000 of the general fund--state appropriation for fiscal year 2008, \$50,000 of the general fund--state appropriation for fiscal 2009, and \$100,000 of the general fund--federal appropriation shall be expended to support a special education ombudsman program within the office of superintendent of public instruction. The purpose of the program is to provide support to parents, guardians, educators, and students with disabilities. The program will provide information to help families and educators understand state laws, rules, and regulations, and access training and support, technical information services, and mediation services. The ombudsman program will provide data, information, and appropriate recommendations to the office of superintendent of public instruction, school districts, educational service districts, state need projects, and the parent and teacher information center.

(15) The superintendent shall maintain the percentage of federal flow-through to school districts at 85 percent. In addition to other purposes, school districts may use increased federal funds for high-cost students, for purchasing regional special education services from educational service districts, and for staff development activities particularly relating to inclusion issues.

(16) A maximum of \$1,200,000 of the general fund--federal appropriation may be expended by the superintendent for projects related to use of inclusion strategies by school districts for provision of special education services.

(17) The superintendent, consistent with the new federal IDEA reauthorization, shall continue to educate school districts on how to implement a birth-to-three program and review the cost effectiveness and learning benefits of early intervention.

(18) A school district may carry over from one year to the next year up to 10 percent of the general fund--state funds allocated under this program; however, carryover funds shall be expended in the special education program.

(19) \$262,000 of the general fund--state appropriation for fiscal year 2008 and \$251,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for two additional full-time equivalent staff to support the work of the safety net committee and to provide training and support to districts applying for safety net awards.

NEW SECTION. Sec. 508. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR EDUCATIONAL SERVICE DISTRICTS

General Fund--State Appropriation (FY 2008)	\$5,647,000
General Fund--State Appropriation (FY 2009)	\$7,375,000
TOTAL APPROPRIATION	\$13,022,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The educational service districts shall continue to furnish financial services required by the superintendent of public instruction and RCW 28A.310.190 (3) and (4).

(2) \$1,665,000 of the general fund--state appropriation in fiscal year 2008 and \$3,351,000 of the general fund--state appropriation in fiscal year 2009 are provided solely for regional professional development related to mathematics and science curriculum and instructional strategies. For each educational service district, \$184,933 is provided in fiscal year 2008 for professional development activities related to mathematics curriculum and instruction and \$372,357 is provided in fiscal year 2009 for professional development activities related to mathematics and science curriculum and instruction. Each educational service district shall use this funding solely for salary and benefits for a certificated instructional staff with expertise in the appropriate subject matter and in professional development delivery, and for travel, materials, and other expenditures related to providing regional professional development support. The office of superintendent of public instruction shall also allocate to each educational service district additional amounts provided in section 504 of this act for compensation increases associated with the salary amounts and staffing provided in this subsection (2).

(3) The educational service districts, at the request of the state board of education pursuant to RCW 28A.310.010 and 28A.310.340, may receive and screen applications for school accreditation, conduct school accreditation site visits pursuant to state board of education rules, and

submit to the state board of education post-site visit recommendations for school accreditation. The educational service districts may assess a cooperative service fee to recover actual plus reasonable indirect costs for the purposes of this subsection.

NEW SECTION. Sec. 509. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR LOCAL EFFORT ASSISTANCE

General Fund--State Appropriation (FY 2008)	\$202,394,000
General Fund--State Appropriation (FY 2009)	\$212,310,000
TOTAL APPROPRIATION	\$414,704,000

NEW SECTION. Sec. 510. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR INSTITUTIONAL EDUCATION PROGRAMS

General Fund--State Appropriation (FY 2008)	\$18,343,000
General Fund--State Appropriation (FY 2009)	\$18,510,000
TOTAL APPROPRIATION	\$36,853,000

The appropriations in this section are subject to the following conditions and limitations:

- (1) Each general fund--state fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.
- (2) State funding provided under this section is based on salaries and other expenditures for a 220-day school year. The superintendent of public instruction shall monitor school district expenditure plans for institutional education programs to ensure that districts plan for a full-time summer program.
- (3) State funding for each institutional education program shall be based on the institution's annual average full-time equivalent student enrollment. Staffing ratios for each category of institution shall remain the same as those funded in the 1995-97 biennium.
- (4) The funded staffing ratios for education programs for juveniles age 18 or less in department of corrections facilities shall be the same as those provided in the 1997-99 biennium.
- (5) \$196,000 of the general fund--state appropriation for fiscal year 2008 and \$196,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to maintain at least one certificated instructional staff and related support services at an institution whenever the K-12 enrollment is not sufficient to support one full-time equivalent certificated instructional staff to furnish the educational program. The following types of institutions are included: Residential programs under the department of social and health services for developmentally disabled juveniles, programs for juveniles under the department of corrections, and programs for juveniles under the juvenile rehabilitation administration.
- (6) Ten percent of the funds allocated for each institution may be carried over from one year to the next.

NEW SECTION. Sec. 511. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS

General Fund--State Appropriation (FY 2008)	\$7,385,000
General Fund--State Appropriation (FY 2009)	\$7,468,000
TOTAL APPROPRIATION	\$14,853,000

The appropriations in this section are subject to the following conditions and limitations:

- (1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.
- (2) Allocations for school district programs for highly capable students shall be distributed at a maximum rate of \$373.36 per funded student for the 2007-08 school year and \$377.49 per funded student for the 2008-09 school year, exclusive of salary and benefit adjustments pursuant to section 504 of this act. The number of funded students shall be a maximum of two percent of each district's full-time equivalent basic education enrollment.
- (3) \$170,000 of the fiscal year 2008 appropriation and \$170,000 of the fiscal year 2009 appropriation are provided for the centrum program at Fort Worden state park.
- (4) \$90,000 of the fiscal year 2008 appropriation and \$90,000 of the fiscal year 2009 appropriation are provided for the Washington destination imagination network and future problem-solving programs.

NEW SECTION. Sec. 512. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR MISCELLANEOUS PURPOSES UNDER THE ELEMENTARY AND SECONDARY SCHOOL IMPROVEMENT ACT AND THE NO CHILD LEFT BEHIND ACT

General Fund--Federal Appropriation	\$43,450,000
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NEW SECTION. Sec. 513. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--EDUCATION REFORM PROGRAMS

General Fund--State Appropriation (FY 2008)	\$56,507,000
General Fund--State Appropriation (FY 2009)	\$65,567,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$67,713,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$59,610,000
General Fund--Federal Appropriation	\$152,610,000
TOTAL APPROPRIATION	\$402,007,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$19,966,000 of the general fund--state appropriation for fiscal year 2008, \$19,946,000 of the general fund--state appropriation for fiscal year 2009, and \$15,870,000 of the general fund--federal appropriation are provided solely for development and implementation of the Washington assessments of student learning (WASL), including development and implementation of retake assessments for high school students who are not successful in one or more content areas of the WASL and development and implementation of alternative assessments or appeals procedures to implement the certificate of academic achievement. The superintendent of public instruction shall report quarterly on the progress on development and implementation of alternative assessments or appeals procedures. Within these amounts, the superintendent of public instruction shall contract for the early return of 10th grade student WASL results, on or around June 10th of each year.

(2) \$6,000,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$6,000,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely for the implementation of Engrossed Substitute Senate Bill No. 6023 (regarding alternative assessments), including section 2 and section 5 of that act, or Second Substitute House Bill No. 2327 (regarding a system of standards, instruction, and assessments for mathematics and science). If neither bill is enacted by June 30, 2007, the amounts provided in this subsection shall lapse. Additionally, the funding provided in this subsection is subject to the following conditions and limitations:

(a) The funding may be spent on reviewing, developing, and implementing approved alternative assessments authorized in Engrossed Substitute Senate Bill No. 6023 (regarding alternative assessments) or Second Substitute House Bill No. 2327 (regarding a system of standards, instruction, and assessments for mathematics and science).

(b) The funding may also be used for reviewing, developing, and implementing end of course examinations pursuant to Engrossed Substitute Senate Bill No. 6023 (regarding alternative assessments) or Second Substitute House Bill No. 2327 (regarding a system of standards, instruction, and assessments for mathematics and science).

(c) The funding may be used for increased costs associated with additional full-time equivalent students directly resulting from additional course taking requirements specified in Engrossed Substitute Senate Bill No. 6023 (regarding alternative assessments) or Second Substitute House Bill No. 2327 (regarding a system of standards, instruction, and assessments for mathematics and science).

(d) Beginning on September 1, 2007, the office of the superintendent of public instruction shall submit quarterly reports to the office of financial management and the appropriate policy and fiscal committees of the legislature detailing the actions taken pursuant to Engrossed Substitute Senate Bill No. 6023 (regarding alternative assessments) or Second Substitute House Bill No. 2327 (regarding a system of standards, instruction, and assessments for mathematics and science) and amounts spent of each aspect of the legislation.

(3) \$70,000 of the general fund--state appropriation for fiscal year 2008 and \$70,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the second grade assessments.

(4) \$1,414,000 of the general fund--state appropriation for fiscal year 2008 and \$1,414,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for (a) the tenth grade mathematics assessment tool that: (i) Presents the mathematics essential learnings in segments for assessment; (ii) is comparable in content and rigor to the tenth grade mathematics WASL when all segments are considered together; (iii) is reliable and valid; and (iv) can be used to determine a student's academic performance level; (b) tenth grade mathematics knowledge and skill learning modules to teach middle and high school students specific skills that have been identified as areas of difficulty for tenth grade students; and (c) making the modules available on-line.

(5) \$100,000 of the general fund--state appropriation in fiscal year 2008 is provided solely to support the development of state standards in mathematics that reflect international content and performance levels. Activities include collecting appropriate research, consulting with mathematics standards experts, and convening state education practitioners and community members in an inclusive process to recommend new standards.

(6) \$1,664,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$1,664,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the development of science standards and curriculum as follows:

(a) \$100,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the development and communication of state standards in science that reflect international content and performance levels. Activities include collecting appropriate research, consulting with mathematics standards experts, and convening state education practitioners and community members in an inclusive process to recommend new standards.

(b) \$677,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$677,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the evaluation of science textbooks, instructional materials, and diagnostic tools to determine the extent to which they are aligned with the state's international standards. Once the evaluations have been conducted, results will be shared with science teachers, other educators, and community members for the purposes of validating the conclusions and then selecting up to three curricula, supporting materials, and diagnostic instruments as those best able to assist students learn and teachers teach the content of the international standards.

(c) \$887,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$887,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the development of WASL knowledge and skill learning modules to assist students performing at tenth grade Level 1 and Level 2 in science.

(7) \$5,711,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$7,366,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely for allocations to districts for salaries and benefits for three additional professional development days for middle and high school math teachers and three additional professional development days for middle and high school science teachers. The office of the superintendent of public instruction shall develop rules to determine the number of math and science teachers in middle and high schools within each district. Allocations made pursuant to this subsection are intended to be formula-driven, and the office of the superintendent of public instruction shall provide updated projections of the relevant budget drivers by November 20, 2007, and by November 20, 2008. The allocations shall be used in coordination with and to augment the learning improvement days in section 503(7) of this act. The allocations shall be used as follows:

(a) For middle school teachers during the 2007-08 school year, the three math professional development days shall focus on development of basic mathematics knowledge and instructional skills and the three science professional development days shall focus on examination of student science assessment data and identification of science knowledge and skill areas in need of additional instructional attention. For middle school teachers during the 2008-09 school year, the three math professional development days shall focus on skills related to implementing the new international mathematics standards and the three science professional development days shall focus on skills related to implementing the new international science standards.

(b) For high school teachers during the 2007-08 school year the three math professional development days shall focus on skills related to implementing state math learning modules, the segmented math class/assessment program, the collection of evidence alternative assessment, and basic mathematics knowledge and instructional skills and the three science professional development days shall focus on skills related to examination of student science assessment data and identification of science knowledge and skill areas in need of additional instructional attention. For high school teachers during the 2008-09 school year, the three math professional development days shall focus on skills related to implementing the new international mathematics standards and the three science professional development days shall focus on skills related to implementing the new international science standards.

(8) \$1,649,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$3,727,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a math and science instructional coaches demonstration project. Funding shall be used to provide grants to schools and districts to provide salaries, benefits, and professional development activities to twenty-five instructional coaches in middle and high school math in the 2007-08 and 2008-09 school years and twenty-five instructional coaches in middle and high school science in the 2008-09 school years; and up to \$300,000 may be used by the office of the superintendent of public instruction to administer and coordinate the program. Each instructional coach will receive five days of training at a coaching institute prior to being assigned to serve two schools each. These coaches will attend meetings during the year to further their training and assist with coordinating statewide trainings on math and science. The Washington institute for public policy will evaluate the effectiveness of the demonstration projects as provided in part VI of this act.

(9) \$2,500,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$2,500,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely to allow approved middle and junior high school career and technical education programs to receive enhanced vocational funding pursuant to Engrossed Second Substitute Senate Bill No. 5813 (creating educational opportunities). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse. The office of the superintendent of public instruction shall provide allocations to districts for middle and junior high school students in accordance with the funding formulas provided in section 502 of this act. Although the allocations are formula-driven, the office of the superintendent shall consider the funding provided in this subsection as a fixed amount, and shall adjust funding to stay within the amounts provided in this subsection.

(10) \$453,000 of the general fund--state appropriation for fiscal year 2008 and \$453,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to the office of superintendent of public instruction to identify no more than three mathematics basic curricula as well as diagnostic and supplemental materials for elementary, middle, junior high, and high school that align with the new international math standards.

(11) \$150,000 of the general fund--state appropriation for fiscal year 2008 and \$150,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5528 (review of the essential academic learning requirements in mathematics). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse. The funding provided in this subsection, combined with the other amounts provided in sections 501 and 513 of this act, are assumed to support the state board of education's responsibilities in reviewing and recommending revised mathematics essential academic learning requirement and grade level expectations, including costs associated with contracting for an expert consultant and the convening of a mathematics advisory panel. Additionally, the funding is intended to support costs associated with the office of superintendent of public instruction's responsibilities pursuant to state board of education and legislative direction.

(12) \$143,000 of the general fund--state appropriation for fiscal year 2008 and \$139,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for (a) staff at the office of the superintendent of public instruction to coordinate and promote efforts to develop integrated math, science, technology, and engineering programs in schools and districts across the state; and (b) grants of \$2,500 to provide twenty middle and high school teachers each year professional development training for implementing integrated math, science, technology, and engineering program in their schools.

(13) \$3,382,000 of the general fund--state appropriation for fiscal year 2008 and \$3,382,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for in-service training and educational programs conducted by the Pacific science center and for the Washington state leadership assistance for science education reform (LASER) regional partnership coordinated at the Pacific science center.

(14) \$675,000 of the general fund--state appropriation for fiscal year 2009 is provided solely to support state college readiness assessment fees for eleventh grade students. The office of the superintendent of public instruction shall allocate funds for this purpose to school districts based on the number of eleventh grade students who complete the college readiness exam. School districts shall use these funds to reimburse institutions of higher education for the assessments students take and report to the office of the superintendent of public instruction on the number of assessments provided.

(15) \$12,897,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$28,846,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely for grants for voluntary all-day kindergarten at the highest poverty schools students. To qualify, recipient schools must review the quality of their programs and make appropriate changes, use a kindergarten assessment tool, and demonstrate strong connections and communication with early learning providers and parents. The office of the superintendent of public instruction shall provide allocations to districts for recipient schools in accordance with the funding formulas provided in section 502 of this act. Each kindergarten student who is eligible for the federal free and reduced price lunch program and who is enrolled in a recipient school shall count as one-half of one full-time equivalent student for the purpose of making allocations under this subsection. Although the allocations are formula-driven, the office of the superintendent shall consider the funding provided in this subsection as a fixed

amount, and shall limit the number of recipient schools so as to stay within the amounts appropriated each fiscal year in this subsection. The funding provided in this subsection is estimated to provide all-day kindergarten programs for 10 percent of kindergarten enrollment eligible for free and reduced price lunch in the 2007-08 school year and 20 percent of kindergarten enrollment eligible for free and reduced price lunch in the 2008-09 school year.

(16) \$1,201,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$1,852,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely to establish a middle and high school math and science class size pilot program. The funding is intended to fund at least ten schools in establishing actual average class sizes of 25 in mathematics and science classes in grades 6 through 12. The office of superintendent of public instruction, in direct collaboration with the Washington institute for public policy to ensure a research valid sample, will select the schools to participate in the pilot program. To the maximum extent possible, schools participating in the grant program shall also be selected to ensure adequate representation based on school district size and geographic location throughout the state.

(17) \$1,770,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$2,292,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely for grants for four demonstration projects for kindergarten through grade three. The purpose of the grants is to implement best practices in developmental learning in kindergarten through third grade pursuant to Engrossed Second Substitute Senate Bill No. 5843 (enhancing student learning opportunities).

(18) \$300,000 of the general fund--state appropriation for fiscal year 2008 and \$1,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the development of a leadership academy for school principals and administrators. The superintendent of public instruction shall contract with an independent organization to design, field test, and implement a state-of-the-art education leadership academy that will be accessible throughout the state. Initial development of the content of the academy activities shall be supported by private funds. Semiannually the independent organization shall report on amounts committed by foundations and others to support the development and implementation of this program. Leadership academy partners, with varying roles, shall include the state level organizations for school administrators and principals, the superintendent of public instruction, the professional educator standards board, and others as the independent organization shall identify.

(19) \$661,000 of the general fund--state appropriation for fiscal year 2008 and \$684,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for grants to school districts to implement emerging best practices activities in support of classroom teachers' instruction of students, with a first language other than English, who struggle with acquiring academic English skills. Best practices shall focus on professional development for classroom teachers and support of instruction for English language learners in regular classrooms. School districts qualifying for these grants shall serve a student population that reflects many different first languages among their students. The Washington institute for public policy shall evaluate the effectiveness of the practices supported by the grants as provided in section 608(4) of this act. Recipients of these grants shall cooperate with the institute for public policy in the collection of program data.

(20) \$250,000 of the general fund--state appropriation for fiscal year 2008 and \$250,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for reimbursement of diagnostic assessments pursuant to RCW 28A.655.200.

(21) \$548,000 of the fiscal year 2008 general fund--state appropriation and \$548,000 of the fiscal year 2009 general fund--state appropriation are provided solely for training of paraprofessional classroom assistants and certificated staff who work with classroom assistants as provided in RCW 28A.415.310.

(22) \$2,348,000 of the general fund--state appropriation for fiscal year 2008 and \$2,348,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for mentor teacher assistance, including state support activities, under RCW 28A.415.250 and 28A.415.260, and for a mentor academy. Up to \$200,000 of the amount in this subsection may be used each fiscal year to operate a mentor academy to help districts provide effective training for peer mentors. Funds for the teacher assistance program shall be allocated to school districts based on the number of first year beginning teachers.

(23) \$705,000 of the general fund--state appropriation for fiscal year 2008 and \$705,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the leadership internship program for superintendents, principals, and program administrators.

(24) \$98,761,000 of the general fund--federal appropriation is provided for preparing, training, and recruiting high quality teachers and principals under Title II of the no child left behind act.

(25)(a) \$488,000 of the general fund--state appropriation for fiscal year 2008 and \$488,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a principal support program. The office of the superintendent of public instruction may contract with an independent organization to administer the program. The program shall include: (i) Development of an individualized professional growth plan for a new principal or principal candidate; and (ii) participation of a mentor principal who works over a period of between one and three years with the new principal or principal candidate to help him or her build the skills identified as critical to the success of the professional growth plan. Within the amounts provided, \$25,000 per year shall be used to support additional participation of secondary principals.

(b) \$3,046,000 of the general fund--state appropriation for fiscal year 2008 and \$3,046,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to the office of the superintendent of public instruction for focused assistance. The office of the superintendent of public instruction shall conduct educational audits of low-performing schools and enter into performance agreements between school districts and the office to implement the recommendations of the audit and the community. Each educational audit shall include recommendations for best practices and ways to address identified needs and shall be presented to the community in a public meeting to seek input on ways to implement the audit and its recommendations.

(26) \$1,000,000 of the general fund--state appropriation for fiscal year 2008 and \$1,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a high school and school district improvement program modeled after the office of the superintendent of public instruction's existing focused assistance program in subsection (25)(b) of this section. The state funding for this improvement program will match an equal amount committed by a nonprofit foundation in furtherance of a jointly funded program.

(27) A maximum of \$375,000 of the general fund--state appropriation for fiscal year 2008 and a maximum of \$500,000 of the general fund--state appropriation for fiscal year 2009 are provided for summer accountability institutes offered by the superintendent of public instruction.

The institutes shall provide school district staff with training in the analysis of student assessment data, information regarding successful district and school teaching models, research on curriculum and instruction, and planning tools for districts to improve instruction in reading, mathematics, language arts, social studies, including civics, and guidance and counseling. The superintendent of public instruction shall offer at least one institute specifically for improving instruction in mathematics in fiscal years 2008 and 2009 and at least one institute specifically for improving instruction in science in fiscal year 2009.

(28) \$515,000 of the general fund--state appropriation for fiscal year 2008 and \$515,000 of the general fund--state appropriation for fiscal year 2009 are provided for the evaluation of mathematics textbooks, other instructional materials, and diagnostic tools to determine the extent to which they are aligned with the state standards. Once the evaluations have been conducted, results will be shared with math teachers, other educators, and community members for the purposes of validating the conclusions and then selecting up to three curricula, supporting materials, and diagnostic instruments as those best able to assist students to learn and teachers to teach the content of international standards. In addition, the office of the superintendent shall continue to provide support and information on essential components of comprehensive, school-based reading programs.

(29) \$1,764,000 of the general fund--state appropriation for fiscal year 2008 and \$1,764,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the mathematics helping corps subject to the following conditions and limitations:

(a) In order to increase the availability and quality of technical mathematics assistance statewide, the superintendent of public instruction shall employ mathematics school improvement specialists to provide assistance to schools and districts. The specialists shall be hired by and work under the direction of a statewide school improvement coordinator. The mathematics improvement specialists shall not be permanent employees of the superintendent of public instruction.

(b) The school improvement specialists shall provide the following:

(i) Assistance to schools to disaggregate student performance data and develop improvement plans based on those data;

(ii) Consultation with schools and districts concerning their performance on the Washington assessment of student learning and other assessments emphasizing the performance on the mathematics assessments;

(iii) Consultation concerning curricula that aligns with the essential academic learning requirements emphasizing the academic learning requirements for mathematics, the Washington assessment of student learning, and meets the needs of diverse learners;

(iv) Assistance in the identification and implementation of research-based instructional practices in mathematics;

(v) Staff training that emphasizes effective instructional strategies and classroom-based assessment for mathematics;

(vi) Assistance in developing and implementing family and community involvement programs emphasizing mathematics; and

(vii) Other assistance to schools and school districts intended to improve student mathematics learning.

(30) \$125,000 of the general fund--state appropriation for fiscal year 2008 and \$125,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the improvement of reading achievement and implementation of research-based reading models. The superintendent shall evaluate reading curriculum programs and other instructional materials to determine the extent to which they are aligned with state standards. A report of the analyses shall be made available to school districts. The superintendent shall report to districts the assessments that are available to screen and diagnose reading difficulties, and shall provide training on how to implement a reading assessment system. Resources may also be used to disseminate grade level expectations and develop professional development modules and web-based materials.

(31) \$30,401,000 of the general fund--federal appropriation is provided for the reading first program under Title I of the no child left behind act.

(a) \$500,000 of the general fund--state appropriation for fiscal year 2008 and \$500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the office of the superintendent of public instruction to award five grants to parent, community, and school district partnership programs that will meet the unique needs of different groups of students in closing the achievement gap. The legislature intends that the pilot programs will help students meet state learning standards, achieve the skills and knowledge necessary for college or the workplace, reduce the achievement gap, prevent dropouts, and improve graduation rates.

(b) The pilot programs shall be designed in such a way as to be supplemental to educational services provided in the district and shall utilize a community partnership based approach to helping students and their parents.

(c) The grant recipients shall work in collaboration with the office of the superintendent of public instruction to develop measurable goals and evaluation methodologies for the pilot programs. \$25,000 of this appropriation may be used by the office of the superintendent of public instruction to hold a statewide meeting to disseminate successful strategies developed by the grantees.

(d) The office of the superintendent of public instruction shall issue a report to the legislature in the 2009 session on the progress of each of the pilot programs.

(32) \$2,500,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$2,500,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely for the office of the superintendent of public instruction to support and award after-school program grants pursuant to Engrossed Second Substitute Senate Bill No. 5841 (enhancing student learning opportunities). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(33) \$1,629,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$1,638,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely to eliminate the lunch co-pay for students in grades kindergarten through third grade that are eligible for reduced price lunch.

(34) \$200,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$200,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely for the development of mathematics support activities provided by community organizations in after school programs. The office of the superintendent of public instruction shall administer grants to community organizations that partner with school districts to provide these activities and develop a mechanism to report program and student success.

(35) \$4,500,000 of the general fund--state appropriation for fiscal year 2008, \$4,500,000 of the general fund--state appropriation for fiscal year 2009, \$722,000 of the education legacy trust account--state appropriation for fiscal year 2008, and \$785,000 of the education legacy trust

account--state appropriation for fiscal year 2009 are provided solely for: (a) The meals for kids program under RCW 28A.235.145 through 28A.235.155; (b) to eliminate the breakfast co-pay for students eligible for reduced price lunch; and (c) for additional assistance for school districts initiating a summer food service program.

(36) \$1,010,000 of the general fund--state appropriation for fiscal year 2008 and \$1,010,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the Washington reading corps. The superintendent shall allocate reading corps members to low-performing schools and school districts that are implementing comprehensive, proven, research-based reading programs. Two or more schools may combine their Washington reading corps programs. Grants provided under this section may be used by school districts for expenditures from September 2007 through August 31, 2009.

(37) \$3,594,000 of the general fund--state appropriation for fiscal year 2008 and \$3,594,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for grants to school districts to provide a continuum of care for children and families to help children become ready to learn. Grant proposals from school districts shall contain local plans designed collaboratively with community service providers. If a continuum of care program exists in the area in which the school district is located, the local plan shall provide for coordination with existing programs to the greatest extent possible. Grant funds shall be allocated pursuant to RCW 70.190.040.

(38) \$1,959,000 of the general fund--state appropriation for fiscal year 2008 and \$1,959,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for improving technology infrastructure, monitoring and reporting on school district technology development, promoting standards for school district technology, promoting statewide coordination and planning for technology development, and providing regional educational technology support centers, including state support activities, under chapter 28A.650 RCW. The superintendent of public instruction shall coordinate a process to facilitate the evaluation and provision of online curriculum courses to school districts which includes the following: Creation of a general listing of the types of available online curriculum courses; a survey conducted by each regional educational technology support center of school districts in its region regarding the types of online curriculum courses desired by school districts; a process to evaluate and recommend to school districts the best online courses in terms of curriculum, student performance, and cost; and assistance to school districts in procuring and providing the courses to students.

(39) \$126,000 of the general fund--state appropriation for fiscal year 2008 and \$126,000 of the general fund--state appropriation for fiscal year 2009 are provided for the development and posting of web-based instructional tools, assessment data, and other information that assists schools and teachers implementing higher academic standards.

(40) \$333,000 of the general fund--state appropriation for fiscal year 2008 and \$333,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the operation of the center for the improvement of student learning pursuant to RCW 28A.300.130.

(41) \$24,800,000 of the education legacy trust account--state appropriation for fiscal year 2008 is provided solely for one-time allocations for technology upgrades and improvements. The funding shall be allocated based on \$6,000 for each elementary school, \$12,000 for each middle or junior high school, and \$22,000 for each high school. In cases where a particular school's grade span or configuration does not fall into these categories, the office of superintendent of public instruction will develop an allocation to that school that recognizes the unique characteristics but maintains the proportionate allocation identified in this subsection.

(42) \$125,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$125,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely for costs associated with office of the superintendent of public instruction establishing a statewide director of technology position pursuant to Engrossed Second Substitute Senate Bill No. 5813 (creating educational opportunities). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(43)(a) \$6,055,000 of the general fund--state appropriation for fiscal year 2008, \$8,191,000 of the general fund--state appropriation for fiscal year 2009, \$3,095,000 of the education legacy trust account--state appropriation for fiscal year 2008, and \$4,256,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely for the following bonuses for teachers who hold valid, unexpired certification from the national board for professional teaching standards and who are teaching in a Washington public school, subject to the following conditions and limitations:

(i) For national board certified teachers, a bonus of \$5,000 per teacher in fiscal year 2008 and \$5,100 per teacher in fiscal year 2009;

(ii) For national board certified teachers who teach in schools where at least 70 percent of student headcount enrollment is eligible for the federal free or reduced price lunch program, an additional \$5,000 annual bonus to be paid in one lump sum; and

(iii) The superintendent of public instruction shall adopt rules to ensure that national board certified teachers meet the qualifications for bonuses under (a)(ii) of this subsection for less than one full school year receive bonuses in a pro-rated manner.

(b) Included in the amounts provided in this subsection are amounts for mandatory fringe benefits. The annual bonus shall not be included in the definition of "earnable compensation" under RCW 41.32.010(10).

(c) For purposes of this subsection, "schools where at least 70 percent of the student headcount enrollment is eligible for the federal free or reduced price lunch program" shall be defined as: (i) For the 2007-08 and the 2008-09 school years, schools in which the prior year percentage of students eligible for the federal free and reduced price lunch program was at least 70 percent; and (ii) in the 2008-09 school year, any school that met the criterion in (c)(i) of this subsection in the 2007-08 school year.

(d) Within the amounts appropriated in this subsection, the office of superintendent of public instruction shall revise rules to allow teachers who hold valid, unexpired certification from the national board for professional teaching standards and who are teaching at the Washington school for the deaf or Washington school for the blind, to receive the annual bonus amounts specified in this subsection if they are otherwise eligible.

(44) \$1,250,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$1,250,000 of the education legacy trust account--state appropriation for fiscal year 2009 are provided solely to cover costs associated with certificated instructional staff who have met the eligibility requirements and have successfully received their certification from the national board for professional teaching standards after September 1, 2007. The assessment fee for national certification is provided in addition to compensation received under a district's salary schedule adopted in accordance with RCW 28A.405.200 and shall not be included in calculations of a district's average salary and associated salary limitation under RCW 28A.400.200. The fee payment shall not be considered earnable compensation as defined in RCW 41.32.010 or

compensation earnable as defined in RCW 41.40.010 and 41.35.010. Within the amounts provided in this subsection, the office of superintendent of public instruction may provide the assessment fee for up to one thousand national board for professional teaching standards recipients. If more than one thousand certified instructional staff seek funding assistance for national board certification, the office of superintendent of public instruction will develop a method of prioritizing to stay within the amounts provided in this subsection.

NEW SECTION. Sec. 514. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR TRANSITIONAL BILINGUAL PROGRAMS

General Fund--State Appropriation (FY 2008)	\$65,520,000
General Fund--State Appropriation (FY 2009)	\$69,139,000
General Fund--Federal Appropriation	\$45,243,000
TOTAL APPROPRIATION	\$179,902,000

The appropriations in this section are subject to the following conditions and limitations:

- (1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.
- (2) The superintendent shall distribute a maximum of \$827.37 per eligible bilingual student in the 2007-08 school year and \$838.44 in the 2008-09 school year, exclusive of salary and benefit adjustments provided in section 504 of this act.
- (3) The superintendent may withhold up to 1.5 percent of the school year allocations to school districts in subsection (2) of this section, and adjust the per eligible pupil rates in subsection (2) of this section accordingly, solely for the central provision of assessments as provided in RCW 28A.180.090 (1) and (2).
- (4) \$70,000 of the amounts appropriated in this section are provided solely to track current and former transitional bilingual program students.
- (5) The general fund--federal appropriation in this section is provided for migrant education under Title I Part C and English language acquisition, and language enhancement grants under Title III of the elementary and secondary education act.
- (6) Pursuant to RCW 28A.150.260, during the 2007-09 biennium, the office of superintendent of public instruction shall not make changes to the requirements in effect as of January 1, 2007, for entry or exit to the transitional bilingual program without prior legislative approval.

NEW SECTION. Sec. 515. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR THE LEARNING ASSISTANCE PROGRAM

General Fund--State Appropriation (FY 2008)	\$70,994,000
General Fund--State Appropriation (FY 2009)	\$73,011,000
General Fund--Federal Appropriation	\$360,660,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$28,034,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$31,731,000
TOTAL APPROPRIATION	\$564,430,000

The appropriations in this section are subject to the following conditions and limitations:

- (1) The general fund--state appropriations in this section are subject to the following conditions and limitations:
 - (a) The appropriations include such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.
 - (b) Funding for school district learning assistance programs shall be allocated at maximum rates of \$238.75 per funded student for the 2007-08 school year and \$242.20 per funded student for the 2008-09 school year exclusive of salary and benefit adjustments provided under section 504 of this act.
 - (c) A school district's funded students for the learning assistance program shall be the sum of the following as appropriate:
 - (i) The district's full-time equivalent enrollment in grades K-12 for the prior school year multiplied by the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch in the prior school year; and
 - (ii) If, in the prior school year, the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch exceeded forty percent, subtract forty percent from the district's percentage and multiply the result by the district's K-12 annual average full-time equivalent enrollment for the prior school year.
 - (d) In addition to amounts allocated in (b) and (c) of this subsection, an additional amount shall be allocated to a school district for each school year in which the district's allocation is less than the amount the district received for the general fund--state learning assistance program allocation in the 2004-05 school year. The amount of the allocation in this section shall be sufficient to maintain the 2004-05 school year allocation.
- (2) The general fund--federal appropriation in this section is provided for Title I Part A allocations of the no child left behind act of 2001.
- (3) Small school districts are encouraged to make the most efficient use of the funding provided by using regional educational service district cooperatives to hire staff, provide professional development activities, and implement reading and mathematics programs consistent with research-based guidelines provided by the office of the superintendent of public instruction.
- (4) A school district may carry over from one year to the next up to 10 percent of the general fund--state or education legacy trust funds allocated under this program; however, carryover funds shall be expended for the learning assistance program.
- (5) School districts are encouraged to coordinate the use of these funds with other federal, state, and local sources to serve students who are below grade level and to make efficient use of resources in meeting the needs of students with the greatest academic deficits.

NEW SECTION. Sec. 516. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--PROMOTING ACADEMIC SUCCESS

General Fund--State Appropriation (FY 2008)	\$23,884,000
General Fund--State Appropriation (FY 2009)	\$25,135,000
TOTAL APPROPRIATION	\$49,019,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The amounts appropriated in this section are provided solely for remediation for students who have not met standard in one or more content areas of the Washington assessment of student learning in the spring of their tenth grade year or on a subsequent retake. The funds may be used for extended learning activities, including summer school, before and after school, Saturday classes, skill seminars, assessment preparation, and in-school or out-of-school tutoring. Extended learning activities may occur on the school campus, via the internet, or at other locations and times that meet student needs. Funds allocated under this section shall not be considered basic education funding. Amounts allocated under this section shall fund new extended learning opportunities, and shall not supplant funding for existing programs and services.

(2) School district allocations for promoting academic success programs shall be calculated as follows:

(a) Allocations shall be made to districts only for students actually served in a promoting academic success program.

(b) A portion of the district's annual student units shall be the number of content area assessments (reading, writing, and mathematics) on which eleventh and twelfth grade students were more than one standard error of measurement from meeting standard on the WASL in their most recent attempt to pass the WASL.

(c) The other portion of the district's annual student units shall be the number of content area assessments (reading, writing, and mathematics) on which eleventh and twelfth grade students were less than one standard error of measurement from meeting standard but did not meet standard on the WASL in their most recent attempt to pass the WASL.

(d) Districts with at least one but less than 20 student units combining the student units generated from (b) and (c) of this subsection shall be counted as having 20 student units for the purposes of the allocations in (e) and (f)(i) of this subsection.

(e) Allocations for certificated instructional staff salaries and benefits shall be determined using formula-generated staff units calculated pursuant to this subsection. Ninety-four hours of certificated instructional staff units are allocated per 13.0 student units as calculated under (a) of this subsection and thirty-four hours of certificated instructional staff units are allocated per 13.0 student units as calculated under (b) of this subsection. Allocations for salaries and benefits for the staff units calculated under this subsection shall be calculated in the same manner as provided under section 503 of this act. Salary and benefit increase funding for staff units generated under this section is included in section 504 of this act.

(f) The following additional allocations are provided per student unit, as calculated in (a) and (b) of this subsection:

- (i) \$12.86 in school year 2007-08 and \$13.11 in school year 2008-09 for maintenance, operations, and transportation;
- (ii) \$12.35 in school year 2007-08 and \$12.58 in school year 2008-09 for pre- and post-remediation assessments;
- (iii) \$17.49 in school year 2007-08 and \$17.83 in school year 2008-09 per reading remediation student unit;
- (iv) \$8.23 in school year 2007-08 and \$8.39 in school year 2008-09 per mathematics remediation student unit; and
- (v) \$8.23 in school year 2007-08 and \$8.39 in school year 2008-09 per writing remediation student unit.

(f) The superintendent of public instruction shall distribute school year allocations according to the monthly apportionment schedule defined in RCW 28A.510.250.

(3) By November 15th of each year, the office of the superintendent of public instruction shall report to the appropriate committees of the legislature and to the office of financial management on the use of these funds in the prior school year, including the types of assistance selected by students, the number of students receiving each type of assistance, and the impact on WASL test scores.

(4) School districts may carry over from one year to the next up to 20 percent of funds allocated under this program; however, carryover funds shall be expended for promoting academic success programs.

NEW SECTION. Sec. 517. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR STUDENT ACHIEVEMENT PROGRAM

Student Achievement Account--State Appropriation (FY 2008)	\$423,414,000
Student Achievement Account--State Appropriation (FY 2009)	\$446,357,000
TOTAL APPROPRIATION	\$869,771,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Funding for school district student achievement programs shall be allocated at a maximum rate of \$450.00 per FTE student for the 2007-08 school year and \$459.45 per FTE student for the 2008-09 school year. For the purposes of this section, FTE student refers to the annual average full-time equivalent enrollment of the school district in grades kindergarten through twelve for the prior school year, as reported to the office of the superintendent of public instruction by August 31st of the previous school year.

(2) The appropriation is allocated for the following uses as specified in RCW 28A.505.210:

(a) To reduce class size by hiring certificated elementary classroom teachers in grades K-4 and paying nonemployee-related costs associated with those new teachers;

(b) To make selected reductions in class size in grades 5-12, such as small high school writing classes;

(c) To provide extended learning opportunities to improve student academic achievement in grades K-12, including, but not limited to, extended school year, extended school day, before-and-after-school programs, special tutoring programs, weekend school programs, summer school, and all-day kindergarten;

(d) To provide additional professional development for educators including additional paid time for curriculum and lesson redesign and alignment, training to ensure that instruction is aligned with state standards and student needs, reimbursement for higher education costs related

to enhancing teaching skills and knowledge, and mentoring programs to match teachers with skilled, master teachers. The funding shall not be used for salary increases or additional compensation for existing teaching duties, but may be used for extended year and extended day teaching contracts;

(e) To provide early assistance for children who need prekindergarten support in order to be successful in school; or

(f) To provide improvements or additions to school building facilities which are directly related to the class size reductions and extended learning opportunities under (a) through (c) of this subsection (2).

(3) The superintendent of public instruction shall distribute the school year allocation according to the monthly apportionment schedule defined in RCW 28A.510.250.

NEW SECTION. Sec. 518. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION. (1) Appropriations made in this act to the office of the superintendent of public instruction shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act, except as expressly provided in subsection (2) of this section.

(2) The appropriations to the office of the superintendent of public instruction in this act shall be expended for the programs and amounts specified in this act. However, after May 1, 2008, unless specifically prohibited by this act and after approval by the director of financial management, the superintendent of public instruction may transfer state general fund appropriations for fiscal year 2008 among the following programs to meet the apportionment schedule for a specified formula in another of these programs: General apportionment; employee compensation adjustments; pupil transportation; special education programs; institutional education programs; transitional bilingual programs; and learning assistance programs.

(3) The director of financial management shall notify the appropriate legislative fiscal committees in writing prior to approving any allotment modifications or transfers under this section.

NEW SECTION. Sec. 519. K-12 CARRYFORWARD AND PRIOR SCHOOL YEAR ADJUSTMENTS. State general fund and state student achievement fund appropriations provided to the superintendent of public instruction for state entitlement programs in the public schools in this part V of this act may be expended as needed by the superintendent for adjustments to apportionment for prior fiscal periods. Recoveries of state general fund moneys from school districts and educational service districts for a prior fiscal period shall be made as reductions in apportionment payments for the current fiscal period and shall be shown as prior year adjustments on apportionment reports for the current period. Such recoveries shall not be treated as revenues to the state, but as a reduction in the amount expended against the appropriation for the current fiscal period.

NEW SECTION. Sec. 520. FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION. Appropriations made in this act to the office of superintendent of public instruction shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act.

PART VI HIGHER EDUCATION

NEW SECTION. Sec. 601. The appropriations in sections 603 through 609 of this act are subject to the following conditions and limitations:

(1) "Institutions" means the institutions of higher education receiving appropriations under sections 603 through 609 of this act.

(2)(a) The salary increases provided or referenced in this subsection and described in section 603 and part IX of this act shall be the only allowable salary increases provided at institutions of higher education, excluding increases associated with normally occurring promotions and increases related to faculty and professional staff retention, and excluding increases associated with employees under the jurisdiction of chapter 41.56 RCW.

(b) For employees under the jurisdiction of chapter 41.56 RCW, salary increases will be in accordance with the applicable collective bargaining agreement. However, an increase shall not be provided to any classified employee whose salary is above the approved salary range maximum for the class to which the employee's position is allocated.

(c) Each institution of higher education receiving appropriations for salary increases under sections 604 through 609 of this act may provide additional salary increases from other sources to instructional and research faculty, exempt professional staff, teaching and research assistants, as classified by the office of financial management, and all other nonclassified staff.

(d) The legislature, the office of financial management, and other state agencies need consistent and accurate personnel data from institutions of higher education for policy planning purposes. Institutions of higher education shall report personnel data to the department of personnel for inclusion in the department's data warehouse. Uniform reporting procedures shall be established by the department of personnel for use by the reporting institutions, including provisions for common job classifications and common definitions of full-time equivalent staff. Annual contract amounts, number of contract months, and funding sources shall be consistently reported for employees under contract.

(e) By January 1, 2008, the office of financial management shall work with the institutions of higher education, and with staff from the legislative fiscal committees and the legislative evaluation and accountability program, to identify ways in which the office's "compensation impact model" should be revised or replaced to make the system less costly for institutions to maintain, and more transparent, informative, and useful to the legislature and institutions, while providing information needed to accurately and efficiently negotiate and budget employee compensation changes.

(3) The technical colleges may increase tuition and fees in excess of the fiscal growth factor to conform with the percentage increase in community college operating fees.

(4) The tuition fees, as defined in chapter 28B.15 RCW, charged to full-time students at the state's institutions of higher education for the 2007-08 and 2008-09 academic years, other than the summer term, shall be adjusted by the governing boards of the state universities, regional universities, The Evergreen State College, and the state board for community and technical colleges. Tuition fees may be increased in excess of the fiscal growth factor under RCW 43.135.055.

For the 2007-08 academic year, the governing boards of the research universities may implement an increase no greater than seven percent over tuition fees charged to full-time resident undergraduate students for the 2006-07 academic year. The regional universities and The Evergreen State College may implement an increase no greater than five percent over tuition fees charged to full-time resident undergraduate students for the 2006-07 academic year. The state board for community and technical colleges may implement an increase no greater than two percent over tuition and fees charged to full-time resident students for the 2006-07 academic year.

For the 2008-09 academic year, the governing boards of the research universities may implement an increase no greater than seven percent over tuition fees charged to full-time resident undergraduate students for the 2007-08 academic year. The regional universities and The Evergreen State College may implement an increase no greater than five percent over tuition fees charged to full-time resident undergraduate students for the 2007-08 academic year. The state board for community and technical colleges may implement an increase no greater than two percent over tuition and fees charged to full-time resident students for the 2007-08 academic year.

(5) For the 2007-09 biennium, the governing boards and the state board may adjust full-time operating fees for factors that may include time of day and day of week, as well as delivery method and campus, to encourage full use of the state's educational facilities and resources.

(6) Technical colleges may increase their building fee in excess of the fiscal growth factor until parity is reached with the community colleges.

(7) In addition to waivers granted under the authority of RCW 28B.15.910, the governing boards and the state board may waive all or a portion of operating fees for any student. State general fund appropriations shall not be provided to replace tuition and fee revenue foregone as a result of waivers granted under this subsection.

(8) Pursuant to RCW 43.135.055, institutions of higher education receiving appropriations under sections 603 through 609 of this act are authorized to increase summer term tuition in excess of the fiscal growth factor during the 2007-09 biennium. Tuition levels increased pursuant to this subsection shall not exceed the per credit hour rate calculated from the academic year tuition levels adopted under this act.

(9) Pursuant to RCW 43.135.055, community and technical colleges are authorized to increase services and activities fee charges in excess of the fiscal growth factor during the 2007-09 biennium. The services and activities fee charges increased pursuant to this subsection shall not exceed the maximum level authorized by the state board for community and technical colleges.

(10) From within the appropriations in sections 603 through 609 of this act, institutions of higher education shall increase compensation for nonrepresented employees in accordance with the following:

(a) Across the Board Adjustments.

(i) Appropriations are provided for a 3.2% salary increase effective July 1, 2007, for all classified employees, except those represented by a collective bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, and except the certificated employees of the state schools for the deaf and blind and employees of community and technical colleges covered by the provisions of Initiative Measure No. 732. Also included are employees in the Washington management service, and exempt employees under the jurisdiction of the director of personnel.

(ii) Appropriations are provided for a 2.0% salary increase effective July 1, 2008, for all classified employees, except those represented by a collective bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, and except for the certificated employees of the state schools of the deaf and blind and employees of community and technical colleges covered by the provisions of Initiative Measure No. 732. Also included are employees in the Washington management service, and exempt employees under the jurisdiction of the director of personnel.

(b) Salary Survey.

For state employees, except those represented by a bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, funding is provided for implementation of the department of personnel's 2006 salary survey, for job classes more than 25% below market rates and affected classes.

(c) Classification Consolidation.

For state employees, except those represented by a bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, funding is provided for implementation of the department of personnel's phase 4 job class consolidation and revisions under chapter 41.80 RCW.

(d) Agency Request Consolidation.

For state employees, except those represented by a bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, funding is provided for implementation of the department of personnel's agency request job class consolidation and reclassification plan. This implementation fully satisfies the conditions specified in the settlement agreement of *WPEA v State/Shroll v State*.

(e) Additional Pay Step.

For state employees, except those represented by a bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, funding is provided for a new pay step L for those who have been in step K for at least one year.

(f) Retain Fiscal Year 2007 Pay Increase.

For all classified state employees, except those represented by a bargaining unit under chapter 41.80, 41.56, and 47.64 RCW, and except for the certificated employees of the state schools of the deaf and blind and employees of community and technical colleges covered by the provisions of Initiative Measure No. 732, funding is provided for continuation of the 1.6% salary increase that was provided during fiscal year 2007. Also included are employees in the Washington management service, and exempt employees under the jurisdiction of the director of personnel.

(g) The appropriations are also sufficient for the research and the regional higher education institutions to provide average salary increases of 3.2% effective July 1, 2007, and of 2.0% effective July 1, 2008, for faculty, exempt administrative and professional staff, graduate assistants, and for all other nonclassified employees.

NEW SECTION. Sec. 602. (1) The appropriations in sections 603 through 609 of this act provide state support for full-time equivalent student enrollments at each institution of higher education. Listed below are the annual full-time equivalent student enrollments by institutions assumed in this act.

	2007-08 Annual Average	2008-09 Annual Average
University of Washington		
Main campus	33,722	34,077
Bothell campus	1,790	2,040
Tacoma campus	2,139	2,409
Washington State University		
Main campus	19,112	19,272
Tri-Cities campus	820	895
Vancouver campus	1,888	2,113
Central Washington University	8,952	9,322
Eastern Washington University	9,046	9,284
The Evergreen State College	4,165	4,213
Western Washington University	12,022	12,175
State Board for Community and Technical Colleges	136,097	139,127

(2) For the state universities, the number of full-time equivalent student enrollments enumerated in this section for the Bothell, Tacoma, Tri-Cities, and Vancouver campuses are the minimum levels at which the universities should seek to enroll students for those campuses. At the start of an academic year, the governing board of a state university may transfer full-time equivalent student enrollments among campuses. Intent notice shall be provided to the office of financial management and reassignment of funded enrollment is contingent upon satisfying data needed by the forecast division for tracking and monitoring state-supported college enrollment.

NEW SECTION. Sec. 603. FOR THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

General Fund--State Appropriation (FY 2008)	\$639,652,000
General Fund--State Appropriation (FY 2009)	\$655,556,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$50,832,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$39,417,000
Pension Funding Stabilization Account Appropriation	\$49,800,000
TOTAL APPROPRIATION	\$1,435,257,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$5,040,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$10,920,000 of the general fund--state appropriation for fiscal year 2009 are to expand general enrollments by 1,020 student FTEs in academic year 2008 and by an additional 1,050 student FTEs in academic year 2009.

(2) \$5,720,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$11,440,000 of the general fund--state appropriation for fiscal year 2009 are to expand high-demand enrollments by 650 student FTEs in fiscal year 2008 and by an additional 650 student FTEs in fiscal year 2009. The programs expanded shall include, but are not limited to, mathematics and health sciences. The state board shall provide data to the office of financial management that is required to track changes in enrollments, graduations, and the employment of college graduates related to state investments in high-demand enrollment programs. Data may be provided through the public centralized higher education enrollment system or through an alternative means agreed to by the institutions and the office of financial management.

(3) \$560,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$1,400,000 of the education legacy trust account appropriation for fiscal year 2009 are to expand early childhood education programs with a focus on early math and science awareness by 100 student FTEs in fiscal year 2008 and by an additional 150 student FTEs in 2009. The board shall provide data to the office of financial management regarding math and science enrollments, graduations, and employment of college graduates related to state investments in math

and science programs. Data may be provided through the centralized higher education enrollment system or through an alternative means agreed to by the institutions and the office of financial management.

(4) \$28,761,000 of the general fund--state appropriation for fiscal year 2008 and \$28,761,000 of the general fund--state appropriation for fiscal year 2009 are provided solely as special funds for training and related support services, including financial aid, as specified in RCW 28C.04.390. Funding is provided to support up to 6,200 full-time equivalent students in each fiscal year.

(5) \$4,575,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$9,150,000 of the general fund--state appropriation for fiscal year 2009 are for basic skills education enrollments at community and technical colleges. Budgeted enrollment levels shall increase by 750 student FTEs each year.

(6) \$3,750,000 of the general fund--state appropriation for fiscal year 2008 and \$7,500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to increase salaries and related benefits for part-time faculty. It is intended that part-time faculty salaries will increase by at least these amounts relative to full-time faculty salaries after all salary increases are collectively bargained.

(7) \$2,450,000 of the education legacy trust account appropriation for fiscal year 2008 and \$4,900,000 of the education legacy trust account appropriation for fiscal year 2009 are to increase enrollment levels in the integrated basic education, skills, and language program (I-BEST) by 250 student FTEs per year. Each student participating on a full-time basis is budgeted and shall be reported as a single FTE for purposes of this expansion.

(8) \$375,000 of the general fund--state appropriation for fiscal year 2008 and \$375,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the transitions math project. This phase of work shall include the establishment of a single math placement test to be used at colleges and universities statewide.

(9) \$630,000 of the education legacy trust account appropriation for fiscal year 2008 and \$1,260,000 of the education legacy trust account appropriation for fiscal year 2009 are to increase enrollment in apprenticeship training programs by 100 student FTEs in each fiscal year.

(10) \$2,000,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$2,000,000 of the education legacy trust account appropriation for fiscal year 2009 are provided solely to expand the number of TRIO eligible students served in the community and technical college system by 1,700 students each year. TRIO eligible students include low-income, first-generation, and college students with disabilities. The state board for community and technical colleges shall report annually to the office of financial management and the appropriate policy and fiscal committees of the legislature on the retention and completion rates of students served through this appropriation. Retention rates shall continue to exceed 65% for TRIO students and other low-income and first-generation students served through this appropriation.

(11)(a) The higher education coordinating board, the office of financial management, and the higher education institutions negotiated a set of performance measures and targets in 2006. By July 31, 2007, the state board for community and technical colleges and the higher education coordinating board shall review and revise these targets based on per-student funding in the 2007-09 appropriations act.

(b) The targets previously agreed by the state board and the higher education coordinating board are enumerated as follows:

(i) Increase the percentage and number of academic students who are eligible to transfer to baccalaureate institutions to 18,700;

(ii) Increase the percentage and number of students prepared for work to 23,490; and

(iii) Increase the percentage and number of basic skills students who demonstrate substantive skill gain by 22,850.

The state board for community and technical colleges shall report their progress and ongoing efforts toward meeting the provisions of this section to the higher education coordinating board prior to November 1, 2009.

(12) \$452,000 of the general fund--state appropriation for fiscal year 2009 is provided solely for start-up and planning funds for two applied baccalaureate degree programs at community and technical colleges, of which one degree program must be at a technical college. The applied baccalaureate degrees shall be specifically designed for individuals who hold associate of applied science degrees, or equivalent, in order to maximize application of their technical course credits toward the applied baccalaureate degree.

(13) \$2,502,000 of the general fund--state appropriation for fiscal year 2008 and \$5,024,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for faculty salary increments and associated benefits and may be used in combination with salary and benefit savings from faculty turnover to provide salary increments and associated benefits for faculty who qualify through professional development and training. To the extent general salary increase funding is used to pay faculty increments, the general salary increase shall be reduced by the same amount. The state board shall determine the method of allocating to the community and technical colleges the appropriations granted for academic employee increments, provided that the amount of the appropriation attributable to the proportionate share of the part-time faculty salary base shall only be accessible for part-time faculty.

(14) \$50,000 of the general fund--state appropriation for fiscal year 2008 and \$50,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for higher education student child care matching grants under chapter 28B.135 RCW.

(15) \$2,725,000 of the general fund--state appropriation for fiscal year 2008 and \$2,725,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for administration and customized training contracts through the job skills program. The state board shall make an annual report by January 1st of each year to the governor and to appropriate policy and fiscal committees of the legislature regarding implementation of this section, listing the scope of grant awards, the distribution of funds by educational sector and region of the state, and the results of the partnerships supported by these funds.

(16) \$504,000 of the general fund--state appropriation for fiscal year 2009 is provided solely for 80 student FTEs in the existing four applied baccalaureate degree programs at community and technical colleges as authorized in chapter 28B.50 RCW.

(17) From within the funds appropriated in this section, community and technical colleges shall increase salaries for employees subject to the provisions of Initiative Measure No. 732 by 3.7% effective July 1, 2007, and by 2.8% effective July 1, 2008.

(18) From within the funds appropriated in this section, community and technical colleges shall increase salaries for exempt professional staff by an average of 3.2% effective July 1, 2007, and by an average of 2.0% effective July 1, 2008.

NEW SECTION. Sec. 604. FOR THE UNIVERSITY OF WASHINGTON

General Fund--State Appropriation (FY 2008)	\$372,427,000
General Fund--State Appropriation (FY 2009)	\$384,086,000
General Fund--Private/Local Appropriation	\$300,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$17,359,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$26,572,000
Accident Account--State Appropriation	\$6,621,000
Medical Aid Account--State Appropriation	\$6,449,000
TOTAL APPROPRIATION	\$813,814,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$5,248,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$10,496,000 of the education legacy trust account appropriation for fiscal year 2009 are to expand general enrollments by 625 student FTEs in fiscal year 2008 and by an additional 625 student FTEs in fiscal year 2009. Of these, 165 FTEs in 2008 and 165 FTEs in 2009 are expected to be graduate student FTEs.

(2) \$2,325,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$4,650,000 of the education legacy trust account appropriation for fiscal year 2009 are to expand math and science undergraduate enrollments by 250 student FTEs in each fiscal year. The programs expanded shall include mathematics, engineering, and the physical sciences. The university shall provide data to the office of financial management that is required to track changes in enrollments, graduations, and the employment of college graduates related to state investments in math and science programs. Data may be provided through the public centralized higher education enrollment system or through an alternative means agreed to by the institutions and the office of financial management.

(3) \$85,000 of the general fund--state appropriation for fiscal year 2008 and \$85,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for operating support of the Washington state academy of sciences, authorized by chapter 70.220 RCW.

(4) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for operating support of the William D. Ruckelshaus center.

(5) \$250,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$250,000 of the education legacy trust account appropriation for fiscal year 2009 are provided solely to expand the number of TRIO eligible students served in the student support services program at the University of Washington by 250 students each year. TRIO students include low-income, first-generation, and college students with disabilities. The student support services program shall report annually to the office of financial management and the appropriate policy and fiscal committees of the legislature on the retention and completion rates of students served through this appropriation. Retention rates shall continue to exceed 85% for TRIO students in this program.

(6) \$84,000 of the general fund--state appropriation for fiscal year 2008 and \$84,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to establish the state climatologist position.

(7) \$25,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the William D. Ruckelshaus center to identify and carry out, or otherwise appropriately support, a process to identify issues that have led to conflict around land use requirements and property rights, and explore practical and effective ways to resolve or reduce that conflict. A report with conclusions and recommendations shall be submitted to the governor and the chairs of the appropriate committees of the legislature by October 31, 2007.

(8) \$1,095,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$2,735,000 of the education legacy trust account appropriation for fiscal year 2009 are provided solely to expand health sciences capacity at the University of Washington. Consistent with the medical and dental school extension program appropriations at Washington State University and Eastern Washington University, funding is provided to expand classes at the University of Washington. Medical and dental students shall take the first year of courses for this program at the Riverpoint campus in Spokane and the second year of courses at the University of Washington in Seattle.

(9) The higher education coordinating board, the office of financial management, and the higher education institutions negotiated a set of performance measures, check points, and targets in 2006. By July 31, 2007, the university and the board shall review and revise these targets based on per-student funding in the 2007-09 appropriations act.

The check points previously agreed by the board and the University of Washington are enumerated as follows:

- (a) Increase the combined number of baccalaureate degrees conferred per year at all campuses to 8,850;
- (b) Increase the combined number of high-demand baccalaureate degrees conferred at all campuses per year to 1,380;
- (c) Increase the combined number of advanced degrees conferred per year at all campuses to 3,610;
- (d) Improve the six-year graduation rate for baccalaureate students to 74.7%;
- (e) Improve the three-year graduation rate for students who transfer with an associates degree to 76.0%;
- (f) Improve the freshman retention rate to 93.0%;
- (g) Improve time to degree for baccalaureate students to 92% at the Seattle campus and 92.5% at the Bothell and Tacoma campuses, measured by the percent of admitted students who graduate within 125% of the credits required for a degree; and
- (h) The institution shall provide a report on Pell grant recipients' performance within each of the measures included in this subsection.

The University of Washington shall report its progress and ongoing efforts toward meeting the provisions of this section to the higher education coordinating board prior to November 1, 2009.

(10) \$165,000 of the general fund--state appropriation for fiscal year 2008 and \$165,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of the Puget Sound conservation and recovery plan, Puget Sound partnership early implementation items, and the agency action items UW-01 and UW-02. The department shall consult and sign performance agreements with the leadership council of the Puget Sound partnership created by Engrossed Substitute Senate Bill No. 5372 regarding these items.

(11) \$750,000 of the education legacy trust account appropriation for fiscal year 2008 and \$750,000 of the education legacy trust account appropriation for fiscal year 2009 are provided solely to increase participation in international learning opportunities, particularly for students with lower incomes who would otherwise not have such the chance to study, work, or volunteer outside the United States.

(12) \$75,000 of the general fund--state appropriation for fiscal year 2008 and \$75,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for forestry research by the Olympic natural resources center.

(13) \$25,000 of the general fund--state appropriation for fiscal year 2008 and \$25,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for coastal marine research by the Olympic natural resources center.

(14) \$95,000 of the general fund--state appropriation for fiscal year 2008 and \$30,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for increased education, training, and support services for the families of children with autism, and for the production and distribution of digital video discs in both English and Spanish about strategies for working with people with autism.

(15) \$2,900,000 of the general fund--state appropriation for fiscal year 2008 and \$3,400,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for operating support for the department of global health.

(16) In an effort to introduce students to and inform students of post-secondary opportunities in Washington state, by October 1st of each year the university shall report to the higher education coordinating board progress towards developing and implementing outreach programs designed to increase awareness of higher education to K-12 populations.

(17) \$150,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the rural technology initiative (initiative) at the University of Washington and the transportation research group (group) at the Washington State University to conduct an economic analysis of the costs to safely provide log hauling services. The initiative will be the lead investigator and administer the project. Neither the University of Washington nor the Washington State University may make a deduction for administrative costs. The project shall rely upon the Washington state patrol for determination of basic safe characteristics, consistent with applicable state and federal law. The analysis shall include:

(a) An estimate of log haulers' cost to operate and maintain a basic and safe log truck without operator including:

(i) Variable costs such as fuel, etc;

(ii) Quasi-variable costs such as:

(A) Tires, brakes, wrappers, and other safety related equipment;

(B) Vehicle insurance, taxes, fees, etc;

(C) Maintenance costs such as oil, lubrication, and minor repairs; and

(D) Depreciation and replacement costs;

(b) The source of these cost estimates where possible should be independent vendors of equipment and services or already existing studies;

(c) A calculation of costs for safe operation expressed as per mile, hour or load volume including consideration for regional differences as well as off-road vs. on-road;

(d) An evaluation of comparable trucking services; and

(e) A review of log truck safety statistics in Washington state.

In conducting the analysis, the initiative shall consult with the northwest log truckers cooperative, the Washington trucking association, the Washington contract loggers association, the Washington farm forestry association, and the Washington forest protection association. By June 30, 2008, the initiative shall provide a report of its findings to the legislature and governor and distribute the findings to interested industry groups.

NEW SECTION. Sec. 605. FOR WASHINGTON STATE UNIVERSITY

General Fund--State Appropriation (FY 2008)	\$233,016,000
General Fund--State Appropriation (FY 2009)	\$239,755,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$16,640,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$18,648,000
Pension Funding Stabilization Account Appropriation	\$2,450,000
TOTAL APPROPRIATION	\$510,509,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$1,913,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$3,826,000 of the education legacy trust account appropriation for fiscal year 2009 are to expand general enrollments by 310 student FTEs in fiscal year 2008 and by an additional 310 student FTEs in fiscal year 2009.

(2) \$1,125,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$2,550,000 of the education legacy trust account--state appropriation for fiscal year 2009 are to expand math and science enrollments by 65 student FTEs in fiscal year 2008, and by an additional 90 FTE students in fiscal year 2009, of which 15 FTEs in each fiscal year are expected to be graduate enrollments. The programs expanded shall include mathematics, engineering, and the physical sciences. Fifty student FTEs in each year will be shifted from general enrollments to high-demand, high-cost fields, and thus do not affect the enrollment levels listed in section 602 of this act. The university shall provide data to the office of financial management regarding math and science enrollments, graduations, and the employment of college graduates related to state investments in math and science programs. Data may be provided through the public centralized higher education enrollment system or through an alternative means agreed to by the institutions and the office of financial management.

(3) \$885,000 of the education legacy trust account appropriation for fiscal year 2008 and \$1,471,000 of the education legacy trust account appropriation for fiscal year 2009 are to expand bachelors-level, masters-level, and PhD enrollment at the Tri-Cities and Spokane campuses by 45 FTE students in fiscal year 2008, and by an additional 40 FTEs in fiscal year 2009.

(4) \$2,000,000 of the general fund--state appropriation for fiscal year 2008 and \$2,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for research and commercialization in bio-products and bio-fuels. Of this amount, \$2,000,000 shall be targeted at the development of new crops to be used in the bio-products facility at WSU-Tri-Cities. The remainder shall be used for research into new

bio-products created from agricultural waste to be conducted in the Tri-Cities in a joint program between Washington State University and Pacific Northwest national laboratories.

(5) \$800,000 of the general fund--state appropriation for fiscal year 2008 and \$800,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to establish the center for bio-products and bio-energy. The center is to draw upon and focus resources from throughout the university on research into the identification of Washington-grown crops most suitable to bio-energy production, the bio-fuel production process, and the development of coproducts from bio-fuel crops.

(6) \$250,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$250,000 of the education legacy trust account appropriation for fiscal year 2009 are provided solely to expand the number of TRIO eligible students served in the student support services program at Washington State University by 250 students each year. TRIO students include low-income, first-generation, and college students with disabilities. The student support services program shall report annually to the office of financial management and the appropriate policy and fiscal committees of the legislature on the retention and completion rates of students served through this appropriation. Retention rates shall continue to exceed 85% for TRIO students in this program.

(7) \$1,750,000 of the general fund--state appropriation for fiscal year 2008 and \$1,750,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to promote the development of the Spokane-based applied sciences laboratory into a strong, self-sustaining research organization. The state funds shall be used to recruit and retain at least three senior research scientists; to employ business development and administrative personnel; and to establish and equip facilities for computational modeling and for materials and optical characterization.

(8) \$85,000 of the general fund--state appropriation for fiscal year 2008 and \$85,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for operating support of the Washington state academy of sciences, under chapter 70.220 RCW.

(9) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for operating support of the William D. Ruckelshaus center.

(10) \$25,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the William D. Ruckelshaus center to identify and carry out, or otherwise appropriately support, a process to identify issues that have led to conflict around land use requirements and property rights, and explore practical and effective ways to resolve or reduce that conflict. A report with conclusions and recommendations shall be submitted to the governor and the chairs of the appropriate committees of the legislature by October 31, 2007.

(11) \$4,294,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$2,066,000 of the education legacy trust account appropriation for fiscal year 2009 are provided solely to expand health sciences offerings in Spokane. The university shall enroll 20 student FTEs in fiscal year 2009 in a University of Washington medical school extension program at the Riverpoint campus of WSU in Spokane. Students shall take the first year of courses for this program at the Riverpoint campus in Spokane, and shall do their clinical rotations and other upper level training in the inland northwest.

(12) \$1,000,000 of the general fund--state appropriation for fiscal year 2008 and \$1,000,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for start-up and ongoing operation of the Vancouver campus-based electrical engineering program.

(13) The higher education coordinating board, the office of financial management, and the higher education institutions negotiated a set of performance measures, checkpoints, and targets in 2006. By July 31, 2007, the university and the board shall review and revise these targets based on per-student funding in the 2007-09 appropriations act.

The checkpoints previously agreed by the board and the Washington State University are enumerated as follows:

(a) Increase the combined number of baccalaureate degrees conferred per year at all campuses to 4,170;

(b) Increase the combined number of high-demand baccalaureate degrees conferred at all campuses per year to 630;

(c) Increase the combined number of advanced degrees conferred per year at all campuses to 1,090;

(d) Improve the six-year graduation rate for baccalaureate students to 63.2%;

(e) Improve the three-year graduation rate for students who transfer with an associates degree to 65.4%;

(f) Improve the freshman retention rate to 84.8%;

(g) Improve time to degree for baccalaureate students to 92%, measured by the percent of admitted students who graduate within 125% of the credits required for a degree; and

(h) The institution shall provide a report on Pell grant recipients' performance within each of the measures included in this section.

The Washington State University shall report their progress and ongoing efforts toward meeting the provisions of this section to the higher education coordinating board prior to November 1, 2009.

(14) In an effort to introduce students to and inform students of post-secondary opportunities in Washington state, by October 1st of each year the university shall report to the higher education coordinating board progress towards developing and implementing outreach programs designed to increase awareness of higher education to K-12 populations.

(15) \$210,000 of the general fund--state appropriation for fiscal year 2008 and \$210,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of the Puget Sound conservation and recovery plan, Puget Sound partnership early implementation items, and agency action item WSU-01. The department shall consult and sign performance agreements with the leadership council of the Puget Sound partnership created by Engrossed Substitute Senate Bill No. 5372 regarding these items.

(16) \$1,400,000 of the general fund--state appropriation for fiscal year 2008 and \$1,400,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for two competitive grant pools that will fund small research projects that will produce immediate practical outcomes for the state's agriculture industry. To assure that funds are allocated to issues of greatest relevance to producers, priorities for the grant competition will be established by an advisory board comprised of food and agriculture industry representatives. One of the two research pools will specifically address topics such as organic and sustainable production, and greenhouse gas mitigation.

(17) \$75,000 of the general fund--state appropriation for fiscal year 2008 and \$75,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for support of basic operations and research at the university's grizzly bear study center.

(18) \$75,000 of the general fund--state appropriation for fiscal year 2008 and \$75,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the energy development center to establish certification standards and to process applications for renewable energy cost recovery incentives, as provided in chapters 300 and 301, Laws of 2005.

NEW SECTION. Sec. 606. FOR EASTERN WASHINGTON UNIVERSITY

General Fund--State Appropriation (FY 2008)	\$48,497,000
General Fund--State Appropriation (FY 2009)	\$49,794,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$7,007,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$8,646,000
Pension Funding Stabilization Account Appropriation	\$4,758,000
TOTAL APPROPRIATION	\$118,702,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$300,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$1,530,000 of the education legacy trust account appropriation for fiscal year 2009 are to expand general enrollments by 50 student FTEs in fiscal year 2008 and by an additional 180 student FTEs in fiscal year 2009. Of these, 30 FTEs in 2009 are expected to be graduate student FTEs.

(2) \$390,000 of the education legacy trust account--state appropriation for fiscal year 2008 and \$780,000 of the education legacy trust account appropriation for fiscal year 2009 are to expand high-demand undergraduate enrollments by 50 student FTEs in each fiscal year. The programs expanded shall include, but are not limited to, mathematics, engineering, and health sciences. The university shall provide data to the office of financial management that is required to track changes in enrollments, graduations, and the employment of college graduates related to state investments in high-demand enrollment programs. Data may be provided through the public centralized higher education enrollment system or through an alternative means agreed to by the institutions and the office of financial management.

(3) \$500,000 of the education legacy trust account--state appropriation is provided solely to expand the number of TRIO eligible students served in the student support services program at Eastern Washington University by 250 students each year. TRIO students include low-income, first-generation, and college students with disabilities. The student support services program shall report annually to the office of financial management and the appropriate policy and fiscal committees of the legislature on the retention and completion rates of students served through this appropriation. Retention rates shall continue to exceed 85% for TRIO students in this program.

(4) \$1,021,000 of the education legacy trust account--state appropriation is provided solely for the RIDE program. The program shall enroll eight student FTEs in the University of Washington school of dentistry in fiscal year 2009. Students shall take the first year of courses for this program at the Riverpoint campus in Spokane, and their second and third years at the University of Washington school of dentistry.

(5) The higher education coordinating board, the office of financial management, and the higher education institutions negotiated a set of performance measures, checkpoints, and targets in 2006. By July 31, 2007, the university and the board shall review and revise these targets based on per-student funding in the 2007-09 appropriations act.

The checkpoints previously agreed by the board and the Eastern Washington University are enumerated as follows:

- (a) Increase the number of baccalaureate degrees conferred per year to 2035;
- (b) Increase the number of high-demand baccalaureate degrees conferred per year to 405;
- (c) Increase the number of advanced degrees conferred per year at all campuses to 550;
- (d) Improve the six-year graduation rate for baccalaureate students to 50.0%;
- (e) Improve the three-year graduation rate for students who transfer with an associates degree to 61.0%;
- (f) Improve the freshman retention rate to 76.0%;
- (g) Improve time to degree for baccalaureate students to 81.0%, measured by the percent of admitted students who graduate within 125% of the credits required for a degree; and
- (h) The institution shall provide a report on Pell grant recipients' performance within each of the measures included in this section.

Eastern Washington University shall report their progress and ongoing efforts toward meeting the provisions of this section to the higher education coordinating board prior to November 1, 2009.

(6) In an effort to introduce students to and inform students of post-secondary opportunities in Washington state, by October 1st of each year the university shall report to the higher education coordinating board progress towards developing and implementing outreach programs designed to increase awareness of higher education to K-12 populations.

NEW SECTION. Sec. 607. FOR CENTRAL WASHINGTON UNIVERSITY

General Fund--State Appropriation (FY 2008)	\$47,433,000
General Fund--State Appropriation (FY 2009)	\$48,924,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$7,481,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$10,338,000
Pension Funding Stabilization Account Appropriation	\$4,330,000
TOTAL APPROPRIATION	\$118,506,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$2,474,000 of the education legacy trust account--state appropriation is to increase general enrollments by 70 FTE students in fiscal year 2008 and by an additional 211 FTE enrollments in fiscal year 2009. At least 30 of the additional fiscal year 2009 enrollments are expected to be graduate students.

(2) \$1,816,000 of the education legacy trust account--state appropriation for fiscal year 2008 is to increase math and science enrollments by 105 FTE students in fiscal year 2008 and by an additional 89 FTE students in fiscal year 2009. The university shall provide data to the office of financial management regarding math and science enrollments, graduations, and employment of college graduates related to state investments in math and science enrollment programs. Data may be provided through the centralized higher education enrollment system or through an alternative means agreed to by the institutions and the office of financial management.

(3) \$1,801,000 of the education legacy trust account--state appropriation is to increase high-demand undergraduate enrollments by 85 student FTEs in fiscal year 2008 and by an additional 70 FTE students in fiscal year 2009. The programs expanded shall include, but are not limited to, bilingual education and information technology. The university shall provide data to the office of financial management that is required to track changes in enrollments, graduations, and the employment of college graduates related to state investments in high-demand enrollment programs. Data may be provided through the public centralized higher education enrollment system or through an alternative means agreed to by the institutions and the office of financial management.

(4) \$500,000 of the education legacy trust account--state appropriation is provided solely to expand the number of TRIO eligible students served in the student support services program at Central Washington University by 250 students each year. TRIO students include low-income, first-generation, and college students with disabilities. The student support services program shall report annually to the office of financial management and the appropriate policy and fiscal committees of the legislature on the retention and completion rates of students served through this appropriation. Retention rates shall continue to exceed 85% for TRIO students in this program.

(5) The higher education coordinating board, the office of financial management, and the higher education institutions negotiated a set of performance measures, checkpoints, and targets in 2006. By July 31, 2007, the university and the board shall review and revise these targets based on per-student funding in the 2007-09 appropriations act.

The checkpoints previously agreed by the board and the Central Washington University are enumerated as follows:

- (a) Increase the number of baccalaureate degrees conferred per year to 2,050;
- (b) Increase the number of high-demand baccalaureate degrees conferred per year to 49;
- (c) Increase the number of advanced degrees conferred per year at all campuses to 196;
- (d) Improve the six-year graduation rate for baccalaureate students to 51.1%;
- (e) Improve the three-year graduation rate for students who transfer with an associates degree to 72.3%;
- (f) Improve the freshman retention rate to 78.2%;
- (g) Improve time to degree for baccalaureate students to 86.6%, measured by the percent of admitted students who graduate within 125% of the credits required for a degree; and
- (h) The institution shall provide a report on Pell grant recipients' performance within each of the measures included in this section.

Central Washington University shall report their progress and ongoing efforts toward meeting the provisions of this section to the higher education coordinating board prior to November 1, 2009.

(6) \$500,000 of the education legacy trust account appropriation is provided solely to increase the number and value of tuition waivers awarded to state-supported students.

(7) In an effort to introduce students to and inform students of post-secondary opportunities in Washington state, by October 1st of each year the university shall report to the higher education coordinating board on the progress of the comprehensive "wildcat transitions" student outreach and retention program funded in this budget, and of its other efforts to develop and implement outreach programs designed to increase awareness of higher education to K-12 populations.

NEW SECTION. Sec. 608. FOR THE EVERGREEN STATE COLLEGE

General Fund--State Appropriation (FY 2008)	\$30,269,000
General Fund--State Appropriation (FY 2009)	\$30,044,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$2,033,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$2,725,000
TOTAL APPROPRIATION	\$65,071,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$562,000 of the education legacy trust account--state appropriation is to expand upper division math and science enrollments by 22 student FTEs in fiscal year 2008 and by an additional 28 student FTEs in fiscal year 2009.

(2) \$260,000 of the education legacy trust account--state appropriation for fiscal year 2009 is for 20 student FTE graduate enrollments in the masters in education program.

(3) \$500,000 of the education legacy trust account--state appropriation is provided solely to expand the number of TRIO eligible students served in the student support services program at The Evergreen State College by 250 students each year. TRIO students include low-income, first-generation, and college students with disabilities. The student support services program shall report annually to the office of financial management and the appropriate policy and fiscal committees of the legislature on the retention and completion rates of students served through this appropriation. Retention rates shall continue to exceed 80% for students served in this program, with a goal of reaching a retention rate in excess of 85%.

(4) \$614,000 of the education legacy trust account appropriation is provided solely to increase the number and value of tuition waivers awarded to state-supported students.

(5) The higher education coordinating board, the office of financial management, and the higher education institutions negotiated a set of performance measures, checkpoints, and targets in 2006. By July 31, 2007, the college and the board shall review and revise these targets based on per-student funding in the 2007-09 appropriations act.

The checkpoints previously agreed by the board and The Evergreen State College are enumerated as follows:

- (a) Increase the number of baccalaureate degrees conferred per year to 1182;
 - (b) Increase the number of advanced degrees conferred per year at all campuses to 92;
 - (c) Improve the six-year graduation rate for baccalaureate students to 57.0%;
 - (d) Improve the three-year graduation rate for students who transfer with an associates degree to 72.8%;
 - (e) Improve the freshman retention rate to 73.9%;
 - (f) Improve time to degree for baccalaureate students to 97.0%, measured by the percent of admitted students who graduate within 125% of the credits required for a degree; and
 - (g) The institution shall provide a report on Pell grant recipients' performance within each of the measures included in this section.
- The Evergreen State College shall report their progress and ongoing efforts toward meeting the provisions of this section to the higher education coordinating board prior to November 1, 2009.

(6) In an effort to introduce students to and inform students of post-secondary opportunities in Washington state, by October 1st of each year the university shall report to the higher education coordinating board progress towards developing and implementing outreach programs designed to increase awareness of higher education to K-12 populations.

(7) \$435,000 of the general fund--state appropriation for fiscal year 2008 is for the implementation of Second Substitute Senate Bill No. 5627 (basic education funding). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(8) \$100,000 of the general fund--state appropriation for fiscal year 2008 and \$100,000 of the general fund--state appropriation for fiscal year 2009 are for the Washington state institute for public policy to evaluate the effectiveness of the schools selected to implement middle and high school math and science class size reduction demonstration pilots in part V of this act. By March 1, 2008, the Washington state institute for public policy shall submit a preliminary report to the office of financial management and the appropriate policy and fiscal committees of the legislature identifying its proposed method and timeline for evaluating the class size demonstration schools.

(9) \$45,000 of the general fund--state appropriation for fiscal year 2008 and \$35,000 of the general fund--state appropriation for fiscal year 2009 are for the Washington state institute for public policy to evaluate the effectiveness of the LASER program funded in part V of this act. By June 30, 2008, the Washington state institute for public policy shall submit a final report to the office of financial management and the appropriate policy and fiscal committees of the legislature.

(10) \$200,000 of the general fund--state appropriation for fiscal year 2008 and \$200,000 of the general fund--state appropriation for fiscal year 2009 are for the Washington state institute for public policy to conduct evaluations of the K-3 demonstration projects and the math and science instructional coach pilot program.

(11) \$180,000 of the general fund--state appropriation for fiscal year 2008 and \$180,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the Washington state institute for public policy to study the program effectiveness and cost-benefit of state-funded programs that meet the criteria of evidence-based programs and practices, and emerging best practice/promising practice, as defined in RCW 71.24.025 (12) and (13) for adult offenders in the department of corrections, and juvenile offenders under state and local juvenile authority.

(12) \$50,000 of the general fund--state appropriation for fiscal year 2008 and \$50,000 of the general fund--state appropriation for fiscal year 2009 are for the Washington state institute for public policy to review chapter 207, Laws of 2002 (bullying in schools), and the outcomes resulting from the legislation and to make recommendations for continued improvement. The study shall, at a minimum, determine: (a) Whether the policies have been developed and implemented in all elementary, middle, and high schools; (b) whether there has been any measurable improvement in the safety and civility of schools' climate and environment as a result of the legislation; (c) whether there are still issues that need to be addressed in light of the original intent of the legislation; and (d) recommended actions to be taken at the school, district, and state level to address the identified issues. Additionally, the institute shall research and identify effective programs and the components of effective programs. A report shall be submitted to the education committees of the legislature and the office of superintendent of public instruction by September 1, 2008.

(13) \$75,000 of the general fund--state appropriation for fiscal year 2008 and \$75,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the Washington state institute for public policy to evaluate the effectiveness of current methods for screening and treating depression in women who receive temporary assistance for needy families (TANF), and to make recommendations for their improvement.

(14) \$100,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the Washington state institute for public policy to conduct a cost-benefit analysis of the office of public defense's program providing legal representation to indigent parents involved in dependency or termination cases. The institute shall consult with the department of social and health services, the attorney general's office, and the office of public defense. The study shall include an analysis of the length of time a child spends in the foster care system, reunification rates, and subsequent removals from the home, and reentry into the foster care system.

NEW SECTION. Sec. 609. FOR WESTERN WASHINGTON UNIVERSITY

General Fund--State Appropriation (FY 2008)	\$65,603,000
General Fund--State Appropriation (FY 2009)	\$67,606,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$5,110,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$6,735,000
TOTAL APPROPRIATION	\$145,054,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$281,000 of the education legacy trust account--state appropriation is to expand math and science enrollments by 8 student FTEs in fiscal year 2008 and by an additional 8 student FTEs in fiscal year 2009. Programs expanded include cell and molecular biology. The university shall provide data to the office of financial management regarding math and science enrollments, graduations, and the employment of college

graduates related to state investments in math and science enrollment programs. Data may be provided through the public centralized higher education enrollment system or through an alternative means agreed to by the institutions and the office of financial management.

(2) \$4,013,000 of the education legacy trust account--state appropriation is to expand general enrollments by 235 student FTEs in fiscal year 2008 and by an additional 130 student FTEs in fiscal year 2009. Of these, 24 FTEs in each fiscal year are expected to be graduate student FTEs.

(3) \$920,000 of the education legacy trust account--state appropriation is to expand high demand enrollments by 50 FTE students in fiscal year 2008 and by an additional 15 FTE students in fiscal year 2009. Programs expanded include early childhood education and teaching English as a second language. The university shall provide data to the office of financial management regarding high-demand enrollments, graduations, and employment of college graduates related to state investments in high demand enrollment programs. Data may be provided through the centralized higher education enrollment system or through an alternative means agreed to by the institutions and the office of financial management.

(4) \$500,000 of the education legacy trust account--state appropriation is provided solely to expand the number of low-income and first-generation students served in the student outreach services program at Western Washington University by 500 students over the biennium. The student outreach services program shall report annually to the office of financial management and the appropriate policy and fiscal committees of the legislature on the retention and completion rates of students served through this appropriation. Retention rates shall continue to exceed 80% for students served in this program, with a goal of reaching a retention rate in excess of 85%.

(5) The higher education coordinating board, the office of financial management, and the higher education institutions negotiated a set of performance measures, checkpoints, and targets in 2006. By July 31, 2007, the university and the board shall review and revise these targets based on per-student funding in the 2007-09 appropriations act.

The checkpoints previously agreed by the board and the Western Washington University are enumerated as follows:

- (a) Increase the number of baccalaureate degrees conferred per year to 2,968;
- (b) Increase the number of high-demand baccalaureate degrees conferred per year to 371;
- (c) Increase the number of advanced degrees conferred per year at all campuses to 375;
- (d) Improve the six-year graduation rate for baccalaureate students to 62.8%;
- (e) Improve the three-year graduation rate for students who transfer with an associates degree to 61.4%;
- (f) Improve the freshman retention rate to 85.0%;
- (g) Improve time to degree for baccalaureate students to 95.6%, measured by the percent of admitted students who graduate within 125% of the credits required for a degree; and
- (h) The institution shall provide a report on Pell grant recipients' performance within each of the measures included in this section.

Western Washington University shall report their progress and ongoing efforts toward meeting the provisions of this section to the higher education coordinating board prior to November 1, 2009.

(6) In an effort to introduce students to and inform students of post-secondary opportunities in Washington state, the university shall report progress towards developing and implementing outreach programs designed to increase awareness of higher education to K-12 populations to the higher education coordinating board by October 1st of each year.

(7) \$1,169,000 of the education legacy trust account appropriation is for the advanced materials science and engineering program. The program shall develop the advanced materials science and engineering center for research, teaching, and development which will offer a minor degree in materials science and engineering beginning in the fall 2009.

NEW SECTION. Sec. 610. FOR THE HIGHER EDUCATION COORDINATING BOARD--POLICY COORDINATION AND ADMINISTRATION

General Fund--State Appropriation (FY 2008)	\$7,405,000
General Fund--State Appropriation (FY 2009)	\$7,446,000
General Fund--Federal Appropriation	\$4,315,000
TOTAL APPROPRIATION	\$19,166,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$87,000 of the general fund--state appropriation for fiscal year 2008 and \$169,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to maintain and update a scholarship clearinghouse that lists every public and private scholarship available to Washington students. The higher education coordinating board shall develop a web-based interface for students and families as well as a common application for these scholarships.

(2) \$339,000 of the general fund--state appropriation for fiscal year 2008 and \$330,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of Second Substitute Senate Bill No. 5098 (the college bound scholarship). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(3) \$200,000 of the general fund--state appropriation for fiscal year 2008 and \$150,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for implementation of Second Substitute Senate Bill No. 5155 (the passport to college promise). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(4) \$500,000 of the general fund--state appropriation for fiscal year 2008 and \$500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the board to contract with the college success foundation to assist current or former foster care youth who are attending or who are interested in attending college or other postsecondary training.

(5) Except for moneys provided in this section for specific purposes, and to the extent that the executive director finds that the agency will not require the full amount appropriated for a fiscal year in this section, the unexpended appropriation shall be transferred to the state education trust account established under RCW 28B.92.140 for purposes of fulfilling unfunded scholarship commitments that the board made under its federal GEAR UP Grant 1.

NEW SECTION. Sec. 611. FOR THE HIGHER EDUCATION COORDINATING BOARD--FINANCIAL AID AND GRANT PROGRAMS

General Fund--State Appropriation (FY 2008)	\$162,779,000
General Fund--State Appropriation (FY 2009)	\$182,295,000
General Fund--Federal Appropriation	\$13,085,000
Education Legacy Trust Account--State Appropriation (FY 2008)	\$59,779,000
Education Legacy Trust Account--State Appropriation (FY 2009)	\$57,655,000
TOTAL APPROPRIATION	\$475,593,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$153,740,000 of the general fund--state appropriation for fiscal year 2008, \$171,734,000 of the general fund--state appropriation for fiscal year 2009, \$55,579,000 of the education legacy trust account appropriation for fiscal year 2008, \$51,119,000 of the education legacy trust account appropriation for fiscal year 2009, and \$2,886,000 of the general fund--federal appropriation are provided solely for student financial aid payments under the state need grant; the state work study program; the Washington scholars program; and the Washington award for vocational excellence. All four programs shall increase grant awards sufficiently to offset the full cost of the resident undergraduate tuition increases authorized under this act.

(2) Within the funds appropriated in this section, eligibility for the state need grant shall be expanded to include students with family incomes at or below seventy-five percent of the state median family income, adjusted for family size. Awards for students with incomes between 66 percent and 75 percent of the state median shall be fifty percent of the award amount granted to those with incomes below 51 percent of the median.

(3) To the extent that the executive director determines that the agency will not award the full amount appropriated in subsection (1) of this section for a fiscal year, unexpended funds shall be transferred to the state education trust account established under RCW 28B.92.140 for purposes first of fulfilling the unfunded scholarship commitments that the board made under its federal GEAR UP Grant 1.

(4) \$3,700,000 of the education legacy trust account appropriation for fiscal year 2008 and \$3,700,000 of the education legacy trust account appropriation for fiscal year 2009 are provided solely for investment to fulfill the scholarship commitments that the state incurs in accordance with Second Substitute Senate Bill No. 5098 (the college bound scholarship). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(5) \$1,000,000 of the general fund--state appropriation for fiscal year 2008 and \$1,500,000 of the general fund--state appropriation for fiscal year 2009 are provided solely to expand the gaining early awareness and readiness for undergraduate programs project to up to 30 additional school districts.

(6) \$1,000,000 of the education legacy trust account--state appropriation is provided solely to award additional future teacher conditional scholarships to students preparing to teach in shortage areas such as mathematics, bilingual, and special education.

(7) \$2,336,000 of the education legacy trust account appropriation for fiscal year 2009 is provided solely for implementation of Second Substitute Senate Bill No. 5155 (passport to college) to support scholarships for eligible students and incentive payments to their colleges. If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

(8) \$246,000 of the general fund--state appropriation for fiscal year 2008 and \$246,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for community scholarship matching grants. To be eligible for the matching grant, a nonprofit group organized under section 501(c)(3) of the federal internal revenue code must demonstrate that it has raised \$2,000 in new moneys for college scholarships after the effective date of this section. State matching grants of \$2,000 each shall be provided, up to a total of \$46,000 per organization per year, with preference given to organizations affiliated with scholarship America.

(9) \$75,000 of the general fund--state appropriation for fiscal year 2008 and \$75,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for higher education student child care matching grants under chapter 28B.135 RCW.

NEW SECTION. Sec. 612. FOR THE WORK FORCE TRAINING AND EDUCATION COORDINATING BOARD

General Fund--State Appropriation (FY 2008)	\$1,634,000
General Fund--State Appropriation (FY 2009)	\$1,610,000
General Fund--Federal Appropriation	\$53,938,000
TOTAL APPROPRIATION	\$57,182,000

The appropriations in this section are subject to the following conditions and limitations: \$320,000 of the general fund--state appropriation for fiscal year 2008 and \$320,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the board to:

(1) Allocate grants on a competitive basis to establish and support industry skill panels. Grant recipients shall provide an employer match of at least twenty-five percent, and identify work force strategies to benefit employers and workers across the industry; and

(2) Establish industry skill panel standards that identify the expectations for industry skill panel products and services.

NEW SECTION. Sec. 613. FOR THE SPOKANE INTERCOLLEGIATE RESEARCH AND TECHNOLOGY INSTITUTE

General Fund--State Appropriation (FY 2008)	\$1,656,000
General Fund--State Appropriation (FY 2009)	\$1,679,000
TOTAL APPROPRIATION	\$3,335,000

NEW SECTION. Sec. 614. FOR THE DEPARTMENT OF EARLY LEARNING

General Fund--State Appropriation (FY 2008)	\$62,710,000
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General Fund--State Appropriation (FY 2009)	\$71,648,000
General Fund--Federal Appropriation	\$217,546,000
General Fund--Private/Local Appropriation	\$6,000
TOTAL APPROPRIATION	\$351,910,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$50,477,000 of the general fund--state appropriation for fiscal year 2008 and \$61,296,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for early childhood education and assistance program services.

(a) Of this amount, \$10,284,000 is part of the biennial amount of state matching dollars required to receive federal child care and development fund grant dollars.

(b) Within the amounts provided, the department shall increase the number of children receiving early childhood education and assistance program services by 3,000 slots.

(c) Within the amounts provided, the department shall increase the minimum provider per slot payment to \$6,500 in fiscal year 2008. Any provider receiving slot payments higher than \$6,500 shall receive a 2.0 percent vendor rate increase in fiscal year 2008. All providers shall receive a 2.0 percent vendor rate increase in fiscal year 2009.

(2) \$125,000 of the general fund--state appropriation for fiscal year 2008 and \$125,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the early learning advisory committee.

(3) \$850,000 of the general fund--state appropriation for fiscal year 2008 and \$850,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department to contract for child care referral services.

(4) \$350,000 of the general fund--state appropriation for fiscal year 2008 and \$200,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for the department to develop a detailed implementation proposal for the voluntary quality rating and improvement system. The department shall work with the early learning advisory committee to develop a rating system for child care providers in the state. An interim report on the proposal will be provided to the education and fiscal committees of the legislature by December 1, 2007. After development of the interim proposal, the department shall randomly sample eligible child care centers and licensed family home providers to determine the following: (a) Interest in participating in the voluntary rating system; (b) the rating of the center or provider on the proposed rating scale; and (c) improvements the center or provider would need to make in order to participate in the voluntary system. The department shall compile the survey reports to develop its final implementation proposal, to be reported to the education and fiscal committees of the legislature by October 1, 2008. The department shall include implementation costs in its 2009-2011 biennial budget request.

(5) \$400,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the department to conduct a random sample survey of parents to determine the types of early learning services and materials parents are interested in receiving from the state. The department shall report the findings to the education and fiscal committees of the legislature by October 1, 2008.

(6) \$172,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for the department to purchase licensing capability from the department of social and health services through the statewide automated child welfare information system.

(7) Prior to the development of an early learning information system, the department shall submit to the education and fiscal committees of the legislature a completed feasibility study and a proposal approved by the department of information systems and the information services board. The department shall ensure that any proposal for the early learning information system includes the cost for modifying the system as a result of licensing rule changes and implementation of the quality rating and improvement system.

(8) \$1,100,000 of the general fund--state appropriation for fiscal year 2008 and \$1,100,000 of the general fund--state appropriation for fiscal year 2009 are provided solely for a childcare grant program for public community colleges and public universities. A community college or university that employs collectively bargained staff to operate childcare programs may apply for up to \$25,000 per year from the department per each type of the following programs: Head start, childcare, early childhood assistance and education. The funding shall only be provided for salaries for collectively bargained employees.

(9) Beginning with the 2007-09 biennium, the department shall be the lead agency for and recipient of the federal child care and development fund grant. Amounts within this grant shall be used to fund child care licensing, quality initiatives, agency administration, and other costs associated with child care subsidies. The department shall transfer a portion of this grant to the department of social and health services to partially fund the child care subsidies paid by the department of social and health services on behalf of the department of early learning.

NEW SECTION. Sec. 615. FOR THE STATE SCHOOL FOR THE BLIND

General Fund--State Appropriation (FY 2008)	\$5,726,000
General Fund--State Appropriation (FY 2009)	\$5,854,000
General Fund--Private/Local Appropriation	\$1,458,000
TOTAL APPROPRIATION	\$13,038,000

NEW SECTION. Sec. 616. FOR THE STATE SCHOOL FOR THE DEAF

General Fund--State Appropriation (FY 2008)	\$8,438,000
General Fund--State Appropriation (FY 2009)	\$8,570,000
General Fund--Private/Local Appropriation	\$232,000
TOTAL APPROPRIATION	\$17,240,000

NEW SECTION. Sec. 617. FOR THE WASHINGTON STATE ARTS COMMISSION

General Fund--State Appropriation (FY 2008)	\$2,434,000
General Fund--State Appropriation (FY 2009)	\$2,447,000

General Fund--Federal Appropriation	\$1,382,000
General Fund--Private/Local Appropriation	\$153,000
TOTAL APPROPRIATION	\$6,416,000

NEW SECTION. Sec. 618. FOR THE WASHINGTON STATE HISTORICAL SOCIETY

General Fund--State Appropriation (FY 2008)	\$3,621,000
General Fund--State Appropriation (FY 2009)	\$3,488,000
TOTAL APPROPRIATION	\$7,109,000

NEW SECTION. Sec. 619. FOR THE EASTERN WASHINGTON STATE HISTORICAL SOCIETY

General Fund--State Appropriation (FY 2008)	\$1,771,000
General Fund--State Appropriation (FY 2009)	\$1,838,000
TOTAL APPROPRIATION	\$3,609,000

**PART VII
SPECIAL APPROPRIATIONS**

NEW SECTION. Sec. 701. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR DEBT SUBJECT TO THE DEBT LIMIT

General Fund--State Appropriation (FY 2008)	\$724,362,000
General Fund--State Appropriation (FY 2009)	\$764,561,000
State Building Construction Account--State Appropriation	\$8,970,000
Columbia River Basin Water Supply Development Account--State Appropriation	\$148,000
Hood Canal Aquatic Rehabilitation Bond Account--State Appropriation	\$23,000
State Taxable Building Construction Account--State Appropriation	\$168,000
Gardner-Evans Higher Education Construction Account--State Appropriation	\$1,790,000
Debt-Limit Reimbursable Bond Retire Account--State Appropriation	\$2,624,000
TOTAL APPROPRIATION	\$1,502,646,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriations are for deposit into the debt-limit general fund bond retirement account.

NEW SECTION. Sec. 702. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR GENERAL OBLIGATION DEBT TO BE REIMBURSED BY ENTERPRISE ACTIVITIES

State Convention and Trade Center Account--State Appropriation	\$22,553,000
Accident Account--State Appropriation	\$5,204,000
Medical Aid Account--State Appropriation	\$5,204,000
TOTAL APPROPRIATION	\$32,961,000

NEW SECTION. Sec. 703. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR GENERAL OBLIGATION DEBT TO BE REIMBURSED AS PRESCRIBED BY STATUTE

General Fund--State Appropriation (FY 2008)	\$27,068,000
General Fund--State Appropriation (FY 2009)	\$27,825,000
Nondebt-Limit Reimbursable Bond Retirement Account--State Appropriation	\$136,332,000
TOTAL APPROPRIATION	\$191,225,000

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriation is for deposit into the nondebt-limit general fund bond retirement account.

NEW SECTION. Sec. 704. FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALE EXPENSES

General Fund--State Appropriation (FY 2008)	\$1,357,000
General Fund--State Appropriation (FY 2009)	\$1,357,000
State Building Construction Account--State Appropriation	\$1,546,000
Columbia River Basin Water Supply Development Account--State Appropriation	\$17,000
Hood Canal Aquatic Rehabilitation Bond Account--State Appropriation	\$3,000
State Taxable Building Construction Account--State Appropriation	\$122,000
Gardner-Evans Higher Education Construction Account--State Appropriation	\$452,000
TOTAL APPROPRIATION	\$4,854,000

NEW SECTION. Sec. 705. FOR THE OFFICE OF FINANCIAL MANAGEMENT--FIRE CONTINGENCY POOL

Disaster Response Account--State Appropriation \$4,000,000

The appropriation in this section is subject to the following conditions and limitations: The entire appropriation is for the purpose of making allocations to the Washington state patrol for fire mobilizations costs or to the department of natural resources for fire suppression costs.

NEW SECTION. Sec. 706. FOR THE OFFICE OF FINANCIAL MANAGEMENT--FIRE CONTINGENCY

General Fund--State Appropriation (FY 2008) \$2,000,000
 General Fund--State Appropriation (FY 2009) \$2,000,000
 TOTAL APPROPRIATION \$4,000,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for expenditure into the disaster response account for the purposes specified in section 705 of this act.

NEW SECTION. Sec. 707. FOR THE OFFICE OF FINANCIAL MANAGEMENT--DISASTER RESPONSE ACCOUNT

General Fund--State Appropriation (FY 2008) \$6,729,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the disaster response account.

NEW SECTION. Sec. 708. FOR THE OFFICE OF FINANCIAL MANAGEMENT--EMERGENCY FUND

General Fund--State Appropriation (FY 2008) \$850,000
 General Fund--State Appropriation (FY 2009) \$850,000
 TOTAL APPROPRIATION \$1,700,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are for the governor's emergency fund for the critically necessary work of any agency.

NEW SECTION. Sec. 709. FOR THE OFFICE OF FINANCIAL MANAGEMENT--SEX OFFENDER SENTENCING IMPACT

General Fund--State Appropriation (FY 2008) \$1,188,000
 General Fund--State Appropriation (FY 2009) \$1,509,000
 TOTAL APPROPRIATION \$2,697,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for distribution to counties to pay for the costs of implementing chapter 176, Laws of 2004, which makes amendments to the special sex offender sentencing alternative.

NEW SECTION. Sec. 710. FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT--COUNTY PUBLIC HEALTH ASSISTANCE

Health Services Account--State Appropriation (FY 2008) \$24,000,000
 Health Services Account--State Appropriation (FY 2009) \$24,000,000
 TOTAL APPROPRIATION \$48,000,000

The appropriations in this section are subject to the following conditions and limitations: The director of the department of community, trade, and economic development shall distribute the appropriations to the following counties and health districts in the amounts designated:

Health District	FY 2008	FY 2009	FY 2007-09 Biennium
Adams County Health District	\$30,951	\$30,951	\$61,902
Asotin County Health District	\$67,714	\$67,714	\$135,428
Benton-Franklin Health District	\$1,165,612	\$1,165,612	\$2,331,224
Chelan-Douglas Health District	\$184,761	\$184,761	\$369,522
Clallam County Health and Human Services Department	\$141,752	\$141,752	\$283,504
Southwest Washington Health District	\$1,084,473	\$1,084,473	\$2,168,946
Columbia County Health District	\$40,529	\$40,529	\$81,058
Cowlitz County Health Department	\$278,560	\$278,560	\$557,120

Garfield County Health District	\$15,028	\$15,028	\$30,056
Grant County Health District	\$118,595	\$118,595	\$237,191
Grays Harbor Health Department	\$183,870	183,870	\$367,740
Island County Health Department	\$91,892	\$91,892	\$183,784
Jefferson County Health and Human Services	\$85,782	\$85,782	\$171,564
Seattle-King County Department of Public Health	\$9,531,747	\$9,531,747	\$19,063,494
Bremerton-Kitsap County Health District	\$554,669	\$554,669	\$1,109,338
Kittitas County Health Department	\$92,499	\$92,499	\$184,998
Klickitat County Health Department	\$62,402	\$62,402	\$124,804
Lewis County Health Department	\$105,801	\$105,801	\$211,602
Lincoln County Health Department	\$29,705	\$29,705	\$59,410
Mason County Department of Health Services	\$95,988	\$95,988	\$191,976
Okanogan County Health District	\$63,458	\$63,458	\$126,916
Pacific County Health Department	\$77,427	\$77,427	\$154,854
Tacoma-Pierce County Health Department	\$2,820,590	\$2,820,590	\$5,641,180
San Juan County Health and Community Services	\$37,531	\$37,531	\$75,062
Skagit County Health Department	\$223,927	\$223,927	\$447,854
Snohomish Health District	\$2,258,207	\$2,258,207	\$4,516,414
Spokane County Health District	\$2,101,429	\$2,101,429	\$4,202,858
Northeast Tri-County Health District	\$110,454	\$110,454	\$220,908
Thurston County Health Department	\$600,419	\$600,419	\$1,200,838
Wahkiakum County Health Department	\$13,773	\$13,772	\$27,545
Walla Walla County-City Health Department	\$172,062	\$172,062	\$344,124
Whatcom County Health Department	\$855,863	\$855,863	\$1,711,726
Whitman County Health Department	\$78,733	\$78,733	\$157,466
Yakima Health District	\$623,797	\$623,797	\$1,247,594
TOTAL APPROPRIATIONS	\$24,000,000	\$24,000,000	\$48,000,000

NEW SECTION. Sec. 711. BELATED CLAIMS. The agencies and institutions of the state may expend moneys appropriated in this act, upon approval of the office of financial management, for the payment of supplies and services furnished to the agency or institution in prior fiscal biennia.

NEW SECTION. Sec. 712. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--CONTRIBUTIONS TO RETIREMENT SYSTEMS. The appropriations in this section are subject to the following conditions and limitations: The appropriations for the law enforcement officers' and firefighters' retirement system shall be made on a monthly basis beginning July 1, 2007, consistent with chapter 41.45 RCW, and the appropriations for the judges and judicial retirement systems shall be made on a quarterly basis consistent with chapters 2.10 and 2.12 RCW.

(1) There is appropriated for state contributions to the law enforcement officers' and fire fighters' retirement system:

General Fund--State Appropriation (FY 2008)	\$46,200,000
General Fund--State Appropriation (FY 2009)	\$50,400,000
TOTAL APPROPRIATION	\$96,600,000

(2) There is appropriated for contributions to the judicial retirement system:

General Fund--State Appropriation (FY 2008)	\$9,600,000
General Fund--State Appropriation (FY 2009)	\$10,200,000

TOTAL APPROPRIATION \$19,800,000

NEW SECTION. Sec. 713. FOR THE OFFICE OF FINANCIAL MANAGEMENT--CONTRIBUTIONS TO RETIREMENT SYSTEMS

General Fund--State Appropriation (FY 2008)	\$2,200,000
General Fund--State Appropriation (FY 2009)	\$2,300,000
Health Services Account--State Appropriation (FY 2008)	\$2,000
Health Services Account--State Appropriation (FY 2009)	\$1,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$5,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$1,000
Water Quality Account--State Appropriation (FY 2008)	\$2,000
General Fund--Federal Appropriation	\$400,000
General Fund--Private/Local Appropriation	\$100,000
Special Account Retirement Contribution Increase Revolving Appropriation	\$589,000
TOTAL APPROPRIATION	\$5,600,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The appropriations in this section are provided solely to increase agency and institution appropriations to reflect increased employer contributions to the public employees' retirement system, the teachers' retirement system, the school employees' retirement system, and the public safety employees' retirement system as a result of modifications to benefit eligibility pursuant to Senate Bill No. 5175 (annual increases in certain retirement allowances). If the bill is not enacted by June 30, 2007, the appropriations in this section shall lapse.

(2) To facilitate the transfer of moneys to dedicated funds and accounts, the state treasurer shall transfer sufficient moneys to each dedicated fund or account from the special account retirement contribution increase revolving account in accordance with schedules provided by the office of financial management.

NEW SECTION. Sec. 714. FOR THE OFFICE OF FINANCIAL MANAGEMENT--CONTRIBUTIONS TO RETIREMENT SYSTEMS

General Fund--State Appropriation (FY 2008)	(\$800,000)
General Fund--State Appropriation (FY 2009)	(\$800,000)
TOTAL APPROPRIATION	(\$1,600,000)

The appropriations in this section are subject to the following conditions and limitations:

(1) The appropriations in this section are provided solely to reduce school district funding allocations to reflect lower employer contribution rates in the teachers' retirement system due to savings resulting from Substitute House Bill No. 1262 (public employment of retirees). If the bill is not enacted by June 30, 2007, the appropriations in this section shall lapse.

(2) From the appropriations provided in this act to school districts for retirement system contributions, the director of financial management shall reduce allotments from the general fund--state by \$800,000 in fiscal year 2008 and \$800,000 in fiscal year 2009. The allotment reductions shall be placed in unallotted status and remain unexpended.

NEW SECTION. Sec. 715. FOR THE OFFICE OF FINANCIAL MANAGEMENT--CONTRIBUTIONS TO RETIREMENT SYSTEMS

General Fund--State Appropriation (FY 2008)	\$50,000
General Fund--State Appropriation (FY 2009)	\$50,000
TOTAL APPROPRIATION	\$100,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The appropriations in this section are provided solely to increase school district funding allocations to reflect higher employer contribution rates in the school employees' retirement system resulting from Substitute House Bill No. 1264 (portability of retirement benefits). If the bill is not enacted by June 30, 2007, the amounts provided in this section shall lapse.

(2) From the appropriations provided in this act to school districts for contributions to the school employees' retirement system, the director of financial management shall increase allotments from the general fund--state by \$50,000 in fiscal year 2008 and \$50,000 in fiscal year 2009.

NEW SECTION. Sec. 716. FOR THE OFFICE OF FINANCIAL MANAGEMENT-- CONTRIBUTIONS TO RETIREMENT SYSTEMS

General Fund--State Appropriation (FY 2008)	(\$67,000,000)
General Fund--State Appropriation (FY 2009)	(\$88,000,000)
Pension Funding Stabilization Account--State Appropriation (FY 2008)	\$67,000,000
Pension Funding Stabilization Account--State Appropriation (FY 2009)	\$88,000,000
TOTAL APPROPRIATION	\$0

The appropriations in this section are subject to the following conditions and limitations:

(1) From the appropriations provided in this act to state agencies for retirement system contributions, the director of financial management shall reduce allotments from the general fund--state by \$67,000,000 in fiscal year 2008 and \$88,000,000 in fiscal year 2009. The allotment reductions shall be placed in unallotted status and remain unexpended.

(2) The pension funding stabilization account--state appropriations in this section are provided solely to replace general fund--state appropriations to state agencies for the purpose of retirement system contributions.

NEW SECTION. Sec. 717. FOR THE OFFICE OF FINANCIAL MANAGEMENT--EDUCATION TECHNOLOGY REVOLVING ACCOUNT

General Fund--State Appropriation (FY 2008)	\$10,097,000
General Fund--State Appropriation (FY 2009)	\$10,098,000
TOTAL APPROPRIATION	\$20,195,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for expenditure into the education technology revolving account for the purpose of covering ongoing operational and equipment replacement costs incurred by the K-20 educational network program in providing telecommunication services to network participants.

NEW SECTION. Sec. 718. FOR THE GOVERNOR--COMPENSATION--PENSION RATE CHANGES

General Fund--State Appropriation (FY 2008)	\$755,000
General Fund--State Appropriation (FY 2009)	\$1,747,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$97,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$222,000
Judicial Information Systems Account--State Appropriation	\$163,000
Department of Retirement Systems Account--State Appropriation	\$31,000
TOTAL APPROPRIATION	\$3,015,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section shall be expended solely for pension rate changes for legislative and judicial employees, as adopted by the pension funding council. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified and to the state agencies specified in LEAP document number H17 - 2007, and adjust appropriation schedules accordingly.

NEW SECTION. Sec. 719. FOR THE OFFICE OF FINANCIAL MANAGEMENT--READING ACHIEVEMENT ACCOUNT

General Fund--State Appropriation (FY 2008)	\$525,000
General Fund--State Appropriation (FY 2009)	\$525,000
TOTAL APPROPRIATION	\$1,050,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for expenditure into the reading achievement account.

NEW SECTION. Sec. 720. FOR THE OFFICE OF FINANCIAL MANAGEMENT--WATER QUALITY CAPITAL ACCOUNT

Water Quality Account--State Appropriation (FY 2008)	\$25,135,000
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The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the water quality capital account. If House Bill No. 1137 (water quality capital account) is not enacted by June 30, 2007, the appropriation in this section shall lapse.

NEW SECTION. Sec. 721. FOR THE OFFICE OF FINANCIAL MANAGEMENT-- WATER POLLUTION CONTROL REVOLVING ACCOUNT

Water Quality Account--State Appropriation (FY 2008)	\$7,027,000
Water Quality Account--State Appropriation (FY 2009)	\$7,027,000
TOTAL APPROPRIATION	\$14,054,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for expenditure into the water pollution control revolving account.

NEW SECTION. Sec. 722. INCENTIVE SAVINGS--FY 2008. The sum of one hundred million dollars or so much thereof as may be available on June 30, 2008, from the total amount of unspent fiscal year 2008 state general fund appropriations, exclusive of amounts expressly placed into unallotted status by this act, is appropriated for the purposes of RCW 43.79.460 in the manner provided in this section.

(1) Of the total appropriated amount, one-half of that portion that is attributable to incentive savings, not to exceed twenty-five million dollars, is appropriated to the savings incentive account for the purpose of improving the quality, efficiency, and effectiveness of agency services, and credited to the agency that generated the savings.

(2) The remainder of the total amount, not to exceed seventy-five million dollars, is appropriated to the education savings account.

NEW SECTION. Sec. 723. INCENTIVE SAVINGS--FY 2009. The sum of one hundred million dollars or so much thereof as may be available on June 30, 2009, from the total amount of unspent fiscal year 2009 state general fund appropriations, exclusive of amounts expressly placed into unallotted status by this act, is appropriated for the purposes of RCW 43.79.460 in the manner provided in this section.

(1) Of the total appropriated amount, one-half of that portion that is attributable to incentive savings, not to exceed twenty-five million dollars, is appropriated to the savings incentive account for the purpose of improving the quality, efficiency, and effectiveness of agency services, and credited to the agency that generated the savings.

(2) The remainder of the total amount, not to exceed seventy-five million dollars, is appropriated to the education savings account.

NEW SECTION. Sec. 724. FOR THE OFFICE OF FINANCIAL MANAGEMENT-- EXTRAORDINARY CRIMINAL JUSTICE COSTS

General Fund--State Appropriation (FY 2008) \$908,000

The appropriation in this section is subject to the following conditions and limitations: Of the amount in this section the director of financial management shall distribute \$746,000 to Yakima county and \$162,000 to Grant county for extraordinary criminal justice costs.

NEW SECTION. Sec. 725. FOR THE GOVERNOR--WORKERS COMPENSATION CHANGES

General Fund--State Appropriation (FY 2008) (\$1,000)
 General Fund--State Appropriation (FY 2009) \$1,000
 Public Safety and Education Account--State Appropriation (FY 2008) (\$2,000)
 Public Safety and Education Account--State Appropriation (FY 2009) (\$1,000)
 Department of Retirement Systems Expense Account--State Appropriation \$1,000
TOTAL APPROPRIATION **(\$2,000)**

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section shall be expended solely for changes to workers compensation charges by the department of labor and industries. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified, and to the state agencies specified in OFM document #2007-R01, dated December 19, 2006, and adjust appropriation schedules accordingly.

NEW SECTION. Sec. 726. FOR THE OFFICE OF FINANCIAL MANAGEMENT--DEVELOPMENTAL DISABILITIES ENDOWMENT TRUST FUND

General Fund--State Appropriation (FY 2008) \$3,000,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the developmental disabilities endowment trust fund to serve as state matching funds for private contributions.

NEW SECTION. Sec. 727. FOR THE OFFICE OF FINANCIAL MANAGEMENT-- FERRY COUNTY PUBLIC UTILITY DISTRICT

General Fund--State Appropriation (FY 2008) \$25,000
 General Fund--State Appropriation (FY 2009) \$25,000
TOTAL APPROPRIATION **\$50,000**

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for allocation to the Ferry county public utility district to provide a demand-responsive special needs transportation program that is compliant with the federal Americans with disabilities act.

NEW SECTION. Sec. 728. FOR THE OFFICE OF FINANCIAL MANAGEMENT--COUNTY SUBSTANCE ABUSE PROGRAMS

General Fund--State Appropriation (FY 2008) \$600,000
 General Fund--State Appropriation (FY 2009) \$600,000
TOTAL APPROPRIATION **\$1,200,000**

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section are provided solely for allocation to counties that are eligible for funding for chemical dependency or substance abuse treatment programs pursuant to RCW 70.96A.325.

**PART VIII
 OTHER TRANSFERS AND APPROPRIATIONS**

NEW SECTION. Sec. 801. FOR THE STATE TREASURER--STATE REVENUES FOR DISTRIBUTION

General Fund Appropriation for fire insurance premium distributions \$7,325,000
 General Fund Appropriation for public utility district excise tax distributions \$49,656,000
 General Fund Appropriation for prosecuting attorney distributions \$3,999,000
 General Fund Appropriation for boating safety and education distributions \$4,833,000

General Fund Appropriation for other tax distributions	\$42,000
Death Investigations Account Appropriation for distribution to counties for publicly funded autopsies	\$2,192,000
Aquatic Lands Enhancement Account Appropriation for harbor improvement revenue distribution	\$148,000
Timber Tax Distribution Account Appropriation for distribution to "timber" counties	\$89,346,000
County Criminal Justice Assistance Appropriation	\$58,906,000
Municipal Criminal Justice Assistance Appropriation	\$23,359,000
Liquor Excise Tax Account Appropriation for liquor excise tax distribution	\$45,472,000
Liquor Revolving Account Appropriation for liquor profits distribution	\$93,399,000
City-County Assistance Account Appropriation for local government financial assistance distribution	\$31,272,000
Streamline Sales and Use Tax Account Appropriation for distribution to local taxing jurisdictions to mitigate the unintended revenue redistribution effect of the sourcing law changes	\$31,600,000
TOTAL APPROPRIATION	\$441,549,000

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

NEW SECTION. Sec. 802. FOR THE STATE TREASURER--FOR THE COUNTY CRIMINAL JUSTICE ASSISTANCE ACCOUNT

Impaired Driving Safety Account Appropriation	\$2,174,000
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The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2007-09 biennium in accordance with RCW 82.14.310. This funding is provided to counties for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

NEW SECTION. Sec. 803. FOR THE STATE TREASURER--FOR THE MUNICIPAL CRIMINAL JUSTICE ASSISTANCE ACCOUNT

Impaired Driving Safety Account Appropriation	\$1,449,000
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The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2007-09 biennium to all cities ratably based on population as last determined by the office of financial management. The distributions to any city that substantially decriminalizes or repeals its criminal code after July 1, 1990, and that does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), shall be made to the county in which the city is located. This funding is provided to cities for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

NEW SECTION. Sec. 804. FOR THE STATE TREASURER--FEDERAL REVENUES FOR DISTRIBUTION

General Fund Appropriation for federal grazing fees distribution	\$2,950,000
General Fund Appropriation for federal flood control funds distribution	\$74,000
Forest Reserve Fund Appropriation for federal forest reserve fund distribution	\$84,500,000
TOTAL APPROPRIATION	\$87,524,000

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

NEW SECTION. Sec. 805. FOR THE STATE TREASURER--TRANSFERS.

State Treasurer's Service Account: For transfer to the state general fund, \$12,500,000 for fiscal year 2008 and \$7,500,000 for fiscal year 2009	\$20,000,000
General Fund: For transfer to the water quality account, \$12,200,000 for fiscal year 2008 and \$12,201,000 for fiscal year 2009	\$24,401,000
Education Legacy Trust Account: For transfer to the student achievement account for fiscal year 2009	\$90,800,000
Drinking Water Assistance Account: For transfer to the drinking water assistance repayment account, an amount not to exceed	\$25,000,000
Public Works Assistance Account: For transfer to the drinking water assistance account, \$3,600,000 for fiscal year 2008 and \$3,600,000 for fiscal year 2009	\$7,200,000
Public Works Assistance Account: For transfer to the job development account, \$25,000,000	

for fiscal year 2008 and \$25,000,000 for fiscal year 2009	\$50,000,000
Tobacco Settlement Account: For transfer to the health services account, in an amount not to exceed the actual amount of the annual base payment to the tobacco settlement account	\$165,915,000
Tobacco Settlement Account: For transfer to the life sciences discovery fund, in an amount not to exceed the actual amount of the strategic contribution supplemental payment to the tobacco settlement account	\$70,000,000
Health Services Account: For transfer to the water quality account, \$3,942,500 for fiscal year 2008 and \$3,942,500 for fiscal year 2009	\$7,885,000
Health Services Account: For transfer to the violence reduction and drug enforcement account, \$3,466,000 for fiscal year 2008 and \$3,466,000 for fiscal year 2009	\$6,932,000
Health Services Account: For transfer to the tobacco prevention and control account, \$10,226,552 for fiscal year 2008 and \$10,109,109 for fiscal year 2009	\$20,336,000
General Fund: For transfer to the streamline sales and use tax account for fiscal year 2009	\$31,600,000

If Substitute Senate Bill No. 5089 (streamlined sales tax) is not enacted by June 30, 2009, this transfer shall lapse.

**PART IX
MISCELLANEOUS**

NEW SECTION. Sec. 901. EXPENDITURE AUTHORIZATIONS. The appropriations contained in this act are maximum expenditure authorizations. Pursuant to RCW 43.88.037, moneys disbursed from the treasury on the basis of a formal loan agreement shall be recorded as loans receivable and not as expenditures for accounting purposes. To the extent that moneys are disbursed on a loan basis, the corresponding appropriation shall be reduced by the amount of loan moneys disbursed from the treasury during the 2005-07 biennium.

NEW SECTION. Sec. 902. INFORMATION SYSTEMS PROJECTS. Agencies shall comply with the following requirements regarding information systems projects when specifically directed to do so by this act.

(1) Agency planning and decisions concerning information technology shall be made in the context of its information technology portfolio. "Information technology portfolio" means a strategic management approach in which the relationships between agency missions and information technology investments can be seen and understood, such that: Technology efforts are linked to agency objectives and business plans; the impact of new investments on existing infrastructure and business functions are assessed and understood before implementation; and agency activities are consistent with the development of an integrated, nonduplicative statewide infrastructure.

(2) Agencies shall use their information technology portfolios in making decisions on matters related to the following:

- (a) System refurbishment, acquisitions, and development efforts;
- (b) Setting goals and objectives for using information technology in meeting legislatively-mandated missions and business needs;
- (c) Assessment of overall information processing performance, resources, and capabilities;
- (d) Ensuring appropriate transfer of technological expertise for the operation of any new systems developed using external resources; and
- (e) Progress toward enabling electronic access to public information.

(3) Each project will be planned and designed to take optimal advantage of Internet technologies and protocols. Agencies shall ensure that the project is in compliance with the architecture, infrastructure, principles, policies, and standards of digital government as maintained by the information services board.

(4) The agency shall produce a feasibility study for information technology projects at the direction of the information services board and in accordance with published department of information services policies and guidelines. At a minimum, such studies shall include a statement of: (a) The purpose or impetus for change; (b) the business value to the agency, including an examination and evaluation of benefits, advantages, and cost; (c) a comprehensive risk assessment based on the proposed project's impact on both citizens and state operations, its visibility, and the consequences of doing nothing; (d) the impact on agency and statewide information infrastructure; and (e) the impact of the proposed enhancements to an agency's information technology capabilities on meeting service delivery demands.

(5) The agency shall produce a comprehensive management plan for each project. The plan or plans shall address all factors critical to successful completion of each project. The plan(s) shall include, but is not limited to, the following elements: A description of the problem or opportunity that the information technology project is intended to address; a statement of project objectives and assumptions; a definition and schedule of phases, tasks, and activities to be accomplished; and the estimated cost of each phase. The planning for the phased approach shall be such that the business case justification for a project needs to demonstrate how the project recovers cost or adds measurable value or positive cost benefit to the agency's business functions within each development cycle.

(6) The agency shall produce quality assurance plans for information technology projects. Consistent with the direction of the information services board and the published policies and guidelines of the department of information services, the quality assurance plan shall address all factors critical to successful completion of the project and successful integration with the agency and state information technology infrastructure. At a minimum, quality assurance plans shall provide time and budget benchmarks against which project progress can be measured, a specification of quality assurance responsibilities, and a statement of reporting requirements. The quality assurance plans shall set out the functionality requirements for each phase of a project.

(7) A copy of each feasibility study, project management plan, and quality assurance plan shall be provided to the department of information services, the office of financial management, and legislative fiscal committees. The plans and studies shall demonstrate a sound business case that justifies the investment of taxpayer funds on any new project, an assessment of the impact of the proposed system on the existing information technology infrastructure, the disciplined use of preventative measures to mitigate risk, and the leveraging of private-sector expertise

as needed. Authority to expend any funds for individual information systems projects is conditioned on the approval of the relevant feasibility study, project management plan, and quality assurance plan by the department of information services and the office of financial management.

(8) Quality assurance status reports shall be submitted to the department of information services, the office of financial management, and legislative fiscal committees at intervals specified in the project's quality assurance plan.

NEW SECTION. Sec. 903. INFORMATION TECHNOLOGY ENTERPRISE SERVICES. Agencies shall make use of the department of information services when acquiring information technology services, products, and assets.

"Information technology services" means the acquisition, provisioning, or approval of hardware, software, and purchased or personal services provided by the department of information services.

If an information technology enterprise service is provided by the department, or an agency has a specific requirement to acquire hardware, software, or purchased or personal services directly, the agency shall consult with the department of information services.

NEW SECTION. Sec. 904. VIDEO TELECOMMUNICATIONS. The department of information services shall act as lead agency in coordinating video telecommunications services for state agencies. As lead agency, the department shall develop standards and common specifications for leased and purchased telecommunications equipment and assist state agencies in developing a video telecommunications expenditure plan. No agency may spend any portion of any appropriation in this act for new video telecommunication equipment, new video telecommunication transmission, or new video telecommunication programming, or for expanding current video telecommunication systems without first complying with chapter 43.105 RCW, including but not limited to, RCW 43.105.041(2), and without first submitting a video telecommunications expenditure plan, in accordance with the policies of the department of information services, for review and assessment by the department of information services under RCW 43.105.052. Prior to any such expenditure by a public school, a video telecommunications expenditure plan shall be approved by the superintendent of public instruction. The office of the superintendent of public instruction shall submit the plans to the department of information services in a form prescribed by the department. The office of the superintendent of public instruction shall coordinate the use of video telecommunications in public schools by providing educational information to local school districts and shall assist local school districts and educational service districts in telecommunications planning and curriculum development. Prior to any such expenditure by a public institution of postsecondary education, a telecommunications expenditure plan shall be approved by the higher education coordinating board. The higher education coordinating board shall coordinate the use of video telecommunications for instruction and instructional support in postsecondary education, including the review and approval of instructional telecommunications course offerings.

NEW SECTION. Sec. 905. EMERGENCY FUND ALLOCATIONS. Whenever allocations are made from the governor's emergency fund appropriation to an agency that is financed in whole or in part by other than general fund moneys, the director of financial management may direct the repayment of such allocated amount to the general fund from any balance in the fund or funds which finance the agency. No appropriation shall be necessary to effect such repayment.

NEW SECTION. Sec. 906. STATUTORY APPROPRIATIONS. In addition to the amounts appropriated in this act for revenues for distribution, state contributions to the law enforcement officers' and fire fighters' retirement system plan 2, and bond retirement and interest including ongoing bond registration and transfer charges, transfers, interest on registered warrants, and certificates of indebtedness, there is also appropriated such further amounts as may be required or available for these purposes under any statutory formula or under chapters 39.94 and 39.96 RCW or any proper bond covenant made under law.

NEW SECTION. Sec. 907. BOND EXPENSES. In addition to such other appropriations as are made by this act, there is hereby appropriated to the state finance committee from legally available bond proceeds in the applicable construction or building funds and accounts such amounts as are necessary to pay the expenses incurred in the issuance and sale of the subject bonds.

NEW SECTION. Sec. 908. VOLUNTARY SEPARATION INCENTIVES. As a management tool to reduce costs and make more effective use of resources, while improving employee productivity and morale, agencies may offer voluntary separation and/or downshifting incentives and options according to procedures and guidelines established by the department of personnel and the department of retirement systems in consultation with the office of financial management. The options may include, but are not limited to, financial incentives for: Voluntary resignation, voluntary leave-without-pay, voluntary workweek or work hour reduction, voluntary downward movement, or temporary separation for development purposes. No employee shall have a contractual right to a financial incentive offered pursuant to this section. Agencies shall report on the outcomes of their plans, and offers shall be reviewed and monitored jointly by the department of personnel and the department of retirement systems, for reporting to the office of financial management by June 30, 2009.

NEW SECTION. Sec. 909. VOLUNTARY RETIREMENT INCENTIVES. Agencies may implement a voluntary retirement incentive program that is cost neutral or results in cost savings provided that such a program is approved by the director of retirement systems and the office of financial management. Agencies participating in this authorization are required to submit a report by June 30, 2009, to the legislature and the office of financial management on the outcome of their approved retirement incentive program. The report should include information on the details of the program including resulting service delivery changes, agency efficiencies, the cost of the retirement incentive per participant, the total cost to the state, and the projected or actual net dollar savings over the 2007-09 biennium.

NEW SECTION. Sec. 910. COMPENSATION--REVISE PENSION GAIN SHARING		
General Fund--State Appropriation (FY 2008)	.....	-\$1,260,000
General Fund--State Appropriation (FY 2009)	.....	-\$1,260,000

Health Services Account--State Appropriation (FY 2008)	-\$9,000
Health Services Account--State Appropriation (FY 2009)	-\$9,000
Public Safety and Education Account (FY 2008)	-\$24,000
Public Safety and Education Account (FY 2009)	-\$24,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	-\$1,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	-\$1,000
Water Quality Account--State Appropriation (FY 2008)	-\$7,000
Water Quality Account--State Appropriation (FY 2009)	-\$7,000
General Fund--Federal Appropriation	-\$780,000
General Fund--Private/Local Appropriation	-\$98,000
Dedicated Funds and Accounts Appropriation	-\$1,092,000
TOTAL APPROPRIATION	-\$4,572,000

(1) The appropriations in this section are provided solely for adjustments to state agency appropriations to reflect changes to pension gain sharing as provided in Substitute Senate Bill No. 5779 or House Bill No. 2391 (revise pension gain sharing). The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H01 - 2007, and adjust appropriations schedules accordingly.

(2) The appropriations in this act for school districts and institutions of higher education are subject to the following conditions and limitations: Appropriations are adjusted to reflect changes to pension gain sharing as provided in Substitute Senate Bill No. 5779 or House Bill No. 2391 (revise pension gain sharing).

NEW SECTION. Sec. 911. COMPENSATION--NONREPRESENTED EMPLOYEES--INSURANCE BENEFITS

General Fund--State Appropriation (FY 2008)	\$1,785,000
General Fund--State Appropriation (FY 2009)	\$3,714,000
Health Services Account--State Appropriation (FY 2008)	\$51,000
Health Services Account--State Appropriation (FY 2009)	\$106,000
Public Safety and Education Account (FY 2008)	\$53,000
Public Safety and Education Account (FY 2009)	\$108,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$3,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$5,000
Water Quality Account--State Appropriation (FY 2008)	\$14,000
Water Quality Account--State Appropriation (FY 2009)	\$31,000
General Fund--Federal Appropriation	\$1,332,000
General Fund--Private/Local Appropriation	\$127,000
Dedicated Funds and Accounts Appropriation	\$3,124,000
TOTAL APPROPRIATION	\$10,453,000

The appropriations in this section shall be expended solely for nonrepresented state employee health benefits for state agencies, including institutions of higher education are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan, shall not exceed \$707 per eligible employee for fiscal year 2008. For fiscal year 2009 the monthly employer funding rate shall not exceed \$732 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or make other changes to benefits consistent with RCW 41.05.065, but in no case to increase the actuarial value of the plans offered as compared to the comparable plans offered to enrollees in calendar year 2007.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. From January 1, 2008, through December 31, 2008, the subsidy shall be \$164.08. Starting January 1, 2009, the subsidy shall be \$182.89 per month.

(3) Technical colleges, school districts, and educational service districts shall remit to the health care authority for deposit into the public employees' and retirees' insurance account established in RCW 41.05.120 the following amounts:

(a) For each full-time employee, \$57.71 per month beginning September 1, 2007, and \$65.97 beginning September 1, 2008;

(b) For each part-time employee, who at the time of the remittance is employed in an eligible position as defined in RCW 41.32.010 or 41.40.010 and is eligible for employer fringe benefit contributions for basic benefits, \$57.71 each month beginning September 1, 2007, and \$65.97 beginning September 1, 2008, prorated by the proportion of employer fringe benefit contributions for a full-time employee that the part-time employee receives. The remittance requirements specified in this subsection shall not apply to employees of a technical college, school district, or educational service district who purchase insurance benefits through contracts with the health care authority.

(4) The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H02 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 912. COMPENSATION--REPRESENTED EMPLOYEES OUTSIDE SUPER COALITION--INSURANCE BENEFITS. The appropriations for state agencies, including institutions of higher education are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan, for represented employees outside the super coalition under chapter 41.80 RCW, shall not exceed \$707 per eligible employee for fiscal year 2008. For fiscal year 2009 the monthly employer funding rate shall not exceed \$732 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or make other changes to benefits consistent with RCW 41.05.065, but in no case to increase the actuarial value of the plans offered as compared to the comparable plans offered to enrollees in calendar year 2007.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. From January 1, 2008, through December 31, 2008, the subsidy shall be \$164.08. Starting January 1, 2009, the subsidy shall be \$182.89 per month.

(3) Technical colleges, school districts, and educational service districts shall remit to the health care authority for deposit into the public employees' and retirees' insurance account established in RCW 41.05.120 the following amounts:

(a) For each full-time employee, \$57.71 per month beginning September 1, 2007, and \$65.97 beginning September 1, 2008;

(b) For each part-time employee, who at the time of the remittance is employed in an eligible position as defined in RCW 41.32.010 or 41.40.010 and is eligible for employer fringe benefit contributions for basic benefits, \$57.71 each month beginning September 1, 2007, and \$65.97 beginning September 1, 2008, prorated by the proportion of employer fringe benefit contributions for a full-time employee that the part-time employee receives. The remittance requirements specified in this subsection shall not apply to employees of a technical college, school district, or educational service district who purchase insurance benefits through contracts with the health care authority.

NEW SECTION. Sec. 913. COMPENSATION--REPRESENTED EMPLOYEES--SUPER COALITION. Collective bargaining agreements negotiated as part of the super coalition under chapter 41.80 RCW include employer contributions to health insurance premiums at 88% of the cost. Funding rates at this level are currently \$707 per month for fiscal year 2008 and \$732 per month for fiscal year 2009. The agreements also include a one-time payment of \$756 for each employee who is eligible for insurance for the month of June 2007 and is covered by a 2007-2009 collective bargaining agreement negotiated pursuant to chapter 41.80 RCW, and the continuation of the salary increases that were negotiated for the twelve-month period beginning July 1, 2006, and scheduled to terminate June 30, 2007.

NEW SECTION. Sec. 914. ACROSS THE BOARD SALARY ADJUSTMENTS

General Fund--State Appropriation (FY 2008)	\$13,277,000
General Fund--State Appropriation (FY 2009)	\$21,997,000
Health Services Account--State Appropriation (FY 2008)	\$316,000
Health Services Account--State Appropriation (FY 2009)	\$523,000
Public Safety and Education Account (FY 2008)	\$429,000
Public Safety and Education Account (FY 2009)	\$711,000
Equal Justice Subaccount--State Appropriation (FY 2008)	\$8,000
Equal Justice Subaccount--State Appropriation (FY 2009)	\$12,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$21,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$35,000
Water Quality Account--State Appropriation (FY 2008)	\$109,000
Water Quality Account--State Appropriation (FY 2009)	\$180,000
General Fund--Federal Appropriation	\$9,461,000
General Fund--Private/Local Appropriation	\$792,000
Dedicated Funds and Accounts Appropriation	\$21,141,000
TOTAL APPROPRIATION	\$69,012,000

The appropriations for nonrepresented employee compensation adjustments provided in this section are solely for Across the Board Adjustments.

(a) Appropriations are provided for a 3.2% salary increase effective July 1, 2007, for all classified employees, except those represented by a collective bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, and except the certificated employees of the state schools for the deaf and blind and employees of community and technical colleges covered by the provisions of Initiative Measure No. 732. Also included are employees in the Washington management service, and exempt employees under the jurisdiction of the director of personnel.

The appropriations are also sufficient to fund a 3.2% salary increase effective July 1, 2007, for executive, legislative, and judicial branch employees exempt from merit system rules whose maximum salaries are not set by the commission on salaries for elected officials.

(b) Appropriations are provided for a 2.0% salary increase effective July 1, 2008, for all classified employees, except those represented by a collective bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, and except for the certificated employees of the state schools of the deaf and blind and employees of community and technical colleges covered by the provisions of Initiative Measure No. 732. Also included are employees in the Washington management service, and exempt employees under the jurisdiction of the director of personnel. The appropriations are also sufficient to fund a 2.0% salary increase effective July 1, 2008, for executive, legislative, and judicial branch employees exempt from merit system rules whose maximum salaries are not set by the commission on salaries for elected officials. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number S7J - 2007 dated March 23, 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 915. SALARY SURVEY

General Fund--State Appropriation (FY 2008)	\$3,898,000
General Fund--State Appropriation (FY 2009)	\$3,979,000
Health Services Account--State Appropriation (FY 2008)	\$202,000
Health Services Account--State Appropriation (FY 2009)	\$207,000
Public Safety and Education Account (FY 2008)	\$60,000
Public Safety and Education Account (FY 2009)	\$64,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$2,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$2,000
Water Quality Account--State Appropriation (FY 2008)	\$19,000
Water Quality Account--State Appropriation (FY 2009)	\$19,000
General Fund--Federal Appropriation	\$1,586,000
General Fund--Private/Local Appropriation	\$264,000
Dedicated Funds and Accounts Appropriation	\$3,986,000
TOTAL APPROPRIATION	\$14,288,000

For state employees, except those represented by a bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, the appropriations in this section are provided solely for implementation of the department of personnel's 2006 salary survey, for job classes more than 25% below market rates and affected classes. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H04 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 916. AGENCY REQUEST CONSOLIDATION

General Fund--State Appropriation (FY 2008)	\$260,000
General Fund--State Appropriation (FY 2009)	\$264,000
Public Safety and Education Account (FY 2008)	\$1,000
Public Safety and Education Account (FY 2009)	\$1,000
General Fund--Private/Local Appropriation	\$2,000
Dedicated Funds and Accounts Appropriation	\$180,000
TOTAL APPROPRIATION	\$708,000

For state employees, except those represented by a bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, the appropriations in this section are provided solely for implementation of the department of personnel's agency request job class consolidation and reclassification plan. This implementation fully satisfies the conditions specified in the settlement agreement of *WPEA v State/Shroll v State*. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H05 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 917. CLASSIFICATION CONSOLIDATION

General Fund--State Appropriation (FY 2008)	\$538,000
General Fund--State Appropriation (FY 2009)	\$544,000
Health Services Account--State Appropriation (FY 2008)	\$5,000
Health Services Account--State Appropriation (FY 2009)	\$5,000
Public Safety and Education Account (FY 2008)	\$1,000
Public Safety and Education Account (FY 2009)	\$1,000
General Fund--Federal Appropriation	\$225,000
General Fund--Private/Local Appropriation	\$18,000
Dedicated Funds and Accounts Appropriation	\$4,242,000
TOTAL APPROPRIATION	\$5,579,000

For state employees, except those represented by a bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, the appropriations in this section are provided solely for implementation of the department of personnel's phase 4 job class consolidation and revisions under chapter

41.80 RCW. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H06 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 918. ADDITIONAL PAY STEP

General Fund--State Appropriation (FY 2008)	\$2,773,000
General Fund--State Appropriation (FY 2009)	\$2,808,000
Health Services Account--State Appropriation (FY 2008)	\$154,000
Health Services Account--State Appropriation (FY 2009)	\$156,000
Public Safety and Education Account (FY 2008)	\$175,000
Public Safety and Education Account (FY 2009)	\$177,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$3,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$3,000
Water Quality Account--State Appropriation (FY 2008)	\$12,000
Water Quality Account--State Appropriation (FY 2009)	\$12,000
General Fund--Federal Appropriation	\$1,529,000
General Fund--Private/Local Appropriation	\$132,000
Dedicated Funds and Accounts Appropriation	\$3,861,000
TOTAL APPROPRIATION	\$11,795,000

For state employees, except those represented by a bargaining unit under chapters 41.80, 41.56, and 47.64 RCW, the appropriations in this section are provided solely for a new pay step L for those who have been in step K for at least one year. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H07 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 919. SHIFT DIFFERENTIAL

General Fund--State Appropriation (FY 2008)	\$13,000
General Fund--State Appropriation (FY 2009)	\$21,000
TOTAL APPROPRIATION	\$34,000

For all classified state employees, except those represented by a bargaining unit under chapter 41.80, 41.56, and 47.64 RCW, and except for the certificated employees of the state schools of the deaf and blind and employees of community and technical colleges covered by the provisions of Initiative Measure No. 732, the appropriations in this section are provided solely for shift differential pay. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H08 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 920. RETAIN FISCAL YEAR 2007 PAY INCREASE

General Fund--State Appropriation (FY 2008)	\$6,747,000
General Fund--State Appropriation (FY 2009)	\$6,845,000
Health Services Account--State Appropriation (FY 2008)	\$157,000
Health Services Account--State Appropriation (FY 2009)	\$159,000
Public Safety and Education Account (FY 2008)	\$211,000
Public Safety and Education Account (FY 2009)	\$215,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$10,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$10,000
Water Quality Account--State Appropriation (FY 2008)	\$54,000
Water Quality Account--State Appropriation (FY 2009)	\$55,000
General Fund--Federal Appropriation	\$3,352,000
General Fund--Private/Local Appropriation	\$279,000
Dedicated Funds and Accounts Appropriation	\$7,935,000
TOTAL APPROPRIATION	\$26,029,000

For all classified state employees, except those represented by a bargaining unit under chapter 41.80, 41.56, and 47.64 RCW, and except for the certificated employees of the state schools of the deaf and blind and employees of community and technical colleges covered by the provisions of Initiative Measure No. 732, the appropriations in this section are provided solely for continuation of the 1.6% salary increase that was provided during fiscal year 2007. Also included are employees in the Washington management service, and exempt employees under the jurisdiction of the director of personnel. The appropriations are also sufficient to continue a 1.6% salary increase for executive, legislative, and judicial branch employees exempt from merit system rules whose maximum salaries are not set by the commission on salaries for elected officials. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H09 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 921. COLLECTIVE BARGAINING AGREEMENTS. (1) Provisions of collective bargaining agreements contained in this act are described in general terms. Only major economic terms are included in the descriptions. These descriptions do not

contain the complete contents of the agreements. The collective bargaining agreements contained in sections 913 through 948 of this act may also be funded by expenditures from nonappropriated accounts. If positions are funded with lidded grants or dedicated fund sources with insufficient revenue, additional funding from other sources is not provided.

(2) Some contracts contain implementation of the department of personnel's phase 4 classification consolidation. This implementation fully satisfies the conditions specified in the settlement agreement of *WPEA v. State/Shroll v. State*.

NEW SECTION. Sec. 922. COLLECTIVE BARGAINING AGREEMENT--WFSE

General Fund--State Appropriation (FY 2008)	\$55,778,000
General Fund--State Appropriation (FY 2009)	\$74,419,000
Health Services Account--State Appropriation (FY 2008)	\$175,000
Health Services Account--State Appropriation (FY 2009)	\$234,000
Public Safety and Education Account--State Appropriation (FY 2008)	\$1,206,000
Public Safety and Education Account--State Appropriation (FY 2009)	\$1,545,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$3,075,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$3,466,000
Water Quality Account--State Appropriation (FY 2008)	\$394,000
Water Quality Account--State Appropriation (FY 2009)	\$514,000
General Fund--Federal Appropriation	\$62,123,000
General Fund--Private/Local Appropriation	\$6,775,000
Dedicated Funds and Accounts Appropriation	\$70,458,000
TOTAL APPROPRIATION	\$280,162,000

Appropriations in this section reflect the collective bargaining agreement reached between the governor and the Washington federation of state employees under the provisions of chapter 41.80 RCW. For employees covered under this agreement, provisions include a 1.6% salary increase effective July 1, 2007, which continues the increase that went into effect July 1, 2006, and is set to terminate June 30, 2007. Also included is a 3.2% salary increase effective July 1, 2007, and a 2% salary increase effective July 1, 2008. Select classifications will receive wage increases due to phase four of the department of personnel's class consolidation project, the implementation of the department of personnel's 2006 salary survey for classes more than 25% below market rates and agency request packages meeting the specified criteria outlined in RCW 41.06.152. These increases will be effective July 1, 2007. All employees covered under the agreement that have been at the top step of their salary range for a year or longer will progress to a new step L effective July 1, 2007. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H10 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 923. COLLECTIVE BARGAINING AGREEMENT--WPEA

General Fund--State Appropriation (FY 2008)	\$6,151,000
General Fund--State Appropriation (FY 2009)	\$7,933,000
Water Quality Account--State Appropriation (FY 2008)	\$11,000
Water Quality Account--State Appropriation (FY 2009)	\$15,000
General Fund--Federal Appropriation	\$1,872,000
General Fund--Private/Local Appropriation	\$196,000
Dedicated Funds and Accounts Appropriation	\$9,337,000
TOTAL APPROPRIATION	\$25,515,000

Appropriations in this section reflect the collective bargaining agreement reached between the governor and the Washington public employees association under the provisions of chapter 41.80 RCW. For employees covered under this agreement, provisions include a 1.6% salary increase effective July 1, 2007, which continues the increase that went into effect July 1, 2006, and is set to terminate June 30, 2007. Also included is a 3.2% salary increase effective July 1, 2007, and a 2% salary increase effective July 1, 2008. Select classifications will receive wage increases due to phase four of the department of personnel's class consolidation project, the implementation of the department of personnel's 2006 salary survey for classes more than 25% below market rates and agency request packages meeting the specified criteria outlined in RCW 41.06.152. These increases will be effective July 1, 2007. All employees covered under the agreement that have been at the top step of their range for a year or longer will progress to a new step L effective July 1, 2007. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H11 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 924. COLLECTIVE BARGAINING AGREEMENT--TEAMSTERS

General Fund--State Appropriation (FY 2008)	\$40,992,000
General Fund--State Appropriation (FY 2009)	\$49,019,000
TOTAL APPROPRIATION	\$90,011,000

Appropriations in this section reflect the collective bargaining agreement reached between the governor and the brotherhood of teamsters under the provisions of chapter 41.80 RCW. For employees covered under this agreement, provisions include a 2.9% salary increase effective July 1, 2007, which continues the increase that went into effect July 1, 2006, and is set to terminate June 30, 2007. Also included is a 3.2%

salary increase effective July 1, 2007, and a 2% salary increase effective July 1, 2008. Select classifications will receive wage increases due to phase four of the department of personnel's class consolidation project, the implementation of the department of personnel's 2006 salary survey for classes more than 25% below market rates, and agency request packages meeting the specified criteria outlined in RCW 41.06.152. These increases will be effective July 1, 2007.

Also effective July 1, 2007, corrections and custody officers 1s, 2s, and 3s in Franklin, Snohomish, and Walla Walla counties will receive 5% geographic pay. All employees covered under the agreement that have been at the top step of their range for a year or longer will progress to a new step L effective July 1, 2007. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H12 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 925. COLLECTIVE BARGAINING AGREEMENT--UFCW

Liquor Revolving Account--State Appropriation	\$3,004,000
TOTAL APPROPRIATION	\$3,004,000

Appropriations in this section reflect the collective bargaining agreement reached between the governor and the united food and commercial workers under the provisions of chapter 41.80 RCW. For employees covered under this agreement, provisions include a 1.6% salary increase effective July 1, 2007, which continues the increase that went into effect July 1, 2006, and is set to terminate June 30, 2007. Also included is a 3.2% salary increase effective July 1, 2007, and a 2% salary increase effective July 1, 2008. All employees covered under the agreement that have been at the top step of their range for a year or longer will progress to a new step L effective July 1, 2007. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H13 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 926. COLLECTIVE BARGAINING AGREEMENT--IFPTE LOCAL 17

General Fund--State Appropriation (FY 2008)	\$53,000
General Fund--State Appropriation (FY 2009)	\$70,000
TOTAL APPROPRIATION	\$123,000

Appropriations in this section reflect the collective bargaining agreement reached between the governor and the international federation of professional and technical engineers under the provisions of chapter 41.80 RCW. For employees covered under this agreement, provisions include a 1.6% salary increase effective July 1, 2007, which continues the increase that went into effect July 1, 2006, and is set to terminate June 30, 2007. Also included is a 3.2% salary increase effective July 1, 2007, and a 2% salary increase effective July 1, 2008. Select classifications will receive wage increases due to the implementation of the department of personnel's 2006 salary survey for classes more than 25% below market rates. These increases will be effective July 1, 2007. All employees covered under the agreement that have been at the top step of their range for a year or longer will progress to a new step L effective July 1, 2007. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H14 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 927. COLLECTIVE BARGAINING AGREEMENT--SEIU 1199

General Fund--State Appropriation (FY 2008)	\$8,189,000
General Fund--State Appropriation (FY 2009)	\$9,353,000
General Fund--Federal Appropriation	\$8,124,000
General Fund--Private/Local Appropriation	\$2,575,000
TOTAL APPROPRIATION	\$28,241,000

Appropriations in this section reflect the collective bargaining agreement reached between the governor and the service employee's international union, local 1199 NW under the provisions of chapter 41.80 RCW. For employees covered under this agreement, provisions include a 1.6% salary increase effective July 1, 2007, which continues the increase that went into effect July 1, 2006, and is set to terminate June 30, 2007. Also included is a 3.2% salary increase effective July 1, 2007, and a 2% salary increase effective July 1, 2008. Select classifications will receive wage increases due to phase four of the department of personnel's class consolidation project and the implementation of the department of personnel's 2006 salary survey for classes more than 25% below market rates. These increases will be effective July 1, 2007. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H15 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 928. COLLECTIVE BARGAINING AGREEMENT--COALITION

General Fund--State Appropriation (FY 2008)	\$3,083,000
General Fund--State Appropriation (FY 2009)	\$3,830,000
General Fund--Federal Appropriation	\$426,000
General Fund--Private/Local Appropriation	\$488,000
Dedicated Funds and Accounts Appropriation	\$4,365,000
TOTAL APPROPRIATION	\$12,192,000

Appropriations in this section reflect the collective bargaining agreement reached between the governor and the coalition under the provisions of chapter 41.80 RCW. For employees covered under this agreement, provisions include a 1.6% salary increase effective July 1,

2007, which continues the increase that went into effect July 1, 2006, and is set to terminate June 30, 2007. Also included is a 3.2% salary increase effective July 1, 2007, and a 2% salary increase effective July 1, 2008. Select classifications will receive wage increases due to phase four of the department of personnel's class consolidation project, the implementation of the department of personnel's 2006 salary survey for classes more than 25% below market rates, and agency request packages meeting the specified criteria outlined in RCW 41.06.152. These increases will be effective July 1, 2007. All employees covered under the agreement that have been at the top step of their range for a year or longer will progress to a new step L effective July 1, 2007. These increases will be effective July 1, 2007. The office of financial management shall allocate the moneys appropriated in this section in the amounts specified to the state agencies specified in LEAP document number H16 - 2007, and adjust appropriations schedules accordingly.

NEW SECTION. Sec. 929. COLLECTIVE BARGAINING AGREEMENT--WFSE HIGHER EDUCATION. Appropriations in this act reflect the collective bargaining agreement reached between the governor and the Washington federation of state employees in higher education under the provisions of chapter 41.80 RCW. For employees covered under this agreement, provisions include a 1.6% salary increase effective July 1, 2007, which continues the increase that went into effect July 1, 2006, and is set to terminate June 30, 2007. Also included is a 3.2% salary increase effective July 1, 2007, and a 2% salary increase effective July 1, 2008. Select classifications will receive wage increases due to phase four of the department of personnel's class consolidation project and the implementation of the department of personnel's 2006 salary survey for classes more than 25% below market rates. These increases will be effective July 1, 2007. All employees covered under the agreement that have been at the top step of their range for a year or longer will progress to a new step L effective July 1, 2007.

NEW SECTION. Sec. 930. COLLECTIVE BARGAINING AGREEMENT--WPEA HIGHER EDUCATION. Appropriations in this act reflect the collective bargaining agreement reached between the governor and the Washington public employees association in higher education under the provisions of chapter 41.80 RCW. For employees covered under this agreement, provisions include a 1.6% salary increase effective July 1, 2007, which continues the increase that went into effect July 1, 2006, and is set to terminate June 30, 2007. Also included is a 3.2% salary increase effective July 1, 2007, and a 2% salary increase effective July 1, 2008. Select classifications will receive wage increases due to phase four of the department of personnel's class consolidation project and the implementation of the department of personnel's 2006 salary survey for classes more than 25% below market rates. These increases will be effective July 1, 2007. All employees covered under the agreement that have been at the top step of their range for a year or longer will progress to a new step L effective July 1, 2007.

NEW SECTION. Sec. 931. COLLECTIVE BARGAINING AGREEMENT--WESTERN WASHINGTON UNIVERSITY--WFSE. Appropriations in this act reflect the collective bargaining agreement reached between the Western Washington University and the Washington federation of state employees bargaining units A, B, and E. For employees covered under this agreement, provisions include a 3.2% pay increase effective July 1, 2007; a second increase of 2.0% effective July 1, 2008; implementation of the department of personnel's salary survey for classes more than 25% below market rate; a new 2.5% step L on the salary grid; and movement of all classified staff at or below pay range 30 to step G of their range, effective July 1, 2007.

NEW SECTION. Sec. 932. COLLECTIVE BARGAINING AGREEMENT--WESTERN WASHINGTON UNIVERSITY--PSE BARGAINING UNIT PTE. Appropriations in this act reflect the collective bargaining agreement reached between the Western Washington University and the public school employees bargaining unit PTE. For employees covered under this agreement, the provisions include a 3.2% increase effective July 1, 2007; a second increase of 2.0% effective July 1, 2008; implementation of the department of personnel's salary survey for classes more than 25% below market rate; a new 2.5% step L on the salary grid; and implementation of phase four of the department of personnel's class consolidation project.

NEW SECTION. Sec. 933. COLLECTIVE BARGAINING AGREEMENT--WESTERN WASHINGTON UNIVERSITY--PSE BARGAINING UNIT D. Appropriations in this act reflect the collective bargaining agreement reached between the Western Washington University and the public school employees bargaining unit D. For employees covered under this agreement, the provisions include a 3.2% increase effective July 1, 2007; a second increase of 2.0% effective July 1, 2008; implementation of the department of personnel's salary survey for classes more than 25% below market rate; a new 2.5% step L on the salary grid; and implementation of phase four of the department of personnel's class consolidation project.

NEW SECTION. Sec. 934. COLLECTIVE BARGAINING AGREEMENT--CENTRAL WASHINGTON UNIVERSITY--WFSE. Appropriations in this act reflect the collective bargaining agreement reached between the Central Washington University and the Washington federation of state employees. For employees covered under this agreement, the provisions include a pay increase of 3.2% effective July 1, 2007; a second increase of 2.0% effective July 1, 2006; phase four of the department of personnel's class consolidation project; implementation of the 2006 department of personnel's salary survey for classes more than 25% below market rate; and a new 2.5% step L on the salary grid.

NEW SECTION. Sec. 935. COLLECTIVE BARGAINING AGREEMENT--EASTERN WASHINGTON UNIVERSITY--WFSE BU 1. Appropriations in this act reflect the collective bargaining agreement reached between the Eastern Washington University and the Washington federation of state employees bargaining unit 1. For employees covered under this agreement, the provisions include a pay increase of 3.2% effective July 1, 2007; a second increase of 2.0%; phase four of the department of personnel's class consolidation project; a new 2.5% step L on the salary grid; and the potential for two \$200 one-time payments.

NEW SECTION. Sec. 936. COLLECTIVE BARGAINING AGREEMENT--EASTERN WASHINGTON UNIVERSITY--WFSE BU 2. Appropriations in this act reflect the collective bargaining agreement reached between the Eastern Washington University and the

Washington federation of state employees bargaining unit 2. For employees covered under this agreement, the provisions include a pay increase of 3.2% effective July 1, 2007; a second increase of 2.0%; phase four of the department of personnel's class consolidation project; a new 2.5% step L on the salary grid; and the potential for two \$200 one-time payments.

NEW SECTION. Sec. 937. COLLECTIVE BARGAINING AGREEMENT--WASHINGTON STATE UNIVERSITY--WSU POLICE GUILD. Appropriations in this act reflect the collective bargaining agreement reached between the Washington State University and the Washington State University police guild. For employees covered under this agreement, the provisions include a pay increase of 3.2% effective July 1, 2007; a second increase of 2.0%; effective July 1, 2008; implementation of the 2006 department of personnel's salary survey for classes more than 25% below market rate; and a new 2.5% step L on the salary grid.

NEW SECTION. Sec. 938. COLLECTIVE BARGAINING AGREEMENT--WASHINGTON STATE UNIVERSITY--WFSE. Appropriations in this act reflect the collective bargaining agreement reached between the Washington State University and the Washington federation of state employees. For employees covered under this agreement, the provisions include a pay increase of 3.2% effective July 1, 2007; a second increase of 2.0% effective July 1, 2008; implementation of the 2006 department of personnel's salary survey for classes more than 25% below market rate; and a new 2.5% step L on the salary grid.

NEW SECTION. Sec. 939. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON--WFSE CAMPUS--WIDE BARGAINING UNIT. Appropriations in this act reflect the collective bargaining agreement reached between the University of Washington and the Washington federation of state employees campus-wide bargaining unit. For employees covered under this agreement, the provisions include a pay increase of 3.2% effective July 1, 2007; a second increase of 2.0% effective July 1, 2008; recruitment and retention adjustments for specific classes; increases for classes more than 80% below market according to a survey by the University of Washington; and an additional pay step in fiscal year 2009.

NEW SECTION. Sec. 940. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON--WFSE POLICE MANAGEMENT BARGAINING UNIT. Appropriations in this act reflect the collective bargaining agreement reached between the University of Washington and the Washington federation of state employees police management bargaining unit. For employees covered under this agreement, the provisions include a pay increase of 3.2% effective July 1, 2007; a second increase of 2.0% effective July 1, 2008; longevity pay for those with service of 5 years (1%), 10 years (2%), 15 years (3%), 20 years (4%), and 25 years (5%); and a new top step effective fiscal year 2009.

NEW SECTION. Sec. 941. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON--UWPOA. Appropriations in this act reflect the collective bargaining agreement reached between the University of Washington and the University of Washington police officers association. For employees covered under this agreement, the provisions include a pay increase of 3.2% effective July 1, 2007; a second pay increase of 2.0% effective July 1, 2008; an additional top step on the pay grid effective fiscal year 2009; and increases in midcareer pay increments.

NEW SECTION. Sec. 942. COLLECTIVE BARGAINING AGREEMENT--UNIVERSITY OF WASHINGTON--SEIU 925. Appropriations in this act reflect the collective bargaining agreement reached between the University of Washington and the service employees' international union 925. For employees covered under this agreement, the provisions include a pay increase of 3.2% effective July 1, 2007; a second pay increase of 3.0% effective July 1, 2008; and market rate adjustments for specific job classes.

NEW SECTION. Sec. 943. COLLECTIVE BARGAINING AGREEMENT--YAKIMA VALLEY COMMUNITY COLLEGE--WPEA/UFCW. Appropriations in this act reflect the collective bargaining agreement reached between the Yakima Valley community college and the Washington public employees' association/united food and commercial workers union local 365. For employees covered under this agreement, the provisions include a pay increase of 3.2% effective July 1, 2007; an increase of 2.0% effective July 1, 2008; implementation of the 2006 department of personnel's salary survey for classes more than 25% below market rate; phase four of the department of personnel's class consolidation project; agency requests for reclassification that meet the criteria outlined in RCW 41.06.152; and a new 2.5% step L on the salary grid.

NEW SECTION. Sec. 944. COLLECTIVE BARGAINING AGREEMENT--WSP TROOPERS ASSOCIATION

Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2008)	\$468,000
Violence Reduction and Drug Enforcement Account--State Appropriation (FY 2009)	\$782,000
TOTAL APPROPRIATION	\$1,250,000

Appropriations in this act reflect funding for the collective bargaining agreement reached between the governor and the Washington state patrol trooper's association under the provisions of chapter 41.56 RCW. For employees covered under this agreement, provisions include a 4.0% salary increase effective July 1, 2007, and a 4.0% salary increase effective July 1, 2008. Also effective July 1, 2007, positions located in King (10%), Snohomish (5%), or Pierce (3%) counties will receive geographic pay.

NEW SECTION. Sec. 945. COLLECTIVE BARGAINING AGREEMENT--WSP LIEUTENANTS ASSOCIATION

General Fund--State Appropriation (FY 2008)	\$30,000
General Fund--State Appropriation (FY 2009)	\$53,000

TOTAL APPROPRIATION \$83,000

Appropriations in this act reflect funding for the collective bargaining agreement reached between the governor and the Washington state patrol lieutenant's association under the provisions of chapter 41.56 RCW. For employees covered under this agreement, provisions include a 4.0% salary increase effective July 1, 2007, and a 4.0% salary increase effective July 1, 2008. Also effective July 1, 2007, positions located in King (10%), Snohomish (5%), or Pierce (3%) counties will receive geographic pay.

NEW SECTION. Sec. 946. COLLECTIVE BARGAINING AGREEMENT--WSP TROOPERS AND LIEUTENANTS ASSOCIATIONS HEALTH BENEFITS

General Fund--State Appropriation (FY 2008) \$32,000
 General Fund--State Appropriation (FY 2009) \$65,000
 TOTAL APPROPRIATION \$97,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations in this section provide funding solely for the health benefits provided in the collective bargaining agreements negotiated with the Washington state patrol troopers' association and the Washington state patrol lieutenant's association under chapter 41.56 RCW. The agreements include employer contributions to health insurance premiums at 88% of the cost. Funding rates at this level are currently \$707 per month for fiscal year 2008 and \$732 per month for fiscal year 2009.

NEW SECTION. Sec. 947. COLLECTIVE BARGAINING AGREEMENT--SEIU LOCAL 775 HOMECARE WORKERS.

Appropriations in this act reflect the collective bargaining agreement reached between the governor and the service employee's international union local 775 under the provisions of chapter 74.39 RCW. For those covered under this agreement, provisions include a base wage increase of \$.30 per hour effective July 1, 2007, a base wage increase of \$.30 per hour effective July 1, 2008, an additional step to the wage grid for providers with over 14,000 hours, an additional \$1.00 per hour for mentor and trainer pay, implementation of mileage reimbursement by July 1, 2008, and state payment of the provider's share of workers compensation. In addition, the state will increase the contribution to health care by 10% on July 1, 2008, to \$550 per month, and implement an agreed upon approach to shared living.

NEW SECTION. Sec. 948. COLLECTIVE BARGAINING AGREEMENT--SEIU LOCAL 925 CHILDCARE WORKERS.

Appropriations in this act reflect the collective bargaining agreement reached between the governor and the service employee's international union local 925 under the provisions of chapter 74.15 RCW. For those covered under this agreement, provisions include a subsidy rate increase of 7% for licensed homes and 4% for exempt providers effective July 1, 2007, a subsidy rate increase of 3% for both licensed and exempt providers on July 1, 2008, elimination of a reduced rate for additional children per family on July 1, 2007, for exempt providers, additional incentive pay for nonstandard hours and infant care, training for providers on licensing requirements, and health care for eligible licensed home providers.

NEW SECTION. Sec. 949. FISCAL GROWTH FACTOR--WASHINGTON STATE GAMBLING COMMISSION. During the 2007-2009 fiscal biennium, the gambling commission may increase license fees in excess of the fiscal growth factor as provided in RCW 43.135.055.

Sec. 950. RCW 28B.15.910 and 2006 c 229 s 2 are each amended to read as follows:

(1) For the purpose of providing state general fund support to public institutions of higher education, except for revenue waived under programs listed in subsections (3) and (4) of this section, and unless otherwise expressly provided in the omnibus state appropriations act, the total amount of operating fees revenue waived, exempted, or reduced by a state university, a regional university, The Evergreen State College, or the community colleges as a whole, shall not exceed the percentage of total gross authorized operating fees revenue in this subsection. As used in this section, "gross authorized operating fees revenue" means the estimated gross operating fees revenue as estimated under RCW 82.33.020 or as revised by the office of financial management, before granting any waivers. This limitation applies to all tuition waiver programs established before or after July 1, 1992.

- (a) University of Washington 21 percent
- (b) Washington State University 20 percent
- (c) Eastern Washington University 11 percent
- (d) Central Washington University ((8)) 10 percent
- (e) Western Washington University 10 percent
- (f) The Evergreen State College ((6)) 10 percent
- (g) Community colleges as a whole 35 percent

(2) The limitations in subsection (1) of this section apply to waivers, exemptions, or reductions in operating fees contained in the following:

- (a) RCW 28B.15.014;
- (b) RCW 28B.15.100;
- (c) RCW 28B.15.225;
- (d) RCW 28B.15.380;
- (e) RCW 28B.15.520;
- (f) RCW 28B.15.526;
- (g) RCW 28B.15.527;
- (h) RCW 28B.15.543;

- (i) RCW 28B.15.545;
- (j) RCW 28B.15.555;
- (k) RCW 28B.15.556;
- (l) RCW 28B.15.615;
- (m) RCW 28B.15.621(2);
- (n) RCW 28B.15.730;
- (o) RCW 28B.15.740;
- (p) RCW 28B.15.750;
- (q) RCW 28B.15.756;
- (r) RCW 28B.50.259; and
- (s) RCW 28B.70.050.

(3) The limitations in subsection (1) of this section do not apply to waivers, exemptions, or reductions in services and activities fees contained in the following:

- (a) RCW 28B.15.522;
- (b) RCW 28B.15.540; and
- (c) RCW 28B.15.558.

(4) The total amount of operating fees revenue waived, exempted, or reduced by institutions of higher education participating in the western interstate commission for higher education western undergraduate exchange program under RCW 28B.15.544 shall not exceed the percentage of total gross authorized operating fees revenue in this subsection.

- | | |
|-----------------------------------|-----------|
| (a) Washington State University | 1 percent |
| (b) Eastern Washington University | 3 percent |
| (c) Central Washington University | 3 percent |

(5) The institutions of higher education will participate in outreach activities to increase the number of veterans who receive tuition waivers. Colleges and universities shall revise the application for admissions so that all applicants shall have the opportunity to advise the institution that they are veterans who need assistance. If a person indicates on the application for admissions that the person is a veteran who is in need of assistance, then the institution of higher education shall ask the person whether they have any funds disbursed in accordance with the Montgomery GI Bill available to them. Each institution shall encourage veterans to utilize funds available to them in accordance with the Montgomery GI Bill prior to providing the veteran a tuition waiver.

Sec. 951. RCW 41.05.065 and 2006 c 299 s 2 are each amended to read as follows:

(1) The board shall study all matters connected with the provision of health care coverage, life insurance, liability insurance, accidental death and dismemberment insurance, and disability income insurance or any of, or a combination of, the enumerated types of insurance for employees and their dependents on the best basis possible with relation both to the welfare of the employees and to the state. However, liability insurance shall not be made available to dependents.

(2) The board shall develop employee benefit plans that include comprehensive health care benefits for all employees. In developing these plans, the board shall consider the following elements:

- (a) Methods of maximizing cost containment while ensuring access to quality health care;
- (b) Development of provider arrangements that encourage cost containment and ensure access to quality care, including but not limited to prepaid delivery systems and prospective payment methods;
- (c) Wellness incentives that focus on proven strategies, such as smoking cessation, injury and accident prevention, reduction of alcohol misuse, appropriate weight reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and nutrition education;
- (d) Utilization review procedures including, but not limited to a cost-efficient method for prior authorization of services, hospital inpatient length of stay review, requirements for use of outpatient surgeries and second opinions for surgeries, review of invoices or claims submitted by service providers, and performance audit of providers;
- (e) Effective coordination of benefits;
- (f) Minimum standards for insuring entities; and
- (g) Minimum scope and content of public employee benefit plans to be offered to enrollees participating in the employee health benefit plans.

To maintain the comprehensive nature of employee health care benefits, employee eligibility criteria related to the number of hours worked and the benefits provided to employees shall be substantially equivalent to the state employees' health benefits plan and eligibility criteria in effect on January 1, 1993. Nothing in this subsection (2)(g) shall prohibit changes or increases in employee point-of-service payments or employee premium payments for benefits or the administration of a high deductible health plan in conjunction with a health savings account.

(h) During the 2007-2009 fiscal biennium, the board may not make changes to the benefit plans offered to enrollees that increase the net actuarial cost of the plans as compared to the same, or most similar plans, offered for calendar year 2007.

(3) The board shall design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria. The same terms and conditions of participation and coverage, including eligibility criteria, shall apply to state employees and to school district employees and educational service district employees.

(4) The board may authorize premium contributions for an employee and the employee's dependents in a manner that encourages the use of cost-efficient managed health care systems. During the 2005-2007 fiscal biennium, the board may only authorize premium contributions for an employee and the employee's dependents that are the same, regardless of an employee's status as represented or nonrepresented by a collective bargaining unit under the personnel system reform act of 2002. The board shall require participating school district and educational service district employees to pay at least the same employee premiums by plan and family size as state employees pay.

(5) The board shall develop a health savings account option for employees that conform to section 223, Part VII of subchapter B of chapter 1 of the internal revenue code of 1986. The board shall comply with all applicable federal standards related to the establishment of health savings accounts.

(6) Notwithstanding any other provision of this chapter, the board shall develop a high deductible health plan to be offered in conjunction with a health savings account developed under subsection (5) of this section.

(7) Employees shall choose participation in one of the health care benefit plans developed by the board and may be permitted to waive coverage under terms and conditions established by the board.

(8) The board shall review plans proposed by insuring entities that desire to offer property insurance and/or accident and casualty insurance to state employees through payroll deduction. The board may approve any such plan for payroll deduction by insuring entities holding a valid certificate of authority in the state of Washington and which the board determines to be in the best interests of employees and the state. The board shall promulgate rules setting forth criteria by which it shall evaluate the plans.

(9) Before January 1, 1998, the public employees' benefits board shall make available one or more fully insured long-term care insurance plans that comply with the requirements of chapter 48.84 RCW. Such programs shall be made available to eligible employees, retired employees, and retired school employees as well as eligible dependents which, for the purpose of this section, includes the parents of the employee or retiree and the parents of the spouse of the employee or retiree. Employees of local governments and employees of political subdivisions not otherwise enrolled in the public employees' benefits board sponsored medical programs may enroll under terms and conditions established by the administrator, if it does not jeopardize the financial viability of the public employees' benefits board's long-term care offering.

(a) Participation of eligible employees or retired employees and retired school employees in any long-term care insurance plan made available by the public employees' benefits board is voluntary and shall not be subject to binding arbitration under chapter 41.56 RCW. Participation is subject to reasonable underwriting guidelines and eligibility rules established by the public employees' benefits board and the health care authority.

(b) The employee, retired employee, and retired school employee are solely responsible for the payment of the premium rates developed by the health care authority. The health care authority is authorized to charge a reasonable administrative fee in addition to the premium charged by the long-term care insurer, which shall include the health care authority's cost of administration, marketing, and consumer education materials prepared by the health care authority and the office of the insurance commissioner.

(c) To the extent administratively possible, the state shall establish an automatic payroll or pension deduction system for the payment of the long-term care insurance premiums.

(d) The public employees' benefits board and the health care authority shall establish a technical advisory committee to provide advice in the development of the benefit design and establishment of underwriting guidelines and eligibility rules. The committee shall also advise the board and authority on effective and cost-effective ways to market and distribute the long-term care product. The technical advisory committee shall be comprised, at a minimum, of representatives of the office of the insurance commissioner, providers of long-term care services, licensed insurance agents with expertise in long-term care insurance, employees, retired employees, retired school employees, and other interested parties determined to be appropriate by the board.

(e) The health care authority shall offer employees, retired employees, and retired school employees the option of purchasing long-term care insurance through licensed agents or brokers appointed by the long-term care insurer. The authority, in consultation with the public employees' benefits board, shall establish marketing procedures and may consider all premium components as a part of the contract negotiations with the long-term care insurer.

(f) In developing the long-term care insurance benefit designs, the public employees' benefits board shall include an alternative plan of care benefit, including adult day services, as approved by the office of the insurance commissioner.

(g) The health care authority, with the cooperation of the office of the insurance commissioner, shall develop a consumer education program for the eligible employees, retired employees, and retired school employees designed to provide education on the potential need for long-term care, methods of financing long-term care, and the availability of long-term care insurance products including the products offered by the board.

(h) By December 1998, the health care authority, in consultation with the public employees' benefits board, shall submit a report to the appropriate committees of the legislature, including an analysis of the marketing and distribution of the long-term care insurance provided under this section.

Sec. 952. RCW 43.08.250 and 2005 c 518 s 926, 2005 c 457 s 8, and 2005 c 282 s 44 are each reenacted and amended to read as follows:

(1) The money received by the state treasurer from fees, fines, forfeitures, penalties, reimbursements or assessments by any court organized under Title 3 or 35 RCW, or chapter 2.08 RCW, shall be deposited in the public safety and education account which is hereby created in the state treasury. The legislature shall appropriate the funds in the account to promote traffic safety education, highway safety, criminal justice training, crime victims' compensation, judicial education, the judicial information system, civil representation of indigent persons under RCW 2.53.030, winter recreation parking, drug court operations, and state game programs. (~~During~~) Through the fiscal biennium ending June 30, (~~2007~~) 2009, the legislature may appropriate moneys from the public safety and education account for purposes of appellate indigent defense and other operations of the office of public defense, the criminal litigation unit of the attorney general's office, the treatment alternatives to street crimes program, crime victims advocacy programs, justice information network telecommunication planning, treatment for supplemental security income clients, sexual assault treatment, operations of the administrative office of the courts, security in the common schools, alternative school start-up grants, programs for disruptive students, criminal justice data collection, Washington state patrol criminal justice activities, drug court operations, unified family courts, local court backlog assistance, financial assistance to local jurisdictions for extraordinary costs incurred in the adjudication of criminal cases, domestic violence treatment and related services, the department of corrections' costs in implementing chapter 196, Laws of 1999, reimbursement of local governments for costs associated with implementing criminal and civil justice legislation, the replacement of the department of corrections' offender-based tracking system, secure and semi-secure crisis residential centers, HOPE beds,

the family policy council and community public health and safety networks, the street youth program, public notification about registered sex offenders, and narcotics or methamphetamine-related enforcement, education, training, and drug and alcohol treatment services.

(2)(a) The equal justice subaccount is created as a subaccount of the public safety and education account. The money received by the state treasurer from the increase in fees imposed by sections 9, 10, 12, 13, 14, 17, and 19, chapter 457, Laws of 2005 shall be deposited in the equal justice subaccount and shall be appropriated only for:

- (i) Criminal indigent defense assistance and enhancement at the trial court level, including a criminal indigent defense pilot program;
- (ii) Representation of parents in dependency and termination proceedings;
- (iii) Civil legal representation of indigent persons; and
- (iv) Contribution to district court judges' salaries and to eligible elected municipal court judges' salaries.

(b) For the 2005-07 fiscal biennium, an amount equal to twenty-five percent of revenues to the equal justice subaccount, less one million dollars, shall be appropriated from the equal justice subaccount to the administrator for the courts for purposes of (a)(iv) of this subsection. For the 2007-09 fiscal biennium and subsequent fiscal biennia, an amount equal to fifty percent of revenues to the equal justice subaccount shall be appropriated from the equal justice subaccount to the administrator for the courts for the purposes of (a)(iv) of this subsection.

Sec. 953. RCW 43.10.180 and 2005 c 518 s 927 are each amended to read as follows:

(1) The attorney general shall keep such records as are necessary to facilitate proper allocation of costs to funds and agencies served and the director of financial management shall prescribe appropriate accounting procedures to accurately allocate costs to funds and agencies served. Billings shall be adjusted in line with actual costs incurred at intervals not to exceed six months.

(2) During the ~~((2005-))~~ 2007-2009 fiscal biennium, all expenses for administration of the office of the attorney general shall be allocated to and paid from the legal services revolving fund in accordance with accounting procedures prescribed by the director of financial management.

Sec. 954. RCW 46.09.170 and 2004 c 105 s 6 are each amended to read as follows:

(1) From time to time, but at least once each year, the state treasurer shall refund from the motor vehicle fund one percent of the motor vehicle fuel tax revenues collected under chapter 82.36 RCW, based on a tax rate of: (a) Nineteen cents per gallon of motor vehicle fuel from July 1, 2003, through June 30, 2005; (b) twenty cents per gallon of motor vehicle fuel from July 1, 2005, through June 30, 2007; (c) twenty-one cents per gallon of motor vehicle fuel from July 1, 2007, through June 30, 2009; (d) twenty-two cents per gallon of motor vehicle fuel from July 1, 2009, through June 30, 2011; and (e) twenty-three cents per gallon of motor vehicle fuel beginning July 1, 2011, and thereafter, less proper deductions for refunds and costs of collection as provided in RCW 46.68.090.

(2) The treasurer shall place these funds in the general fund as follows:

(a) Thirty-six percent shall be credited to the ORV and nonhighway vehicle account and administered by the department of natural resources solely for acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities, and information programs and maintenance of nonhighway roads;

(b) Three and one-half percent shall be credited to the ORV and nonhighway vehicle account and administered by the department of fish and wildlife solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and the maintenance of nonhighway roads;

(c) Two percent shall be credited to the ORV and nonhighway vehicle account and administered by the parks and recreation commission solely for the acquisition, planning, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities; and

(d) Fifty-eight and one-half percent shall be credited to the nonhighway and off-road vehicle activities program account to be administered by the committee for planning, acquisition, development, maintenance, and management of ORV, nonmotorized, and nonhighway road recreation facilities and for education, information, and law enforcement programs. The funds under this subsection shall be expended in accordance with the following limitations:

(i) Not more than thirty percent may be expended for education, information, and law enforcement programs under this chapter;

(ii) Not less than seventy percent may be expended for ORV, nonmotorized, and nonhighway road recreation facilities. Except as provided in (d)(iii) of this subsection, of this amount:

(A) Not less than thirty percent, together with the funds the committee receives under RCW 46.09.110, may be expended for ORV recreation facilities;

(B) Not less than thirty percent may be expended for nonmotorized recreation facilities. Funds expended under this subsection (2)(d)(ii)(B) shall be known as Ira Spring outdoor recreation facilities funds; and

(C) Not less than thirty percent may be expended for nonhighway road recreation facilities;

(iii) The committee may waive the minimum percentage cited in (d)(ii) of this subsection due to insufficient requests for funds or projects that score low in the committee's project evaluation. Funds remaining after such a waiver must be allocated in accordance with committee policy.

(3) On a yearly basis an agency may not, except as provided in RCW 46.09.110, expend more than ten percent of the funds it receives under this chapter for general administration expenses incurred in carrying out this chapter.

(4) During the ~~((2003-05))~~ 2007-09 fiscal biennium, the legislature may appropriate such amounts as reflect the excess fund balance in the NOVA account to ~~((the interagency committee for outdoor recreation,))~~ the department of natural resources ~~((the department of fish and wildlife, and the state parks and recreation commission))~~ for planning and designing consistent off-road vehicle signage at department-managed recreation sites, and for planning recreation opportunities on department-managed lands in the Reiter block and Ahtanum state forest. This appropriation is not required to follow the specific distribution specified in subsection (2) of this section.

Sec. 955. RCW 70.105D.070 and 2005 c 488 s 926 are each amended to read as follows:

(1) The state toxics control account and the local toxics control account are hereby created in the state treasury.

(2) The following moneys shall be deposited into the state toxics control account: (a) Those revenues which are raised by the tax imposed under RCW 82.21.030 and which are attributable to that portion of the rate equal to thirty-three one-hundredths of one percent; (b) the costs of remedial actions recovered under this chapter or chapter 70.105A RCW; (c) penalties collected or recovered under this chapter; and (d) any other money appropriated or transferred to the account by the legislature. Moneys in the account may be used only to carry out the purposes of this chapter, including but not limited to the following activities:

(i) The state's responsibility for hazardous waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.105 RCW;

(ii) The state's responsibility for solid waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.95 RCW;

(iii) The hazardous waste cleanup program required under this chapter;

(iv) State matching funds required under the federal cleanup law;

(v) Financial assistance for local programs in accordance with chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;

(vi) State government programs for the safe reduction, recycling, or disposal of hazardous wastes from households, small businesses, and agriculture;

(vii) Hazardous materials emergency response training;

(viii) Water and environmental health protection and monitoring programs;

(ix) Programs authorized under chapter 70.146 RCW;

(x) A public participation program, including regional citizen advisory committees;

(xi) Public funding to assist potentially liable persons to pay for the costs of remedial action in compliance with cleanup standards under RCW 70.105D.030(2)(e) but only when the amount and terms of such funding are established under a settlement agreement under RCW 70.105D.040(4) and when the director has found that the funding will achieve both (A) a substantially more expeditious or enhanced cleanup than would otherwise occur, and (B) the prevention or mitigation of unfair economic hardship; and

(xii) Development and demonstration of alternative management technologies designed to carry out the top two hazardous waste management priorities of RCW 70.105.150.

(3) The following moneys shall be deposited into the local toxics control account: Those revenues which are raised by the tax imposed under RCW 82.21.030 and which are attributable to that portion of the rate equal to thirty-seven one-hundredths of one percent.

(a) Moneys deposited in the local toxics control account shall be used by the department for grants or loans to local governments for the following purposes in descending order of priority: (i) Remedial actions; (ii) hazardous waste plans and programs under chapter 70.105 RCW; (iii) solid waste plans and programs under chapters 70.95, 70.95C, 70.95I, and 70.105 RCW; (iv) funds for a program to assist in the assessment and cleanup of sites of methamphetamine production, but not to be used for the initial containment of such sites, consistent with the responsibilities and intent of RCW 69.50.511; and (v) cleanup and disposal of hazardous substances from abandoned or derelict vessels that pose a threat to human health or the environment. For purposes of this subsection (3)(a)(v), "abandoned or derelict vessels" means vessels that have little or no value and either have no identified owner or have an identified owner lacking financial resources to clean up and dispose of the vessel. Funds for plans and programs shall be allocated consistent with the priorities and matching requirements established in chapters 70.105, 70.95C, 70.95I, and 70.95 RCW. During the 1999-2001 fiscal biennium, moneys in the account may also be used for the following activities: Conducting a study of whether dioxins occur in fertilizers, soil amendments, and soils; reviewing applications for registration of fertilizers; and conducting a study of plant uptake of metals. During the 2005-2007 fiscal biennium, the legislature may transfer from the local toxics control account to the state toxics control account such amounts as specified in the omnibus capital budget bill. During the ~~((2005-2007))~~ 2007-2009 fiscal biennium, moneys in the account may also be used for grants to local governments to retrofit public sector diesel equipment and for storm water planning and implementation activities.

(b) Funds may also be appropriated to the department of health to implement programs to reduce testing requirements under the federal safe drinking water act for public water systems. The department of health shall reimburse the account from fees assessed under RCW 70.119A.115 by June 30, 1995.

(4) Except for unanticipated receipts under RCW 43.79.260 through 43.79.282, moneys in the state and local toxics control accounts may be spent only after appropriation by statute.

(5) One percent of the moneys deposited into the state and local toxics control accounts shall be allocated only for public participation grants to persons who may be adversely affected by a release or threatened release of a hazardous substance and to not-for-profit public interest organizations. The primary purpose of these grants is to facilitate the participation by persons and organizations in the investigation and remedying of releases or threatened releases of hazardous substances and to implement the state's solid and hazardous waste management priorities. However, during the 1999-2001 fiscal biennium, funding may not be granted to entities engaged in lobbying activities, and applicants may not be awarded grants if their cumulative grant awards under this section exceed two hundred thousand dollars. No grant may exceed sixty thousand dollars. Grants may be renewed annually. Moneys appropriated for public participation from either account which are not expended at the close of any biennium shall revert to the state toxics control account.

(6) No moneys deposited into either the state or local toxics control account may be used for solid waste incinerator feasibility studies, construction, maintenance, or operation.

(7) The department shall adopt rules for grant or loan issuance and performance.

~~((8) During the 2005-2007 fiscal biennium, the legislature may transfer from the state toxics control account to the water quality account such amounts as reflect the excess fund balance of the fund.))~~

Sec. 956. RCW 70.146.030 and 2005 c 518 s 940 and 2005 c 514 s 1108 are each reenacted and amended to read as follows:

(1) The water quality account is hereby created in the state treasury. Moneys in the account may be used only in a manner consistent with this chapter. Moneys deposited in the account shall be administered by the department of ecology and shall be subject to legislative appropriation. Moneys placed in the account shall include tax receipts as provided in RCW 82.24.027, 82.24.026(2)(d), ((82.26.025;)) and 82.32.390, principal and interest from the repayment of any loans granted pursuant to this chapter, and any other moneys appropriated to the account by the legislature.

(2) The department may use or permit the use of any moneys in the account to make grants or loans to public bodies, including grants to public bodies as cost-sharing moneys in any case where federal, local, or other funds are made available on a cost-sharing basis, for water pollution control facilities and activities, or for purposes of assisting a public body to obtain an ownership interest in water pollution control facilities and/or to defray a part of the payments made by a public body to a service provider under a service agreement entered into pursuant to RCW 70.150.060, within the purposes of this chapter and for related administrative expenses. For the period July 1, ((2005)) 2007, to June 30, ((2007)) 2009, moneys in the account may be used to process applications received by the department that seek to make changes to or transfer existing water rights and for other water resources and water quality activities, for water conveyance projects, shoreline technical assistance, Puget Sound education and outreach and for grants and technical assistance to public bodies for watershed planning under chapter 90.82 RCW. No more than three percent of the moneys deposited in the account may be used by the department to pay for the administration of the grant and loan program authorized by this chapter.

(3) Beginning with the biennium ending June 30, 1997, the department shall present a biennial progress report on the use of moneys from the account to the chairs of the senate committee on ways and means and the house of representatives committee on appropriations. The first report is due June 30, 1996, and the report for each succeeding biennium is due December 31st of the odd-numbered year. The report shall consist of a list of each recipient, project description, and amount of the grant, loan, or both.

Sec. 957. RCW 74.08A.340 and 2006 c 265 s 209 are each amended to read as follows:

The department of social and health services shall operate the Washington WorkFirst program authorized under RCW 74.08A.200 through 74.08A.330, 43.330.145, 74.13.0903 and 74.25.040, and chapter 74.12 RCW within the following constraints:

(1) The full amount of the temporary assistance for needy families block grant, plus qualifying state expenditures as appropriated in the biennial operating budget, shall be appropriated to the department each year in the biennial appropriations act to carry out the provisions of the program authorized in RCW 74.08A.200 through 74.08A.330, 43.330.145, 74.13.0903 and 74.25.040, and chapter 74.12 RCW.

(2)(a) The department may expend funds defined in subsection (1) of this section in any manner that will effectively accomplish the outcome measures defined in RCW 74.08A.410 with the following exception: Beginning with the 2007-2009 biennium, funds that constitute the working connections child care program, child care quality programs, and child care licensing functions.

(b) Beginning in the 2007-2009 fiscal biennium, the legislature shall appropriate and the departments of early learning and social and health services shall expend funds defined in subsection (1) of this section that constitute the working connections child care program, child care quality programs, and child care licensing functions in a manner that is consistent with the outcome measures defined in RCW 74.08A.410.

(c) No more than fifteen percent of the amount provided in subsection (1) of this section may be spent for administrative purposes. For the purpose of this subsection, "administrative purposes" does not include expenditures for information technology and computerization needed for tracking and monitoring required by P.L. 104-193. The department shall not increase grant levels to recipients of the program authorized in RCW 74.08A.200 through 74.08A.330 and 43.330.145 and chapter 74.12 RCW.

(3) The department shall implement strategies that accomplish the outcome measures identified in RCW 74.08A.410 that are within the funding constraints in this section. Specifically, the department shall implement strategies that will cause the number of cases in the program authorized in RCW 74.08A.200 through 74.08A.330 and 43.330.145 and chapter 74.12 RCW to decrease by at least fifteen percent during the 1997-99 biennium and by at least five percent in the subsequent biennium. The department may transfer appropriation authority between funding categories within the economic services program in order to carry out the requirements of this subsection.

(4) The department shall monitor expenditures against the appropriation levels provided for in subsection (1) of this section. The department shall quarterly make a determination as to whether expenditure levels will exceed available funding and communicate its finding to the legislature. If the determination indicates that expenditures will exceed funding at the end of the fiscal year, the department shall take all necessary actions to ensure that all services provided under this chapter shall be made available only to the extent of the availability and level of appropriation made by the legislature.

NEW SECTION. Sec. 958. The governor's committee on disability issues and employment is supported through resources provided by state agencies. Within appropriations contained in this act, the office of financial management shall direct agencies that report directly to the governor to enter into contracts with the governor's committee on disability issues and employment for a total level not to exceed \$377,000 for fiscal year 2008 and \$398,000 for fiscal year 2009.

**PART X
GENERAL GOVERNMENT**

Sec. 1001. 2006 c 372 s 108 (uncodified) is amended to read as follows:

SUPREME COURT FOR THE SUPREME COURT

General Fund--State Appropriation (FY 2006)	\$6,095,000
General Fund--State Appropriation (FY 2007)	(\$6,397,000)
	\$6,401,000
Pension Funding Stabilization Account Appropriation	\$37,000
TOTAL APPROPRIATION	(\$12,529,000)

\$12,533,000

Sec. 1002. 2006 c 372 s 111 (uncodified) is amended to read as follows:

COURT OF APPEALS FOR THE COURT OF APPEALS

General Fund--State Appropriation (FY 2006)	\$13,916,000
General Fund--State Appropriation (FY 2007)	(\$14,393,000)
	<u>\$14,447,000</u>
Pension Funding Stabilization Account Appropriation	\$80,000
TOTAL APPROPRIATION	(\$28,389,000)
	<u>\$28,443,000</u>

Sec. 1003. 2006 c 372 s 112 (uncodified) is amended to read as follows:

ADMINISTRATOR FOR THE COURTS FOR THE ADMINISTRATOR FOR THE COURTS

General Fund--State Appropriation (FY 2006)	\$19,834,000
General Fund--State Appropriation (FY 2007)	(\$21,298,000)
	<u>\$21,340,000</u>
Public Safety and Education Account--State Appropriation	(\$50,277,000)
	<u>\$50,300,000</u>
Judicial Information Systems Account--State Appropriation	\$26,051,000
Pension Funding Stabilization Account Appropriation	\$96,000
TOTAL APPROPRIATION	(\$117,556,000)
	<u>\$117,621,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$900,000 of the general fund--state appropriation for fiscal year 2006 and \$900,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for court-appointed special advocates in dependency matters. The administrator for the courts, after consulting with the association of juvenile court administrators and the association of court-appointed special advocate/guardian ad litem programs, shall distribute the funds to volunteer court-appointed special advocate/guardian ad litem programs. The distribution of funding shall be based on the number of children who need volunteer court-appointed special advocate representation and shall be equally accessible to all volunteer court-appointed special advocate/guardian ad litem programs. The administrator for the courts shall not retain more than six percent of total funding to cover administrative or any other agency costs.

(2) \$3,000,000 of the public safety and education account appropriation is provided solely for school district petitions to juvenile court for truant students as provided in RCW 28A.225.030 and 28A.225.035. The office of the administrator for the courts shall develop an interagency agreement with the office of the superintendent of public instruction to allocate the funding provided in this subsection. Allocation of this money to school districts shall be based on the number of petitions filed.

(3) \$13,224,000 of the public safety and education account appropriation is provided solely for distribution to county juvenile court administrators to fund the costs of processing truancy, children in need of services, and at-risk youth petitions. The office of the administrator for the courts shall not retain any portion of these funds to cover administrative costs. The office of the administrator for the courts, in conjunction with the juvenile court administrators, shall develop an equitable funding distribution formula. The formula shall neither reward counties with higher than average per-petition processing costs nor shall it penalize counties with lower than average per-petition processing costs.

(4) The distributions made under subsection (3) of this section and distributions from the county criminal justice assistance account made pursuant to section 801 of this act constitute appropriate reimbursement for costs for any new programs or increased level of service for purposes of RCW 43.135.060.

(5) Each fiscal year during the 2005-07 fiscal biennium, each county shall report the number of petitions processed and the total actual costs of processing truancy, children in need of services, and at-risk youth petitions. Counties shall submit the reports to the administrator for the courts no later than 45 days after the end of the fiscal year. The administrator for the courts shall electronically transmit this information to the chairs and ranking minority members of the house of representatives appropriations committee and the senate ways and means committee no later than 60 days after a fiscal year ends. These reports are deemed informational in nature and are not for the purpose of distributing funds.

(6) \$82,000 of the general fund--state appropriation for fiscal year 2006 and \$82,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of House Bill No. 1112 (creating an additional superior court position). If the bill is not enacted by June 30, 2005, the amounts in this subsection shall lapse.

(7) \$75,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the implementation of Substitute House Bill No. 1854 (driving privilege) and Engrossed Second Substitute Senate Bill No. 5454 (court operations). If neither bill is enacted by June 30, 2005, the amount in this subsection shall lapse.

(8) \$569,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the juror pay pilot and research project.

(9) No contract committing judicial information systems account moneys in the 2007-2009 biennium for replacement of the core case management system shall be agreed to until the feasibility study specified in section 113 of this act is completed.

Sec. 1004. 2006 c 372 s 114 (uncodified) is amended to read as follows:

FOR THE OFFICE OF CIVIL LEGAL AID

General Fund--State Appropriation (FY 2006)	\$3,083,000
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General Fund--State Appropriation (FY 2007)	\$3,232,000
Public Safety and Education Account--State Appropriation	\$4,705,000
Violence Reduction and Drug Enforcement Account--State Appropriation	\$2,987,000
TOTAL APPROPRIATION	\$14,007,000

The appropriations in this section are subject to the following conditions and limitations: An amount not to exceed \$40,000 of the general fund--state appropriation for fiscal year 2007 may be used to provide telephonic legal advice and assistance to otherwise eligible persons who are sixty years or older on matters authorized by RCW 2.53.030(2)(a) through (k) regardless of household income or asset level.

Sec. 1005. 2006 c 372 s 118 (uncodified) is amended to read as follows:

FOR THE SECRETARY OF STATE

General Fund--State Appropriation (FY 2006)	\$21,593,000
General Fund--State Appropriation (FY 2007)	(\$18,473,000)
	<u>\$19,028,000</u>
General Fund--Federal Appropriation	\$7,099,000
General Fund--Private/Local Appropriation	\$207,000
Archives and Records Management Account--State Appropriation	\$8,210,000
Department of Personnel Services Account--State Appropriation	\$721,000
Local Government Archives Account--State Appropriation	\$12,398,000
Election Account--Federal Appropriation	\$53,010,000
Pension Funding Stabilization Account Appropriation	\$66,000
TOTAL APPROPRIATION	(\$121,777,000)
	<u>\$122,332,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$3,472,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to reimburse counties for the state's share of primary and general election costs and the costs of conducting mandatory recounts on state measures. Counties shall be reimbursed only for those odd-year election costs that the secretary of state validates as eligible for reimbursement.

(2) \$2,441,000 of the general fund--state appropriation for fiscal year 2006 and \$2,403,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the verification of initiative and referendum petitions, maintenance of related voter registration records, and the publication and distribution of the voters and candidates pamphlet.

(3) \$125,000 of the general fund--state appropriation for fiscal year 2006 and \$118,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for legal advertising of state measures under RCW 29.27.072.

(4)(a) \$2,028,004 of the general fund--state appropriation for fiscal year 2006 and \$2,382,772 of the general fund--state appropriation for fiscal year 2007 are provided solely for contracting with a nonprofit organization to produce gavel-to-gavel television coverage of state government deliberations and other events of statewide significance during the 2005-07 biennium. The funding level for each year of the contract shall be based on the amount provided in this subsection. The nonprofit organization shall be required to raise contributions or commitments to make contributions, in cash or in kind, in an amount equal to forty percent of the state contribution. The office of the secretary of state may make full or partial payment once all criteria in (a) and (b) of this subsection have been satisfactorily documented.

(b) The legislature finds that the commitment of on-going funding is necessary to ensure continuous, autonomous, and independent coverage of public affairs. For that purpose, the secretary of state shall enter into a contract with the nonprofit organization to provide public affairs coverage.

(c) The nonprofit organization shall prepare an annual independent audit, an annual financial statement, and an annual report, including benchmarks that measure the success of the nonprofit organization in meeting the intent of the program.

(d) No portion of any amounts disbursed pursuant to this subsection may be used, directly or indirectly, for any of the following purposes:

(i) Attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, by any county, city, town, or other political subdivision of the state of Washington, or by the congress, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency;

(ii) Making contributions reportable under chapter 42.17 RCW; or

(iii) Providing any: (A) Gift; (B) honoraria; or (C) travel, lodging, meals, or entertainment to a public officer or employee.

(5) \$196,000 of the general fund--state appropriation for fiscal year 2006 and \$173,000 of the general fund--state appropriation for fiscal year 2007 are provided for the implementation of House Bill No. 1749 (county election procedures). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(6) \$110,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the purposes of settling all claims in *Washington State Democratic Party, et al. v. Sam S. Reed, et al.*, United States District Court Western District of Washington at Tacoma Cause No. C00-5419FDB and related appeal. The expenditure of this appropriation is contingent on the release of all claims in the case and related appeal, and total settlement costs shall not exceed the appropriation in this subsection.

(7) \$131,000 of the general fund--state appropriation for fiscal year 2006 and \$196,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for expenditures related to the *Farrakhan v. Locke* litigation.

Sec. 1006. 2006 c 372 s 122 (uncodified) is amended to read as follows:

FOR THE STATE AUDITOR

General Fund--State Appropriation (FY 2006)	\$1,258,000
General Fund--State Appropriation (FY 2007)	(\$351,000)
	<u>\$748,000</u>
State Auditing Services Revolving Account--State Appropriation	\$14,011,000
Pension Funding Stabilization Account Appropriation	\$4,000
TOTAL APPROPRIATION	(\$15,624,000)
	<u>\$16,021,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) Audits of school districts by the division of municipal corporations shall include findings regarding the accuracy of: (a) Student enrollment data; and (b) the experience and education of the district's certified instructional staff, as reported to the superintendent of public instruction for allocation of state funding.

(2) \$731,000 of the general fund--state appropriation for fiscal year 2006 and \$727,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for staff and related costs to verify the accuracy of reported school district data submitted for state funding purposes; conduct school district program audits of state funded public school programs; establish the specific amount of state funding adjustments whenever audit exceptions occur and the amount is not firmly established in the course of regular public school audits; and to assist the state special education safety net committee when requested.

(3) The office shall report to the office of financial management and the appropriate fiscal committees of the legislature detailed information on risk-based auditing, its theory, and its application for the audits performed on Washington state government. The report shall include an explanation of how the office identifies, measures, and prioritizes risk, the manner in which the office uses these factors in the planning and execution of the audits of Washington state government, and the methods and procedures used in the conduct of the risk-based audits themselves. The report is due no later than December 1, 2005.

(4) \$100,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the implementation of Engrossed Substitute House Bill No. 1064 (government performance).

(5) \$16,000 of the general fund--state appropriation for fiscal year 2006 is provided for a review of special education excess cost accounting and reporting requirements. The state auditor's office shall coordinate this work with the joint legislative audit and review committee's review of the special education excess cost accounting methodology and expenditure reporting requirements. The state auditor's review shall include an examination of whether school districts are (a) appropriately implementing the excess cost accounting methodology; (b) consistently charging special education expenses to the special education and basic education programs; (c) appropriately determining the percentage of expenditures that should be charged to the special education and basic education programs; and (d) appropriately and consistently reporting special education expenditures. The results of this review will be included in the joint legislative audit and review committee's report issued in January 2006.

Sec. 1007. 2006 c 372 s 124 (uncodified) is amended to read as follows:

FOR THE ATTORNEY GENERAL

General Fund--State Appropriation (FY 2006)	\$5,724,000
General Fund--State Appropriation (FY 2007)	\$5,844,000
General Fund--Federal Appropriation	\$3,428,000
Public Safety and Education Account--State Appropriation	\$2,307,000
New Motor Vehicle Arbitration Account--State Appropriation	\$1,315,000
Legal Services Revolving Account--State Appropriation	(\$191,627,000)
	<u>\$195,307,000</u>
Tobacco Prevention and Control Account--State Appropriation	\$270,000
Pension Funding Stabilization Account Appropriation	\$21,000
TOTAL APPROPRIATION	(\$210,536,000)
	<u>\$214,216,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) The attorney general shall report each fiscal year on actual legal services expenditures and actual attorney staffing levels for each agency receiving legal services. The report shall be submitted to the office of financial management and the fiscal committees of the senate and house of representatives no later than ninety days after the end of each fiscal year.

(2) Prior to entering into any negotiated settlement of a claim against the state that exceeds five million dollars, the attorney general shall notify the director of financial management and the chairs of the senate committee on ways and means and the house of representatives committee on appropriations.

Sec. 1008. 2006 c 372 s 126 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF COMMUNITY, TRADE, AND ECONOMIC DEVELOPMENT

General Fund--State Appropriation (FY 2006)	\$67,758,000
General Fund--State Appropriation (FY 2007)	(\$60,229,000)
	<u>\$61,267,000</u>
General Fund--Federal Appropriation	(\$258,085,000)
	<u>\$257,888,000</u>
General Fund--Private/Local Appropriation	\$12,422,000

Public Safety and Education Account--State Appropriation	\$5,443,000
Public Works Assistance Account--State Appropriation	\$3,430,000
Tourism Development and Promotion Account Appropriation	\$300,000
Drinking Water Assistance Administrative Account--State Appropriation	\$345,000
Lead Paint Account--State Appropriation	\$6,000
Building Code Council Account--State Appropriation	\$1,133,000
Administrative Contingency Account--State Appropriation	\$1,809,000
Low-Income Weatherization Assistance Account--State Appropriation	\$8,362,000
Violence Reduction and Drug Enforcement Account--State Appropriation	\$7,234,000
Manufactured Home Installation Training Account--State Appropriation	\$240,000
Community and Economic Development Fee Account--State Appropriation	\$1,570,000
Washington Housing Trust Account--State Appropriation	\$33,536,000
Homeless Families Services Account--State Appropriation	\$300,000
Public Facility Construction Loan Revolving Account--State Appropriation	\$616,000
Pension Funding Stabilization Account Appropriation	\$87,000
TOTAL APPROPRIATION	(\$462,905,000) \$463,746,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$2,838,000 of the general fund--state appropriation for fiscal year 2006 and \$2,838,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a contract with the Washington technology center for work essential to the mission of the Washington technology center and conducted in partnership with universities. The center shall not pay any increased indirect rate nor increases in other indirect charges above the absolute amount paid during the 1995-97 fiscal biennium.

(2) \$5,902,000 of the general fund--federal appropriation is provided solely for the justice assistance grant program, to be distributed in state fiscal year 2006 as follows:

- (a) \$2,064,000 to local units of government to continue multijurisdictional narcotics task forces;
- (b) \$330,000 to the department to continue the drug prosecution assistance program in support of multijurisdictional narcotics task forces;
- (c) \$675,000 to the Washington state patrol for coordination, investigative, and supervisory support to the multijurisdictional narcotics task forces and for methamphetamine education and response;
- (d) \$20,000 to the department for tribal law enforcement;
- (e) \$345,000 to the department to continue domestic violence legal advocacy;
- (f) \$60,000 to the department for community-based advocacy services to victims of violent crime, other than sexual assault and domestic violence;
- (g) \$351,000 to the department of social and health services, division of alcohol and substance abuse, for juvenile drug courts in eastern and western Washington;
- (h) \$626,000 to the department of social and health services to continue youth violence prevention and intervention projects;
- (i) \$97,000 to the department to continue evaluation of this grant program;
- (j) \$290,000 to the office of financial management for criminal history records improvement;
- (k) \$580,000 to the department for required grant administration, monitoring, and reporting on justice assistance grant programs; and
- (l) \$464,000 to the department for distribution to small municipalities.

These amounts represent the maximum justice assistance grant expenditure authority for each program. No program may expend justice assistance grant funds in excess of the amounts provided in this subsection. If moneys in excess of those appropriated in this subsection become available, whether from prior or current fiscal year distributions, the department shall hold these moneys in reserve and may not expend them without specific appropriation. These moneys shall be carried forward and applied to the pool of moneys available for appropriation for programs and projects in the succeeding fiscal year. As part of its budget request for the succeeding year, the department shall estimate and request authority to spend any justice assistance grant funds.

(3) \$3,600,000 of the general fund--federal appropriation is provided solely for the justice assistance grant program, to be distributed in state fiscal year 2007 as follows:

- (a) \$2,013,000 to local units of government to continue multijurisdictional narcotics task forces;
- (b) \$330,000 to the department to continue the drug prosecution assistance program in support of multijurisdictional narcotics task forces;
- (c) \$675,000 to the Washington state patrol for coordination, investigative, and supervisory support to the multijurisdictional narcotics task forces;
- (d) \$110,000 to the department to support the governor's council on substance abuse;
- (e) \$97,000 to the department to continue evaluation of the justice assistance grant program;
- (f) \$360,000 to the department for required grant administration, monitoring, and reporting on justice assistance grant programs; and
- (g) \$15,000 to the department for a tribal and local law enforcement statewide summit.

(4) \$1,658,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for multijurisdictional drug task forces. The funding for this amount, and the amounts provided in subsection (3)(a) and (b) of this section, will be distributed in a manner so that all drug task forces funded in fiscal year 2004 will receive funding in fiscal year 2007 at amounts similar to the amounts received in fiscal year 2004.

(5) \$170,000 of the general fund--state appropriation for fiscal year 2006 and \$700,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to fund domestic violence legal advocacy, in recognition of reduced federal grant funding.

(6) \$28,848,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for providing early childhood education assistance. Of this amount, \$1,497,000 is provided solely to increase the number of children receiving education, and \$1,052,000 is provided solely for a targeted vendor rate increase.

(7) Repayments of outstanding loans granted under RCW 43.63 A.600, the mortgage and rental assistance program, shall be remitted to the department, including any current revolving account balances. The department shall contract with a lender or contract collection agent to act as a collection agent of the state. The lender or contract collection agent shall collect payments on outstanding loans, and deposit them into an interest-bearing account. The funds collected shall be remitted to the department quarterly. Interest earned in the account may be retained by the lender or contract collection agent, and shall be considered a fee for processing payments on behalf of the state. Repayments of loans granted under this chapter shall be made to the lender or contract collection agent as long as the loan is outstanding, notwithstanding the repeal of the chapter.

(8) \$1,288,000 of the Washington housing trust account--state appropriation is provided solely to implement Engrossed House Bill No. 1074. If the bill is not enacted by June 30, 2005, the amounts in this subsection shall lapse.

(9) \$725,000 of the general fund--state appropriation for fiscal year 2006 and \$725,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for food banks to obtain and distribute additional nutritious food; and purchase equipment to transport and store perishable products.

(10) \$1,000,000 of the general fund--state appropriation for fiscal year 2006 and \$1,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the community services block grant program to help meet current service demands that exceed available community action resources.

(11) \$215,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for matching funds for a federal economic development administration grant awarded to the city of Kent to conduct a feasibility study and economic analysis for the establishment of a center for advanced manufacturing.

(12) \$20,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the department to compile a report on housing stock in Washington state to identify areas of potentially high risk for child lead exposure. This report shall include an analysis of existing data regarding the ages of housing stock in specific regions and an analysis of data regarding actual lead poisoning cases, which shall be provided by the department of health's childhood lead poisoning surveillance program.

(13) \$150,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the Cascade land conservancy to develop and implement a plan for regional conservation within King, Kittitas, Pierce, and Snohomish counties.

(14) \$50,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the support, including safety and security costs, of the America's freedom salute to be held in the Vancouver, Washington area.

(15) \$250,000 of the general fund--state appropriation for fiscal year 2006 and \$250,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to Snohomish county for a law enforcement and treatment methamphetamine pilot program. \$250,000 of the general fund--state appropriation for fiscal year 2006 and \$250,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to the Pierce county alliance's methamphetamine family services treatment program and safe streets of Tacoma's methamphetamine prevention service.

(16) \$50,000 of the general fund--state appropriation is provided solely for one pilot project to promote the study and implementation of safe neighborhoods through community planning.

(17) \$287,000 of the general fund--state appropriation for fiscal year 2006 and \$288,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for Walla Walla community college to establish the water and environmental studies center to provide workforce education and training, encourage innovative approaches and practices that address environmental and cultural issues, and facilitate the Walla Walla watershed alliance role in promoting communication leading to cooperative conservation efforts that effectively address urban and rural water and environmental issues.

(18) \$50,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for work with the northwest food processors association on the food processing cluster development project.

(19) \$140,000 of the general fund--state appropriation for fiscal year 2006 and \$210,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the northwest agriculture incubator project, which will support small farms in economic development.

(20) \$75,000 of the general fund--state appropriation for fiscal year 2006 and \$75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to the department of community, trade, and economic development as the final appropriation for the youth assessment center in Pierce county for activities dedicated to reducing the rate of incarceration of juvenile offenders.

(21) \$235,000 of the general fund--state appropriation for fiscal year 2006 and \$235,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of the small business incubator program. \$250,000 must be distributed as grants and must be matched by an equal amount of private funds.

(22) The department shall coordinate any efforts geared towards the 2010 Olympics with the regional effort being conducted by the Pacific northwest economic region, a statutory committee.

(23) \$75,000 of the general fund--state appropriation for fiscal year 2006 and \$75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for HistoryLink to expand its free, noncommercial online encyclopedia service on state and local history.

(24) \$25,000 of the general fund--state appropriation for fiscal year 2006 and \$25,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for Women's Hearth, a nonprofit program serving the Spokane area's homeless and low-income women.

(25) \$250,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to the Pacific Science Center to host the dead sea scrolls exhibition in September 2006.

(26) \$2,000,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for providing statewide sexual assault services.

(27) \$96,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the Olympic loop of the great Washington state birding trail.

(28) \$529,000 of the general fund--federal appropriation is provided solely for the department to provide to the department of archeology and historic preservation through an interagency agreement. The full amount of federal funding shall be transferred. The department of community, trade, and economic development shall not retain any portion for administrative purposes.

(29) \$150,000 of the general fund--state appropriation in fiscal year 2007 is provided solely to assist the suburban cities association, King county, and the cities of Seattle and Bellevue to comply with the most acute buildable lands needs countywide. Of this amount, \$50,000 is provided solely to the suburban cities association to fully fund a buildable lands program manager position.

(30) \$116,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for an increase to the statewide coordination of the volunteer programs for court-appointed special advocates.

(31) \$25,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the energy facilities siting and evaluation council to make rules related to RCW 80.70.070, the carbon dioxide mitigation statute.

(32) \$712,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the department to provide each county with an additional 0.5 FTE for prosecutors' victim/witness units.

(33) \$250,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the department to implement two demonstration pilot projects related to transfer of development rights in cooperation with Snohomish and Pierce county legislative authorities. Projects may receive no more than \$100,000.

(34) \$250,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the Seattle police department, and is to be divided evenly between the weed and seed programs in southeast Seattle and South Delridge/White Center to mitigate a one-year funding lapse from the federal department of justice. This appropriation is for the continuation of community police work and community building in these areas.

(35) \$125,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to the Thurston county prosecutor's office, for the Rochester weed and seed program to mitigate a one-year funding lapse from the federal department of justice. This appropriation is for the continuation of community police work and community building in Rochester.

(36) \$250,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to the city of Poulsbo for the reopening of the Poulsbo marine science center as an educational facility on the Puget Sound marine environment.

(37) \$544,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for an upgrade to discovery park's daybreak star cultural center electrical system.

(38) \$670,000 of the housing trust account appropriation is provided solely for the implementation of Engrossed Second Substitute House Bill No. 2418 (affordable housing program). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(39) \$400,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the implementation of Second Substitute House Bill No. 2498 (cluster-based economic development). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(40) \$186,000 of the general fund--local appropriation for fiscal year 2007 is provided solely for the implementation of Substitute House Bill No. 2402 (energy facilities). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(41) \$118,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the implementation of House Bill No. 3156 (low income persons). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((43))~~ (42) \$200,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for one-time backfill of the federal reductions to the safe and drug free schools and communities grant program.

~~((44))~~ (43) \$300,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the developmental disabilities council to contract for legal services for individuals with developmental disabilities who are served or are entering the community protection program in the department of social and health services division of developmental disabilities. Funding shall be prioritized for those individuals who do not have paid legal guardians, but is available to all community protection clients, subject to available funds.

~~((45))~~ (44) \$100,000 of the fiscal year 2006 general fund--state appropriation is provided solely for tourism branding and marketing associated with the January 2007 United States figure skating championships in Spokane. It is the intent of the legislature to provide an additional \$500,000 during the 2007-09 fiscal biennium for the payment of one-half of the hosting fee if Spokane is designated as the host city of the 2009 world figure skating championships. The funds provided under this section are contingent on an equal amount of matching funds from nonstate sources.

~~((46))~~ (45) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to the Pacific northwest economic region as matching funds for use in the development and operation of a regional tourism initiative in coordination with the department and consistent with the governor's initiatives on marketing, tourism, and trade. The department and the Pacific northwest economic region will jointly establish appropriate deliverables. The first \$25,000 of this amount will be released when the Pacific northwest economic region has secured at least \$75,000 in funding from other public and private sources. The final \$25,000 of this amount will be released when the Pacific northwest economic region has secured an additional \$75,000 in funding from other public and private sources. A minimum of 25 percent of the matching funds raised by the Pacific northwest economic region for the initiative shall be from private sources.

~~((47))~~ (46) \$50,000 of the general fund--state appropriation for fiscal year 2006 and \$50,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to the international trade alliance of Spokane to partnership with other regional governments to strengthen and diversify the regional economy.

~~((48))~~ (47) \$75,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to contract for a study that will provide recommendations on a small harbor dredging cooperative among the port districts of Pacific County and Wahkiakum County. The recommendations shall include options for an organizational framework, as well as the long-term financing of the cooperative.

~~((49))~~ (48) \$20,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to the Pacific-Algonia senior center, a nonprofit food program serving low-income seniors.

~~((50))~~ (49) \$25,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to the northwest Korean sports and cultural festival.

~~((51))~~ (50) \$2,500,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to allow Washington state tribes to continue participation in the *Forest and Fish Report* currently out for public comment as a habitat conservation plan under the endangered species act. In the event federal funding is reinstated, the amount provided in this subsection shall lapse.

~~((52))~~ (51) \$5,000 of the general fund--state appropriation for fiscal year 2006 is provided for Tacoma's international music festival.

~~((53))~~ (52) \$200,000 of the general fund--state appropriation for fiscal year 2006 ~~(is)~~ and \$113,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Mimms Academy in Tacoma to facilitate a pilot project concerning expelled and suspended students.

~~((54))~~ (53) \$150,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to the King county sexual assault resource center to provide for a Spanish-speaking therapist position, parent/child victim education, and prevention education.

~~((55))~~ (54) \$67,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for a study of methamphetamine action teams and drug task forces as provided by Engrossed Substitute Senate Bill No. 6239, sections 110 and 204 (controlled substances). The department shall report findings and recommendations to the legislature by November 1, 2006. If the bill is not enacted by June 30, 2006, the amount provided in this section shall lapse.

~~((56))~~ (55) \$84,000 of the general fund--state appropriation for fiscal year 2006 and \$84,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for distribution to Benton and Franklin counties to continue the Benton-Franklin juvenile drug court program. The counties shall provide an equivalent amount of matching funds.

~~((57))~~ (56) \$7,000,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to the owners of the following minor league baseball facilities for major and minor restoration and repair of facilities projects: Tacoma Rainiers (\$2,500,000); Spokane Indians (\$2,000,000); Tri-Cities Dust Devils (\$1,000,000); Yakima Bears (\$750,000); and Everett AquaSox (\$750,000). The department shall not retain any portion for administrative purposes.

~~((58))~~ (57) \$40,000 of the fiscal year 2006 general fund--state appropriation and \$1,510,000 of the fiscal year 2007 general fund--state appropriation are provided solely for the department to enter into funding agreements with the mountains to sound greenway trust to accomplish the following projects: Squak mountain trail upgrades; Tiger mountain trailhead and trails upgrades; Rattlesnake mountain trail and trailhead construction; greenway legacy planning; Snoqualmie point view park construction; and state route 18/interstate 90 interchange protection.

~~((59))~~ (58) \$149,000 of the general fund--state appropriation in fiscal year 2007 is provided solely to implement a human trafficking task force as described in section 1 of Substitute Senate Bill No. 6652 (human trafficking), authorizing a task force through June 30, 2011, to provide guidance in responding to the crime of human trafficking, and in providing services to human trafficking victims.

~~((60))~~ (59) \$140,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to implement Engrossed Senate Bill No. 5330 (economic development grants). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((61))~~ (60) \$200,000 of the general fund--state appropriation for fiscal year 2007 ~~(and \$197,000 of the general fund--federal appropriation for fiscal year 2007 are)~~ is provided solely for the long-term care ombudsman program within the department of community, trade, and economic development to recruit and train volunteers to serve in the adult family home setting.

~~((62))~~ (61) \$150,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the Enumclaw loggers monument.

(62) \$275,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for a grant to the northwest Parkinson's foundation to establish a Parkinson's disease registry.

(63) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for a grant to Grays Harbor county to conclude activities related to the investigation and demonstration of projects related to coastal erosion.

(64) \$1,000,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for a grant to Peninsula community health services to satisfy the debt associated with improvements at the Bremerton clinic.

Sec. 1009. 2006 c 372 s 127 (uncodified) is amended to read as follows:

FOR THE ECONOMIC AND REVENUE FORECAST COUNCIL

General Fund--State Appropriation (FY 2006)	\$579,000
General Fund--State Appropriation (FY 2007)	(\$523,000)
	<u>\$546,000</u>
Pension Funding Stabilization Account Appropriation	\$3,000
TOTAL APPROPRIATION	(\$1,105,000)
	<u>\$1,128,000</u>

Sec. 1010. 2006 c 372 s 128 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT

General Fund--State Appropriation (FY 2006)	\$17,775,000
General Fund--State Appropriation (FY 2007)	(\$20,080,000)
	<u>\$20,140,000</u>
General Fund--Federal Appropriation	\$23,555,000
General Fund--Private/Local Appropriation	\$1,216,000
Public Works Assistance Account--State Appropriation	\$200,000
Violence Reduction and Drug Enforcement Account--State Appropriation	\$246,000
State Auditing Services Revolving Account--State Appropriation	\$25,000
Pension Funding Stabilization Account Appropriation	\$100,000

TOTAL APPROPRIATION ((~~\$63,197,000~~))
\$63,257,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$200,000 of the public works assistance account appropriation is provided solely for an inventory and evaluation of the most effective way to organize the state public infrastructure programs and funds. The inventory and evaluation shall be delivered to the governor and the appropriate committees of the legislature by September 1, 2005.

(2)(a) \$62,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for an advisory council to study residential services for persons with developmental disabilities. The study shall identify a preferred system of services and a plan to implement the system within four years. Recommendations shall be provided on the services that best address client needs in different regions of the state and on the preferred system by January 1, 2006. The office of financial management may contract for specialized services to complete the study.

(b) The advisory council shall consist of thirteen members. Members appointed by the governor, include one representative from each of the governor's office or the office of financial management, the department of social and health services, the Washington state disabilities council, two labor organizations, the community residential care providers, residents of residential habilitation centers, individuals served by community residential programs, and individuals with developmental disabilities who reside or resided in residential habilitation centers. The advisory council shall also include two members of the house of representatives appointed by the speaker of the house of representatives representing the majority and minority caucuses and two members of the senate appointed by the president of the senate representing the majority and minority caucuses. Legislative members of the advisory group shall be reimbursed in accordance with RCW 44.04.120, and nonlegislative members in accordance with RCW 43.03.050 and 44.04.120. Staff support shall be provided by the department of social and health services, the developmental disabilities council, the office of financial management, the house of representatives office of program research, and senate committee services.

(3) \$1,041,000 of the general fund--state appropriation for fiscal year 2006 and \$706,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Engrossed Second Substitute Senate Bill No. 5441 (studying early learning, K-12, and higher education). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(4) \$200,000 of the general fund--state appropriation for fiscal year 2006 is provided to the office of regulatory assistance and is subject to the following conditions and limitations:

(a) This amount is provided solely for the enhanced planning and permit pilot program; and

(b) Regulatory assistance is to select two local government planning and permitting offices to participate in an enhanced permit assistance pilot program. Such enhancement may include, but is not limited to:

- (i) Creation of local and state interagency planning and permit review teams;
- (ii) Use of advanced online planning and permit applications;
- (iii) Using loaned executives; and
- (iv) Additional technical assistance and guidance for permit applicants.

(5) \$303,000 of the general fund--state appropriation for fiscal year 2006 and \$255,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Second Substitute House Bill No. 1970 (government management). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(6) \$200,000 of the general fund--state appropriation for fiscal year 2006 and \$200,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for implementation of Substitute Engrossed House Bill No. 1242 (budgeting outcomes and priorities). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(7) The department of ecology, the department of fish and wildlife, the department of natural resources, the conservation commission, and the interagency committee for outdoor recreation shall make recommendations to improve or eliminate monitoring activities related to salmon recovery and watershed health. The agencies shall coordinate with the governor's forum on monitoring and watershed health and consult with the office of financial management in determining the scope and contents of the report.

The agencies shall prepare a report detailing all new activity and updating all previously identified activity within the comprehensive monitoring strategy. The report shall identify the monitoring activity being performed and include: The purpose of the monitoring activity, when the activity started, who uses the information, how often it is accessed, what costs are incurred by fund, what frequency is used to collect data, what geographic location is used to collect data, where the information is stored, and what is the current status and cost by fund source of the data storage systems.

The agencies shall provide a status report summarizing progress to the governor's forum on monitoring and watershed health and the office of financial management by March 1, 2006. A final report to the governor's monitoring forum, the office of financial management, and the appropriate legislative fiscal committees shall be submitted no later than September 1, 2006.

(8) \$200,000 of the general fund--state appropriation for fiscal year 2007 is provided to the office of financial management for the purpose of contracting with the Washington State University and University of Washington policy consensus center to provide project coordination for the office of financial management, the department of agriculture, the conservation commission, and the department of community, trade, and economic development to work with farmers, ranchers, and other interested parties to identify potential agricultural pilot projects that both enhance farm income and improve protection of natural resources.

(9) \$50,000 of the general fund--state appropriation for fiscal year 2006 and \$500,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the office of regulatory assistance to implement activities supporting the governor's regulatory improvement program including deployment of interagency permit teams, a business portal, programmatic permits, and an alternative mitigation program.

((+)) (10) \$46,000 of the general fund--state appropriation for fiscal year 2006 and \$131,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for implementation of Engrossed Second Substitute House Bill No. 2353 (family child care providers). If the bill is not enacted by June 30, 2006, the amounts provided in this subsection shall lapse.

~~((+2))~~ (11) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the Washington state quality award program to assist state agencies in obtaining the goals of the Washington state quality award.

~~((+3))~~ (12) \$66,000 of the general fund--state appropriation for fiscal year 2006 and \$134,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to establish and provide staff support and technical assistance to the blue ribbon commission on health care costs and access. The commission shall consist of the governor or a designee, who shall serve as chair; two members from each of the four caucuses of the legislature; the insurance commissioner or a designee; the secretary of health; the administrator of the health care authority; the assistant secretary for health and recovery services in the department of social and health services; and the assistant director for insurance services in the department of labor and industries. By December 1, 2006, the commission shall recommend to the governor and legislature a sustainable five-year plan for substantially improving access to affordable health care for all Washington residents.

Sec. 1011. 2006 c 372 s 135 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--OPERATIONS

Dependent Care Administrative Account--State Appropriation	\$413,000
Department of Retirement Systems Expense Account--State Appropriation	(\$46,176,000)
	<u>\$46,449,000</u>
TOTAL APPROPRIATION	(\$46,589,000)
	<u>\$46,862,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$13,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1327, chapter 65, Laws of 2005 (purchasing service credit).

(2) \$10,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1269, chapter 21, Laws of 2005 (law enforcement officers' and fire fighters' retirement system plan 2 service credit purchase).

(3) \$55,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1270 (law enforcement officers' and fire fighters' retirement system plan 2 postretirement employment). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(4) \$26,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1319, chapter 62, Laws of 2005 (law enforcement officers' and fire fighters' retirement system plan 1 ex-spouse benefits).

(5) \$46,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1325, chapter 64, Laws of 2005 (military service credit purchase).

(6) \$79,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1329, chapter 67, Laws of 2005 (law enforcement officers' and fire fighters' retirement system plan 1 reduced survivor benefit).

(7) \$56,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 1936 (emergency medical technician membership in law enforcement officers' and fire fighters' retirement system plan 2 service). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(8) \$16,000 of the department of retirement systems expense account is provided solely to implement Senate Bill No. 5522 (purchasing service credit lost due to injury). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(9) \$80,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Senate Bill No. 6453 (minimum monthly retirement). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(10) \$230,000 of the department of retirement systems expense account--state appropriation is provided solely to implement House Bill No. 2932 (catastrophic disability benefit). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(11) \$78,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Substitute House Bill No. 2684 (plan 3 five-year vesting). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(12) \$117,000 of the department of retirement systems expense account--state appropriation is provided solely to implement House Bill No. 2690 (service credit purchase). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(13) \$111,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Engrossed Substitute House Bill No. 2680 (TRS out-of-state service credit). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(14) \$375,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Substitute House Bill No. 2691 (retirement for justices). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(15) \$158,000 of the department of retirement systems expense account appropriation is provided solely to implement House Bill No. 2391 (gain sharing revisions).

(16) \$43,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Senate Bill No. 5014 (contribution rates). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(17) \$56,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Substitute House Bill No. 1262 (plan 1 post retirement employment). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(18) \$16,000 of the department of retirement systems expense account--state appropriation is provided solely to implement Senate Bill No. 5175 (retirement annual increases). If the bill is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

Sec. 1012. 2006 c 372 s 137 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF REVENUE

General Fund--State Appropriation (FY 2006)	\$90,302,000
General Fund--State Appropriation (FY 2007)	((\$92,647,000))
	<u>\$92,471,000</u>
Timber Tax Distribution Account--State Appropriation	((\$5,627,000))
	<u>\$5,377,000</u>
Real Estate Excise Tax Grant Account--State Appropriation	\$3,900,000
Waste Reduction/Recycling/Litter Control--State Appropriation	\$108,000
State Toxics Control Account--State Appropriation	\$73,000
Oil Spill Prevention Account--State Appropriation	\$14,000
Pension Funding Stabilization Account Appropriation	\$447,000
TOTAL APPROPRIATION	((\$193,118,000))
	<u>\$192,692,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$113,000 of the general fund--state appropriation for fiscal year 2006, and \$93,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of House Bill No. 1315 (modifying disclosure requirements for the purposes of the real estate excise tax). If House Bill No. 1315 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(2) \$7,000 of the general fund--state appropriation for fiscal year 2006 and \$2,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Substitute Senate Bill No. 5101 (renewable energy). If Substitute Senate Bill No. 5101 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(3) \$100,000 of the general fund--state appropriation for fiscal year 2006 and \$114,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Engrossed House Bill No. 1241 (modifying vehicle licensing and registration penalties).

(4) \$1,390,000 of the general fund--state appropriation for fiscal year 2006, and \$1,240,000 of the general fund--state appropriation for fiscal year 2007 are for the department to employ strategies to enhance current revenue enforcement activities.

(5) \$5,121 of the general fund--state appropriation for fiscal year 2006 is provided solely to satisfy two claims to estate property, pursuant to RCW 11.76.245.

(6) \$10,000 of the general fund--state appropriation for fiscal year 2006 and \$89,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Engrossed Second Substitute House Bill No. 2673 (local infrastructure). If the bill is not enacted by June 30, 2006, the amounts provided in this subsection shall lapse.

(7) \$147,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the implementation of Substitute House Bill No. 2457 (tax relief/farm machinery). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(8) \$29,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the implementation of House Bill No. 2466 (tax relief for aerospace) or for Second Substitute Senate Bill No. 6604 (tax relief for aerospace). If neither of these bills are enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(9) \$193,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the implementation of House Bill No. 2671 (excise tax relief) or Substitute Senate Bill No. 6385 (excise tax relief). If neither of these bills are enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(10) \$33,000 of the general fund--state appropriation for fiscal year 2006 and \$10,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Substitute House Bill No. 2640 (biotechnology product). If the bill is not enacted by June 30, 2006, the amounts provided in this subsection shall lapse.

(11) \$176,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the implementation of Substitute House Bill No. 2670 (hospital benefit zones). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

Sec. 1013. 2006 c 372 s 138 (uncodified) is amended to read as follows:

FOR THE BOARD OF TAX APPEALS

General Fund--State Appropriation (FY 2006)	\$1,362,000
General Fund--State Appropriation (FY 2007)	((\$1,213,000))
	<u>\$1,218,000</u>
Pension Funding Stabilization Account Appropriation	\$6,000
TOTAL APPROPRIATION	((\$2,581,000))
	<u>\$2,586,000</u>

Sec. 1014. 2006 c 372 s 147 (uncodified) is amended to read as follows:

FOR THE LIQUOR CONTROL BOARD

General Fund--State Appropriation (FY 2006)	\$1,739,000
General Fund--State Appropriation (FY 2007)	((\$1,720,000))
	<u>\$1,723,000</u>
Liquor Control Board Construction and Maintenance Account--State Appropriation	\$12,832,000
Liquor Revolving Account--State Appropriation	((\$159,863,000))
	<u>\$160,072,000</u>
Pension Funding Stabilization Account Appropriation	\$7,000
TOTAL APPROPRIATION	((\$176,161,000))

\$176,373,000

The appropriations in this section are subject to the following conditions and limitations:

(1) As authorized under RCW 66.16.010, the liquor control board shall add an equivalent surcharge of \$0.42 per liter on all retail sales of spirits, excluding licensee, military and tribal sales, effective no later than July 1, 2005. The intent of this surcharge is to generate additional revenues for the state general fund in the 2005-07 biennium.

(2) \$154,000 of the liquor revolving account--state appropriation is provided solely for the lease of state vehicles from the department of general administration's motor pool.

(3) \$2,228,000 of the liquor revolving account--state appropriation is provided solely for costs associated with the installation of a wide area network that connects all of the state liquor stores and the liquor control board headquarters.

(4) \$186,000 of the liquor revolving account--state appropriation is provided solely for an alcohol education staff coordinator and associated alcohol educational resources targeted toward middle school and high school students.

(5) \$2,261,000 of the liquor revolving account--state appropriation is provided solely for replacement of essential computer equipment, improvement of security measures, and improvement to the core information technology infrastructure.

(6) \$2,800,000 of the liquor control board construction and maintenance account--state appropriation is provided solely for the certificate of participation to fund the expansion of the liquor distribution center.

(7) \$3,233,000 of the liquor revolving account--state appropriation is provided solely for upgrades to material handling system and warehouse management system software and equipment, and associated staff to increase the liquor distribution center's shipping capacity.

(8) \$2,746,000 of the liquor revolving account--state appropriation is provided solely for additional state liquor store and retail business analysis staff. The additional liquor store staff will be deployed to those stores with the greatest potential for increased customer satisfaction and revenue growth. The liquor control board, using the new retail business analysis staff and, if needed, an independent consultant, will analyze the impact of additional staff on customer satisfaction and revenue growth and make recommendations that will increase the effectiveness and efficiency of all the liquor control board's retail-related activities. Using best practices and benchmarks from comparable retail organizations, the analysis will evaluate and make recommendations, at a minimum, on the following issues: Optimal staffing levels and store locations and numbers of stores (both state liquor stores and contract liquor stores); options for an improved retail organizational structure; strategies to increase the retail decision-making capacity; and resources required for enhanced internal organizational support of the retail activities. In support of this evaluation, a survey shall be employed to gauge customer satisfaction with state and contract liquor store services. A written evaluation with recommendations shall be submitted to the governor and the legislative fiscal committees by October 1, 2006.

(9) \$187,000 of the general fund--state appropriation for fiscal year 2006 and \$122,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Senate Bill No. 6097 (tobacco products enforcement). If Senate Bill No. 6097 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(10) \$1,435,000 of the liquor revolving account--state appropriation is provided solely for the implementation of Substitute House Bill No. 1379 (liquor retail plan). If Substitute House Bill No. 1379 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(11) \$1,864,000 of the liquor revolving account--state appropriation is provided solely for the implementation of Second Substitute Senate Bill No. 6823 (distribution of beer and wine). If Second Substitute Senate Bill No. 6823 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(12) \$575,000 of the liquor revolving account--state appropriation is provided solely for the implementation of Engrossed Senate Bill No. 6537 (direct wine sales). If Engrossed Senate Bill No. 6537 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

Sec. 1015. 2006 c 372 s 150 (uncodified) is amended to read as follows:

FOR THE MILITARY DEPARTMENT

General Fund--State Appropriation (FY 2006)	\$10,137,000
General Fund--State Appropriation (FY 2007)	((\$15,037,000))
	<u>\$16,249,000</u>
General Fund--Federal Appropriation	((\$214,322,000))
	<u>\$193,846,000</u>
General Fund--Private/Local Appropriation	\$2,000
Enhanced 911 Account--State Appropriation	\$34,812,000
Disaster Response Account--State Appropriation	((\$1,664,000))
	<u>\$4,611,000</u>
Disaster Response Account--Federal Appropriation	((\$6,297,000))
	<u>\$17,239,000</u>
Worker and Community Right-to-Know Account--State Appropriation	\$315,000
Nisqually Earthquake Account--State Appropriation	((\$6,531,000))
	<u>\$5,350,000</u>
Nisqually Earthquake Account--Federal Appropriation	((\$27,075,000))
	<u>\$23,066,000</u>
Military Department Rental and Lease Account--State Appropriation	((\$378,000))
	<u>\$593,000</u>
Pension Funding Stabilization Account Appropriation	\$44,000
TOTAL APPROPRIATION	((\$316,614,000))
	<u>\$306,264,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) (~~(\$1,664,000)~~) \$4,611,000 of the disaster response account--state appropriation and (~~(\$6,297,000)~~) \$15,239,000 of the disaster response account--federal appropriation may be spent only on disasters declared by the governor and with the approval of the office of financial management. The military department shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on the disaster response account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2005-07 biennium based on current revenue and expenditure patterns.

(2) (~~(\$6,531,000)~~) \$5,350,000 of the Nisqually earthquake account--state appropriation and (~~(\$27,075,000)~~) \$23,066,000 of the Nisqually earthquake account--federal appropriation are provided solely for response and recovery costs associated with the February 28, 2001, earthquake. The military department shall submit a report quarterly to the office of financial management and the legislative fiscal committees detailing earthquake recovery costs, including: (a) Estimates of total costs; (b) incremental changes from the previous estimate; (c) actual expenditures; (d) estimates of total remaining costs to be paid; and (e) estimates of future payments by biennium. This information shall be displayed by fund, by type of assistance, and by amount paid on behalf of state agencies or local organizations. The military department shall also submit a report quarterly to the office of financial management and the legislative fiscal committees detailing information on the Nisqually earthquake account, including: (a) The amount and type of deposits into the account; (b) the current available fund balance as of the reporting date; and (c) the projected fund balance at the end of the 2005-07 biennium based on current revenue and expenditure patterns.

(3) (~~(\$173,613,000)~~) \$152,033,573 of the general fund--federal appropriation is provided solely for homeland security, subject to the following conditions:

(a) Any communications equipment purchased by local jurisdictions or state agencies shall be consistent with standards set by the Washington state interoperability executive committee;

(b) This amount shall not be allotted until a spending plan is reviewed by the governor's domestic security advisory group and approved by the office of financial management;

(c) The department shall submit a quarterly report to the office of financial management and the legislative fiscal committees detailing the governor's domestic security advisory group recommendations; homeland security revenues and expenditures, including estimates of total federal funding for the state; incremental changes from the previous estimate, planned and actual homeland security expenditures by the state and local governments with this federal funding; and matching or accompanying state or local expenditures; and

(d) The department shall submit a report by December 1st of each year to the office of financial management and the legislative fiscal committees detailing homeland security revenues and expenditures for the previous fiscal year by county and legislative district.

(4) \$867,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the Cowlitz county 911 communications center for the purpose of purchasing or reimbursing the purchase of interoperable radio communication technology to improve disaster response in the Mount St. Helens area.

(5) No funds from sources other than fees from voice over internet protocol (VOIP) providers may be used to implement technologies specific to the integration of VOIP 911 with E-911. The military department, in conjunction with the department of revenue, shall propose methods for assuring the collection of an appropriate enhanced 911 excise tax from VOIP 911 providers and shall report their recommendations to the legislature by November 1, 2005.

(6) \$41,000 of the enhanced 911 account appropriation is provided solely to implement Substitute House Bill No. 2543 (911 advisory committee). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(7)(a) \$400,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the military department for administration of competitive grants detailed in (b) of this subsection and for implementation of one or more of the following activities regarding emergency management: Development and coordination of comprehensive emergency management plans; training of elected and appointed officials on state laws, disaster command and response structures, and the roles and responsibilities of officials before, during, and after a disaster; and administrating periodic joint emergency management training exercises involving the military department and other state agencies. In addition, the military department will study the feasibility of having regional disaster medical assistance teams and urban search and rescue teams available within the state to be deployed by the governor. The military department will report the findings and recommendations to the legislature by December 1, 2006.

(b) \$1,600,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the military department to allocate grants to regional agencies, local governments, tribal governments, regional incident management teams, and private organizations. The grants shall be for one or more of the following purposes and distributed on a competitive basis: Development and coordination of comprehensive emergency management plans; training of elected and appointed officials on state laws, ordinances, disaster command and response structures, and the roles and responsibilities of officials before, during, and after a disaster; administration of periodic joint emergency management training exercises; and implementation of projects that will strengthen emergency response, mitigation, preparation, and coordination.

(8)(a) \$150,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the military department to: (i) Initiate a health registry for veterans and military personnel returning from Afghanistan, Iraq, or other countries in which depleted uranium or other hazardous materials may be found; (ii) develop a plan for outreach to and follow-up of military personnel; (iii) prepare a report for service members concerning potential exposure to depleted uranium and other toxic chemical substances and the precautions recommended under combat and noncombat conditions while in a combat zone; (iv) submit a report by October 1, 2006, to the joint veterans and military affairs committee on the scope and adequacy of training received by members of the Washington national guard on detecting whether their service as eligible members is likely to entail, or to have entailed, exposure to depleted uranium, including an assessment of the feasibility and cost of adding predeployment training concerning potential exposure to depleted uranium and other toxic chemical substances; and (v) study the health effects of hazardous materials exposure including, but not limited to, depleted uranium, as they relate to military service and submit a report and recommendations to the joint veterans and military affairs committee.

(b) By January 31, 2007, the joint veterans and military affairs committee shall submit its recommendations, if any, to the appropriate committees of the legislature.

Sec. 1016. 2006 c 372 s 152 (uncodified) is amended to read as follows:

FOR THE GROWTH MANAGEMENT HEARINGS BOARD

General Fund--State Appropriation (FY 2006)	\$1,571,000
General Fund--State Appropriation (FY 2007)	(\$1,590,000)
	<u>\$1,605,000</u>
Pension Funding Stabilization Account Appropriation	\$8,000
TOTAL APPROPRIATION	(\$3,169,000)
	<u>\$3,184,000</u>

~~((The appropriations in this section are subject to the following conditions and limitations:))~~

Sec. 1017. 2006 c 372 s 154 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ARCHAEOLOGY AND HISTORIC PRESERVATION

General Fund--State Appropriation (FY 2006)	\$745,000
General Fund--State Appropriation (FY 2007)	(\$728,000)
	<u>\$845,000</u>
General Fund--Federal Appropriation	\$1,037,000
General Fund--Private/Local Appropriation	\$14,000
Pension Funding Stabilization Account Appropriation	\$3,000
TOTAL APPROPRIATION	(\$2,527,000)
	<u>\$2,644,000</u>

The appropriations in this section are subject to the following conditions and limitations: \$117,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to contract with the department of information services for information technology operation and maintenance costs.

**PART XI
HUMAN SERVICES**

Sec. 1101. 2006 c 372 s 201 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES. (1) Appropriations made in this act to the department of social and health services shall initially be allotted as required by this act. Subsequent allotment modifications shall not include transfers of moneys between sections of this act except as expressly provided in this act, nor shall allotment modifications permit moneys that are provided solely for a specified purpose to be used for other than that purpose.

(2) The department of social and health services shall not initiate any services that require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation providing appropriation authority, and an equal amount of appropriated state general fund moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(3)(a) The appropriations to the department of social and health services in this act shall be expended for the programs and in the amounts specified in this act. However, after May 1, ~~((2006))~~ 2007, unless specifically prohibited by this act, the department may transfer general fund--state appropriations for fiscal year ~~((2006))~~ 2007 among programs after approval by the director of financial management. However, the department shall not transfer state moneys that are provided solely for a specified purpose except as expressly provided in (b) of this subsection.

(b) To the extent that transfers under (a) of this subsection are insufficient to fund actual expenditures in excess of fiscal year ~~((2006))~~ 2007 caseload forecasts and utilization assumptions in the medical assistance, long-term care, foster care, adoption support, and child support programs, the department may transfer state moneys that are provided solely for a specified purpose, other than family support appropriations for the developmental disabilities program in section 205(1)(e) of this act and family reconciliation services appropriations for the children and family services program in section 202(20) of this act, after approval by the director of financial management.

(c) The department shall not transfer funds, ~~((and the director of financial management shall not approve the transfer,))~~ unless the transfer is consistent with the objective of conserving, to the maximum extent possible, the expenditure of state funds ~~((and not federal funds)).~~ The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any allotment modifications or transfers under this subsection. The written notification shall include a narrative explanation and justification of the changes, along with expenditures and allotments by budget unit and appropriation, both before and after any allotment modifications or transfers.

(4) The department is authorized to expend up to \$4,700,000 of its general fund--state appropriation for fiscal year 2007 for any reductions in federal funding in fiscal year 2006 for targeted case management services for children who are in the care of the state. The director of

financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any allotment modifications under this subsection.

(5) The department is authorized to develop an integrated health care program designed to slow the progression of illness and disability and better manage Medicaid expenditures for the aged and disabled population. Under this Washington medicaid integration partnership (WMIP) the department may combine and transfer such Medicaid funds appropriated under sections 204, 206, 208, and 209 of this act as may be necessary to finance a unified health care plan for the WMIP program enrollment. The WMIP pilot projects shall not exceed a daily enrollment of 6,000 persons during the 2005-2007 biennium. The amount of funding assigned to the pilot projects from each program may not exceed the average per capita cost assumed in this act for individuals covered by that program, actuarially adjusted for the health condition of persons enrolled in the pilot, times the number of clients enrolled in the pilot. In implementing the WMIP pilot projects, the department may: (a) Withhold from calculations of "available resources" as set forth in RCW 71.24.025 a sum equal to the capitated rate for individuals enrolled in the pilots; and (b) employ capitation financing and risk-sharing arrangements in collaboration with health care service contractors licensed by the office of the insurance commissioner and qualified to participate in both the medicaid and medicare programs. The department shall conduct an evaluation of the WMIP, measuring changes in participant health outcomes, changes in patterns of service utilization, participant satisfaction, participant access to services, and the state fiscal impact.

(6) In accordance with RCW 74.39A.300, the appropriations to the department of social and health services in this act are sufficient to implement the compensation and fringe benefits of the collective bargaining agreement reached between the governor and the exclusive bargaining representative of individual providers of home care services.

Sec. 1102. 2006 c 372 s 202 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--CHILDREN AND FAMILY SERVICES PROGRAM

General Fund--State Appropriation (FY 2006)	\$257,266,000
General Fund--State Appropriation (FY 2007)	(\$287,602,000)
	<u>\$283,560,000</u>
General Fund--Federal Appropriation	(\$433,829,000)
	<u>\$434,495,000</u>
General Fund--Private/Local Appropriation	\$400,000
Domestic Violence Prevention Account--State Appropriation	(\$1,345,000)
	<u>\$1,000,000</u>
Public Safety and Education Account--State Appropriation	\$6,405,000
Violence Reduction and Drug Enforcement Account--State Appropriation	\$5,860,000
Pension Funding Stabilization Account--State Appropriation	(\$699,000)
	<u>\$711,000</u>
TOTAL APPROPRIATION	(\$993,406,000)
	<u>\$989,697,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$2,271,000 of the general fund--state appropriation for fiscal year 2006, \$2,271,000 of the general fund--state appropriation for fiscal year 2007, and \$1,584,000 of the general fund--federal appropriation are provided solely for the category of services titled "intensive family preservation services."

(2) \$701,000 of the general fund--state appropriation for fiscal year 2006 and \$701,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to contract for the operation of one pediatric interim care facility. The facility shall provide residential care for up to thirteen children through two years of age. Seventy-five percent of the children served by the facility must be in need of special care as a result of substance abuse by their mothers. The facility shall also provide on-site training to biological, adoptive, or foster parents. The facility shall provide at least three months of consultation and support to parents accepting placement of children from the facility. The facility may recruit new and current foster and adoptive parents for infants served by the facility. The department shall not require case management as a condition of the contract.

(3) \$375,000 of the general fund--state appropriation for fiscal year 2006, \$375,000 of the general fund--state appropriation for fiscal year 2007, and \$322,000 of the general fund--federal appropriation are provided solely for up to three nonfacility-based programs for the training, consultation, support, and recruitment of biological, foster, and adoptive parents of children through age three in need of special care as a result of substance abuse by their mothers, except that each program may serve up to three medically fragile nonsubstance-abuse-affected children. In selecting nonfacility-based programs, preference shall be given to programs whose federal or private funding sources have expired or that have successfully performed under the existing pediatric interim care program.

(4) \$125,000 of the general fund--state appropriation for fiscal year 2006 and \$125,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a foster parent retention program. This program is directed at foster parents caring for children who act out sexually.

(5) The providers for the 31 HOPE beds shall be paid a \$1,000 base payment per bed per month, and reimbursed for the remainder of the bed cost only when the beds are occupied.

(6) Within amounts provided for the foster care and adoption support programs, the department shall control reimbursement decisions for foster care and adoption support cases such that the aggregate average cost per case for foster care and for adoption support does not exceed the amounts assumed in the projected caseload expenditures. The department shall adjust adoption support benefits to account for the availability of the new federal adoption support tax credit for special needs children. The department shall report annually by October 1st to the appropriate committees of the legislature on the specific efforts taken to contain costs.

(7) \$4,661,000 of the general fund--state appropriation for fiscal year 2006, \$12,666,000 of the general fund--state appropriation for fiscal year 2007, and \$7,443,000 of the general fund--federal appropriation are provided solely for reforms to the child protective services and child welfare services programs, including improvement in achieving face-to-face contact for children every 30 days, improved timeliness of child protective services investigations, and education specialist services. The department shall report by December 1st of each year on the implementation status of the enhancements, including the hiring of new staff, and the outcomes of the reform efforts. The information provided shall include a progress report on items in the child and family services review program improvement plan and areas identified for improvement in the Braam lawsuit settlement.

(8) Within amounts appropriated in this section, priority shall be given to proven intervention models, including evidence-based prevention and early intervention programs identified by the Washington institute for public policy and the department. The department shall include information on the number, type, and outcomes of the evidence-based programs being implemented in its reports on child welfare reform efforts.

(9) \$177,000 of the general fund--state appropriation for fiscal year 2006 and \$228,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the state association of children's advocacy centers. Funds may be used for (a) children's advocacy centers that meet the national children's alliance accreditation standards for full membership, and are members in good standing; (b) communities in the process of establishing a center; and (c) the state association of children's advocacy centers. A 50 percent match will be required of each center receiving state funding.

(10) \$50,000 of the general fund--state appropriation for fiscal year 2006 and \$50,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a street youth program in Spokane.

(11) \$4,672,000 of the general fund--state appropriation for fiscal year 2006 and \$4,672,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for secure crisis residential centers.

(12) \$572,000 of the general fund--state appropriation for fiscal year 2006 and \$1,144,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for section 305 of Senate Bill No. 5763 (mental disorders treatment) for chemical dependency specialist services.

(13) ~~(\$3,500,000)~~ \$3,386,000 of the general fund--state appropriation for fiscal year 2007 and ~~(\$1,500,000)~~ \$1,449,000 of the general fund--federal appropriation are provided solely for ~~((Engrossed Senate Bill No. 5922 (child neglect). If the bill is not enacted by June 30, 2005, these amounts shall lapse))~~ chapter 512, Laws of 2005.

(14) ~~(\$1,345,000)~~ \$1,000,000 of the domestic violence prevention account appropriation is provided solely for the implementation of chapter 374, Laws of 2005.

(15) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the supervised visitation and safe exchange center in Kent. The department shall not retain any portion for administrative purposes.

(16) \$450,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to implement Second Substitute House Bill No. 2002 (foster care support services). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(17) \$521,000 of the general fund--state appropriation for fiscal year 2007 and \$223,000 of the general fund--federal appropriation are provided solely for a statewide foster parent recruitment and retention program pursuant to Second Substitute House Bill No. 3115 (foster care critical support). If the bill is not enacted by June 30, 2006, the amounts provided in this subsection shall lapse.

(18) The department shall evaluate integrating a family assessment component into its practice model for working with lower risk families involved with child protective services. The department shall report its findings to the joint task force on child safety for children in child protective services or child welfare services by July 1, 2007.

(19) \$3,700,000 of the general fund--state appropriation for fiscal year 2006, \$3,700,000 of the general fund--state appropriation for fiscal year 2007, and \$6,200,000 of the general fund--federal appropriation are provided solely for the medicaid treatment child care (MTCC) program. The department shall contract for MTCC services. In addition to referrals made by children's administration case workers, the department shall authorize children referred to the MTCC program by local public health nurses and case workers from the temporary assistance for needy families (TANF) program, as long as the children meet the eligibility requirements as outlined in the Washington state plan for the MTCC program. Starting in June 2006, the department shall report quarterly to the appropriate policy committees of the legislature on the MTCC program and include monthly statewide and regional information on: (a) The number of referrals; (b) the number of authorized referrals and child enrollments; and (c) program expenditure levels.

(20) \$540,000 of the general fund--state appropriation for fiscal year 2006, \$540,000 of the general fund--state appropriation for fiscal year 2007, and \$2,476,000 of the general fund--federal appropriation are provided solely for the category of services titled "family reconciliation services."

(21) \$100,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for continuum of care in Region 1.

Sec. 1103. 2006 c 372 s 203 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--JUVENILE REHABILITATION PROGRAM

General Fund--State Appropriation (FY 2006)	\$79,031,000
General Fund--State Appropriation (FY 2007)	(\$80,615,000)
	<u>\$81,203,000</u>
General Fund--Federal Appropriation	(\$5,668,000)
	<u>\$6,459,000</u>
General Fund--Private/Local Appropriation	\$1,098,000
Violence Reduction and Drug Enforcement Account--State Appropriation	\$38,385,000
Juvenile Accountability Incentive Account--Federal Appropriation	\$5,516,000
Pension Funding Stabilization Account--State Appropriation	(\$449,000)
	<u>\$451,000</u>
TOTAL APPROPRIATION	(\$210,762,000)

\$212,143,000

The appropriations in this section are subject to the following conditions and limitations:

(1) \$706,000 of the violence reduction and drug enforcement account appropriation is provided solely for deposit in the county criminal justice assistance account for costs to the criminal justice system associated with the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county adult court costs associated with the implementation of chapter 338, Laws of 1997 and shall be distributed in accordance with RCW 82.14.310.

(2) \$6,156,000 of the violence reduction and drug enforcement account appropriation is provided solely for the implementation of chapter 338, Laws of 1997 (juvenile code revisions). The amounts provided in this subsection are intended to provide funding for county impacts associated with the implementation of chapter 338, Laws of 1997 and shall be distributed to counties as prescribed in the current consolidated juvenile services (CJS) formula.

(3) \$1,020,000 of the general fund--state appropriation for fiscal year 2006, \$1,030,000 of the general fund--state appropriation for fiscal year 2007, and \$5,345,000 of the violence reduction and drug enforcement account appropriation are provided solely to implement community juvenile accountability grants pursuant to chapter 338, Laws of 1997 (juvenile code revisions). Funds provided in this subsection may be used solely for community juvenile accountability grants, administration of the grants, and evaluations of programs funded by the grants.

(4) \$2,997,000 of the violence reduction and drug enforcement account appropriation is provided solely to implement alcohol and substance abuse treatment programs for locally committed offenders. The juvenile rehabilitation administration shall award these moneys on a competitive basis to counties that submitted a plan for the provision of services approved by the division of alcohol and substance abuse. The juvenile rehabilitation administration shall develop criteria for evaluation of plans submitted and a timeline for awarding funding and shall assist counties in creating and submitting plans for evaluation.

(5) For the purposes of a pilot project, the juvenile rehabilitation administration shall provide a block grant, rather than categorical funding, for consolidated juvenile services, community juvenile accountability act grants, the chemically dependent disposition alternative, and the special sex offender disposition alternative to the Pierce county juvenile court. To evaluate the effect of decategorizing funding for youth services, the juvenile court shall do the following:

(a) Develop intermediate client outcomes according to the risk assessment tool (RAT) currently used by juvenile courts and in coordination with the juvenile rehabilitation administration;

(b) Track the number of youth participating in each type of service, intermediate outcomes, and the incidence of recidivism within twenty-four months of completion of services;

(c) Track similar data as in (b) of this subsection with an appropriate comparison group, selected in coordination with the juvenile rehabilitation administration and the family policy council;

(d) Document the process for managing block grant funds on a quarterly basis, and provide this report to the juvenile rehabilitation administration and the family policy council; and

(e) Provide a process evaluation to the juvenile rehabilitation administration and the family policy council by June 20, 2006, and a concluding report by June 30, 2007. The court shall develop this evaluation in consultation with the juvenile rehabilitation administration, the family policy council, and the Washington state institute for public policy.

(6) \$319,000 of the general fund--state appropriation for fiscal year 2006 and \$678,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to establish a reinvesting in youth pilot program. Participation shall be limited to three counties or groups of counties, including one charter county with a population of over eight hundred thousand residents and at least one county or group of counties with a combined population of three hundred thousand residents or less.

(a) Only the following intervention service models shall be funded under the pilot program: (i) Functional family therapy; (ii) multi-systemic therapy; and (iii) aggression replacement training.

(b) Subject to (c) of this subsection, payments to counties in the pilot program shall be sixty-nine percent of the average service model cost per youth times the number of youth engaged by the selected service model. For the purposes of calculating the average service model cost per engaged youth for a county, the following costs will be included: Staff salaries, staff benefits, training, fees, quality assurance, and local expenditures on administration.

(c) Distribution of moneys to the charter county with a population of over eight hundred thousand residents shall be based upon the number of youth that are engaged by the intervention service models, up to six hundred thousand dollars for the biennium. The department may distribute the remaining grant moneys to the other counties selected to participate in the pilot program.

(d) The department shall provide recommendations to the legislature by June 30, 2006, regarding a cost savings calculation methodology, a funds distribution formula, and criteria for service model eligibility for use if the reinvesting in youth program is continued in future biennia.

(7) \$602,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the purposes of settling all claims in *Brown, et. al v. State of Washington*, Pierce County Superior Court Cause No. 04-2-11093-4. The expenditure of this appropriation is contingent on the release of all claims in this case, and total settlement costs shall not exceed the amount provided in this subsection. If settlement is not executed by June 30, 2007, the amount provided in this subsection shall lapse.

Sec. 1104. 2006 c 372 s 204 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MENTAL HEALTH PROGRAM

(1) COMMUNITY SERVICES/REGIONAL SUPPORT NETWORKS

General Fund--State Appropriation (FY 2006)	\$260,292,000
General Fund--State Appropriation (FY 2007)	(\$283,039,000)
	<u>\$278,724,000</u>

General Fund--Federal Appropriation	((\$344,331,000))
	<u>\$338,013,000</u>
General Fund--Private/Local Appropriation	((\$1,970,000))
	<u>\$6,100,000</u>
TOTAL APPROPRIATION	((\$889,632,000))
	<u>\$883,129,000</u>

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$103,400,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for persons and services not covered by the medicaid program. The department shall distribute this amount among the regional support networks according to a formula that, consistent with RCW 71.24.035(13), assures continuation of fiscal year 2003 levels of nonmedicaid service in each regional support network area for the following service categories in the following priority order: (i) Crisis and commitment services; (ii) community inpatient services; and (iii) residential care services, including personal care and emergency housing assistance. The formula shall also ensure that each regional support network's combined state and federal allocation is no less than the amount it was due under the fiscal year 2005 allocation methodology. The remaining amounts shall be distributed based upon a formula that incorporates each regional support network's percentage of the state's population.

(b) \$100,959,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for persons and services not covered by the medicaid program. Consistent with RCW 71.24.035(13), these funds shall be distributed proportional to each regional support network's percentage of the total state population.

(c) (~~(\$10,882,000)~~) \$10,512,000 of the general fund--state appropriation for fiscal year 2007 and (~~(\$10,922,000)~~) \$10,550,000 of the general fund--federal appropriation are provided solely to increase medicaid capitation rates (i) by three and one-half percent, for regional support networks whose fiscal year 2006 capitation rates are above the statewide population-weighted average; and (ii) to the statewide population-weighted average, for regional support networks whose fiscal year 2006 capitation rates are below that level. Regional support networks may elect to receive all or a portion of the general fund--state share of the funding for which they qualify under this subsection (1)(c) as an increase in nonmedicaid rather than medicaid funding. Regional support networks choosing to obtain funding in this way must notify the department of their decision no later than June 1, 2006.

(d) (~~(\$359,000)~~) \$2,175,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to ensure that no regional support network's combined state and federal allocation is less than the amount it was due under the fiscal year 2006 allocation methodology.

(e) \$750,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for grants to hospitals that are unable to receive disproportionate share hospital funding due to the federal funding restrictions on "institutions for mental disease." These funds shall be allocated among eligible hospitals proportional to the amount the hospital would have received from the disproportionate share hospital grants funded under section 209 of this 2006 act if the federal funding restriction were not in effect.

(f) \$85,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for a contract with the national alliance for the mentally ill of greater Seattle to assist people who are recovering from a major mental illness to participate in development of a group residence for women.

(g) \$2,825,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to refund to regional support networks fifty percent of the "liquidated damages" amount that was withheld from payments to the regional support network during fiscal years 2002 through 2005 because the regional support network used more than its allocated number of state hospital days of care. The payments directed in this subsection (1)(g) are contingent upon agreement by the regional support network that the funds shall be used only for mental health services. The payments directed in this subsection do not apply to regional support networks to which such refunds have been directed by court order prior to the effective date of this 2006 act.

(h) The department shall refund to the regional support networks 100 percent of the "liquidated damages" that have been withheld from payments to the regional support network during fiscal year 2006 for periods prior to the effective date of this act. The payments directed in this subsection (1)(h) do not apply to regional support networks to which such refunds have been directed by court order prior to the effective date of this act.

(i) \$3,238,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the department and regional support networks to contract for development and initial implementation of high-intensity program for active community treatment (PACT) teams, and other proven program approaches which the department concurs will enable the regional support network to achieve significant reductions during fiscal year 2008 and thereafter in the number of beds the regional support network would otherwise need to use at the state hospitals.

(j) The number of nonforensic beds allocated for use by regional support networks at eastern state hospital shall average 222 per day throughout fiscal year 2007. The number of nonforensic beds allocated for use by regional support networks at western state hospital shall average 727 during the first quarter of fiscal year 2007, 757 during the second quarter of fiscal year 2007, and 777 during the third and fourth quarters of fiscal year 2007. During fiscal year 2007, the department shall not separately charge regional support networks for use of state hospital beds for short-term commitments, or for persons served in the program for adaptive living skills (PALS), but the days of care provided for such commitments and in the PALS program shall count against the regional support network's state hospital allocation. The legislature intends to authorize separate charges for the PALS program beginning in January 2008.

(k) From the general fund--state appropriations in this subsection, the secretary of social and health services shall assure that regional support networks reimburse the aging and disability services administration for the general fund--state cost of medicaid personal care services that enrolled regional support network consumers use because of their psychiatric disability.

(l) Within amounts appropriated in this subsection, the department shall contract with the Clark county regional support network for development and operation of a project demonstrating collaborative methods for providing intensive mental health services in the school setting for severely emotionally disturbed children who are medicaid eligible. Project services shall be delivered by teachers and teaching assistants

who qualify as, or who are under the supervision of, mental health professionals meeting the requirements of chapter 275-57 WAC. The department shall increase medicaid payments to the regional support network by the amount necessary to cover the necessary and allowable costs of the demonstration, not to exceed the upper payment limit specified for the regional support network in the department's medicaid waiver agreement with the federal government after meeting all other medicaid spending requirements assumed in this subsection. The regional support network shall provide the required nonfederal share of the increased medicaid payment provided for operation of this project.

(m) \$3,100,000 of the general fund--state appropriation for fiscal year 2006 and \$3,375,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to establish a base community psychiatric hospitalization payment rate. The base payment rate shall be \$400 per indigent patient day at hospitals that accept commitments under the involuntary treatment act, and \$550 per medicaid patient day at free-standing psychiatric hospitals that accept commitments under the involuntary treatment act. The department shall allocate these funds among the regional support networks to reflect projected expenditures at the enhanced payment level by hospital and region.

(n) At least \$902,000 of the federal block grant funding appropriated in this subsection shall be used for the continued operation of the mentally ill offender pilot program.

(o) \$5,000,000 of the general fund--state appropriation for fiscal year 2006 and \$5,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for mental health services for mentally ill offenders while confined in a county or city jail and for facilitating access to programs that offer mental health services upon mentally ill offenders' release from confinement. These amounts shall supplement, and not supplant, local or other funding or in-kind resources currently being used for these purposes. The department is authorized to transfer such amounts as are necessary, which are not to exceed \$418,000 of the general fund--state appropriation for fiscal year 2006 and \$418,000 of the general fund--state appropriation for fiscal year 2007, to the economic services program for the purposes of implementing section 12 of Engrossed Second Substitute House Bill No. 1290 (community mental health) related to reinstating and facilitating access to mental health services upon mentally ill offenders' release from confinement.

(p) \$1,500,000 of the general fund--state appropriation for fiscal year 2006 and \$1,500,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for grants for innovative mental health service delivery projects. Such projects may include, but are not limited to, clubhouse programs and projects for integrated health care and behavioral health services for general assistance recipients. These amounts shall supplement, and not supplant, local or other funding currently being used for activities funded under the projects authorized in this subsection.

(q) The department is authorized to continue to expend federal block grant funds, and special purpose federal grants, through direct contracts, rather than through contracts with regional support networks; and to distribute such funds through a formula other than the one established pursuant to RCW 71.24.035(13).

(r) The department is authorized to contract directly, rather than through contracts with regional support networks, for children's long-term inpatient facility services.

(s) \$2,250,000 of the general fund--state appropriation for fiscal year 2006, \$2,250,000 of the general fund--state appropriation for fiscal year 2007, and \$4,500,000 of the general fund--federal appropriation are provided solely for the continued operation of community residential and support services for persons who are older adults or who have co-occurring medical and behavioral disorders and who have been discharged or diverted from a state psychiatric hospital. These funds shall be used to serve individuals whose treatment needs constitute substantial barriers to community placement, who no longer require active psychiatric treatment at an inpatient hospital level of care, and who no longer meet the criteria for inpatient involuntary commitment. Coordination of these services will be done in partnership between the mental health program and the aging and disability services administration. The funds are not subject to the standard allocation formula applied in accordance with RCW 71.24.035(13)(a).

(t) \$750,000 of the general fund--state appropriation for fiscal year 2006 and \$750,000 of the general fund--state appropriation for fiscal year 2007 are provided to continue performance-based incentive contracts to provide appropriate community support services for individuals with severe mental illness who have been discharged from the state hospitals. These funds will be used to enhance community residential and support services provided by regional support networks through other state and federal funding.

(u) \$539,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to assist with the one-time start-up costs of two evaluation and treatment facilities. Funding for ongoing program operations shall be from existing funds that would otherwise be expended upon short-term treatment in state or community hospitals.

(v) \$550,000 of the general fund--state appropriation for fiscal year 2006 and \$150,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for enhancing rates to a facility that (i) is a licensed nursing home; (ii) is considered to be an "Institution for Mental Diseases" under centers for medicare and medicaid services criteria; (iii) specializes in long-term rehabilitation services for people with chronic mental illness who are chronically medically-compromised; and (iv) provides services to a minimum of 48 consumers funded by a regional support network. These amounts shall be provided in coordination with and under the auspices of a regional support network and shall enhance, and not supplant, other funding or in-kind resources currently being used for these purposes. These funds shall be used to cover costs incurred throughout fiscal year 2006 and fiscal year 2007 and ensure adequate compensation for extra medical care services, personal care services, and other incidental costs that are not fully covered in the current rate paid to the facility.

(w) \$450,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the mental health division, in collaboration with the children's administration and the juvenile rehabilitation services administration, to establish a pilot program to provide evidence-based mental health services to children. The mental health service or services to be provided under the pilot program must be selected from a list of evidence-based service options developed by the department, in consultation with a broadly representative group of individuals with expertise in children's mental health.

(i) The program site shall be selected through a request for proposal (RFP) process, open to counties or groups of counties, and shall be operational by December 2006.

(ii) Pilot site proposals shall be required to include: A designated lead agency and a commitment to work with community partners, including consumer/family representatives and representatives of the local mental health, juvenile justice, and child welfare systems and, at the applicant's

discretion, may also include representatives of other child-serving systems such as health care and education; identification of areas of potential need based upon input from community partners; identification of the service or services that the pilot site would implement based upon community needs and resources; and demonstration of a commitment to participate in efforts that will ensure adherence to the chosen evidence-based practices and evaluate outcomes of implementation of the evidence-based practices.

(iii) The department shall contract with the University of Washington school of medicine's department of psychiatry and behavioral sciences division of public behavioral health and justice to provide support and assistance in all phases of the pilot program, including initiating, implementing, training providers, providing quality assurance, and monitoring implementation and outcomes.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2006)	\$115,706,000
General Fund--State Appropriation (FY 2007)	(\$137,445,000)
	<u>\$132,747,000</u>
General Fund--Federal Appropriation	(\$143,693,000)
	<u>\$144,509,000</u>
General Fund--Private/Local Appropriation	(\$30,994,000)
	<u>\$35,290,000</u>
Pension Funding Stabilization Account--State Appropriation	\$965,000
TOTAL APPROPRIATION	(\$428,803,000)
	<u>\$429,217,000</u>

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The state mental hospitals may use funds appropriated in this subsection to purchase goods and supplies through hospital group purchasing organizations when it is cost-effective to do so.

(b) \$3,725,000 of the general fund--state appropriation for fiscal year 2006 and \$3,675,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to operate at least one more forensic ward at western state hospital than was operational in December 2004, and to employ professional staff in addition to those assigned in December 2004 to conduct outpatient evaluations of competency to stand trial.

(c) \$45,000 of the general fund--state appropriation for fiscal year 2006 and \$45,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for payment to the city of Lakewood on September 1 of each year for police services provided by the city at western state hospital and adjacent areas.

(d) \$6,770,000 of the general fund--state appropriation for fiscal year 2006 and \$19,850,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to open on a temporary basis five additional adult civil commitment wards at the state psychiatric hospitals. The legislature intends for these wards to close, on a phased basis, during the 2007-09 biennium as a result of targeted investments in community services for persons who would otherwise need care in the hospitals. To the extent that the department and regional support networks are able to develop and implement cost-effective approaches during fiscal year 2007 that would avert the need to open one or more of the additional wards, the department is authorized to use funds appropriated in this subsection for implementation of those approaches. The department shall seek review and comment from the legislative fiscal committees at least thirty days prior to proceeding with implementation of any such alternative approach.

(3) CIVIL COMMITMENT

General Fund--State Appropriation (FY 2006)	\$40,499,000
General Fund--State Appropriation (FY 2007)	(\$45,276,000)
	<u>\$42,481,000</u>
Pension Funding Stabilization Account--State Appropriation	\$129,000
TOTAL APPROPRIATION	(\$85,904,000)
	<u>\$83,109,000</u>

(4) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2006)	\$643,000
General Fund--State Appropriation (FY 2007)	\$1,726,000
General Fund--Federal Appropriation	\$3,395,000
Pension Funding Stabilization Account--State Appropriation	\$1,000
TOTAL APPROPRIATION	\$5,765,000

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$75,000 of the general fund--state appropriation for fiscal year 2006, \$75,000 of the general fund--state appropriation for fiscal year 2007, and \$40,000 of the general fund--federal appropriation are provided solely to implement the request for proposal process required by House Bill No. 1290 (community mental health). If House Bill No. 1290 is not enacted by June 30, 2005, these amounts shall lapse.

(b) \$178,000 of the general fund--state appropriation for fiscal year 2006 and \$221,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to develop and to train community mental health staff in the use of the integrated chemical dependency/mental health screening and assessment system and tool required by section 601 of Senate Bill No. 5763 (mental disorders treatment). If section 601 of Senate Bill No. 5763 is not enacted by June 30, 2005, these amounts shall lapse.

(c) Funds provided in this subsection may be used to issue a request for proposals in accordance with RCW 71.24.320(2) only if Engrossed Substitute Senate Bill No. 6793 is enacted by June 30, 2006.

(5) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2006)	\$6,577,000
General Fund--State Appropriation (FY 2007)	(\$4,183,000)
	<u>\$4,473,000</u>
General Fund--Federal Appropriation	(\$5,881,000)
	<u>\$6,179,000</u>
Pension Funding Stabilization Account--State Appropriation	(\$19,000)
	<u>\$21,000</u>
TOTAL APPROPRIATION	(\$16,660,000) <u>\$17,250,000</u>

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$125,000 of the general fund--state appropriation for fiscal year 2006, \$125,000 of the general fund--state appropriation for fiscal year 2007, and \$164,000 of the general fund--federal appropriation are provided solely for the institute for public policy to continue the longitudinal analysis directed in chapter 334, Laws of 2001 (mental health performance audit), and, to the extent funds are available within these amounts, to build upon the evaluation of the impacts of chapter 214, Laws of 1999 (mentally ill offenders).

(b) \$2,032,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the purposes of complying with and satisfaction of a final court order and judgment in *Pierce County, et al v. State of Washington and State of Washington Department of Social and Health Services, et al*, Thurston County Superior Court Cause No. 03-2-00918-8.

(c) \$520,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the purposes of settling all claims in *County of Spokane, a Washington municipal entity v. State of Washington Department of Social and Health Services and Dennis Braddock, the Secretary of the Department of Social and Health Services, in his official capacity*, Thurston County Superior Court Cause No. 03-2-01268-5. The expenditure of this amount is contingent on the release of all claims in the case, and total settlement costs shall not exceed the amount provided in this subsection. If the settlement is not executed by June 30, 2006, the amount provided in this subsection shall lapse.

(d) Funds provided in this subsection may be used to issue a request for proposals in accordance with RCW 71.24.320(2) only if Engrossed Substitute Senate Bill No. 6793 is enacted by June 30, 2006.

Sec. 1105. 2006 c 372 s 205 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--DEVELOPMENTAL DISABILITIES PROGRAM

(1) COMMUNITY SERVICES

General Fund--State Appropriation (FY 2006)	\$296,430,000
General Fund--State Appropriation (FY 2007)	(\$312,856,000)
	<u>\$318,403,000</u>
General Fund--Federal Appropriation	(\$503,419,000)
	<u>\$513,612,000</u>
Health Services Account--State Appropriation	\$904,000
Pension Funding Stabilization Account--State Appropriation	\$138,000
TOTAL APPROPRIATION	(\$1,113,747,000) <u>\$1,129,487,000</u>

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The entire health services account appropriation, \$151,000 of the general fund--state appropriation for fiscal year 2006, \$427,000 of the general fund--state appropriation for fiscal year 2007, and \$1,482,000 of the general fund--federal appropriation are provided solely for health care benefits for agency home care workers who are employed through state contracts for at least twenty hours a week. The state contribution to the cost of health care benefits per participating worker per month shall be no greater than \$449.00 in fiscal year 2006 and \$532.00 in fiscal year 2007.

(b) Individuals receiving family support or high school transition payments as supplemental security income (SSI) state supplemental payments shall not become eligible for medical assistance under RCW 74.09.510 due solely to the receipt of SSI state supplemental payments.

(c) \$516,000 of the general fund--state appropriation for fiscal year 2006, ~~(\$1,917,000)~~ \$3,432,000 of the general fund--state appropriation for fiscal year 2007, and ~~(\$2,433,000)~~ \$3,954,000 of the general fund--federal appropriation are provided solely for community residential and support services. Funding in this subsection shall be prioritized for (i) residents of residential habilitation centers who are able to be adequately cared for in community settings and who choose to live in those community settings; (ii) clients without residential services who are at immediate risk of institutionalization or in crisis; (iii) children who are at risk of institutionalization or who are aging out of other state services; and (iv) current home and community-based waiver program clients who have been assessed as having an immediate need for increased services. The department shall ensure that the average cost per day for all program services other than start-up costs shall not exceed \$300. In order to maximize the number of clients served and ensure the cost-effectiveness of the waiver programs, the department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds provided the total projected carry-forward expenditures do not exceed the amounts estimated. The department shall electronically

report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of persons served with these additional community services, where they were residing, what kinds of services they were receiving prior to placement, and the actual expenditures for all community services to support these clients.

(d) \$579,000 of the general fund--state appropriation for fiscal year 2006, (~~(\$1,735,000)~~) \$2,015,000 of the general fund--state appropriation for fiscal year 2007, and (~~(\$2,315,000)~~) \$2,597,000 of the general fund--federal appropriation are provided solely for expanded community services for persons with developmental disabilities who also have community protection issues. Funding in this subsection shall be prioritized for (i) clients being diverted or discharged from the state psychiatric hospitals; (ii) clients participating in the dangerous mentally ill offender program; (iii) clients participating in the community protection program; and (iv) mental health crisis diversion outplacements. The department shall ensure that the average cost per day for all program services other than start-up costs shall not exceed (~~(\$300)~~) \$340. In order to maximize the number of clients served and ensure the cost-effectiveness of the waiver programs, the department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds if the total projected carry-forward expenditures do not exceed the amounts estimated. The department shall implement the four new waiver programs such that decisions about enrollment levels and the amount, duration, and scope of services maintain expenditures within appropriations. The department shall electronically report to the appropriate committees of the legislature, within 45 days following each fiscal year quarter, the number of persons served with these additional community services, where they were residing, what kinds of services they were receiving prior to placement, and the actual expenditures for all community services to support these clients.

(e) \$12,902,000 of the general fund--state appropriation for fiscal year 2006, (~~(\$13,802,000)~~) \$12,502,000 of the general fund--state appropriation for fiscal year 2007, and \$8,579,000 of the general fund--federal appropriation are provided solely for family support programs for individuals with developmental disabilities.

(~~(f)~~) The amounts provided in this subsection (~~((e), \$900,000 of the general fund--state appropriation for fiscal year 2006 and \$1,600,000 of the general fund--state appropriation for fiscal year 2007 are provided solely))~~ are sufficient for the implementation of a flexible family support pilot program for families who are providing care and support for family members with developmental disabilities. The program shall provide funding for support services such as respite care, training and counseling, assistive technologies, transition services, and assistance with extraordinary household expenses.

(i) To receive funding, an individual must: (A) Be eligible for services from the division of developmental disabilities; (B) live with his or her family; (C) not live independently or with a spouse; (D) not receive paid services through the division, including medicaid personal care and medicaid waiver services; and (E) have gross household income of less than or equal to four hundred percent of the federal poverty level.

(ii) The department shall determine individual funding awards based on the following criteria: (A) Documented need for services, with priority given to individuals in crisis or at immediate risk of needing institutional services, individuals who transition from high school without employment or day program opportunities, individuals cared for by a single parent, and individuals with multiple disabilities; (B) number and ages of family members and their relation to the individual with developmental disabilities; (C) gross annual household income; and (D) availability of state funds.

Funding awards may be made as one-time awards or on a renewable basis. Renewable awards shall be for a period of twelve months for the biennium. Awards shall be based upon the criteria provided in this subsection, but shall be within the following limits: Maximum of \$4,000 per year for an individual whose gross annual household income is up to 100 percent of the federal poverty level; maximum of \$3,000 per year for an individual whose gross annual household income is up to 200 percent of the federal poverty level; maximum of \$2,000 per year for an individual whose gross annual household income is up to 300 percent of the federal poverty level; and maximum of \$1,000 per year for an individual whose gross annual household income is up to 400 percent of the federal poverty level. Of the amounts provided in this subsection, \$150,000 of the general fund--state appropriation for fiscal year 2006 and \$300,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for one-time awards.

(iii) Eligibility for, and the amount of, renewable awards and one-time awards shall be redetermined annually and shall correspond with the application of the department's mini-assessment tool. At the end of each award period, the department must redetermine eligibility for funding, including increases or reductions in the level of funding, as appropriate.

(iv) By November 1, 2006, the department shall provide recommendations to the appropriate policy and fiscal committees of the legislature on strategies for integrating state-funded family support programs, including, if appropriate, the flexible family support pilot program, into a single program. The department shall also provide a status report on the flexible family support pilot program, which shall include the following information: The number of applicants for funding; the total number of awards; the number and amount of both annual and one-time awards, broken down by household income levels; and the purpose of the awards.

(v) The department shall manage enrollment and award levels so as to not exceed the amounts appropriated for this purpose.

(f) \$840,000 of the general fund--state appropriation for fiscal year 2006, \$3,060,000 of the general fund--state appropriation for fiscal year 2007, and \$1,500,000 of the general fund--federal appropriation are provided solely for employment and day services. Priority consideration for this new funding shall be young adults with developmental disabilities living with their family who need employment opportunities and assistance after high school graduation. Services shall be provided for both waiver and nonwaiver clients.

(g) \$1,000,000 of the general fund--state appropriation for fiscal year 2006, \$1,000,000 of the general fund--state appropriation for fiscal year 2007, and \$2,000,000 of the general fund--federal appropriation are provided for implementation of the administrative rate standardization. These amounts are in addition to any vendor rate increase adopted by the legislature.

(h) \$100,000 of the general fund--state appropriation for fiscal year 2006 and \$100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for services to community clients provided by licensed professionals at the state residential habilitation centers. The division shall submit claims for reimbursement for services provided to clients living in the community with medical assistance or third-party health coverage, as appropriate, and shall implement a system for billing clients without coverage. The department shall provide a report by December 1, 2006, to the appropriate committees of the legislature on the number of clients served, services provided, and expenditures and revenues associated with those services.

(i) \$65,000 of the general fund--state appropriation for fiscal year 2006 and \$65,000 of the general fund--federal appropriation are provided solely for supplemental compensation increases for direct care workers employed by home care agencies in recognition of higher labor market cost pressures experienced by agencies subject to collective bargaining obligations. In order for a specific home care agency to be eligible for such increases, home care agencies shall submit the following to the department:

(i) Proof of a legally binding, written commitment to increase the compensation of agency home care workers; and

(ii) Proof of the existence of a method of enforcement of the commitment, such as arbitration, that is available to the employees or their representative, and proof that such a method is expeditious, uses a neutral decision maker, and is economical for the employees.

(j) \$12,000 of the general fund--state appropriation for fiscal year 2007 and \$12,000 of the general fund--federal appropriation are provided solely to increase boarding home provider payment rates by 1.0 percent, effective July 1, 2006.

(k) \$134,000 of the general fund--state appropriation for fiscal year 2007 and \$134,000 of the general fund--federal appropriation are provided solely to increase adult family home provider payment rates by 1.0 percent, effective July 1, 2006.

(l) \$955,000 of the general fund--state appropriation for fiscal year 2007 and \$958,000 of the general fund--federal appropriation are provided solely for a rate increase for supported living providers of 15 cents per hour for King county, and 12 cents per hour for all other counties.

(m) \$778,000 of the general fund--state appropriation for fiscal year 2007 and \$580,000 of the general fund--federal appropriation are provided solely for additional case managers and support staff. The department shall dedicate half of the amount provided in this subsection to accelerate the implementation of the mini-assessment tool on clients not currently receiving paid services.

(n) \$6,135,000 of the general fund--state appropriation for fiscal year 2007 and \$4,914,000 of the general fund--federal appropriation are for additional utilization costs in community residential programs.

(2) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2006)	\$76,623,000
General Fund--State Appropriation (FY 2007)	(\$78,826,000)
	<u>\$78,142,000</u>
General Fund--Federal Appropriation	(\$153,807,000)
	<u>\$158,868,000</u>
General Fund--Private/Local Appropriation	(\$11,237,000)
	<u>\$13,674,000</u>
Pension Funding Stabilization Account--State Appropriation	\$457,000
TOTAL APPROPRIATION	(\$320,950,000)
	<u>\$327,764,000</u>

The appropriations in this subsection are subject to the following conditions and limitations: The developmental disabilities program is authorized to use funds appropriated in this section to purchase goods and supplies through direct contracting with vendors when the program determines it is cost-effective to do so.

(3) PROGRAM SUPPORT

General Fund--State Appropriation (FY 2006)	\$2,312,000
General Fund--State Appropriation (FY 2007)	(\$1,924,000)
	<u>\$1,915,000</u>
General Fund--Federal Appropriation	(\$3,014,000)
	<u>\$3,490,000</u>
Pension Funding Stabilization Account--State Appropriation	(\$17,000)
	<u>\$19,000</u>
TOTAL APPROPRIATION	(\$7,267,000)
	<u>\$7,736,000</u>

The appropriations in this subsection are subject to the following conditions and limitations: \$578,000 of the general fund--state appropriation for fiscal year 2006 and \$578,000 of the general fund--federal appropriation are provided solely for the purpose of developing and implementing a consistent needs assessment instrument for use on all clients with developmental disabilities. In developing the instrument, the department shall develop a process for collecting data on family income for minor children with developmental disabilities and all individuals who are receiving state-only funded services. The department shall ensure that this information is captured as part of the client assessment process.

(4) SPECIAL PROJECTS

General Fund--State Appropriation (FY 2006)	\$11,000
(General Fund--State Appropriation (FY 2007))	-\$17,000)
General Fund--Federal Appropriation	(\$17,238,000)
	<u>\$17,227,000</u>
Pension Funding Stabilization Account--State Appropriation	\$2,000
TOTAL APPROPRIATION	(\$17,268,000)
	<u>\$17,240,000</u>

Sec. 1106. 2006 c 372 s 206 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--AGING AND ADULT SERVICES PROGRAM

General Fund--State Appropriation (FY 2006)	\$610,082,000
General Fund--State Appropriation (FY 2007)	((\$663,865,000))
	<u>\$661,402,000</u>
General Fund--Federal Appropriation	((\$1,312,062,000))
	<u>\$1,310,858,000</u>
General Fund--Private/Local Appropriation	\$18,949,000
Health Services Account--State Appropriation	\$4,888,000
Pension Funding Stabilization Account--State Appropriation	((\$317,000))
	<u>\$319,000</u>
TOTAL APPROPRIATION	((\$2,610,163,000))
	<u>\$2,606,498,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) The entire health services account appropriation, \$6,911,000 of the general fund--state appropriation for fiscal year 2006, (~~(\$11,571,000)~~) \$9,581,000 of the general fund--state appropriation for fiscal year 2007, and (~~(\$23,251,000)~~) \$20,410,000 of the general fund--federal appropriation are provided solely for health care benefits for agency home care workers who are employed through state contracts for at least twenty hours a week. The state contribution to the cost of health care benefits per eligible participating worker per month shall be no greater than \$449.00 in fiscal year 2006 and \$532.00 per month in fiscal year 2007. The department, in consultation with the home care quality authority and the health care authority, shall examine how the state determines the appropriate level of health care costs when establishing state contribution rates for all agency and individual home care workers caring for state subsidized clients. The department shall recommend options as to how equivalent benefits can be purchased on behalf of home care workers in a more cost effective manner to the office of financial management and the appropriate fiscal committees of the legislature by October 1, 2006.

(2) For purposes of implementing chapter 74.46 RCW, the weighted average nursing facility payment rate shall not exceed \$147.57 for fiscal year 2006 and shall not exceed (~~(\$156.41)~~) \$155.99 for fiscal year 2007.

(3) In accordance with chapter 74.46 RCW, the department shall issue certificates of capital authorization that result in up to \$16 million of increased asset value completed and ready for occupancy in fiscal year 2006; up to \$16 million of increased asset value completed and ready for occupancy in fiscal year 2007; and up to \$16 million of increased asset value completed and ready for occupancy in fiscal year 2008.

(4) Adult day health services shall not be considered a duplication of services for persons receiving care in long-term care settings licensed under chapter 18.20, 72.36, or 70.128 RCW.

(5) In accordance with chapter 74.39 RCW, the department may implement two medicaid waiver programs for persons who do not qualify for such services as categorically needy, subject to federal approval and the following conditions and limitations:

(a) One waiver program shall include coverage of care in community residential facilities. Enrollment in the waiver shall not exceed 600 persons at any time.

(b) The second waiver program shall include coverage of in-home care. Enrollment in this second waiver shall not exceed 200 persons at any time.

(c) The department shall identify the number of medically needy nursing home residents, and enrollment and expenditures on each of the two medically needy waivers, on monthly management reports.

(d) If it is necessary to establish a waiting list for either waiver because the budgeted number of enrollment opportunities has been reached, the department shall track how the long-term care needs of applicants assigned to the waiting list are met.

(6) \$1,604,000 of the general fund--state appropriation for fiscal year 2006, \$3,450,000 of the general fund--state appropriation for fiscal year 2007, and \$5,064,000 of the general fund--federal appropriation are provided solely to increase compensation for direct care workers employed by home care agencies by 27 cents per hour on July 1, 2005, and by an additional 23 cents per hour on July 1, 2006. The amounts in this subsection also include the funds needed for the employer share of unemployment and social security taxes on the amount of the increase.

(7) \$1,786,000 of the general fund--state appropriation for fiscal year 2006 and \$1,804,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for operation of the volunteer chore services program.

(8) The department shall establish waiting lists to the extent necessary to assure that annual expenditures on the community options program entry systems (COPES) program do not exceed appropriated levels. In establishing and managing any such waiting list, the department shall assure priority access to persons with the greatest unmet needs, as determined by department assessment processes.

(9) \$93,000 of the general fund--state appropriation for fiscal year 2006, \$8,000 of the general fund--state appropriation for fiscal year 2007, and \$101,000 of the general fund--federal appropriation are provided solely to expand the number of boarding homes that receive exceptional care rates for persons with Alzheimer's disease and related dementias who might otherwise require nursing home care. The department may expand the number of licensed boarding home facilities that specialize in caring for such conditions by up to 85 beds in fiscal year 2006 and up to 150 beds in fiscal year 2007.

(10) \$305,000 of the general fund--state appropriation for fiscal year 2006 and \$377,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the senior farmer's market nutrition program.

(11) \$109,000 of the general fund--state appropriation for fiscal year 2006, \$90,000 of the general fund--state appropriation for fiscal year 2007, and \$198,000 of the general fund--federal appropriation are provided solely for the implementation of Second Substitute House Bill No. 1220 (long-term care financing). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(12) \$100,000 of the general fund--state appropriation for fiscal year 2006 and \$100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for area agencies on aging, or entities with which area agencies on aging contract, to provide a kinship navigator for grandparents and other kinship caregivers of children in both western and eastern Washington.

(a) Kinship navigator services shall include but not be limited to assisting kinship caregivers with understanding and navigating the system of services for children in out-of-home care while reducing barriers faced by kinship caregivers when accessing services.

(b) In providing kinship navigator services, area agencies on aging shall give priority to helping kinship caregivers maintain their caregiving role by helping them access existing services and supports, thus keeping children from entering foster care.

(13) \$435,000 of the general fund--state appropriation for fiscal year 2006 and \$435,000 of the general fund--federal appropriation are provided solely for supplemental compensation increases for direct care workers employed by home care agencies in recognition of higher labor market cost pressures experienced by agencies subject to collective bargaining obligations. In order for a specific home care agency to be eligible for such increases, home care agencies shall submit the following to the department:

(a) Proof of a legally binding, written commitment to increase the compensation of agency home care workers; and

(b) Proof of the existence of a method of enforcement of the commitment, such as arbitration, that is available to the employees or their representative, and proof that such a method is expeditious, uses a neutral decision maker, and is economical for the employees.

(14) \$7,500,000 of the general fund--state appropriation for fiscal year 2007 and \$7,500,000 of the general fund--federal appropriation are provided solely for purposes of settling all claims in the class action suit commonly known as *Regency Pacific et al. v. Department of Social and Health Services*. The expenditure of this amount is contingent on the release of all claims in the case, and total settlement costs shall not exceed the amount provided in this subsection.

(15) \$121,000 of the general fund--state appropriation for fiscal year 2007 and \$120,000 of the general fund--federal appropriation are provided solely to implement Engrossed Substitute House Bill No. 2475 (individual providers). If the bill is not enacted by June 30, 2006, the amounts provided in this subsection shall lapse.

(16) \$57,000 of the general fund--state appropriation for fiscal year 2007 and \$57,000 of the general fund--federal appropriation are provided solely to implement Engrossed Second Substitute Senate Bill No. 6630 (threatening individuals). If the bill is not enacted by June 30, 2006, the amounts provided in this subsection shall lapse.

(17) \$4,493,000 of the general fund--state appropriation for fiscal year 2007 and \$4,478,000 of the general fund--federal appropriation are provided solely to implement Substitute House Bill No. 2333 (agency home care workers). If the bill is not enacted by June 30, 2006, the amounts provided in this subsection shall lapse.

(18) \$183,000 of the general fund--state appropriation for fiscal year 2006 and \$184,000 of the general fund--federal appropriation are provided solely for payments to a boarding home licensed under chapter 18.20 RCW on January 25, 2002, which contracts with the department to provide assisted living services and which serves 20 or more clients participating in the program for all-inclusive care.

(19) \$10,090,000 of the general fund--state appropriation for fiscal year 2007 and \$10,090,000 of the general fund--federal appropriation are provided solely for the implementation of House Bill No. 2716 (nursing facility payment). If the bill is not enacted by June 30, 2006, the amounts provided in this subsection shall lapse.

(20) \$500,000 of the general fund--state appropriation for fiscal year 2006 and \$1,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for area agencies on aging, or entities with which area agencies on aging contract, to provide support services through the kinship caregiver support program for grandparents and other informal kinship caregivers of children throughout the state.

(21) \$732,000 of the general fund--state appropriation for fiscal year 2007 and \$715,000 of the general fund--federal appropriation are provided solely to increase boarding home provider payment rates by 1.0 percent, effective July 1, 2006.

(22) \$443,000 of the general fund--state appropriation for fiscal year 2007 and \$437,000 of the general fund--federal appropriation are provided solely to increase adult family home provider payment rates by 1.0 percent, effective July 1, 2006.

Sec. 1107. 2006 c 372 s 207 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ECONOMIC SERVICES PROGRAM

General Fund--State Appropriation (FY 2006)	((\$514,027,000))
	<u>\$513,976,000</u>
General Fund--State Appropriation (FY 2007)	((\$531,957,000))
	<u>\$537,966,000</u>
General Fund--Federal Appropriation	((\$1,245,673,000))
	<u>\$1,225,905,000</u>
General Fund--Private/Local Appropriation	\$27,535,000
Pension Funding Stabilization Account--State Appropriation	((\$1,138,000))
	<u>\$1,169,000</u>
TOTAL APPROPRIATION	((\$2,320,330,000))
	<u>\$2,306,551,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$303,247,000 of the general fund--state appropriation for fiscal year 2006, \$307,273,000 of the general fund--state appropriation for fiscal year 2007, and \$905,232,000 of the general fund--federal appropriation are provided solely for all components of the WorkFirst program. Within the amounts provided for the WorkFirst program, the department shall:

(a) Continue to implement WorkFirst program improvements that are designed to achieve progress against outcome measures specified in RCW 74.08A.410. Outcome data regarding job retention and wage progression shall be reported quarterly to appropriate fiscal and policy committees of the legislature for families who leave assistance, measured after 12 months, 24 months, and 36 months. The department shall

also report the percentage of families who have returned to temporary assistance for needy families after 12 months, 24 months, and 36 months; and

(b) Submit a report by October 1, 2005, to the fiscal committees of the legislature containing a spending plan for the WorkFirst program. The plan shall identify how spending levels in the 2005-2007 biennium will be adjusted to stay within available federal grant levels and the appropriated state-fund levels.

(2) \$72,526,000 of the general fund--state appropriation for fiscal year 2006 and (~~(\$77,880,000)~~) \$82,259,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for cash assistance and other services to recipients in the general assistance(~~(=unemployable)~~) program. Within these amounts:

(a) The department may expend funds for services that assist recipients to obtain employment and reduce their dependence on public assistance, provided that expenditures for these services and cash assistance do not exceed the funds provided. Mental health, substance abuse, and vocational rehabilitation services may be provided to recipients whose incapacity is not severe enough to qualify for services through a regional support network, the alcoholism and drug addiction treatment and support act, or the division of vocational rehabilitation to the extent that those services are necessary to eliminate or minimize barriers to employment;

(b) The department shall review the general assistance caseload to identify recipients that would benefit from assistance in becoming naturalized citizens, and thus be eligible to receive federal supplemental security income benefits. Those cases shall be given high priority for naturalization funding through the department;

(c) The department shall identify general assistance recipients who are or may be eligible to receive health care coverage or services through the federal veteran's administration and assist recipients in obtaining access to those benefits; and

(d) The department shall report by November of each year to the appropriate committees of the legislature on the progress and outcomes of these efforts.

(3) Within amounts appropriated in this section, the department shall increase the state supplemental payment by \$10 per month beginning in fiscal year 2006, and by an additional \$2.06 per month beginning in fiscal year 2007, for SSI clients who reside in nursing facilities, residential habilitation centers, or state hospitals and who receive a personal needs allowance and decrease other state supplemental payments.

(4) \$5,000,000 of the general fund--state appropriation for fiscal year 2006 and \$10,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a subsidy rate increase for child care providers. Of this amount, \$500,000 per year shall be targeted for child care providers in urban areas of region 1 and \$500,000 per year shall be targeted for one or more tiered-reimbursement pilot projects.

(5) \$32,000 of the general fund--state appropriation for fiscal year 2007 and \$61,000 of the general fund--federal appropriation are provided solely for implementation of Substitute House Bill No. 1329 (deficit reduction act). If the bill is not enacted by June 30, 2007, the amounts provided in this subsection shall lapse.

Sec. 1108. 2006 c 372 s 208 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ALCOHOL AND SUBSTANCE ABUSE PROGRAM

General Fund--State Appropriation (FY 2006)	\$55,136,000
General Fund--State Appropriation (FY 2007)	(\$67,345,000)
	<u>\$58,973,000</u>
General Fund--Federal Appropriation	(\$136,750,000)
	<u>\$156,481,000</u>
General Fund--Private/Local Appropriation	\$634,000
Criminal Justice Treatment Account--State Appropriation	(\$16,500,000)
	<u>\$16,745,000</u>
Violence Reduction and Drug Enforcement Account--State Appropriation	\$48,842,000
Problem Gambling Account--State Appropriation	\$1,350,000
Public Safety and Education Account--State Appropriation	\$2,081,000
Pension Funding Stabilization Account--State Appropriation	\$39,000
TOTAL APPROPRIATION	(\$328,677,000)
	<u>\$340,281,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$100,000 of the general fund--state appropriation for fiscal year 2006, \$50,000 of the general fund--state appropriation for fiscal year 2007, and \$1,350,000 of the problem gambling account appropriation are provided solely for the program established in Engrossed Substitute House Bill No. 1031 (problem gambling). If legislation creating the account is not enacted by June 30, 2005, this amount shall lapse.

(2) \$1,339,000 of the general fund--state appropriation for fiscal year 2006 and \$1,713,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the parent child assistance program, including an expansion of services to southwestern Washington and Skagit county. The department shall contract with the University of Washington and community-based providers in Spokane, Yakima, Skagit county, and southwestern Washington for the provision of this program. For all contractors, indirect charges for administering the program shall not exceed ten percent of the total contract amount. The amounts provided in this subsection are sufficient to fund section 303 of Senate Bill No. 5763 (mental disorders treatment).

(3) \$2,000,000 of the general fund--state appropriation for fiscal year 2006 and \$3,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for vendor rate adjustments for residential treatment providers for chemical dependency services.

(4) \$465,000 of the general fund--state appropriation for fiscal year 2006, \$934,000 of the general fund--state appropriation for fiscal year 2007, \$1,319,000 of the general fund--federal appropriation, and \$700,000 of the violence reduction and drug enforcement account appropriation are provided solely for vendor rate adjustments for residential treatment providers. To the extent that a portion of this funding

is sufficient to maintain sufficient residential treatment capacity, remaining amounts may then be used to provide vendor rate adjustments to other types of providers as prioritized by the department in order to maintain or increase treatment capacity.

(5) \$1,916,000 of the general fund--state appropriation for fiscal year 2006 and \$4,278,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for integrated pilot programs as required by section 203 of Senate Bill No. 5763 (mental disorders treatment). If section 203 of Senate Bill No. 5763 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(6) \$244,000 of the general fund--state appropriation for fiscal year 2006 and \$244,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for intensive case management pilot programs as required by section 220 of Senate Bill No. 5763 (mental disorders treatment). If section 220 of Senate Bill No. 5763 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(7) \$159,000 of the general fund--state appropriation for fiscal year 2006, \$140,000 of the general fund--state appropriation for fiscal year 2007, and \$161,000 of the general fund--federal appropriation are provided solely for development of the integrated chemical dependency/mental health screening and assessment tool required by section 601 of Senate Bill No. 5763 (mental disorders treatment), and associated training and quality assurance. If section 601 of Senate Bill No. 5763 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(8) \$5,475,000 of the general fund--state appropriation for fiscal year 2006, ~~(\$13,124,000)~~ \$6,727,000 of the general fund--state appropriation for fiscal year 2007, and ~~(\$10,669,000)~~ \$6,997,000 of the general fund--federal appropriation are provided solely to increase capacity of chemical dependency treatment services for adult medicaid eligible and general assistance-unemployable clients. The department shall monitor the number and type of clients entering treatment, for purposes of determining potential cost offsets.

(9) \$1,967,000 of the general fund--state appropriation for fiscal year 2006, ~~(\$2,523,000)~~ \$469,000 of the general fund--state appropriation for fiscal year 2007, and ~~(\$1,496,000)~~ \$655,000 of the general fund--federal appropriation are provided solely to increase capacity of chemical dependency treatment services for minors who are under 200 percent of the federal poverty level. The department shall monitor the number and type of clients entering treatment, for purposes of determining potential cost offsets.

(10) The division shall report to the office of financial management and the appropriate policy and fiscal committees of the legislature not later than June 30, 2007, with the following information by treatment modality, category of person treated (general assistance-unemployable, SSI-eligible, other medicaid, youth, priority populations, etc.), and by county for both the expansion and nonexpansion target populations:

- (a) Total funds spent and number of clients treated and services provided;
- (b) Total assumed cost offsets in medical assistance on a total and per-client basis for the expansion population; and
- (c) Outcome or success rate data, if available.

Sec. 1109. 2006 c 372 s 209 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--MEDICAL ASSISTANCE PROGRAM

General Fund--State Appropriation (FY 2006)	\$1,462,447,000
General Fund--State Appropriation (FY 2007)	(\$1,550,541,000)
	<u>\$1,534,799,000</u>
General Fund--Federal Appropriation	(\$4,001,987,000)
	<u>\$3,901,450,000</u>
General Fund--Private/Local Appropriation	\$2,000,000
Emergency Medical Services and Trauma Care Systems Trust Account--State Appropriation	\$15,000,000
Health Services Account--State Appropriation	(\$677,288,000)
	<u>\$663,077,000</u>
Pension Funding Stabilization Account--State Appropriation	(\$123,000)
	<u>\$124,000</u>
TOTAL APPROPRIATION	(\$7,709,386,000)
	<u>\$7,578,897,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) Based on quarterly expenditure reports and caseload forecasts, if the department estimates that expenditures for the medical assistance program will exceed the appropriations, the department shall take steps including but not limited to reduction of rates or elimination of optional services to reduce expenditures so that total program costs do not exceed the annual appropriation authority.

(2) The department shall continue to extend medicaid eligibility to children through age 18 residing in households with incomes below 200 percent of the federal poverty level.

(3) In determining financial eligibility for medicaid-funded services, the department is authorized to disregard recoveries by Holocaust survivors of insurance proceeds or other assets, as defined in RCW 48.104.030.

(4) Sufficient amounts are appropriated in this section for the department to continue podiatry services for medicaid-eligible adults.

(5) Sufficient amounts are appropriated in this section for the department to provide an adult dental benefit that is equivalent to the benefit provided in the 2003-05 biennium.

(6) In accordance with RCW 74.46.625, \$6,000,000 of the general fund--federal appropriation is provided solely for supplemental payments to nursing homes operated by public hospital districts. The public hospital district shall be responsible for providing the required nonfederal match for the supplemental payment, and the payments shall not exceed the maximum allowable under federal rules. It is the legislature's intent that the payments shall be supplemental to and shall not in any way offset or reduce the payments calculated and provided in accordance with part E of chapter 74.46 RCW. It is the legislature's further intent that costs otherwise allowable for rate-setting and settlement against payments under chapter 74.46 RCW shall not be disallowed solely because such costs have been paid by revenues retained by the nursing home from these supplemental payments.

(7) \$2,221,000 of the health services account appropriation, \$5,402,000 of the general fund--federal appropriation, \$1,590,000 of the general fund--state appropriation for fiscal year 2006, and \$1,591,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for grants to rural hospitals. The department shall distribute the funds under a formula that provides a relatively larger share of the available funding to hospitals that (a) serve a disproportionate share of low-income and medically indigent patients and (b) have relatively smaller net financial margins, to the extent allowed by the federal medicaid program.

(8) \$21,092,000 of the health services account appropriation and \$19,725,000 of the general fund--federal appropriation are provided solely for grants to nonrural hospitals. The department shall distribute the funds under a formula that provides a relatively larger share of the available funding to hospitals that (a) serve a disproportionate share of low-income and medically indigent patients and (b) have relatively smaller net financial margins, to the extent allowed by the federal medicaid program.

(9) In response to the federal directive to eliminate intergovernmental transfer transactions effective June 30, 2005, the department is directed to implement the inpatient hospital certified public expenditures program for the 2005-07 biennium. The program shall apply to all public hospitals, including those owned or operated by the state, except those classified as critical access hospitals or state psychiatric institutions. Hospitals in the program shall be paid and shall retain (a) one hundred percent of the federal portion of each medicaid inpatient fee-for-service claim payable by the medical assistance administration; and (b) one hundred percent of the federal portion of the maximum disproportionate share hospital payment allowable under federal regulations. Medicaid fee-for-service claim amounts shall be established by applying the department's ratio of costs to charges payment methodology. The department shall provide participating hospitals with the information and instructions needed by the hospital to certify the public expenditures required to qualify for the federal portions of both the medicaid inpatient fee-for-service payments and the disproportionate share hospital payments. In the event that any part of the program including, but not limited to, allowable certified public expenditures, is disallowed by the federal government, the department shall not seek recoupment of payments from the hospitals, provided the hospitals have complied with the directions of the department for participation in the program. The legislature intends that hospitals in the program receive no less in combined state and federal payments than they would have received under the methodology that was in place during fiscal year 2005. The department shall therefore make additional grant payments, not to exceed the amounts specified in this subsection, to hospitals whose total payments under the program would otherwise be less than the total state and federal payments they would have received under the methodology in effect during fiscal year 2005. Payments under these new state grant and upper payment limit programs shall not exceed \$54,054,000 from general fund--state appropriations in fiscal year 2006, of which \$5,600,000 is appropriated in section 204(1) of this 2006 act and the balance in this section; (~~(\$47,474,000)~~) \$76,527,000 from general fund--state appropriations in fiscal year 2007, of which \$5,600,000 is appropriated in section 204(1) of this 2006 act and the balance in this section; and \$11,328,000 from the general fund--federal appropriations in this section.

(10) \$4,077,000 of the general fund--state appropriation for fiscal year 2006, (~~(\$4,847,000)~~) \$3,294,000 of the general fund--state appropriation for fiscal year 2007, and (~~(\$70,100,000)~~) \$57,565,000 of the general fund--federal appropriation are provided solely for development and implementation of a replacement system for the existing medicaid management information system.

(11) \$188,000 of the general fund--state appropriation for fiscal year 2006, \$37,000 of the general fund--state appropriation for fiscal year 2007, and \$225,000 of the general fund--federal appropriation are provided solely for the department to contract for an independent analysis of the medical assistance administration's current system for establishing hospital inpatient payment rates, and for recommendations on a new or updated system. The department shall submit an interim report of study findings by December 1, 2005, and a final report by November 15, 2006. The interim report shall include a comparison of the strengths and weaknesses of the current rate-setting system relative to those used by other state, federal, and private payers. The final report shall include recommendations on the design and implementation of a new or updated system that will promote equity among hospitals, access to quality care and improved health outcomes for patients, and cost-control and efficiency for taxpayers. The study should make use of complete and current cost data from a wide variety of hospitals, recognize unique aspects of hospital service delivery structures and medicaid payment systems in Washington, recognize impacts on productivity and quality of care that may result from hospital compensation, recruitment, and retention policies, and provide opportunities for comment and participation by key interest groups in the identification and assessment of alternatives.

(12) Payment rates for hospital inpatient and outpatient services shall be increased by an average of 1.3 percent effective July 1, 2005, and by an average of an additional 1.3 percent effective July 1, 2006. The inpatient increases shall be provided only on the portion of a hospital's rate that excludes medical education and outlier costs, and shall be allocated so that hospitals with lower costs of care (excluding medical education and outlier costs) receive larger percentage increases than those with higher costs of care. The inpatient increases shall be allocated in three percentage increments, with the lowest-cost hospitals receiving the largest percentage rate increase, highest-cost hospitals receiving the smallest percentage increase, and medium-cost hospitals receiving the average of the highest and the lowest percentage rate increase. Increases shall not be provided to those hospitals that are certified as critical access. Sufficient funds are appropriated in this section for Healthy Options contractors to increase hospital payment rates commensurate with the increases in fee-for-service payment rates.

(13) When a person is ineligible for medicaid solely by reason of residence in an institution for mental diseases, the department shall provide the person with the same benefits as he or she would receive if eligible for medicaid, using state-only funds to the extent necessary.

(14) The medical assistance administration is authorized to use funds appropriated in this section to purchase goods and supplies through direct contracting with vendors when the administration determines it is cost-effective to do so.

(15) The legislature affirms that it is in the state's interest for Harborview medical center to remain an economically viable component of the state's health care system.

(16) By October 1, 2005, the department shall recommend to the governor and legislature at least two pilot project designs which seem likely to reduce avoidable emergency room utilization at no net cost to the state within the projects' first eighteen months of operation.

(17) Within funds appropriated in this section, the department shall participate in the health technology assessment program required in section 213(6) of this act.

(18) The department is also required to participate in the joint health purchasing project described in section 213(7) of this act.

(19) The department shall, within available resources, continue operation of the medical care services care management pilot project for clients receiving general assistance benefits in King and Pierce counties. The project may use a full or partial capitation model that includes a mechanism for shared savings. The department shall provide a report to the appropriate committees of the legislature by January 1, 2006, on costs, savings, and any outcomes or quality measures associated with the pilot programs during the first year of operation.

(20) By October 1, 2005, the department shall report to the appropriate committees of the legislature on the potential fiscal and programmatic costs and benefits associated with an expansion of managed care pilot programs to SSI and other eligible medicaid elderly and disabled persons.

(21) By November 15, 2006, the department of social and health services, in consultation with the department of revenue and the health care authority, shall report to the health care and fiscal committees of the legislature on options for providing financial incentives for private practice physicians to serve uninsured, medicare, and medicaid patients. The report shall include an assessment of the relative costs and effectiveness of strategies including, but not limited to, tax credits and payment rate increases. The report shall further suggest alternative mechanisms and thresholds for varying tax credits and payment enhancements according to the extent to which a provider serves uninsured, medicare, and medicaid patients.

(22) The department is directed to pursue all available administrative remedies to dispute and reverse recent large retroactive charges by the federal medicare program for payment of medicare part B premiums on behalf of medicaid recipients, to the extent that such premiums are for periods when medicare coverage was in fact never provided the beneficiaries, and their care was instead fully covered by the state medicaid program. The department shall report to the fiscal committees of the legislature by December 1, 2006, on the actions it has taken to dispute and reverse these charges.

(23) \$66,000 of the general fund--state appropriation for fiscal year 2007 and \$66,000 of the general fund--federal appropriation are provided solely to implement Second Substitute House Bill No. 2002 (foster care support services). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(24) \$255,000 of the general fund--state appropriation for fiscal year 2007 and \$2,107,000 of the general fund--federal appropriation are provided solely to increase the availability of family planning services at the department of social and health services' community service offices. Resources will be prioritized for those offices where pregnancy rates are higher than the statewide average.

(25) \$17,000 of the general fund--state appropriation for fiscal year 2006, \$53,000 of the general fund--state appropriation for fiscal year 2007, and \$70,000 of the general fund--federal appropriation are provided solely for conducting a study of the employment status of enrollees in the basic health plan and the medical assistance program, pursuant to Engrossed Substitute House Bill No. 3079 (health care services). If the bill is not enacted by June 30, 2006, the amounts provided in this subsection shall lapse.

Sec. 1110. 2006 c 372 s 210 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--VOCATIONAL REHABILITATION PROGRAM

General Fund--State Appropriation (FY 2006)	\$10,694,000
General Fund--State Appropriation (FY 2007)	(\$11,014,000)
	<u>\$10,946,000</u>
General Fund--Federal Appropriation	(\$89,472,000)
	<u>\$89,471,000</u>
Telecommunications Devices for the Hearing and Speech Impaired--State Appropriation	\$1,792,000
Pension Funding Stabilization Account--State Appropriation	(\$31,000)
	<u>\$33,000</u>
TOTAL APPROPRIATION	(\$113,003,000)
	<u>\$112,936,000</u>

The appropriations in this section are subject to the following conditions and limitations: The division of vocational rehabilitation shall maintain support for existing clubhouse programs at the 2003-2005 level.

Sec. 1111. 2006 c 372 s 211 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--ADMINISTRATION AND SUPPORTING SERVICES PROGRAM

General Fund--State Appropriation (FY 2006)	\$34,675,000
General Fund--State Appropriation (FY 2007)	(\$36,860,000)
	<u>\$41,279,000</u>
General Fund--Federal Appropriation	(\$62,376,000)
	<u>\$61,788,000</u>
General Fund--Private/Local Appropriation	(\$810,000)
	<u>\$836,000</u>
Public Safety and Education Account--State Appropriation	\$2,452,000
Violence Reduction and Drug Enforcement Account--State Appropriation	\$1,793,000
Pension Funding Stabilization Account--State Appropriation	(\$300,000)
	<u>\$246,000</u>
TOTAL APPROPRIATION	(\$139,266,000)
	<u>\$143,069,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$500,000 of the general fund--state appropriation for fiscal year 2006 and \$500,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for funding of the teamchild project through the governor's juvenile justice advisory committee.

(2) \$2,452,000 of the public safety and education account--state appropriation, \$1,500,000 of the general fund--state appropriation for fiscal year 2007, and \$1,791,000 of the violence reduction and drug enforcement account--state appropriation are provided solely for the family policy council.

(3) \$2,245,000 of the general fund--state appropriation for fiscal year 2006, \$1,589,000 of the general fund--state appropriation for fiscal year 2007, and \$3,834,000 of the general--fund federal appropriation are provided solely to implement the 2005-07 home care worker collective bargaining agreement.

Sec. 1112. 2006 c 372 s 212 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--PAYMENTS TO OTHER AGENCIES PROGRAM

General Fund--State Appropriation (FY 2006)	\$48,755,000
General Fund--State Appropriation (FY 2007)	(\$49,277,000)
	<u>\$50,970,000</u>
General Fund--Federal Appropriation	(\$47,248,000)
	<u>\$49,938,000</u>
TOTAL APPROPRIATION	(\$145,280,000)
	<u>\$149,663,000</u>

Sec. 1113. 2006 c 372 s 213 (uncodified) is amended to read as follows:

FOR THE STATE HEALTH CARE AUTHORITY

General Fund--Federal Appropriation	\$3,710,000
State Health Care Authority Administrative Account--State Appropriation	(\$33,279,000)
	<u>\$34,034,000</u>
Medical Aid Account--State Appropriation	\$345,000
Health Services Account--State Appropriation	(\$468,286,000)
	<u>\$464,247,000</u>
TOTAL APPROPRIATION	(\$505,620,000)
	<u>\$502,336,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) Within amounts appropriated in this section and sections 205 and 206 of this act, the health care authority shall continue to provide an enhanced basic health plan subsidy for foster parents licensed under chapter 74.15 RCW and workers in state-funded home care programs. Under this enhanced subsidy option, foster parents and home care workers with family incomes below 200 percent of the federal poverty level shall be allowed to enroll in the basic health plan at the minimum premium amount charged to enrollees with incomes below sixty-five percent of the federal poverty level.

(2) The health care authority shall require organizations and individuals which are paid to deliver basic health plan services and which choose to sponsor enrollment in the subsidized basic health plan to pay 133 percent of the premium amount which would otherwise be due from the sponsored enrollees.

(3) The administrator shall take at least the following actions to assure that persons participating in the basic health plan are eligible for the level of assistance they receive: (a) Require submission of (i) income tax returns, and recent pay history, from all applicants, or (ii) other verifiable evidence of earned and unearned income from those persons not required to file income tax returns; (b) check employment security payroll records at least once every twelve months on all enrollees; (c) require enrollees whose income as indicated by payroll records exceeds that upon which their subsidy is based to document their current income as a condition of continued eligibility; (d) require enrollees for whom employment security payroll records cannot be obtained to document their current income at least once every six months; (e) not reduce gross family income for self-employed persons by noncash-flow expenses such as, but not limited to, depreciation, amortization, and home office deductions, as defined by the United States internal revenue service; and (f) pursue repayment and civil penalties from persons who have received excessive subsidies, as provided in RCW 70.47.060(9).

(4) \$21,108,000 of the health services account--state appropriation is provided solely for funding for health care services provided through local community clinics.

(5) \$391,000 of the health services account appropriation is provided solely for implementation of Substitute Senate Bill No. 5471, chapter 129, Laws of 2005 (drug purchasing consortium).

(6) The health care authority shall conduct a health technology assessment pilot project to evaluate scientific evidence regarding current and evolving health care procedures, services and technology. The pilot shall be a joint effort of the departments of social and health services, labor and industries, corrections, and veteran's affairs and the health care authority. Upon completion of assessment of a procedure, service or technology, the agencies shall make every effort, consistent with federal and state law, to jointly decide: (a) On coverage of the procedure, service or technology by each agency, and (b) if covered, the guidelines or criteria that will be applied to medical necessity decisions.

(7) The departments of social and health services, labor and industries and the health care authority, in collaboration with affected health care providers, facilities, and contracted health plans, shall design and implement a joint health purchasing project that links payment to health care provider or facility performance, particularly where such performance is expected to improve patient outcomes or where there are wide

variations in clinical practice used to treat a condition or illness. The purchasing effort shall utilize evidence-based performance measures that are designed to improve quality of care and yield measurable and significant savings. The project shall include payment mechanisms that create incentives to improve quality of care. On or before December 1, 2006, the agencies shall report to relevant policy and fiscal committees of the legislature on the status of the purchasing project, including actual and anticipated savings.

(8) \$395,000 of the health services account appropriation is provided solely for implementation of Substitute House Bill No. 1689 (dental residency program). If Substitute House Bill No. 1689 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(9) \$250,000 of the health services account appropriation is provided solely for implementation of Engrossed Second Substitute House Bill No. 1688 (certificate of need program). If Engrossed Second Substitute House Bill No. 1688 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(10) \$316,000 of the health services account--state appropriation and \$15,000 of the general fund--federal appropriation are provided solely for a study of electronic medical records systems pursuant to Substitute Senate Bill No. 5064 (electronic medical records). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(11) \$458,000 of the health services account appropriation, \$401,000 of the general fund--federal appropriation, \$205,000 of the state health care authority administrative account--state appropriation, and \$174,000 of the medical aid account--state appropriation are provided solely for establishment of a centralized evidence-based health technology assessment system as defined in Engrossed Second Substitute House Bill No. 2575 (health technology assessment), for supporting the activities of the health technology clinical committee, or other activities required to implement Engrossed Second Substitute House Bill No. 2575. Participating agencies will be the medical assistance administration in the department of social and health services, the department of labor and industries, the health care authority's uniform medical plan, the department of corrections, and the department of veterans affairs. If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(12) As provided in Engrossed Second Substitute Senate Bill No. 6459 (community-based health care solutions), the authority shall make grants of up to \$250,000 from the community health collaborative account to assist community-based organizations increase access to appropriate, affordable health care for Washington residents, particularly low-income working individuals and their families. State grant funds may be used to collect federal matching funds available through medicaid or through the state children's health insurance (SCHIP) program, to the extent allowed by federal rules, and to the extent funds are available in the state's SCHIP allotment in excess of those required for services funded in section 209 of this 2006 act.

(13) \$625,000 of the health services account appropriation is provided solely for the implementation of Engrossed Second Substitute House Bill No. 2572 (small business health insurance assistance program). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(14) \$450,000 of the state health care authority administrative account--state appropriation is provided solely for an on-line employee health assessment tool.

(15) \$499,000 of the health services account appropriation and \$65,000 of the general fund--federal appropriation are provided solely for conducting a study of the employment status of enrollees in the basic health plan and the medical assistance program, pursuant to Engrossed Substitute House Bill No. 3079. If the bill is not enacted by June 30, 2006, the amounts provided in this subsection shall lapse.

Sec. 1114. 2006 c 372 s 214 (uncodified) is amended to read as follows:

FOR THE HUMAN RIGHTS COMMISSION

General Fund--State Appropriation (FY 2006)	\$2,779,000
General Fund--State Appropriation (FY 2007)	(\$3,032,000)
	<u>\$3,067,000</u>
General Fund--Federal Appropriation	\$1,321,000
Pension Funding Stabilization Account--State Appropriation	\$13,000
TOTAL APPROPRIATION	(\$7,145,000)
	<u>\$7,180,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) The commission shall submit a report by December 1st of each year to the office of financial management and the legislative fiscal committees detailing any changes in existing federal revenues for the remainder of the current fiscal year and changes in projections of federal revenue for the upcoming fiscal year.

(2) \$34,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for a human rights commission investigator to travel to Vancouver once a week to provide complaint intake, outreach, and conduct investigations.

Sec. 1115. 2006 c 372 s 216 (uncodified) is amended to read as follows:

FOR THE CRIMINAL JUSTICE TRAINING COMMISSION

Public Safety and Education Account--State Appropriation	(\$22,231,000)
	<u>\$22,246,000</u>
Death Investigations Account--State Appropriation	\$148,000
Municipal Criminal Justice Assistance Account--State Appropriation	\$460,000
TOTAL APPROPRIATION	(\$22,839,000)
	<u>\$22,854,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) During the 2005-2007 biennium, the criminal justice training commission is authorized to raise existing fees charged for firearms certification for security guards in excess of the fiscal growth factor established pursuant to RCW 43.135.055, if necessary, to meet the actual costs of conducting the certification programs and the appropriation levels in this section.

(2) \$100,000 of the public safety and education account--state appropriation is provided solely for support of the coalition of small police agencies major crimes task force. The purpose of this task force is to pool its resources and to establish an efficient and cooperative approach in addressing major violent crimes.

(3) Amounts provided within this section are sufficient to implement the provisions of section 2 of House Bill No. 1136 (electronic monitoring system).

(4) \$163,000 of the public safety and education account--state appropriation is provided solely for the implementation of section 4 of Second Substitute House Bill No. 2805 (missing persons). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(5) The commission shall conduct a survey of local law enforcement and state agencies to collect data projecting future cadet enrollments for the 2007-2009 biennium. The commission shall report the findings to the legislature by October 1, 2006.

(6)(a) \$411,000 of the public safety and education account--state appropriation is provided solely for the implementation of Substitute Senate Bill No. 6502 (victim information system). If the bill is not enacted by June 30, 2006, the amount provided in this subsection is provided solely for a contract with the Washington association of sheriffs and police chiefs to implement a statewide automated victim information and notification system. This system shall be added to the city and county jail booking and reporting system. The statewide automated victim information and notification system shall:

(i) Automatically notify a registered victim via the victim's choice of telephone, letter, or e-mail when any of the following events affect an offender housed in any Washington state city or county jail or department of corrections facility: (A) Is transferred or assigned to another facility; (B) is transferred to the custody of another agency outside the state; (C) is given a different security classification; (D) is released on temporary leave or otherwise; (E) is discharged; (F) has escaped; or (G) has been served with a protective order that was requested by the victim;

(ii) Automatically notify a registered victim via the victim's choice of telephone, letter, or e-mail when an offender has: (A) An upcoming court event where the victim is entitled to be present, if the court information is made available to the statewide automated victim information and notification system administrator at the Washington association of sheriffs and police chiefs; (B) an upcoming parole, pardon, or community supervision hearing; or (C) a change in the offender's parole, probation, or community supervision status including a change in the offender's supervision status or a change in the offender's address;

(iii) Automatically notify a registered victim via the victim's choice of telephone, letter, or e-mail when a sex offender has: (A) Updated his or her profile information with the state sex offender registry; or (B) become noncompliant with the state sex offender registry;

(iv) Permit a registered victim to receive the most recent status report for an offender in any Washington state city and county jail, department of corrections, or sex offender registry by calling the statewide automated victim information and notification system on a toll-free telephone number or by accessing the statewide automated victim information and notification system via a public web site. All registered victims calling the statewide automated victim information and notification system will be given the option to have live operator assistance to help use the program on a twenty-four hour, three hundred sixty-five day per year basis;

(v) Permit a crime victim to register, or registered victim to update, the victim's registration information for the statewide automated victim information and notification system by calling a toll-free telephone number or by accessing a public web site; and

(vi) Ensure that the offender information contained within the statewide automated victim information and notification system is updated frequently to timely notify a crime victim that an offender has been released or discharged or has escaped.

(b) The purpose of the victim information and notification system is to protect the public health, safety, and welfare generally. Creation and implementation of the victim information and notification system does not create a private right of action.

(c) The Washington association of sheriffs and police chiefs will not require automated victim information and notification systems in existence and operational as of the effective date of this act to participate in the statewide system.

(d) Any vendor that the association contracts with to provide the statewide automated victim notification service must deliver the service with a minimum of 99.95-percent availability and with less than an average of one-percent notification errors as a result of the vendor's technology.

(e) The Washington association of sheriffs and police chiefs shall report to the appropriate fiscal and policy committees of the legislature by December 1, 2006, on the availability of federal grant funds to operate the victim information system.

(7) \$132,000 of the public safety and education account--state appropriation is provided solely for the implementation of Substitute Senate Bill No. 6320 (sex offender information). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(8) \$1,575,000 of the public safety and education account--state appropriation is provided solely for the implementation of sections 103, 104, and 105 of Engrossed Second Substitute Senate Bill No. 6239 (controlled substances). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

Sec. 1116. 2006 c 372 s 217 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF LABOR AND INDUSTRIES

General Fund--State Appropriation (FY 2006)	\$7,561,000
General Fund--State Appropriation (FY 2007)	(\$7,681,000)
	<u>\$7,671,000</u>
Public Safety and Education Account--State Appropriation	\$29,519,000
Public Safety and Education Account--Federal Appropriation	\$10,000,000
Asbestos Account--State Appropriation	\$810,000
Electrical License Account--State Appropriation	(\$35,995,000)
	<u>\$36,303,000</u>

Farm Labor Revolving Account--Private/Local Appropriation	\$28,000
Worker and Community Right-to-Know Account--State Appropriation	\$1,827,000
Public Works Administration Account--State Appropriation	\$2,673,000
Accident Account--State Appropriation	(\$211,084,000)
	<u>\$210,804,000</u>
Accident Account--Federal Appropriation	\$13,621,000
Medical Aid Account--State Appropriation	(\$208,033,000)
	<u>\$208,036,000</u>
Medical Aid Account--Federal Appropriation	\$3,185,000
Plumbing Certificate Account--State Appropriation	\$1,730,000
Pressure Systems Safety Account--State Appropriation	\$3,357,000
Pension Funding Stabilization Account--State Appropriation	\$31,000
TOTAL APPROPRIATION	(\$537,135,000)
	<u>\$537,156,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$700,000 of the accident account--state appropriation and \$699,000 of the medical aid account--state appropriation are provided solely for the construction of a computer system to collect data from self-insured employers and are contingent on the passage of Substitute House Bill No. 1310 (workers compensation reporting) on mandatory electronic data reporting by self-insured employers. If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(2) \$29,283,000 of the public safety and education account--state appropriation, and \$10,000,000 of the public safety and education account--federal appropriation are provided solely for the crime victims' compensation program, subject to the following conditions:

(a) Reimbursement shall be provided throughout the 2005-2007 biennium for full reimbursement of sexual assault forensic exams at workers' compensation rates;

(b) Reimbursement shall be provided throughout fiscal year 2007 for full reimbursement of mental health care at workers' compensation rates; and

(c) In accordance with RCW 7.68.015, it is the policy of the state that the department of labor and industries operate the crime victims' compensation program within the amounts provided for this program in this subsection.

(3) \$200,000 of the accident account--state appropriation is provided solely to reimburse the department of agriculture for the agricultural worker pesticide handling and application training program.

(4) \$71,000 of the medical aid account--state appropriation and \$71,000 of the accident account--state appropriation are provided solely for the review of payment of medical bills and authorization for medical procedures by self-insurers.

(5) The department is required to participate in the health technology assessment program required in section 213(6) of this act.

(6) The department is also required to participate in the joint health purchasing project described in section 213(7) of this act.

(7) \$35,000 of the general fund--state appropriation for fiscal year 2006 and \$8,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Substitute House Bill No. 1393 (older mobile homes). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(8) \$182,000 of the accident account--state appropriation and \$623,000 of the medical aid account--state appropriation are provided solely to (a) expand services in the centers of occupational health and education (COHE) in Spokane and Renton; (b) add two additional COHE locations in the state; and (c) include Yakima county in the Spokane COHE.

(9) \$158,000 of the accident account--state appropriation and \$158,000 of the medical aid account--state appropriation are provided solely to implement Substitute House Bill No. 1856 (annual audits of the state industrial insurance fund). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(10) The department shall delay the costs associated with implementation of phase II of its indirect cost allocation plan for the public works administration account until July 1, 2007.

(11) \$236,000 of the public safety and education account--state is provided solely for fiscal year 2007 to implement House Bill No. 2612 (failure to secure a load). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(12) \$83,000 of the electrical license account--state is provided solely for fiscal year 2007 to implement Substitute House Bill No. 1841 (electrical trainees). If the bill is not enacted by June 30, 2006 the amount provided in this subsection shall lapse.

~~((14))~~ (13) The department shall prepare a report identifying programs funded either directly or indirectly from state workers' compensation funds. The report shall describe the amounts and percentages of funds used to administer identified programs, as well as the criteria used to make funding decisions. In consultation with the workers' compensation advisory committee, the department shall also develop recommendations for equitable, adequate, and stable funding sources for identified programs. The department shall submit the report and the recommendations to the house of representatives committees on appropriations and commerce and labor, or their successor committees, and the senate committees on ways and means and labor, commerce, research and development, or their successor committees, by December 1, 2006.

~~((15))~~ (14) \$61,000 of the electrical license account--state appropriation and \$55,000 of the plumbing certificate account--state appropriation are provided solely to implement Substitute Senate Bill No. 6225 (domestic water pumping systems). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((16))~~ (15) \$26,000 of the accident account--state appropriation and \$5,000 of the medical aid account--state appropriation are provided solely to implement Substitute Senate Bill No. 6185 (family and medical leave act). If the bill not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

Sec. 1117. 2006 c 372 s 219 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF VETERANS AFFAIRS

(1) HEADQUARTERS

General Fund--State Appropriation (FY 2006)	\$1,917,000
General Fund--State Appropriation (FY 2007)	(\$1,982,000)
	<u>\$2,058,000</u>
Charitable, Educational, Penal, and Reformatory Institutions Account--State Appropriation	\$10,000
Pension Funding Stabilization Account--State Appropriation	\$10,000
TOTAL APPROPRIATION	(\$3,919,000)
	<u>\$3,995,000</u>

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The department shall participate in the health technology assessment program required in section 213(6) of this act.

(b) The department shall participate in the joint health purchasing project described in section 213(7) of this act.

(c) \$25,000 of the general fund--state appropriation for fiscal year 2006 is provided for the department to conduct a feasibility study of a veterans' cemetery in eastern Washington. The study shall include location, acquisition costs, projection of continued operations costs, and revenue sources for acquisition and operations. A final report of the findings shall be submitted no later than December 15, 2005.

(d) \$70,000 of the general fund--state appropriation for fiscal year 2006 and \$70,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for implementation of Senate Bill No. 5539 (veterans conservation corps). If Senate Bill No. 5539 is not enacted by June 30, 2005, these amounts shall lapse.

(2) FIELD SERVICES

General Fund--State Appropriation (FY 2006)	\$2,811,000
General Fund--State Appropriation (FY 2007)	(\$3,317,000)
	<u>\$3,309,000</u>
General Fund--Federal Appropriation	(\$343,000)
	<u>\$350,000</u>
General Fund--Private/Local Appropriation	(\$1,367,000)
	<u>\$1,893,000</u>
Veterans Estate Management Account--Local Appropriation	\$651,000
Veterans' Innovations Program Account--State Appropriation	\$2,000,000
Pension Funding Stabilization Account--State Appropriation	\$11,000
TOTAL APPROPRIATION	(\$10,500,000)
	<u>\$11,025,000</u>

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$25,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the development of a public service announcement outreach campaign directed at returning veterans from Operation Iraqi Freedom and Operation Enduring Freedom.

(b) \$75,000 of the general fund--state appropriation for fiscal year 2006 and \$95,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the post traumatic stress counseling program expansion to address the needs of veterans returning from Iraq and Afghanistan.

(c) \$2,000,000 of the veterans' innovations program account--state appropriation for fiscal year 2007 is provided solely to implement Second Substitute House Bill No. 2754 (veterans' innovations program). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(3) INSTITUTIONAL SERVICES

General Fund--State Appropriation (FY 2006)	\$5,283,000
General Fund--State Appropriation (FY 2007)	(\$5,946,000)
	<u>\$6,490,000</u>
General Fund--Federal Appropriation	(\$36,114,000)
	<u>\$36,507,000</u>
General Fund--Private/Local Appropriation	\$28,830,000
Pension Funding Stabilization Account--State Appropriation	\$187,000
TOTAL APPROPRIATION	(\$76,360,000)
	<u>\$77,297,000</u>

Sec. 1118. 2006 c 372 s 221 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF HEALTH

General Fund--State Appropriation (FY 2006)	\$62,835,000
General Fund--State Appropriation (FY 2007)	(\$70,954,000)
	<u>\$71,390,000</u>

General Fund--Federal Appropriation	(\$477,467,000)
	<u>\$466,007,000</u>
General Fund--Private/Local Appropriation	(\$104,867,000)
	<u>\$106,083,000</u>
Hospital Commission Account--State Appropriation	(\$1,521,000)
	<u>\$1,522,000</u>
Health Professions Account--State Appropriation	(\$53,975,000)
	<u>\$54,695,000</u>
Aquatic Lands Enhancement Account--State Appropriation	\$600,000
Emergency Medical Services and Trauma Care Systems Trust Account--State Appropriation	\$12,579,000
Safe Drinking Water Account--State Appropriation	(\$2,917,000)
	<u>\$2,918,000</u>
Drinking Water Assistance Account--Federal Appropriation	(\$16,179,000)
	<u>\$16,182,000</u>
Waterworks Operator Certification--State Appropriation	\$1,099,000
Drinking Water Assistance Administrative Account--State Appropriation	\$326,000
Water Quality Account--State Appropriation	(\$3,693,000)
	<u>\$3,694,000</u>
State Toxics Control Account--State Appropriation	\$2,852,000
Medical Test Site Licensure Account--State Appropriation	(\$1,798,000)
	<u>\$1,951,000</u>
Youth Tobacco Prevention Account--State Appropriation	(\$1,806,000)
	<u>\$1,606,000</u>
Public Health Supplemental Account--Private/Local Appropriation	\$3,306,000
Accident Account--State Appropriation	\$277,000
Medical Aid Account--State Appropriation	\$46,000
Health Services Account--State Appropriation	(\$41,942,000)
	<u>\$42,107,000</u>
Tobacco Prevention and Control Account--State Appropriation	(\$52,684,000)
	<u>\$52,685,000</u>
Pension Funding Stabilization Account--State Appropriation	\$144,000
TOTAL APPROPRIATION	(\$913,867,000)
	<u>\$904,904,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) The department or any successor agency is authorized to raise existing fees charged for the clandestine drug lab program, the drinking water program, radioactive materials license fees, X-ray facility registration fees, shellfish commercial paralytic shellfish poisoning fees, the water recreation program, the wastewater management program, newborn specialty clinic fees, acute care hospitals, psychiatric hospitals, child birth centers, correctional medical facilities, alcoholism hospitals, and the midwifery program, in excess of the fiscal growth factor pursuant to RCW 43.135.055, if necessary, to meet the actual costs of conducting business and the appropriation levels in this section. However, the department may not raise existing fees charged for the midwifery program by more than twenty percent over the biennium and from July 1, 2006, through June 30, 2007, the annual fees for new or renewed licenses shall be no greater than \$450.

(2) \$1,363,000 of the general fund--state fiscal year 2006 appropriation, \$1,363,000 of the general fund--state fiscal year 2007 appropriation, and \$676,000 of the general fund--local appropriation are provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action items, DOH-01, DOH-02, DOH-03, and DOH-04.

(3) The department of health shall not initiate any services that will require expenditure of state general fund moneys unless expressly authorized in this act or other law. The department may seek, receive, and spend, under RCW 43.79.260 through 43.79.282, federal moneys not anticipated in this act as long as the federal funding does not require expenditure of state moneys for the program in excess of amounts anticipated in this act. If the department receives unanticipated unrestricted federal moneys, those moneys shall be spent for services authorized in this act or in any other legislation that provides appropriation authority, and an equal amount of appropriated state moneys shall lapse. Upon the lapsing of any moneys under this subsection, the office of financial management shall notify the legislative fiscal committees. As used in this subsection, "unrestricted federal moneys" includes block grants and other funds that federal law does not require to be spent on specifically defined projects or matched on a formula basis by state funds.

(4) \$383,000 of the general fund--state appropriation for fiscal year 2006, \$317,000 of the general fund--state appropriation for fiscal year 2007, and \$600,000 of the aquatic lands enhancement account appropriation are provided solely to assist counties in marine areas complete on-site sewage system management plans and electronic data bases to inventory on-site sewage systems.

(5) \$60,000 of the health professions account appropriation is provided solely for implementation of Engrossed Substitute Senate Bill No. 5470 (prescription importation). If Engrossed Substitute Senate Bill No. 5470 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(6) \$268,000 of the health professions account appropriation is provided solely for implementation of Engrossed Substitute House Bill No. 2266 (precursor drugs). If Engrossed Substitute House Bill No. 2266 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(7) \$42,000 of the health professions account appropriation is provided solely for implementation of Second Substitute House Bill No. 1168 (prescription reimportation). If Second Substitute House Bill No. 1168 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(8) \$100,000 of the general fund--state appropriation for fiscal year 2006 and \$620,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the department to implement a multi-year pilot project covering Adams, Chelan, Douglas, Grant, Okanogan, Skagit, and Franklin counties for persons with household income at or below 200 percent of the federal poverty level who are ineligible for family planning services through the medicaid program. Individuals who will be served under the pilot program include women who have never been pregnant, are not currently pregnant, or are beyond the family planning extension period allowed for first steps program eligibility. It is anticipated that the pilot program will serve over 500 women. The department will provide a preliminary report to the appropriate committees of the legislature by January 1, 2006, and a final report by January 1, 2007.

(9) \$462,000 of the general fund--private/local appropriation is provided solely to support specialty clinics that provide treatment services to children that are identified with one of the five heritable or metabolic disorders added to the newborn screening panel by the state board of health in 2003.

(10) \$125,000 of the general fund--state appropriation for fiscal year 2006 and \$125,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the farmers' market nutrition program of the special supplemental nutrition program for women, infants and children. It is anticipated that these funds will enable the department to expand 2004 participation levels by 8,000 persons annually.

(11) \$100,000 of the general fund--state appropriation for fiscal year 2006 and \$200,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the infertility prevention project to implement effective prevention strategies designed to reduce the prevalence of chlamydia and gonorrhea and their potentially debilitating complications.

(12) With funds appropriated in this section, the medical advisory committee to the early detection breast and cervical cancer screening program shall study and recommend strategies for adopting emerging technologies and best practices from the national, state, and local levels in the field of early prevention and detection for breast and cervical cancer, and assist the early detection breast and cervical cancer screening program in implementing policy that follows the best practices of high quality health care for clinical, diagnostic, preventative, pathologic, radiological, and oncology services. The committee will report its recommendations to the legislature by December 15, 2006.

(13) \$25,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to develop and implement best practices in preventative health care for children. The department and the kids get care program of public health - Seattle and King county will work in collaboration with local health care agencies to disseminate strategic interventions that are focused on evidence-based best practices for improving health outcomes in children and saving health-care costs.

(14) \$48,000 of the health professions account appropriation is provided solely for implementation of Substitute House Bill No. 1075 (nursing quality commission). If Substitute House Bill No. 1075 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(15) \$74,000 of the health professions account appropriation is provided solely for implementation of Substitute House Bill No. 1137 (physical therapy). If Substitute House Bill No. 1137 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(16) \$109,000 of the health professions account appropriation is provided solely for implementation of House Bill No. 1546 (naturopathic physicians). If House Bill No. 1546 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(17) \$80,000 of the health professions account appropriation is provided solely for implementation of Substitute House Bill No. 1689 (dental health services). If Substitute House Bill No. 1689 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(18) \$42,000 of the general fund--state appropriation for fiscal year 2006 and \$24,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for implementation of Engrossed Second Substitute House Bill No. 1605 (soil contamination). If Engrossed Second Substitute House Bill No. 1605 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(19) \$40,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for implementation of Substitute House Bill No. 1951 (vision exams for children). If Substitute House Bill No. 1951 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(20) \$43,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for implementation of Engrossed Senate Bill No. 5049 (mold in residential units). If Engrossed Senate Bill No. 5049 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(21) \$26,000 of the general fund--state appropriation for fiscal year 2006 and \$12,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for implementation of Senate Bill No. 5311 (autism task force). If Senate Bill No. 5311 is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(22) \$168,000 of the health services account appropriation is provided solely for a two-year pilot project under which parents have the option to choose vaccines which do not contain mercury.

(23) \$750,000 of the health services account--state appropriation is provided solely to add one or more combination vaccines to the universal access to childhood immunizations program. The vaccine or vaccines to be added shall be selected by the department after a clinical and cost-effectiveness review by the state vaccine advisory committee. The review shall consider at least the following criteria: (a) The likelihood that use of the combination vaccine will increase childhood immunization rates; (b) the vaccine's relative effectiveness, and the prevalence and seriousness of the conditions it prevents; (c) the relative cost of the vaccine, after accounting for the extent to which it would replace some single injection antigens; and (d) the extent to which the vaccine is mercury-free. The projected 2007-09 state cost of the combination vaccine or vaccines added pursuant to this review shall not exceed \$3,000,000.

(24) \$151,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for a grant to the Kitsap county health district. The funding shall be used to increase the number of women who receive professional support after delivery through a home visit or telephone call by the county health district. In order to receive the funds, Kitsap county health district must provide an equal amount of matching funds.

~~((26))~~ (25) \$324,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of Second Substitute House Bill No. 2342 (health care declarations). If Second Substitute House Bill No. 2342 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((27))~~ (26) \$432,000 of the general fund--state appropriation for fiscal year 2007 and \$21,000 of the health professions account appropriation are provided solely for implementation of Second Substitute House Bill No. 2292 (health care liability reform) including sections 105 through 112 of the bill. If Second Substitute House Bill No. 2292 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((28))~~ (27) \$96,000 of the health professions account appropriation is provided solely for implementation of Substitute House Bill No. 2974 (health professions discipline). If Substitute House Bill No. 2974 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((29))~~ (28) The department of health shall evaluate alternative models for funding the regulation of the health professions, including charging an equivalent fee for all licensed, certified, and registered health professions. The department will provide a report to the appropriate committees of the legislature on the potential fiscal and programmatic benefits and challenges of such alternative models by December 1, 2006.

~~((30))~~ (29) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to implement Substitute House Bill No. 2985 (foster care health unit). If Substitute House Bill No. 2985 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((31))~~ (30) \$54,000 of the general fund--state appropriation for fiscal year 2007 and \$183,000 of the health professions account appropriation are provided solely for implementation of Engrossed Senate Bill No. 6194 (multicultural education/health). If Engrossed Senate Bill No. 6194 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((32))~~ (31) \$118,000 of the health professions account appropriation is provided solely for implementation of Engrossed Substitute House Bill No. 1850. If Engrossed Substitute House Bill No. 1850 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((33))~~ (32) \$173,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the state board of health to provide staff support to the governor's interagency committee on health disparities, as provided in Senate Bill No. 6197. If Senate Bill No. 6197 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((34))~~ (33) \$119,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the state board of health to conduct health impact assessments, as provided in Senate Bill No. 6197. If Senate Bill No. 6197 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((35))~~ (34) \$327,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the department to conduct a survey of health professional demographics and practice patterns, as provided in Senate Bill No. 6193. If Senate Bill No. 6193 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((36))~~ (35) \$200,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to develop and maintain a database showing the statewide incidence and provenance of hepatitis C infections, and to conduct a public information campaign on transmission, prevention, detection, and treatment of the disease.

~~((37))~~ (36) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the department to implement a prostate cancer public awareness and education campaign. The campaign shall place special emphasis on early education for men over forty, African- American men, and men who are at high risk for prostate cancer according to the guidelines of the American cancer society.

~~((38))~~ (37) \$130,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of Engrossed Second Substitute Senate Bill No. 6239 (controlled substances) including sections 201 through 203 of the bill. If Engrossed Second Substitute Senate Bill No. 6239 is not enacted by June 30, 2006, the amount provide in this subsection shall lapse.

~~((39))~~ (38) Appropriations in this section assume savings attributable to House Bill No. 2632 (HIV insurance coverage program).

~~((40))~~ (39) \$27,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to implement Engrossed Substitute House Bill No. 2884 (reclaimed water). If the bill is not enacted by June 30, 2006, these funds shall be used solely for the department to coordinate with the department of ecology or development and adoption of rules relating to reclaimed water.

(40) \$100,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for one-time funding of federal certification costs for new health care facilities.

Sec. 1119. 2006 c 372 s 222 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF CORRECTIONS. The appropriations to the department of corrections in this act shall be expended for the programs and in the amounts specified herein. However, after May 1, ~~((2006))~~ 2007, after approval by the director of financial management and unless specifically prohibited by this act, the department may transfer general fund--state appropriations for fiscal year ~~((2006))~~ 2007 between programs. The department shall not transfer funds, and the director of financial management shall not approve the transfer, unless the transfer is consistent with the objective of conserving, to the maximum extent possible, the expenditure of state funds and not federal funds. The director of financial management shall notify the appropriate fiscal committees of the senate and house of representatives in writing seven days prior to approving any deviations from appropriation levels. The written notification shall include a narrative explanation and justification of the changes, along with expenditures and allotments by budget unit and appropriation, both before and after any allotment modifications or transfers.

(1) ADMINISTRATION AND SUPPORT SERVICES

General Fund--State Appropriation (FY 2006)	\$46,867,000
General Fund--State Appropriation (FY 2007)	((59,681,000))
	<u>\$50,645,000</u>
General Fund--Federal Appropriation	\$1,022,000

Violence Reduction and Drug Enforcement Account--State Appropriation	\$26,000
Public Safety and Education Account--State Appropriation	\$2,774,000
Pension Funding Stabilization Account--State Appropriation	\$245,000
TOTAL APPROPRIATION	(\$110,615,000)
	<u>\$101,579,000</u>

The appropriations in this subsection are subject to the following conditions and limitations:

(a) \$5,250,000 of the general fund--state appropriation for fiscal year 2006 and ~~(\$17,250,000)~~ \$7,861,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for phase three of the department's offender-based tracking system replacement project. This amount is conditioned on the department satisfying the requirements of section 902 of this act.

(b) \$26,000 of the general fund--state appropriation for fiscal year 2006 and \$44,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Substitute House Bill No. 1402 (offender travel or transfer). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(c) \$35,000 of the general fund--state appropriation for the fiscal year 2007 is provided solely for the establishment and support of a statewide council on mentally ill offenders that includes as its members representatives of community-based mental health treatment programs, current or former judicial officers, and directors and commanders of city and county jails and state prison facilities. The council will begin to investigate and promote cost-effective approaches to meeting the long-term needs of adults and juveniles with mental disorders who have a history of offending or who are at-risk of offending, including their mental health, physiological, housing, employment, and job training needs.

(2) CORRECTIONAL OPERATIONS

General Fund--State Appropriation (FY 2006)	\$524,561,000
General Fund--State Appropriation (FY 2007)	(\$555,895,000)
	<u>\$558,036,000</u>
General Fund--Federal Appropriation	\$3,447,000
Violence Reduction and Drug Enforcement Account--State Appropriation	\$2,984,000
Pension Funding Stabilization Account--State Appropriation	\$2,269,000
TOTAL APPROPRIATION	(\$1,089,156,000)
	<u>\$1,091,297,000</u>

The appropriations in this subsection are subject to the following conditions and limitations:

(a) For the acquisition of properties and facilities, the department of corrections is authorized to enter into financial contracts, paid for from operating resources, for the purposes indicated and in not more than the principal amounts indicated, plus financing expenses and required reserves pursuant to chapter 39.94 RCW. This authority applies to the following: Lease-develop with the option to purchase or lease-purchase work release beds in facilities throughout the state for \$8,561,000.

(b) The department may expend funds generated by contractual agreements entered into for mitigation of severe overcrowding in local jails. Any funds generated in excess of actual costs shall be deposited in the state general fund. Expenditures shall not exceed revenue generated by such agreements and shall be treated as recovery of costs.

(c) The department shall provide funding for the pet partnership program at the Washington corrections center for women at a level at least equal to that provided in the 1995-97 biennium.

(d) The department shall accomplish personnel reductions with the least possible impact on correctional custody staff, community custody staff, and correctional industries. For the purposes of this subsection, correctional custody staff means employees responsible for the direct supervision of offenders.

(e) During the 2005-07 biennium, when contracts are established or renewed for offender pay phone and other telephone services provided to inmates, the department shall select the contractor or contractors primarily based on the following factors: (i) The lowest rate charged to both the inmate and the person paying for the telephone call; and (ii) the lowest commission rates paid to the department, while providing reasonable compensation to cover the costs of the department to provide the telephone services to inmates and provide sufficient revenues for the activities funded from the institutional welfare betterment account.

(f) The department shall ~~((participation))~~ participate in the health technology assessment program required in section 213(6) of this act. The department shall also participate in the joint health purchasing project described in section 213(7) of this act.

(g) The Harborview medical center shall provide inpatient and outpatient hospital services to offenders confined in department of corrections facilities at a rate no greater than the average rate that the department has negotiated with other community hospitals in Washington state.

(h) \$1,060,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of section 3 of Second Substitute Senate Bill No. 6319 (failure to register). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(i) \$384,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of Second Substitute Senate Bill No. 6460 (crimes with sexual motivation). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(j) \$91,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of section 2 of Second Substitute Senate Bill No. 6172 (possession of child pornography). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(k) \$763,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of sections 102, 301, and 302 of Engrossed Second Substitute Senate Bill No. 6239 (controlled substances). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(3) COMMUNITY SUPERVISION

General Fund--State Appropriation (FY 2006)	\$89,217,000
General Fund--State Appropriation (FY 2007)	(\$92,477,000)
	<u>\$99,658,000</u>
Public Safety and Education Account--State Appropriation	(\$16,796,000)
	<u>\$16,833,000</u>
Pension Funding Stabilization Account--State Appropriation	\$449,000
TOTAL APPROPRIATION	(\$198,939,000)
	<u>\$206,157,000</u>

The appropriations in this subsection are subject to the following conditions and limitations:

(a) The department shall accomplish personnel reductions with the least possible impact on correctional custody staff, community custody staff, and correctional industries. For the purposes of this subsection, correctional custody staff means employees responsible for the direct supervision of offenders.

(b) \$268,000 of the general fund--state appropriation for fiscal year 2006 and \$484,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Substitute House Bill No. 1402 (offender travel or transfer). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(c) \$122,000 of the general fund--state appropriation for fiscal year 2006 and \$82,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of House Bill No. 1136 (electronic monitoring system). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(d) \$59,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of section 4 of Second Substitute Senate Bill No. 6319 (failure to register). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(e) \$666,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of section 303 of Engrossed Second Substitute Senate Bill No. 6239 (controlled substances). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(4) CORRECTIONAL INDUSTRIES

General Fund--State Appropriation (FY 2006)	\$838,000
General Fund--State Appropriation (FY 2007)	(\$882,000)
	<u>\$884,000</u>
Pension Funding Stabilization Account--State Appropriation	\$3,000
TOTAL APPROPRIATION	(\$1,723,000)
	<u>\$1,725,000</u>

The appropriations in this subsection are subject to the following conditions and limitations: \$110,000 of the general fund--state appropriation for fiscal year 2006 and \$110,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for transfer to the jail industries board. The board shall use the amounts provided only for administrative expenses, equipment purchases, and technical assistance associated with advising cities and counties in developing, promoting, and implementing consistent, safe, and efficient offender work programs.

(5) INTERAGENCY PAYMENTS

General Fund--State Appropriation (FY 2006)	\$37,289,000
General Fund--State Appropriation (FY 2007)	(\$38,662,000)
	<u>\$39,095,000</u>
TOTAL APPROPRIATION	(\$75,951,000)
	<u>\$76,384,000</u>

The appropriations in this subsection are subject to the following conditions and limitations: \$130,000 of the general fund--state appropriation for fiscal year 2006 and \$196,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for expenditures related to the *Farrakhan v. Locke* litigation.

Sec. 1120. 2006 c 372 s 225 (uncodified) is amended to read as follows:

FOR THE EMPLOYMENT SECURITY DEPARTMENT

General Fund--State Appropriation (FY 2006)	\$60,000
General Fund--State Appropriation (FY 2007)	\$60,000
General Fund--Federal Appropriation	(\$260,228,000)
	<u>\$260,256,000</u>
General Fund--Private/Local Appropriation	(\$31,966,000)
	<u>\$31,974,000</u>
Unemployment Compensation Administration Account--Federal Appropriation	(\$200,541,000)
	<u>\$200,625,000</u>

Administrative Contingency Account--State Appropriation	((\$16,866,000))
	<u>\$16,869,000</u>
Employment Service Administrative Account--State Appropriation	((\$24,491,000))
	<u>\$24,497,000</u>
TOTAL APPROPRIATION	((\$534,212,000))
	<u>\$534,341,000</u>

The appropriations in this subsection are subject to the following conditions and limitations:

(1) \$2,087,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the Social Security Act (Reed Act). This amount is provided to replace obsolete information technology infrastructure.

(2) \$12,735,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the Social Security Act (Reed Act). This amount is authorized for state choice administrative functions. The department shall submit recommendations by September 1, 2007, to the office of financial management and the legislative fiscal committees for options reducing the costs of the state choice administrative functions for the 2007-2009 biennium. If these options require any statutory changes, the department shall submit agency request legislation to the appropriate legislative policy committees and fiscal committees by December 15, 2007.

(3) \$2,300,000 of the unemployment compensation administration account--federal appropriation is provided from amounts made available to the state by section 903(d) of the Social Security Act (Reed Act). This amount is authorized to continue implementation of chapter 4, Laws of 2003 2nd sp. sess. and for implementation costs relating to Engrossed House Bill No. 2255 (unemployment insurance).

(4) \$4,578,000 of the unemployment compensation administration account--federal appropriation is provided from funds made available to the state by section 903(d) of the Social Security Act (Reed Act). These funds are authorized to provide direct services to unemployment insurance claimants and providing job search review.

**PART XII
NATURAL RESOURCES**

Sec. 1201. 2006 c 372 s 302 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ECOLOGY

General Fund--State Appropriation (FY 2006)	\$40,744,000
General Fund--State Appropriation (FY 2007)	((\$44,131,000))
	<u>\$45,836,000</u>
General Fund--Federal Appropriation	\$74,678,000
General Fund--Private/Local Appropriation	\$13,290,000
Special Grass Seed Burning Research Account--State Appropriation	\$14,000
Reclamation Account--State Appropriation	\$2,778,000
Flood Control Assistance Account--State Appropriation	\$3,422,000
State Emergency Water Projects Revolving Account--State Appropriation	\$1,312,000
Waste Reduction/Recycling/Litter Control--State Appropriation	\$15,081,000
State Drought Preparedness Account--State Appropriation	\$225,000
State and Local Improvements Revolving Account (Water Supply Facilities)--State Appropriation	\$386,000
Vessel Response Account--State Appropriation	\$2,876,000
Site Closure Account--State Appropriation	\$656,000
Water Quality Account--State Appropriation	\$28,085,000
Wood Stove Education and Enforcement Account--State Appropriation	\$357,000
Worker and Community Right-to-Know Account--State Appropriation	\$2,153,000
State Toxics Control Account--State Appropriation	((\$84,319,000))
	<u>\$84,426,000</u>
State Toxics Control Account--Private/Local Appropriation	\$380,000
Local Toxics Control Account--State Appropriation	\$5,424,000
Water Quality Permit Account--State Appropriation	\$32,468,000
Underground Storage Tank Account--State Appropriation	\$2,889,000
Environmental Excellence Account--State Appropriation	\$504,000
Biosolids Permit Account--State Appropriation	\$853,000
Hazardous Waste Assistance Account--State Appropriation	\$5,171,000
Air Pollution Control Account--State Appropriation	\$11,206,000
Oil Spill Prevention Account--State Appropriation	\$11,078,000
Air Operating Permit Account--State Appropriation	\$2,922,000
Freshwater Aquatic Weeds Account--State Appropriation	\$2,144,000
Oil Spill Response Account--State Appropriation	\$7,079,000
Metals Mining Account--State Appropriation	\$14,000
Water Pollution Control Revolving Account--State Appropriation	\$485,000

Water Pollution Control Revolving Account--Federal Appropriation	\$2,357,000
Freshwater Aquatic Algae Control Account--State Appropriation	\$509,000
Pension Funding Stabilization Account--State Appropriation	\$186,000
TOTAL APPROPRIATION	(\$400,176,000) <u>\$401,988,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$2,526,196 of the general fund--state appropriation for fiscal year 2006, \$2,526,195 of the general fund--state appropriation for fiscal year 2007, \$366,000 of the general fund--federal appropriation, \$2,581,000 of the state toxics account--state appropriation, \$540,806 of the water quality account--state appropriation, \$3,748,220 of the water quality permit account--state appropriation, and \$705,000 of the oil spill prevention account are provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action items DOE-01, DOE-02, DOE-04, DOE-06, DOE-07, DOE-08, and DOE-09.

(2) As described in section 129(7) of this act, the department shall make recommendations and report on monitoring activities related to salmon recovery.

(3) \$4,054,000 of the state toxics control account appropriation is provided solely for methamphetamine lab clean-up activities and for the clean up of toxic waste, focusing on clean up within and around Puget Sound.

(4) \$170,000 of the oil spill prevention account appropriation is provided solely for implementation of the Puget Sound conservation and recovery plan action item UW-02 through a contract with the University of Washington's sea grant program to continue an educational program targeted to small spills from commercial fishing vessels, ferries, cruise ships, ports, and marinas.

(5) ~~(\$2,500,000)~~ \$1,567,552 of the general fund--state appropriation for fiscal year 2006 and ~~(\$2,000,000)~~ \$2,932,448 of the general fund--state appropriation for fiscal year 2007 are provided solely for shoreline grants to local governments to implement Substitute Senate Bill No. 6012 (shoreline management), chapter 262, Laws of 2003.

(6) \$156,000 of the general fund--state appropriation for fiscal year 2006 and \$144,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to expand the department's pilot program for processing 401 water quality certification projects to a statewide process and timeline to meet improved permit processing accountability and timelines, which will result in 90 percent of routine certifications occurring within 90 days of application, and acknowledgement of receipt of the application being sent within 10 days.

(7) Fees approved by the department of ecology in the 2005-07 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.

(8) \$100,000 of the general fund--state appropriation for fiscal year 2006 and \$100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to support water measurement and water storage components of the Columbia River Initiative Program.

(9) \$509,000 of the freshwater aquatic algae control account--state is provided solely for implementation of Engrossed Substitute Senate Bill No. 5699 (aquatic invasive species). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(10) \$250,000 of the state toxics control account--state appropriation is provided solely to implement Engrossed Second Substitute House Bill No. 1605 (soil contamination). If the bill is not enacted by June 30, 2005, the amount in this subsection shall lapse.

(11) \$200,000 of the water quality account--state appropriation is provided solely for the department to contract with the state conservation commission to provide statewide coordination and support for coordinated resource management.

(12) The department shall assist the office of regulatory assistance in implementing activities consistent with the governor's regulatory improvement program. The department shall support and provide expertise to facilitate, coordinate, and simplify citizen and business interactions so as to improve state regulatory processes involving state, local, and federal stakeholders.

(13) \$196,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to implement Engrossed Substitute House Bill No. 2884 (reclaimed water). If the bill is not enacted by June 30, 2006, the amount provided in this subsection is provided solely to adopt rules in coordination with the department of health for all aspects of reclaimed water including: Industrial and commercial uses, land applications, direct recharge, wetland discharge, surface percolation, constructed wetlands, stream flow augmentation, and graywater use. The department must adopt the rules in a phased approach: The first phase shall be proposed for adoption by June 1, 2007, and shall include the uses of constructed treatment wetlands; and the second phase shall be adopted by December 31, 2010.

(14) \$820,000 of the oil spill prevention account--state appropriation is provided solely to implement Engrossed Second Substitute Senate Bill No. 6244 (oil spill prevention). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(15) \$2,000,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to implement Engrossed Second Substitute House Bill No. 2860 (Columbia river basin). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((+7))~~ (16) \$340,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to support development of a wetland mitigation program in Clark county. The program will engage local, state, and federal agencies, private investors, property owners, and others in the creation of one or more wetland banks and other measures to protect habitat functions and values while accommodating urban growth in the region.

~~((+8))~~ (17) \$150,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to develop a pilot water management process that will include three federally recognized treaty Indian tribes.

~~((+9))~~ (18) \$130,000 of the state toxics control account--state appropriation is provided solely to support pesticide container recycling activities in Washington.

~~((+0))~~ (19) \$100,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to Walla Walla county and Columbia county conservation district for habitat conservation planning and related endangered species act assurances for small irrigators and landowners.

~~((+1))~~ (20) To maximize the use of amounts appropriated during this biennium for the clean up of toxic waste, focusing on clean up within and around Puget Sound, the department shall prioritize for this purpose the use of existing staff, additional FTEs added this biennium, temporary project staff, and contracted services.

~~((22))~~ (21) \$25,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to the department to collaborate with the Wenatchee watershed planning unit and Chelan county for development of a regulatory strategy, as required by the federal clean water act, to control total maximum daily loads of phosphorous to the Wenatchee river. A technically sound plan for managing phosphorous and restoring water quality in the Wenatchee river shall be provided to the appropriate committees of the legislature by July 1, 2008.

~~((23))~~ (22) \$55,000 of the general fund--state appropriation for fiscal year 2006 and \$150,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to address air quality issues for the Columbia river gorge in cooperation with the state of Oregon.

~~((24))~~ (23) \$67,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to implement Senate Bill No. 6861 (domestic water users). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((25))~~ (24) \$200,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the restoration of Long lake located in Kitsap county in accordance with the plan approved by the Kitsap county weed control board, the county commissioners, the citizens for improving Long lake, and the department of ecology.

~~((26))~~ (25) \$150,000 of the local toxics control account--state appropriation is provided solely for the contracting and production of the second phase report for establishing sustainable statewide regional CBRNE/Hazmat response capability. The report will, at a minimum include, a cost-benefit analysis, analysis of sustainable funding options, regional alignment and mutual aid agreements, and administration requirements.

~~((27))~~ (26) \$250,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for a pilot project that demonstrates the value of long-term management plans for small forest landowners.

(27) \$500,000 of the general fund--state appropriation for fiscal year 2008 is provided solely for a loan to the Washington materials management and financing authority for necessary start-up costs pursuant to RCW 70.95N.310. The department shall execute an agreement with the authority for repayment of the loan.

Sec. 1202. 2006 c 372 s 303 (uncodified) is amended to read as follows:

FOR THE STATE PARKS AND RECREATION COMMISSION

General Fund--State Appropriation (FY 2006)	\$35,687,000
General Fund--State Appropriation (FY 2007)	(\$38,334,000)
	<u>\$38,986,000</u>
General Fund--Federal Appropriation	(\$2,738,000)
	<u>\$2,918,000</u>
General Fund--Private/Local Appropriation	\$71,000
Winter Recreation Program Account--State Appropriation	\$1,109,000
Off-Road Vehicle Account--State Appropriation	\$220,000
Snowmobile Account--State Appropriation	\$4,805,000
Aquatic Lands Enhancement Account--State Appropriation	\$345,000
Parks Renewal and Stewardship Account--State Appropriation	(\$38,702,000)
	<u>\$35,425,000</u>
Public Safety and Education Account--State Appropriation	\$47,000
Parks Renewal and Stewardship Account--Private/Local Appropriation	\$300,000
Pension Funding Stabilization Account--State Appropriation	\$191,000
TOTAL APPROPRIATION	(\$122,549,000)
	<u>\$120,104,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) Fees approved by the state parks and recreation commission in the 2005-07 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.

(2) \$79,000 of the general fund--state appropriation for fiscal year 2006 and \$79,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a grant for the operation of the Northwest avalanche center.

(3) \$191,000 of the aquatic lands enhancement account appropriation is provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action item PRC-02.

(4) \$185,000 of the parks renewal and stewardship account--state appropriation is provided solely to develop a plan for public education and tourist orientation and interpretation at selected state park sites along the route of the ice age floods from Spokane to the Pacific ocean.

(5) Until July 1, 2007, the commission may not charge fees for general park access or parking. Funding of \$500,000 of the general fund--state appropriation for fiscal year 2006 and \$2,636,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to compensate the state parks and recreation commission for lost revenue from general park access or parking fees.

(6) \$750,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for repair and maintenance costs at state parks.

(7) \$200,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for employee retirement buyout costs.

(8) \$40,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for computer network hardware and software, and for backup drives and tapes.

Sec. 1203. 2006 c 372 s 306 (uncodified) is amended to read as follows:

FOR THE CONSERVATION COMMISSION

General Fund--State Appropriation (FY 2006)	\$2,235,000
General Fund--State Appropriation (FY 2007)	(\$2,256,000)
	<u>\$2,745,000</u>

General Fund--Federal Appropriation	\$250,000
Water Quality Account--State Appropriation	\$4,178,000
Pension Funding Stabilization Account--State Appropriation	\$3,000
TOTAL APPROPRIATION	<u>(\$8,922,000)</u>
	<u>\$9,411,000</u>

The appropriations in this section are subject to the following conditions and limitations:

- (1) \$197,000 of the general fund--state appropriation for fiscal year 2006 and \$197,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action item CC-01.
- (2) As described in section 129(7) of this act, the department shall make recommendations and report on monitoring activities related to salmon recovery.
- (3) \$100,000 of the general fund--state appropriation for fiscal year 2006 and \$100,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to implement Substitute House Bill No. 1462 (relating to funding for conservation districts). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

Sec. 1204. 2006 c 372 s 307 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF FISH AND WILDLIFE

General Fund--State Appropriation (FY 2006)	\$46,692,000
General Fund--State Appropriation (FY 2007)	(\$46,856,000)
	<u>\$48,282,000</u>
General Fund--Federal Appropriation	(\$49,100,000)
	<u>\$50,400,000</u>
General Fund--Private/Local Appropriation	\$36,089,000
Off-Road Vehicle Account--State Appropriation	\$392,000
Aquatic Lands Enhancement Account--State Appropriation	\$5,820,000
Recreational Fisheries Enhancement--State Appropriation	\$3,753,000
Warm Water Game Fish Account--State Appropriation	\$2,904,000
Eastern Washington Pheasant Enhancement Account--State Appropriation	\$750,000
Wildlife Account--State Appropriation	(\$61,946,000)
	<u>\$62,406,000</u>
Wildlife Account--Federal Appropriation	\$33,029,000
Wildlife Account--Private/Local Appropriation	(\$10,386,000)
	<u>\$11,586,000</u>
Game Special Wildlife Account--State Appropriation	\$2,883,000
Game Special Wildlife Account--Federal Appropriation	\$8,863,000
Game Special Wildlife Account--Private/Local Appropriation	\$469,000
Public Safety and Education Account--State Appropriation	\$588,000
Environmental Excellence Account--State Appropriation	\$15,000
Regional Fisheries Salmonid Recovery Account--Federal Appropriation	\$2,755,000
Oil Spill Prevention Account--State Appropriation	\$1,043,000
Oyster Reserve Land Account--State Appropriation	\$411,000
Aquatic Invasive Species Prevention Account--State Appropriation	\$528,000
Pension Funding Stabilization Account--State Appropriation	\$248,000
TOTAL APPROPRIATION	(\$315,520,000)
	<u>\$319,906,000</u>

The appropriations in this section are subject to the following conditions and limitations:

- (1) As described in section 129(7) of this act, the department shall make recommendations and report on monitoring activities related to salmon recovery.
- (2) \$1,556,714 of the general fund--state appropriation for fiscal year 2006 and \$1,556,713 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action items DFW-01 through DFW-06, DFW-08 through DFW-12, and DFW-16.
- (3) \$225,000 of the general fund--state appropriation for fiscal year 2006 and \$225,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of hatchery reform recommendations defined by the hatchery scientific review group.
- (4) The department shall support the activities of the aquatic nuisance species coordination committee to foster state, federal, tribal, and private cooperation on aquatic nuisance species issues. The committee shall strive to prevent the introduction of nonnative aquatic species and to minimize the spread of species that are introduced.
- (5) The department shall emphasize enforcement of laws related to protection of fish habitat and the illegal harvest of salmon and steelhead. Within the amount provided for the agency, the department shall provide support to the department of health to enforce state shellfish harvest laws.

(6) \$180,000 of the wildlife account--state appropriation is provided solely to test deer and elk for chronic wasting disease and to document the extent of swan lead poisoning. Of this amount, \$65,000 is provided solely to document the extent of swan lead poisoning and to begin environmental cleanup.

(7) The department shall provide quarterly status reports to the office of financial management regarding the replacement of the Washington interactive licensing system and the implementation of the hydraulic permit management system.

(8) The department shall prepare a report detailing the hydraulic permit approval program applications and project types. The department shall coordinate with the office of financial management in determining the contents of the report. At minimum, the report shall include permits by applicant (name, state, local, federal, tribal entity, etc.), project type (pamphlet, minor, medium, major, extension, revision, etc.) and project location (county and water resource inventory area). The department shall submit the report to the office of financial management and legislative fiscal committees no later than September 1, 2006.

(9) \$700,000 of the general fund--federal appropriation is provided solely for environmental data quality and access projects in support of state salmon recovery efforts. The department shall coordinate planning and implementation of all activities with the department of information services and the governor's salmon recovery office. The department shall make certain that any activity using these funds is consistent with recommendations to be submitted (per section 405, chapter 488, Laws of 2005) in the joint report to the legislature and office of financial management on December 1, 2006.

(10) \$100,000 of the general fund--state appropriation for fiscal year 2006 and \$400,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a state match to support the Puget Sound nearshore partnership between the department and the U.S. Army Corps of Engineers.

(11) \$72,000 of the state wildlife account--state appropriation is provided solely to implement House Bill No. 1211 (multiple season big game permit). If the bill is not enacted by June 30, 2005, the amount provided in this section shall lapse.

(12) \$528,000 of the aquatic invasive species prevention account--state appropriation is provided solely to implement Senate Bill No. 5699 (preventing and controlling aquatic invasive species and algae). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(13) \$703,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to purchase six purse seine and three gill net licenses to meet the provisions of the United States/Canada salmon treaty.

(14) \$10,000 of the general fund--state appropriation for fiscal year 2006 and \$10,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for chum salmon production at Minter creek hatchery.

(15) \$45,000 of the general fund--federal appropriation for fiscal year 2006 and \$45,000 of the general fund--federal appropriation for fiscal year 2007 are provided solely for the management of Canada goose seasons to increase the number of hunting days in southwest Washington.

(16) \$46,000 of the wildlife account--state appropriation is provided solely to increase the number of courses providing the hunter education training program created in RCW 77.32.155. The department shall reduce the current backlog of applicants waiting to take the training program and provide for a stable supply of training program courses in order to avoid future backlogs.

(17) \$481,000 of the wildlife account--state appropriation is provided solely to continued operation of the Naselle Hatchery during the 2005-07 biennium. This will increase production by 3 million Chinook, 1 million Coho, and 30,000 trout.

(18) \$223,000 of the wildlife account--state appropriation is provided solely to implement Senate Bill No. 5227 (wildlife harvest reports). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(19) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for federal match funding for the control of predators that damage livestock, crops, and property.

(20) \$85,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the department to produce educational materials discouraging activities that harm or disturb the spawning beds of salmon and steelhead. Discouraged activities include, but are not limited to, wading on spawning beds, driving motor vehicles on spawning beds, use of high-powered jet or propeller-driven boats across spawning beds, dragging anchors through spawning beds, digging or removing gravel from spawning beds, or any other physical disturbance capable of disturbing spawning fish or damaging or destroying nests of incubating eggs.

(a) The educational materials produced by the department in accordance with this subsection must include, at a minimum, brochures that are to be disseminated to persons applying for fishing and boating licenses statewide. The department must also distribute the brochures widely to retail outlets that cater to outdoor recreation.

(b) The department shall work cooperatively with the tribal fishery comanagers in the development of the educational materials under this section.

(c) The department shall report to the legislature concerning the effectiveness of this subsection after at least two spawning cycles of salmon and steelhead have occurred.

(21) Within the amounts appropriated in this section, by December 1, 2006, the department shall:

(a) Submit a report detailing the reductions required by omnibus appropriations acts since 1997 for activities supported by the state wildlife fund; and

(b) Submit quarterly revenue and expenditure reports for the state wildlife account based on current revenue forecasts to the office of financial management and the fiscal committees of the legislature(~~(-and)~~).

(22) The department shall assist the office of regulatory assistance in implementing activities consistent with the governor's regulatory improvement program. The department shall support and provide expertise to facilitate, coordinate, and simplify citizen and business interactions so as to improve state regulatory processes involving state, local, and federal stakeholders.

(23) \$408,000 of the general fund--state appropriation for fiscal year 2006 (~~(is)~~) and \$200,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for fire suppression and remediation activities on department lands and facilities that were impacted during the 2005 and 2006 fire season. Funding shall be used for fire suppression, winter feeding, seeding, planting vegetation, fertilizing, weed control, and the establishment of water bars and other erosion control measures.

(24) \$266,000 of the general fund--state appropriation for fiscal year 2006 and \$214,000 of the state wildlife account--state appropriation are provided solely for the continued operation of the Nemah, Mossyrock, Omak, Colville, Arlington, and Columbia Basin hatcheries during the 2005-07 biennium. Funding shall be used to offset the increased cost of utilities, fuel, fish feed, and mitigation obligations previously funded from local sources. The department shall consult with the appropriate natural resource and fiscal committees of the legislature prior to submitting a 2007-09 budget proposal that changes current hatchery operations, production, and/or maintenance to the office of financial management. Unless specifically authorized by the legislature, the department shall not close any hatchery facility currently in operation.

(25) \$43,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to implement Engrossed Substitute Senate Bill No. 5385 (invasive species council). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(26) \$76,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to pay for the added level of fishery sampling and monitoring in the upper Columbia river area as required under the endangered species act and federal court orders.

(27) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for an interagency working group scoping of a study of the sinking of ships as dive attractions. The department of fish and wildlife shall, as approved by the office of financial management, enter into an interagency agreement with the department of natural resources, the state parks and recreation commission, the department of ecology, and the department of community, trade, and economic development to delineate elements of this study. The department of fish and wildlife shall report to the office of financial management and the appropriate committees of the legislature no later than November 15, 2006.

(28) \$500,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to increase fish production levels on a statewide basis at state-operated fish hatcheries. By July 31, 2006, the department shall submit to the appropriate policy and fiscal committees of the legislature an implementation plan that outlines in specific detail how the amount provided in this subsection will be spent in order to increase fish production. The plan will include production implementation timelines, increased production goals, by species, at identified hatcheries that will receive financial assistance, and the amount to be retained by the department for administration and overhead costs, including the purchase of any new equipment. By July 31, 2007, the department shall submit to the appropriate policy and fiscal committees of the legislature a report documenting the increased production levels, using fiscal year 2006 as the base year for comparison purposes. If the department is unable to produce the implementation plan by July 31, 2006, the amount provided in this subsection shall lapse.

(29) \$75,000 of the general fund--state appropriation in fiscal year 2007 is provided solely for the department to prevent impacts to native species by controlling the nonnative nutria population in Skagit county.

(30) \$100,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the northwest straits commission to remove lost and abandoned fishing nets and crab and shrimp pots that may be dangerous to humans and that unintentionally trap and kill endangered salmon and other aquatic species.

(31) \$4,000 of the wildlife account--state appropriation is provided solely to implement House Bill No. 1210 (temporary fishing license). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(32) Within existing appropriations and utilizing all available federal moneys allocated for the crab buy-back program, the department shall develop and implement a crab buy-back program that allows commercial crab fishers the opportunity to sell their licenses back to the state and exit from the crabbing fishery. The department shall report to the office of financial management and the appropriate fiscal committees of the legislature its detailed implementation plan no later than December 1, 2006.

(33) \$660,000 of the general fund--federal appropriation is provided solely to initiate a review of the hydraulic project approval permit rules and to undergo a public process for adoption of new or revised rules that may be needed. Upon completion, the department shall complete a habitat conservation plan for the hydraulic project approval program, and shall seek legislative review prior to adoption of new or revised rules.

(34) \$125,000 of the state wildlife account--state appropriation is provided to implement Engrossed Senate Bill No. 5232 (turkey tags). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(35) \$634,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for operations and fish production costs at department-operated Mitchell act hatchery facilities.

Sec. 1205. 2006 c 372 s 308 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF NATURAL RESOURCES

General Fund--State Appropriation (FY 2006)	\$40,473,000
General Fund--State Appropriation (FY 2007)	(\$53,999,000)
	<u>\$89,221,000</u>
General Fund--Federal Appropriation	(\$15,215,000)
	<u>\$25,525,000</u>
General Fund--Private/Local Appropriation	\$1,276,000
Forest Development Account--State Appropriation	(\$54,697,000)
	<u>\$54,842,000</u>
Off-Road Vehicle Account--State Appropriation	(\$4,001,000)
	<u>\$4,026,000</u>
Surveys and Maps Account--State Appropriation	(\$2,447,000)
	<u>\$2,450,000</u>
Aquatic Lands Enhancement Account--State Appropriation	(\$8,451,000)
	<u>\$8,966,000</u>
Resources Management Cost Account--State Appropriation	(\$86,332,000)
	<u>\$86,537,000</u>
Surface Mining Reclamation Account--State Appropriation	(\$2,828,000)
	<u>\$2,830,000</u>

Disaster Response Account--State Appropriation	\$5,000,000
Water Quality Account--State Appropriation	(\$2,636,000)
	<u>\$2,645,000</u>
Aquatic Land Dredged Material Disposal Site Account--State Appropriation	\$1,321,000
Natural Resources Conservation Areas Stewardship Account--State Appropriation	\$34,000
State Toxics Control Account--State Appropriation	\$2,155,000
Air Pollution Control Account--State Appropriation	\$556,000
Derelict Vessel Removal Account--State Appropriation	\$1,138,000
Agricultural College Trust Management Account--State Appropriation	(\$1,966,000)
	<u>\$1,972,000</u>
Pension Funding Stabilization Account--State Appropriation	\$136,000
TOTAL APPROPRIATION	(\$284,661,000)
	<u>\$331,103,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) As described in section 129(7) of this act, the department shall make recommendations and report on monitoring activities related to salmon recovery.

(2) \$18,000 of the general fund--state appropriation for fiscal year 2006, \$18,000 of the general fund--state appropriation for fiscal year 2007, and \$1,652,050 of the aquatic lands enhancement account appropriation are provided solely for the implementation of the Puget Sound conservation and recovery plan and agency action items DNR-01 and DNR-02.

(3) \$138,000 of the resource management cost account--state appropriation is provided solely to implement Engrossed Second Substitute House Bill No. 1896 (geoduck harvest). If the bill is not enacted by June 30, 2005, the amount in the subsection shall lapse.

(4) \$972,000 of the general fund--state appropriation for fiscal year 2006 and ~~(\$994,000)~~ \$1,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for deposit into the agricultural college trust management account and are provided solely to manage approximately 70,700 acres of Washington State University's agricultural college trust lands.

(5) \$10,689,000 of the general fund--state appropriation for fiscal year 2006, ~~(\$13,635,000)~~ \$48,571,000 of the general fund--state appropriation for fiscal year 2007, and \$5,000,000 of the disaster response account--state appropriation are provided solely for emergency fire suppression. Of these amounts, up to \$250,000 may be expended for staff and other necessary resources to design and implement a fire data-collection system that includes financial- and performance-management information for fires over 10 acres in size.

None of the general fund and disaster response account amounts provided in this subsection may be used to fund agency indirect and administrative expenses. Agency indirect and administrative costs shall be allocated among the agency's remaining accounts and appropriations.

(6) \$582,000 of the aquatic lands enhancement account appropriation is provided solely for spartina control.

(7) Fees approved by the board of natural resources in the 2005-07 biennium are authorized to exceed the fiscal growth factor under RCW 43.135.055.

(8) \$9,000,000 of the general fund--state appropriation for fiscal year 2007 and \$2,000,000 of the aquatic lands enhancement account--state appropriation are provided solely for the purposes of settling those claims identified in *U.S., et al. v. State of Washington, et al.* Subproceeding No. 89-3 (Shellfish), United States District Court for the Western District of Washington at Seattle, Case No. C70-9213. The expenditure of this appropriation is contingent on a settlement agreement that includes the state of Washington as a party to the agreement which is fully executed by June 29, 2007, and a consent decree entered by June 29, 2007, by the United States District Court for the Western District of Washington settling and releasing the identified treaty claims to harvest shellfish previously negotiated in the settlement agreement. By June 29, 2007, the release of claims associated with the settlement agreement and consent decree must be fully effective and there must be no unfulfilled contingencies that could cause the settlement agreement or consent decree to be vacated at some future date if not fulfilled. In the event that these contingencies are not met, the amounts provided in this subsection shall lapse.

(9) \$2,155,000 of the state toxics account--state appropriation is provided solely for the department to meet its obligations with the U.S. environmental protection agency for the clean-up of Commencement Bay and other sites.

(10) The department shall not develop the Gull Harbor facility without first submitting a master plan to the appropriate committees of the legislature. The plan shall ensure continued public access to the waterfront. The plan shall also examine alternative locations to the Gull Harbor site that would collocate marine equipment for all state agencies needing water access in Thurston county. The report shall be submitted by December 1, 2006.

(11) \$250,000 of the general fund--state appropriation for fiscal year 2006, \$250,000 of the general fund--state appropriation for fiscal year 2007, and \$500,000 of the resource management cost account--state appropriation are provided solely for a report on the future of Washington forests. The purpose of the report is to examine economic, recreational, and environmental trends influencing the forest products industry and secondary manufacturing sectors in Washington state. The department shall contract with the University of Washington college of forestry resources. The college shall consult with the University of Washington economics department for the section on investment returns from granted lands. The report shall contain the following parts:

(a) An update of the 1992 timber supply study for Washington state that was conducted by the University of Washington. The update may be accomplished by reviewing the most recent similar data available in existing reports, examining a sample of the original 1992 study sample of lands, and through other existing data sources that may reveal relevant trends and changes since 1992.

(b) An independent assessment of the economic contribution of the forest products industry, and secondary manufacturing sectors, to the state. This assessment will also examine some of the macroeconomic trends likely to affect the industry in the future.

(c) A comparison of the competitive position of Washington's forest products industry globally, and with other leading forest products states, or regions, of the United States. This evaluation should compare the relative tax burden for growing and harvesting timber between the states or regions and the relative cost of adhering to regulations, and identify the competitive advantages of each state or region.

(d) An assessment of the trends and dynamics that commercial and residential development play in the conversion of the state's forests to nonforestry uses. The assessment will involve gathering relevant data, reviewing that data, and analyzing the relationship between development and the conversion of forest land uses.

(e) Recommendations on: (i) Policy changes that would enhance the competitive position of Washington's forest products industry in Washington state; (ii) policy changes that would, to the extent possible, ensure that a productive forest land base continues to be managed for forest products, recreation, and environmental and other public benefits into the future; and (iii) policy changes that would enhance the recreational opportunities on working forest lands in the state.

(f) Based on the information derived from (a) through (d) of this subsection, an assessment of the expected rate of return from state granted lands. This section of the reports shall also review reports prepared by the department over the past ten years that describe the investment returns from granted lands. The review of these previous reports shall compare and critique the methodology and indicators used to report investment returns. The review shall recommend appropriate measures of investment returns from granted lands.

(g) Analyze and recommend policies and programs to assist Cascade foothills area landowners and communities in developing and implementing innovative approaches to retaining traditional forestry while at the same time accommodating new uses that strengthen the economic and natural benefits from forest lands. For the purposes of this section, the Cascade foothills area generally encompasses the nonurbanized lands within the Cascade mountain range and drainages lying between three hundred and three thousand feet above mean sea level, and located within Whatcom, Skagit, Snohomish, King, Pierce, Thurston, and Lewis counties.

(12) \$4,000 of the general fund--state appropriation for fiscal year 2006 and \$4,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to compensate the forest board trust for a portion of the lease to the Crescent television improvement district consistent with RCW 79.13.520.

(13) The department shall develop a multiyear work plan and schedule for mapping all applicable areas of the state for landslide hazards and earthquake hazards. The work plan and schedule shall be based on a carryforward funding level, and shall be submitted to the office of financial management and to the fiscal committees of the legislature by June 30, 2006.

(14) \$654,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for geologic hazard research, activities, and mapping, including earthquake, landslide, and tsunami hazards.

(15) \$397,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the department to work with appropriate stakeholders and state agencies in determining how privately owned lands, in combination with other land ownership such as public and tribal lands, contribute to wildlife habitat. The assessment will also determine how commercial forest, forest lands on the urban fringe, and small privately-owned forest lands that are managed according to Washington's forest and fish prescriptions, in combination with other forest management activities, function as wildlife habitat now and in the future.

~~((17))~~ (16) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to establish a work group to study existing legislation affecting the oil and natural gas industry, and to make recommendations to that legal framework to improve the regulatory, technical, environmental, and financial framework of the oil and gas industry. The department shall report its recommendations to the legislature by December 30, 2006.

~~((18))~~ (17) \$35,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to implement Engrossed Senate Bill No. 5179 (forest health). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

~~((19))~~ (18) \$719,000 of the surface mining reclamation account--state appropriation is provided solely to implement Engrossed Second Substitute Senate Bill No. 6175 (surface mining). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(19) \$504,000 of the aquatic lands enhancement account--state appropriation is provided solely for expenses related to removing the hull of the S.S. Catala, shipwrecked on state-owned aquatic lands at Damon Point state park.

**PART XIII
TRANSPORTATION**

Sec. 1301. 2006 c 372 s 402 (uncodified) is amended to read as follows:

FOR THE STATE PATROL

General Fund--State Appropriation (FY 2006)	\$37,601,000
General Fund--State Appropriation (FY 2007)	(\$32,753,000)
	<u>\$36,220,000</u>
General Fund--Federal Appropriation	(\$4,364,000)
	<u>\$4,872,000</u>
General Fund--Private/Local Appropriation	\$596,000
Death Investigations Account--State Appropriation	(\$4,628,000)
	<u>\$4,591,000</u>
Public Safety and Education Account--State Appropriation	(\$3,388,000)
	<u>\$3,438,000</u>
Enhanced 911 Account--State Appropriation	\$573,000
County Criminal Justice Assistance Account--State Appropriation	(\$2,895,000)
	<u>\$2,923,000</u>
Municipal Criminal Justice Assistance Account--State Appropriation	(\$1,157,000)

	<u>\$1,171,000</u>
Fire Service Trust Account--State Appropriation	\$131,000
Fire Service Training Account--State Appropriation	\$7,560,000
State Toxics Control Account--State Appropriation	\$469,000
Violence Reduction and Drug Enforcement Account--State Appropriation	\$313,000
Fingerprint Identification Account--State Appropriation	(\$6,270,000)
	<u>\$6,271,000</u>
Disaster Response Account--State Appropriation	\$2,000
Aquatic Invasive Species Enforcement Account--State Appropriation	\$145,000
Pension Funding Stabilization Account--State Appropriation	\$102,000
TOTAL APPROPRIATION	(\$102,947,000)
	<u>\$106,978,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$200,000 of the fire service training account--state appropriation is provided solely for two FTEs in the office of state fire marshal to exclusively review K-12 construction documents for fire and life safety in accordance with the state building code. It is the intent of this appropriation to provide these services only to those districts that are located in counties without qualified review capabilities.

(2) \$145,000 of the aquatic invasive species enforcement account--state appropriation is provided solely for the implementation of Engrossed Substitute Senate Bill No. 5699 (aquatic invasive species). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(3) \$250,000 of the general fund--state appropriation for fiscal year 2006 and \$240,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of Engrossed House Bill No. 1241 (vehicle licensing and registration). If the bill is not enacted by June 30, 2005, the amount provided in this subsection shall lapse.

(4) \$395,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of section 5 of Second Substitute House Bill No. 2805 (missing persons). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(5) If funding is provided through a federal grant or through a memorandum of understanding with a local government, the Washington state patrol's automatic fingerprint identification system shall be capable of instantly accepting electronic latent search records from any Washington state local law enforcement agency, to be implemented on a timeline agreed to by the patrol and the agency granting the fund source. The Washington state patrol shall notify the appropriate fiscal and policy committees of the legislature in writing upon the receipt of such federal moneys or upon the effective date of a memorandum of understanding with a local government.

(6) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the implementation of Substitute Senate Bill No. 6519 (sex offender registration). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(7) In accordance with RCW 10.97.100 and chapter 43.43 RCW, the Washington state patrol is authorized to perform and charge fees for criminal history and background checks for state and local agencies, and nonprofit and other private entities and disseminate the records. It is the policy of the state of Washington that the fees cover, as nearly as practicable, the direct and indirect costs of the criminal history and background check activities. Pursuant to RCW 43.135.055, during the 2005-2007 fiscal biennium, the Washington state patrol may increase fees in excess of the fiscal growth factor if the increases are necessary to fully fund the direct and indirect cost of criminal history and background check activities.

**PART XIV
EDUCATION**

Sec. 1401. 2006 c 372 s 501 (uncodified) is amended to read as follows:
FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION

(1) STATE AGENCY OPERATIONS

General Fund--State Appropriation (FY 2006)	\$13,452,000
General Fund--State Appropriation (FY 2007)	(\$17,151,000)
	<u>\$17,376,000</u>
General Fund--Federal Appropriation	(\$23,090,000)
	<u>\$23,090,000</u>
<u>Pension Funding Stabilization Account Appropriation</u>	<u>\$165,000</u>
TOTAL APPROPRIATION	(\$53,693,000)
	<u>\$54,083,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(a) \$10,835,000 of the general fund--state appropriation for fiscal year 2006 and ~~(\$10,980,000)~~ \$10,990,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the operation and expenses of the office of the superintendent of public instruction. Within the amounts provided in this subsection, the superintendent shall recognize the extraordinary accomplishments of four students who have demonstrated a strong understanding of the civics essential learning requirements to receive the Daniel J. Evans civic education award. The students selected for the award must demonstrate understanding through completion of at least one of the classroom-based civics assessment models developed by the superintendent of public instruction, and through leadership in the civic life of their communities. The superintendent

shall select two students from eastern Washington and two students from western Washington to receive the award, and shall notify the governor and legislature of the names of the recipients.

(b) \$428,000 of the general fund--state appropriation for fiscal year 2006 and (~~(\$547,000)~~) \$597,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the operation and expenses of the state board of education, including basic education assistance activities.

(c) \$509,000 of the general fund--state appropriation for fiscal year 2006 and (~~(\$504,000)~~) \$554,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the operation and expenses of the Washington professional educator standards board. Within the amounts provided in this subsection, the Washington professional educator standards board shall pursue the implementation of recent study recommendations including: (i) Revision of teacher mathematics endorsement competencies and alignment of teacher tests to the updated competencies, and (ii) development of mathematics specialist endorsement.

(d) \$607,000 of the general fund--state appropriation for fiscal year 2006 and (~~(\$592,000)~~) \$992,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for increased attorney general fees related to *School Districts' Alliance for Adequate Funding of Special Education et al. v. State of Washington et al.*, Thurston County Superior Court Cause No. 04-2-02000-7 and other education funding lawsuits.

(e) (~~(\$1,900,000)~~) \$1,615,000 of the general fund--state appropriation is for replacement of the apportionment system, which includes the processes that collect school district budget and expenditure information, staffing characteristics, and the student enrollments that drive the funding process.

(f)(i) \$45,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for the office of the superintendent of public instruction and the department of health to collaborate and develop a work group to assess school nursing services in class I school districts. The work group shall consult with representatives from the following groups: School nurses, schools, students, parents, teachers, health officials, and administrators. The work group shall:

(A) Study the need for additional school nursing services by gathering data about current school nurse-to-student ratios in each class I school district and assessing the demand for school nursing services by acuity levels and the necessary skills to meet those demands. The work group also shall recommend to the legislature best practices in school nursing services, including a dedicated, sustainable funding model that would best meet the current and future needs of Washington's schools and contribute to greater academic success of all students. The work group shall make recommendations for school nursing services, and may examine school nursing services by grade level. The work group shall assess whether funding for school nurses should continue as part of basic education; and

(B) In collaboration with managed care plans that contract with the department of social and health services medical assistance administration to provide health services to children participating in the medicaid and state children's health insurance program, identify opportunities to improve coordination of and access to health services for low-income children through the use of school nurse services. The work group shall evaluate the feasibility of pooling school district and managed care plan funding to finance school nurse positions in school districts with high numbers of low-income children.

(ii) The office of superintendent of public instruction shall report the work group's findings and plans for implementation to the legislature by February 1, 2006.

(g) \$78,000 of the general fund--state appropriation for fiscal year 2006 and \$228,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to provide direct services and support to schools around an integrated, interdisciplinary approach to instruction in conservation, natural resources, sustainability, and human adaptation to the environment. Of this amount, \$150,000 of the general fund--state appropriation for fiscal year 2007 is provided for deposit in the Washington natural science, wildlife, and environmental education partnership account for grants pursuant to RCW 28A.300.440. Specific integration efforts will focus on science, math, and the social sciences. Integration between basic education and career and technical education, particularly agricultural and natural sciences education, is to be a major element.

(h) \$2,896,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the creation of a statewide data base of longitudinal student information. This amount is conditioned on the department satisfying the requirements in section 902, chapter 518, Laws of 2005.

(i) \$325,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for comprehensive cultural competence and anti-bias education programs for educators and students. The office of superintendent of public instruction shall administer grants to school districts with the assistance and input of groups such as the anti-defamation league and the Jewish federation of Seattle.

(j) \$50,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of Senate Bill No. 6219 (financial literacy). If the bill is not enacted by June 30, 2006, the amount in this section is provided solely for additional efforts at promoting financial literacy of students. The effort will be coordinated through the financial literacy public-private partnership.

(k) \$64,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the office of the superintendent of public instruction to conduct further evaluation of issues raised in the recently completed joint legislative audit and review committee report on the accounting of special education excess costs. Within the amounts provided in this subsection, the office of the superintendent of public instruction will convene a work group to evaluate modifying or replacing the current 1077 methodology. This work group will deliver a report to the appropriate committees of the legislature, including the joint legislative audit and review committee, and the office of financial management, by January 1, 2007. The work group will take into consideration recommendations of the Washington learns steering committee.

(l) \$15,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the implementation of Engrossed House Bill No. 2910 (environmental education). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(2) STATEWIDE PROGRAMS

General Fund--State Appropriation (FY 2006)	\$12,341,000
General Fund--State Appropriation (FY 2007)	\$18,884,000
General Fund--Federal Appropriation	(\$58,112,000)
	<u>\$67,358,000</u>

TOTAL APPROPRIATION ((~~\$89,337,000~~))
\$98,583,000

The appropriations in this subsection are provided solely for the statewide programs specified in this subsection and are subject to the following conditions and limitations:

(a) HEALTH AND SAFETY

(i) A maximum of \$2,541,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of \$2,541,000 of the general fund--state appropriation for fiscal year 2007 are provided for a corps of nurses located at educational service districts, as determined by the superintendent of public instruction, to be dispatched to the most needy schools to provide direct care to students, health education, and training for school staff.

(ii) A maximum of \$96,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of \$96,000 of the general fund--state appropriation for fiscal year 2007 are provided for the school safety center in the office of the superintendent of public instruction subject to the following conditions and limitations:

(A) The safety center shall: Disseminate successful models of school safety plans and cooperative efforts; provide assistance to schools to establish a comprehensive safe school plan; select models of cooperative efforts that have been proven successful; act as an information dissemination and resource center when an incident occurs in a school district either in Washington or in another state; coordinate activities relating to school safety; review and approve manuals and curricula used for school safety models and training; and develop and maintain a school safety information web site.

(B) The school safety center advisory committee shall develop a training program, using the best practices in school safety, for all school safety personnel.

(iii) A maximum of \$100,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of \$100,000 of the general fund--state appropriation for fiscal year 2007 are provided for a school safety training program provided by the criminal justice training commission. The commission, in collaboration with the school safety center advisory committee, shall provide the school safety training for all school administrators and school safety personnel, including school safety personnel hired after the effective date of this section.

(iv) \$40,000 of the general fund--state appropriation is provided solely for the safety center advisory committee to develop and distribute a pamphlet to promote internet safety for children, particularly in grades seven through twelve. The pamphlet shall be posted on the superintendent of public instruction's web site. To the extent possible, the pamphlet shall be distributed in schools throughout the state and in other areas accessible to youth, including but not limited to libraries and community centers.

(v) \$10,344,000 of the general fund--federal appropriation is provided for safe and drug free schools and communities grants for drug and violence prevention activities and strategies and \$800,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for one-time backfill of the federal reductions to the safe and drug free schools and communities grant program.

(vi) A maximum of \$146,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of \$146,000 of the general fund--state appropriation for fiscal year 2007 are provided for a nonviolence and leadership training program provided by the institute for community leadership. The program shall provide a request for proposal process, with up to 80 percent funding, for nonviolence leadership workshops serving at least 12 school districts with direct programming in 36 elementary, middle, and high schools throughout Washington state.

(vii) \$100,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for a pilot youth suicide prevention and information program. The office of superintendent of public instruction will work with selected school districts and community agencies in identifying effective strategies at preventing youth suicide.

(viii) \$40,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the implementation of Substitute Senate Bill No. 6580 (school notification about sex and kidnapping offenders), including section 2 of that act.

(ix) \$45,000 of the general fund state--state appropriation for fiscal year 2007 is provided solely for the development of safe school plan standards. By December 1, 2006, the Washington state school safety center advisory committee, in consultation with the superintendent of public instruction shall prepare a report with: (1) The recommended standards; (2) a potential implementation plan for those standards statewide; and (3) detailed information on the costs and other impacts on school districts from implementing the standards. The development of standards shall address requirements for school mapping and shall include a review of current research regarding safe school planning.

(b) TECHNOLOGY

A maximum of \$1,939,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of \$1,939,000 of the general fund--state appropriation for fiscal year 2007 are provided for K-20 telecommunications network technical support in the K-12 sector to prevent system failures and avoid interruptions in school utilization of the data processing and video-conferencing capabilities of the network. These funds may be used to purchase engineering and advanced technical support for the network.

(c) GRANTS AND ALLOCATIONS

(i) \$787,000 of the fiscal year 2006 appropriation and \$799,000 of the fiscal year 2007 appropriation are provided solely for the special services pilot projects. The office of the superintendent of public instruction shall allocate these funds to the district or districts participating in the pilot program according to the provisions of RCW 28A.630.015.

(ii) A maximum of \$548,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of \$1,059,000 of the general fund--state appropriation for fiscal year 2007 are provided for alternative certification routes. Funds may be used by the professional educator standards board to continue existing alternative-route grant programs and to create new alternative-route programs in regions of the state with service shortages. Of this amount, \$511,000 of the general fund--state appropriation for fiscal year 2007 is provided for additional conditional scholarships to candidates seeking an endorsement in special education, math, science, and bilingual education.

(iii) A maximum of \$31,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of \$31,000 of the general fund--state appropriation for fiscal year 2007 are provided for operation of the Cispus environmental learning center.

(iv) A maximum of ~~(\$1,224,000)~~ \$2,448,000 of the general fund--state appropriation ~~((for fiscal year 2006 and a maximum of \$1,224,000 of the general fund--state appropriation for fiscal year 2007 are))~~ is provided for in-service training and educational programs conducted by the Pacific Science Center.

(v) A maximum of ~~(\$1,079,000)~~ \$2,158,000 of the general fund--state appropriation ~~((for fiscal year 2006 and a maximum of \$1,079,000 of the general fund--state appropriation for fiscal year 2007 are))~~ is provided for the Washington state leadership assistance for science education reform (LASER) regional partnership coordinated at the Pacific Science Center.

(vi) A maximum of \$97,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of \$97,000 of the general fund--state appropriation for fiscal year 2007 are provided to support vocational student leadership organizations.

(vii) A maximum of \$146,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of \$146,000 of the general fund--state appropriation for fiscal year 2007 are provided for the Washington civil liberties education program.

(viii) \$1,000,000 of the general fund--state appropriation for fiscal year 2006 and \$1,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Washington state achievers scholarship program. The funds shall be used to support community involvement officers that recruit, train, and match community volunteer mentors with students selected as achievers scholars.

(ix) ~~(\$1,911,000)~~ \$2,119,000 of the general fund--federal appropriation is provided for the advanced placement fee program to increase opportunities for low-income students and under-represented populations to participate in advanced placement courses and to increase the capacity of schools to provide advanced placement courses to students.

(x) \$5,532,000 of the general fund--federal appropriation is provided for comprehensive school reform demonstration projects to provide grants to low-income schools for improving student achievement through adoption and implementation of research-based curricula and instructional programs.

(xi) ~~(\$24,490,000)~~ \$33,526,000 of the general fund--federal appropriation is provided for 21st century learning center grants, providing after-school and inter-session activities for students.

(xii) \$383,000 of the general fund--state appropriation for fiscal year 2006 and \$294,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Lorraine Wojahn dyslexia pilot reading program in up to five school districts.

(xiii) \$75,000 of the general fund--state appropriation for fiscal year 2006 and \$75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for developing and disseminating curriculum and other materials documenting women's role in World War II.

(xiv) \$175,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for incentive grants for districts to develop preapprenticeship programs. Grant awards up to \$10,000 each shall be used to support the program's design, school/business/labor agreement negotiations, and recruiting high school students for preapprenticeship programs in the building trades and crafts.

(xv) \$3,980,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the dissemination of the Navigation 101 curriculum to all districts, including the development and dissemination of electronic student planning tools and the development of a software package to use to analyze the impact of the implementation of Navigation 101 on student performance, and grants to at least one hundred school districts for the implementation of the Navigation 101 program. The implementation grants will be limited to a maximum of two years and the school districts selected shall represent various regions of the state and reflect differences in school district size and enrollment characteristics.

(xvi) \$2,148,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for one-time grants to school districts to offset extraordinary rate increases for natural gas and heating oil.

(xvii) \$22,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the implementation of Engrossed House Bill No. 2579 (educational assessments). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(xviii) \$1,500,000 of the general fund--state appropriation for fiscal year 2006 and \$1,500,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a pilot grant program related to serving students in staffed residential homes and other students as specified below. The pilot grant program will be established in at least five school districts. The districts eligible for the pilot grant program shall be limited to school districts with a concentration of students residing in staffed residential homes or other residential facilities where one or more staffed residential homes have closed within the current or preceding fiscal year, greater than or equal to 1.3 full time equivalent students per 1,000 K-12 public students. The amount of funding for each pilot grant district shall be in proportion to the degree of concentration of staffed residential home students residing and served in each respective district or serving high school district, and other criteria as determined by the office of the superintendent of public instruction. Funding in the pilot grant program shall not be considered part of the basic education program.

(A) The pilot grant program is intended to: (I) Identify the fiscal and educational challenges posed to districts that serve staffed residential homes students; (II) provide resources to assist school districts in developing best practices for addressing these challenges; (III) address costs resulting from high concentrations of staffed residential home students in some school districts; (IV) develop models of collaboration between school districts and staffed residential homes; and (V) gain additional information on the variety of circumstances and needs present in the staffed residential home population, including both special education and nonspecial education eligible students.

(B) As a condition of the pilot grant program, the selected school districts must meet the following criteria: (I) Jointly develop, with staffed residential homes in their community, a model policy and plan for collaboration and information sharing, which includes an agreed upon routine of regular communication regarding each child's progress, including for special education students the development and regular updating of individualized education programs; (II) provide an annual progress report regarding the implementation of the model policy and plan and measured progress toward meeting the educational needs of students in staffed residential homes; and (III) provide information and data to the office of the superintendent of public instruction as required for the study detailed in (D) of this subsection (c)(xviii).

(C) \$40,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the office of the superintendent of public instruction, with the assistance of the department of social and health services, to prepare a report to the appropriate policy and fiscal committees of the legislature and the office of financial management on: (I) The number of students residing at each staffed residential home by school district; (II) the specific types of needs of students residing at each staffed residential home; and (III) an overview of the differences in

programs being offered at staffed residential homes and the ranges of costs associated with these programs; and (IV) a summary of the current types of collaboration between school districts and staffed residential homes. This report shall be submitted by November 30, 2006.

(D) \$15,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the office of the superintendent of public instruction to report to the appropriate policy and fiscal committees of the legislature and the office of financial management on the results of the pilot grant program established in this subsection (c)(xviii), including a description of the impact on the educational services delivered to the students residing at each staffed residential home. Based on the results of the pilot grant program, the office of the superintendent of public instruction may make recommendations regarding best practices for meeting the needs of students residing in staffed residential homes, and fostering collaboration with staffed residential homes. This report shall be submitted by June 30, 2007.

(E) For those students (~~residing in staffed residential homes~~) for whom a school district receives a pilot grant application and who are special education eligible, school districts are eligible to pursue safety net funding beyond the pilot grant program amounts so that the combined basic education allocation, special education excess cost allocation, pilot grant amount, and safety net grants recognize the costs associated with serving staffed residential home students potentially concentrated in a few school districts.

(F) For purposes of this subsection (c)(xviii), "staffed residential home" means a home licensed by the department of social and health services to provide twenty-four hour care for six or fewer children or expectant mothers, which employs staff to care for them.

Sec. 1402. 2006 c 372 s 502 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR GENERAL APPORTIONMENT

General Fund--State Appropriation (FY 2006)	\$4,193,442,000
General Fund--State Appropriation (FY 2007)	(\$4,281,807,000)
	<u>\$4,252,844,000</u>
Pension Funding Stabilization Account Appropriation	\$28,548,000
TOTAL APPROPRIATION	(\$8,503,797,000)
	<u>\$8,474,834,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2) Allocations for certificated staff salaries for the 2005-06 and 2006-07 school years shall be determined using formula-generated staff units calculated pursuant to this subsection. Staff allocations for small school enrollments in (d) through (f) of this subsection shall be reduced for vocational full-time equivalent enrollments. Staff allocations for small school enrollments in grades K-6 shall be the greater of that generated under (a) of this subsection, or under (d) and (e) of this subsection. Certificated staffing allocations shall be as follows:

(a) On the basis of each 1,000 average annual full-time equivalent enrollments, excluding full-time equivalent enrollment otherwise recognized for certificated staff unit allocations under (c) through (f) of this subsection:

- (i) Four certificated administrative staff units per thousand full-time equivalent students in grades K-12;
- (ii) 49 certificated instructional staff units per thousand full-time equivalent students in grades K-3;
- (iii) Forty-six certificated instructional staff units per thousand full-time equivalent students in grades 4-12; and
- (iv) An additional 4.2 certificated instructional staff units for grades K-3 and an additional 7.2 certificated instructional staff units for grade 4.

Any funds allocated for the additional certificated units provided in this subsection (iv) shall not be considered as basic education funding;

(A) Funds provided under this subsection (2)(a)(iv) in excess of the amount required to maintain the statutory minimum ratio established under RCW 28A.150.260(2)(b) shall be allocated only if the district documents an actual ratio in grades K-4 equal to or greater than 53.2 certificated instructional staff per thousand full-time equivalent students. For any school district documenting a lower certificated instructional staff ratio, the allocation shall be based on the district's actual grades K-4 certificated instructional staff ratio achieved in that school year, or the statutory minimum ratio established under RCW 28A.150.260(2)(b), if greater;

(B) Districts at or above 51.0 certificated instructional staff per one thousand full-time equivalent students in grades K-4 may dedicate up to 1.3 of the 53.2 funding ratio to employ additional classified instructional assistants assigned to basic education classrooms in grades K-4. For purposes of documenting a district's staff ratio under this section, funds used by the district to employ additional classified instructional assistants shall be converted to a certificated staff equivalent and added to the district's actual certificated instructional staff ratio. Additional classified instructional assistants, for the purposes of this subsection, shall be determined using the 1989-90 school year as the base year;

(C) Any district maintaining a ratio in grades K-4 equal to or greater than 53.2 certificated instructional staff per thousand full-time equivalent students may use allocations generated under this subsection (2)(a)(iv) in excess of that required to maintain the minimum ratio established under RCW 28A.150.260(2)(b) to employ additional basic education certificated instructional staff or classified instructional assistants in grades 5-6. Funds allocated under this subsection (2)(a)(iv) shall only be expended to reduce class size in grades K-6. No more than 1.3 of the certificated instructional funding ratio amount may be expended for provision of classified instructional assistants;

(b) For school districts with a minimum enrollment of 250 full-time equivalent students whose full-time equivalent student enrollment count in a given month exceeds the first of the month full-time equivalent enrollment count by 5 percent, an additional state allocation of 110 percent of the share that such increased enrollment would have generated had such additional full-time equivalent students been included in the normal enrollment count for that particular month;

(c)(i) On the basis of full-time equivalent enrollment in:

(A) Vocational education programs approved by the superintendent of public instruction, a maximum of 0.92 certificated instructional staff units and 0.08 certificated administrative staff units for each 19.5 full-time equivalent vocational students; and

(B) Skills center programs meeting the standards for skills center funding established in January 1999 by the superintendent of public instruction with a waiver allowed for skills centers in current operation that are not meeting this standard until the 2007-08 school year, 0.92 certificated instructional staff units and 0.08 certificated administrative units for each 16.67 full-time equivalent vocational students;

(ii) Vocational full-time equivalent enrollment shall be reported on the same monthly basis as the enrollment for students eligible for basic support, and payments shall be adjusted for reported vocational enrollments on the same monthly basis as those adjustments for enrollment for students eligible for basic support; and

(iii) Indirect cost charges by a school district to vocational-secondary programs shall not exceed 15 percent of the combined basic education and vocational enhancement allocations of state funds;

(d) For districts enrolling not more than twenty-five average annual full-time equivalent students in grades K-8, and for small school plants within any school district which have been judged to be remote and necessary by the state board of education and enroll not more than twenty-five average annual full-time equivalent students in grades K-8:

(i) For those enrolling no students in grades 7 and 8, 1.76 certificated instructional staff units and 0.24 certificated administrative staff units for enrollment of not more than five students, plus one-twentieth of a certificated instructional staff unit for each additional student enrolled; and

(ii) For those enrolling students in grades 7 or 8, 1.68 certificated instructional staff units and 0.32 certificated administrative staff units for enrollment of not more than five students, plus one-tenth of a certificated instructional staff unit for each additional student enrolled;

(e) For specified enrollments in districts enrolling more than twenty-five but not more than one hundred average annual full-time equivalent students in grades K-8, and for small school plants within any school district which enroll more than twenty-five average annual full-time equivalent students in grades K-8 and have been judged to be remote and necessary by the state board of education:

(i) For enrollment of up to sixty annual average full-time equivalent students in grades K-6, 2.76 certificated instructional staff units and 0.24 certificated administrative staff units; and

(ii) For enrollment of up to twenty annual average full-time equivalent students in grades 7 and 8, 0.92 certificated instructional staff units and 0.08 certificated administrative staff units;

(f) For districts operating no more than two high schools with enrollments of less than three hundred average annual full-time equivalent students, for enrollment in grades 9-12 in each such school, other than alternative schools:

(i) For remote and necessary schools enrolling students in any grades 9-12 but no more than twenty-five average annual full-time equivalent students in grades K-12, four and one-half certificated instructional staff units and one-quarter of a certificated administrative staff unit;

(ii) For all other small high schools under this subsection, nine certificated instructional staff units and one-half of a certificated administrative staff unit for the first sixty average annual full time equivalent students, and additional staff units based on a ratio of 0.8732 certificated instructional staff units and 0.1268 certificated administrative staff units per each additional forty-three and one-half average annual full time equivalent students.

Units calculated under (f)(ii) of this subsection shall be reduced by certificated staff units at the rate of forty-six certificated instructional staff units and four certificated administrative staff units per thousand vocational full-time equivalent students;

(g) For each nonhigh school district having an enrollment of more than seventy annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-8 program or a grades 1-8 program, an additional one-half of a certificated instructional staff unit; and

(h) For each nonhigh school district having an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, operating a grades K-6 program or a grades 1-6 program, an additional one-half of a certificated instructional staff unit.

(3) Allocations for classified salaries for the 2005-06 and 2006-07 school years shall be calculated using formula-generated classified staff units determined as follows:

(a) For enrollments generating certificated staff unit allocations under subsection (2)(d) through (h) of this section, one classified staff unit for each three certificated staff units allocated under such subsections;

(b) For all other enrollment in grades K-12, including vocational full-time equivalent enrollments, one classified staff unit for each sixty average annual full-time equivalent students; and

(c) For each nonhigh school district with an enrollment of more than fifty annual average full-time equivalent students and less than one hundred eighty students, an additional one-half of a classified staff unit.

(4) Fringe benefit allocations shall be calculated at a rate of 11.21 percent in the 2005-06 school year and 13.02 percent in the 2006-07 school year for certificated salary allocations provided under subsection (2) of this section, and a rate of 14.07 percent in the 2005-06 school year and 15.99 percent in the 2006-07 school year for classified salary allocations provided under subsection (3) of this section.

(5) Insurance benefit allocations shall be calculated at the maintenance rate specified in section 504(2) of this act, based on the number of benefit units determined as follows:

(a) The number of certificated staff units determined in subsection (2) of this section; and

(b) The number of classified staff units determined in subsection (3) of this section multiplied by 1.152. This factor is intended to adjust allocations so that, for the purposes of distributing insurance benefits, full-time equivalent classified employees may be calculated on the basis of 1440 hours of work per year, with no individual employee counted as more than one full-time equivalent.

(6)(a) For nonemployee-related costs associated with each certificated staff unit allocated under subsection (2)(a), (b), and (d) through (h) of this section, there shall be provided a maximum of \$9,112 per certificated staff unit in the 2005-06 school year and a maximum of \$9,476 per certificated staff unit in the 2006-07 school year.

(b) For nonemployee-related costs associated with each vocational certificated staff unit allocated under subsection (2)(c)(i)(A) of this section, there shall be provided a maximum of \$22,377 per certificated staff unit in the 2005-06 school year and a maximum of \$23,272 per certificated staff unit in the 2006-07 school year.

(c) For nonemployee-related costs associated with each vocational certificated staff unit allocated under subsection (2)(c)(i)(B) of this section, there shall be provided a maximum of \$17,362 per certificated staff unit in the 2005-06 school year and a maximum of \$18,056 per certificated staff unit in the 2006-07 school year.

(7) Allocations for substitute costs for classroom teachers shall be distributed at a maintenance rate of \$531.09 for the 2005-06 and 2006-07 school years per allocated classroom teachers exclusive of salary increase amounts provided in section 504 of this act. Solely for the purposes of this subsection, allocated classroom teachers shall be equal to the number of certificated instructional staff units allocated under subsection (2) of this section, multiplied by the ratio between the number of actual basic education certificated teachers and the number of actual basic education certificated instructional staff reported statewide for the prior school year.

(8) Any school district board of directors may petition the superintendent of public instruction by submission of a resolution adopted in a public meeting to reduce or delay any portion of its basic education allocation for any school year. The superintendent of public instruction shall approve such reduction or delay if it does not impair the district's financial condition. Any delay shall not be for more than two school years. Any reduction or delay shall have no impact on levy authority pursuant to RCW 84.52.0531 and local effort assistance pursuant to chapter 28A.500 RCW.

(9) The superintendent may distribute a maximum of ~~(\$12,992,000)~~ \$12,769,000 outside the basic education formula during fiscal years 2006 and 2007 as follows:

(a) For fire protection for school districts located in a fire protection district as now or hereafter established pursuant to chapter 52.04 RCW, a maximum of \$513,000 may be expended in fiscal year 2006 and a maximum of \$534,000 may be expended in fiscal year 2007;

(b) For summer vocational programs at skills centers, a maximum of \$2,035,000 may be expended for the 2006 fiscal year and a maximum of \$2,385,000 for the 2007 fiscal year. 20 percent of each fiscal year amount may carry over from one year to the next;

(c) A maximum of \$369,000 may be expended for school district emergencies;

(d) A maximum of \$485,000 each fiscal year may be expended for programs providing skills training for secondary students who are enrolled in extended day school-to-work programs, as approved by the superintendent of public instruction. The funds shall be allocated at a rate not to exceed \$500 per full-time equivalent student enrolled in those programs; and

(e) \$394,000 of the general fund--state appropriation for fiscal year 2006 and \$850,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for incentive grants to encourage school districts to increase enrollment in vocational skills centers. Up to \$500 for each full-time equivalent student may be proportionally distributed to a school district or school districts increasing skills centers enrollment above the levels in the 2004-05 school year. The office of the superintendent of public instruction shall develop criteria for awarding incentive grants pursuant to this subsection. The total amount allocated pursuant to this subsection shall be limited to \$1,244,000 for the 2005-07 biennium. Funds provided in this subsection shall first be expended to provide incentive grants to school districts increasing skills center enrollment during the school year. If funds are available after making these allocations, funds may be distributed for: (i) Increasing enrollment including allowing up to an additional .2 full time equivalent student enrollment at skills centers; (ii) increasing enrollment and capacity of summer vocational programs at the skills centers.

(f) ~~(\$4,943,000)~~ \$4,719,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for one-time allocations for equipment replacement in vocational programs and skills centers. The funding shall be allocated based on \$75 per full time equivalent vocational student and \$125 per full time equivalent skills center student.

(10) For purposes of RCW 84.52.0531, the increase per full-time equivalent student is 5.2 percent from the 2004-05 school year to the 2005-06 school year and 5.2 percent from the 2005-06 school year to the 2006-07 school year.

(11) If two or more school districts consolidate and each district was receiving additional basic education formula staff units pursuant to subsection (2)(b) through (h) of this section, the following shall apply:

(a) For three school years following consolidation, the number of basic education formula staff units shall not be less than the number of basic education formula staff units received by the districts in the school year prior to the consolidation; and

(b) For the fourth through eighth school years following consolidation, the difference between the basic education formula staff units received by the districts for the school year prior to consolidation and the basic education formula staff units after consolidation pursuant to subsection (2)(a) through (h) of this section shall be reduced in increments of twenty percent per year.

Sec. 1403. 2006 c 372 s 504 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL EMPLOYEE COMPENSATION ADJUSTMENTS

General Fund--State Appropriation (FY 2006)	\$74,336,000
General Fund--State Appropriation (FY 2007)	(\$241,576,000)
	<u>\$239,233,000</u>
Education Legacy Trust Account--State Appropriation	\$470,000
Pension Funding Stabilization Account Appropriation	\$1,543,000
General Fund--Federal Appropriation	(\$1,043,000)
	<u>\$1,034,000</u>
TOTAL APPROPRIATION	(\$318,968,000)
	<u>\$316,616,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) ~~(\$190,375,000)~~ \$187,442,000 is provided for a cost of living adjustment of 1.2 percent effective September 1, 2005, and another 3.3 percent effective September 1, 2006, for state formula staff units. The appropriations include associated incremental fringe benefit allocations at rates of 10.57 percent for the 2005-06 school year and 12.38 percent for the 2006-07 school year for certificated staff and 10.57 percent for the 2005-06 school year and 12.49 percent for the 2006-07 school year for classified staff.

(a) The appropriations in this section include the increased portion of salaries and incremental fringe benefits for all relevant state-funded school programs in part V of this act. Increases for general apportionment (basic education) are based on the salary allocation schedules and methodology in sections 502 and 503 of this act. Increases for special education result from increases in each district's basic education allocation per student. Increases for educational service districts and institutional education programs are determined by the superintendent of public instruction using the methodology for general apportionment salaries and benefits in sections 502 and 503 of this act.

(b) The appropriations in this section provide cost of living and incremental fringe benefit allocations based on formula adjustments as follows:

	School Year	
	2005-06	2006-07
Pupil Transportation (per weighted pupil mile)	\$0.27	\$1.06
Highly Capable (per formula student)	\$2.96	\$11.40
Transitional Bilingual Education (per eligible bilingual student)	\$7.94	\$30.52
Learning Assistance (per formula student)	\$1.69	\$6.50

(c) The appropriations in this section include \$251,000 for fiscal year 2006 and ~~(\$1,022,000)~~ \$1,015,000 for fiscal year 2007 for salary increase adjustments for substitute teachers.

(2) ~~(\$129,905,000)~~ \$129,173,000 is provided for adjustments to insurance benefit allocations. The maintenance rate for insurance benefit allocations is \$582.47 per month for the 2005-06 and 2006-07 school years. The appropriations in this section provide for a rate increase to \$629.07 per month for the 2005-06 school year and \$682.54 per month for the 2006-07 school year. The adjustments to health insurance benefit allocations are at the following rates:

	School Year	
	2005-06	2006-07
Pupil Transportation (per weighted pupil mile)	\$0.42	\$0.91
Highly Capable (per formula student)	\$2.88	\$6.16
Transitional Bilingual Education (per eligible bilingual student)	\$7.54	\$16.20
Learning Assistance (per formula student)	\$1.49	\$3.21

(3) The rates specified in this section are subject to revision each year by the legislature.

Sec. 1404. 2006 c 372 s 505 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PUPIL TRANSPORTATION

General Fund--State Appropriation (FY 2006)	\$247,541,000
General Fund--State Appropriation (FY 2007)	(\$252,607,000)
	<u>\$251,831,000</u>
Pension Funding Stabilization Account Appropriation	\$755,000
TOTAL APPROPRIATION	(\$500,903,000)
	<u>\$500,127,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2) A maximum of \$796,000 of this fiscal year 2006 appropriation and a maximum of \$828,000 of the fiscal year 2007 appropriation may be expended for regional transportation coordinators and related activities. The transportation coordinators shall ensure that data submitted by school districts for state transportation funding shall, to the greatest extent practical, reflect the actual transportation activity of each district.

(3) \$5,000 of the fiscal year 2006 appropriation and \$5,000 of the fiscal year 2007 appropriation are provided solely for the transportation of students enrolled in "choice" programs. Transportation shall be limited to low-income students who are transferring to "choice" programs solely for educational reasons.

(4) Allocations for transportation of students shall be based on reimbursement rates of \$42.52 per weighted mile in the 2005-06 school year and ~~(\$42.30)~~ \$43.57 per weighted mile in the 2006-07 school year exclusive of salary and benefit adjustments provided in section 504 of this act. Included in the 2005-06 school year rate is ~~(a one-time)~~ an increase of \$1.12 and included in the 2006-07 school year rate is an increase of \$1.27 to offset extraordinary increases in the price of diesel fuel. Allocations for transportation of students transported more than one radius mile shall be based on weighted miles as determined by superintendent of public instruction multiplied by the per mile reimbursement rates for the school year pursuant to the formulas adopted by the superintendent of public instruction. Allocations for transportation of students living

within one radius mile shall be based on the number of enrolled students in grades kindergarten through five living within one radius mile of their assigned school multiplied by the per mile reimbursement rate for the school year multiplied by 1.29.

(5) For busses purchased between July 1, 2005, and June 30, 2007, the office of superintendent of public instruction shall provide reimbursement funding to a school district only after the superintendent of public instruction determines that the school bus was purchased from the list established pursuant to RCW 28A.160.195(2) or a comparable competitive bid process based on the lowest price quote based on similar bus categories to those used to establish the list pursuant to RCW 28A.160.195. The competitive specifications shall meet federal motor vehicle safety standards, minimum state specifications as established by rule by the superintendent, and supported options as determined by the superintendent in consultation with the regional transportation coordinators of the educational service districts.

(6) Beginning with the 2005-06 school year, the superintendent of public instruction shall base depreciation payments for school district buses on the five-year average of lowest bids in the appropriate category of bus. In the final year on the depreciation schedule, the depreciation payment shall be based on the current state price. The superintendent may include a weighting or other adjustment factor in the averaging formula to ease the transition from the current-price depreciation system to the average depreciation system. Prior to making any depreciation payment in the 2005-06 school year, the superintendent shall notify the office of financial management and the fiscal committees of the legislature of the specific depreciation formula to be used. The replacement cost shall be based on the lowest bid in the appropriate bus category for that school year. A maximum of \$50,000 of the fiscal year 2006 appropriation may be expended for software programming costs associated with the implementation of this subsection.

Sec. 1405. 2006 c 372 s 506 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SCHOOL FOOD SERVICE PROGRAMS

General Fund--State Appropriation (FY 2006)	\$3,147,000
General Fund--State Appropriation (FY 2007)	\$3,159,000
General Fund--Federal Appropriation	(\$270,423,000)
	<u>\$313,038,000</u>
TOTAL APPROPRIATION	(\$276,729,000)
	<u>\$319,344,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$3,000,000 of the general fund--state appropriation for fiscal year 2006 and \$3,000,000 of the general fund--state appropriation for fiscal year 2007 are provided for state matching money for federal child nutrition programs.

(2) \$100,000 of the general fund--state appropriation for fiscal year 2006 and \$100,000 of the 2007 fiscal year appropriation are provided for summer food programs for children in low-income areas.

(3) \$47,000 of the general fund--state appropriation for fiscal year 2006 and \$59,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to reimburse school districts for school breakfasts served to students enrolled in the free or reduced price meal program pursuant to House Bill No. 1771 (requiring school breakfast programs in certain schools). If House Bill No. 1771 is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

Sec. 1406. 2006 c 372 s 507 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SPECIAL EDUCATION PROGRAMS

General Fund--State Appropriation (FY 2006)	\$464,812,000
General Fund--State Appropriation (FY 2007)	(\$478,191,000)
	<u>\$470,395,000</u>
General Fund--Federal Appropriation	(\$435,664,000)
	<u>\$436,409,000</u>
Pension Funding Stabilization Account Appropriation	\$3,234,000
TOTAL APPROPRIATION	(\$1,381,901,000)
	<u>\$1,374,850,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) Funding for special education programs is provided on an excess cost basis, pursuant to RCW 28A.150.390. School districts shall ensure that special education students as a class receive their full share of the general apportionment allocation accruing through sections 502 and 504 of this act. To the extent a school district cannot provide an appropriate education for special education students under chapter 28A.155 RCW through the general apportionment allocation, it shall provide services through the special education excess cost allocation funded in this section.

(2)(a) The superintendent of public instruction shall use the excess cost methodology developed and implemented for the 2001-02 school year using the S-275 personnel reporting system and all related accounting requirements to ensure that:

- (i) Special education students are basic education students first;
- (ii) As a class, special education students are entitled to the full basic education allocation; and
- (iii) Special education students are basic education students for the entire school day.

(b) The S-275 and accounting changes in effect since the 2001-02 school year shall supercede any prior excess cost methodologies and shall be required of all school districts.

(3) Each fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(4) The superintendent of public instruction shall distribute state and federal funds to school districts based on two categories: The optional birth through age two program for special education eligible developmentally delayed infants and toddlers, and the mandatory special education program for special education eligible students ages three to twenty-one. A "special education eligible student" means a student receiving specially designed instruction in accordance with a properly formulated individualized education program.

(5)(a) For the 2005-06 and 2006-07 school years, the superintendent shall make allocations to each district based on the sum of:

(i) A district's annual average headcount enrollment of developmentally delayed infants and toddlers ages birth through two, multiplied by the district's average basic education allocation per full-time equivalent student, multiplied by 1.15; and

(ii) A district's annual average full-time equivalent basic education enrollment multiplied by the funded enrollment percent determined pursuant to subsection (6)(b) of this section, multiplied by the district's average basic education allocation per full-time equivalent student multiplied by 0.9309.

(b) For purposes of this subsection, "average basic education allocation per full-time equivalent student" for a district shall be based on the staffing ratios required by RCW 28A.150.260 and shall not include enhancements, secondary vocational education, or small schools.

(6) The definitions in this subsection apply throughout this section.

(a) "Annual average full-time equivalent basic education enrollment" means the resident enrollment including students enrolled through choice (RCW 28A.225.225) and students from nonhigh districts (RCW 28A.225.210) and excluding students residing in another district enrolled as part of an interdistrict cooperative program (RCW 28A.225.250).

(b) "Enrollment percent" means the district's resident special education annual average enrollment, excluding the birth through age two enrollment, as a percent of the district's annual average full-time equivalent basic education enrollment.

Each district's general fund--state funded special education enrollment shall be the lesser of the district's actual enrollment percent or 12.7 percent.

(7) At the request of any interdistrict cooperative of at least 15 districts in which all excess cost services for special education students of the districts are provided by the cooperative, the maximum enrollment percent shall be calculated in accordance with subsection (6)(b) of this section, and shall be calculated in the aggregate rather than individual district units. For purposes of this subsection, the average basic education allocation per full-time equivalent student shall be calculated in the aggregate rather than individual district units.

(8) To the extent necessary, \$18,940,000 of the general fund--state appropriation and \$28,698,000 of the general fund--federal appropriation are provided for safety net awards for districts with demonstrated needs for special education funding beyond the amounts provided in subsection (5) of this section. If safety net awards exceed the amount appropriated in this subsection (8), the superintendent shall expend all available federal discretionary funds necessary to meet this need. Safety net funds shall be awarded by the state safety net oversight committee subject to the following conditions and limitations:

(a) The committee shall consider unmet needs for districts that can convincingly demonstrate that all legitimate expenditures for special education exceed all available revenues from state funding formulas. In the determination of need, the committee shall also consider additional available revenues from federal sources. Differences in program costs attributable to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for safety net awards.

(b) The committee shall then consider the extraordinary high cost needs of one or more individual special education students. Differences in costs attributable to district philosophy, service delivery choice, or accounting practices are not a legitimate basis for safety net awards.

(c) The maximum allowable indirect cost for calculating safety net eligibility may not exceed the federal restricted indirect cost rate for the district plus one percent.

(d) Safety net awards shall be adjusted based on the percent of potential medicaid eligible students billed as calculated by the superintendent in accordance with chapter 318, Laws of 1999.

(e) Safety net awards must be adjusted for any audit findings or exceptions related to special education funding.

(9) The superintendent of public instruction may adopt such rules and procedures as are necessary to administer the special education funding and safety net award process. Prior to revising any standards, procedures, or rules, the superintendent shall consult with the office of financial management and the fiscal committees of the legislature.

(10) The safety net oversight committee appointed by the superintendent of public instruction shall consist of:

(a) One staff from the office of superintendent of public instruction;

(b) Staff of the office of the state auditor who shall be nonvoting members of the committee; and

(c) One or more representatives from school districts or educational service districts knowledgeable of special education programs and funding.

(11) A maximum of \$678,000 may be expended from the general fund--state appropriations to fund 5.43 full-time equivalent teachers and 2.1 full-time equivalent aides at children's orthopedic hospital and medical center. This amount is in lieu of money provided through the home and hospital allocation and the special education program.

(12) A maximum of \$1,000,000 of the general fund--federal appropriation is provided for projects to provide special education students with appropriate job and independent living skills, including work experience where possible, to facilitate their successful transition out of the public school system. The funds provided by this subsection shall be from federal discretionary grants.

(13) A maximum of \$100,000 of the general fund--federal appropriation shall be expended to create a special education ombudsman program within the office of superintendent of public instruction. The purpose of the program is to provide support to parents, guardians, educators, and students with disabilities. The program will provide information to help families and educators understand state laws, rules, and regulations, and access training and support, technical information services, and mediation services. The ombudsman program will provide data, information, and appropriate recommendations to the office of superintendent of public instruction, school districts, educational service districts, state need projects, and the parent and teacher information center.

(14) The superintendent shall maintain the percentage of federal flow-through to school districts at 85 percent. In addition to other purposes, school districts may use increased federal funds for high-cost students, for purchasing regional special education services from educational service districts, and for staff development activities particularly relating to inclusion issues.

(15) A maximum of \$1,200,000 of the general fund--federal appropriation may be expended by the superintendent for projects related to use of inclusion strategies by school districts for provision of special education services.

(16) \$1,400,000 of the general fund--federal appropriation shall be expended for one-time grants to school districts for the start-up costs of implementing web-based programs that assist schools in meeting state and federal requirements regarding individualized education plans.

(17) The superintendent, consistent with the new federal IDEA reauthorization, shall continue to educate school districts on how to implement a birth-to-three program and review the cost effectiveness and learning benefits of early intervention.

(18) A school district may carry over from one year to the next year up to 10 percent of the general fund--state funds allocated under this program; however, carryover funds shall be expended in the special education program.

Sec. 1407. 2006 c 372 s 509 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR LOCAL EFFORT ASSISTANCE

General Fund--State Appropriation (FY 2006)	\$173,153,000
General Fund--State Appropriation (FY 2007)	(\$190,957,000)
	<u>\$188,092,000</u>
TOTAL APPROPRIATION	(\$364,110,000)
	<u>\$361,245,000</u>

Sec. 1408. 2006 c 372 s 510 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR INSTITUTIONAL EDUCATION PROGRAMS

General Fund--State Appropriation (FY 2006)	\$18,078,000
General Fund--State Appropriation (FY 2007)	(\$18,237,000)
	<u>\$17,551,000</u>
Pension Funding Stabilization Account Appropriation	\$117,000
TOTAL APPROPRIATION	(\$36,432,000)
	<u>\$35,746,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund--state fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2) State funding provided under this section is based on salaries and other expenditures for a 220-day school year. The superintendent of public instruction shall monitor school district expenditure plans for institutional education programs to ensure that districts plan for a full-time summer program.

(3) State funding for each institutional education program shall be based on the institution's annual average full-time equivalent student enrollment. Staffing ratios for each category of institution shall remain the same as those funded in the 1995-97 biennium.

(4) The funded staffing ratios for education programs for juveniles age 18 or less in department of corrections facilities shall be the same as those provided in the 1997-99 biennium.

(5) \$236,000 of the general fund--state appropriation for fiscal year 2006 and ~~(\$236,000)~~ \$196,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to maintain at least one certificated instructional staff and related support services at an institution whenever the K-12 enrollment is not sufficient to support one full-time equivalent certificated instructional staff to furnish the educational program. The following types of institutions are included: Residential programs under the department of social and health services for developmentally disabled juveniles, programs for juveniles under the department of corrections, and programs for juveniles under the juvenile rehabilitation administration.

(6) Ten percent of the funds allocated for each institution may be carried over from one year to the next.

Sec. 1409. 2006 c 372 s 511 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS

General Fund--State Appropriation (FY 2006)	\$6,900,000
General Fund--State Appropriation (FY 2007)	(\$6,974,000)
	<u>\$6,918,000</u>
Pension Funding Stabilization Account Appropriation	\$44,000
TOTAL APPROPRIATION	(\$13,918,000)
	<u>\$13,862,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.

(2) Allocations for school district programs for highly capable students shall be distributed at a maximum rate of \$347.93 per funded student for the 2005-06 school year and \$351.98 per funded student for the 2006-07 school year, exclusive of salary and benefit adjustments pursuant

to section 504 of this act. The number of funded students shall be a maximum of two percent of each district's full-time equivalent basic education enrollment.

(3) \$170,000 of the fiscal year 2006 appropriation and \$170,000 of the fiscal year 2007 appropriation are provided for the centrum program at Fort Worden state park.

(4) \$90,000 of the fiscal year 2006 appropriation and \$90,000 of the fiscal year 2007 appropriation are provided for the Washington destination imagination network and future problem-solving programs.

Sec. 1410. 2006 c 372 s 512 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION—EDUCATION REFORM PROGRAMS

General Fund--State Appropriation (FY 2006)	\$45,382,000
General Fund--State Appropriation (FY 2007)	((\$51,297,000))
	<u>\$51,536,000</u>
General Fund--Federal Appropriation	\$147,799,000
TOTAL APPROPRIATION	((\$244,478,000))
	<u>\$244,717,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) ASSESSMENT

(a) \$21,946,000 of the general fund--state appropriation for fiscal year 2006, \$21,491,000 of the general fund--state appropriation for fiscal year 2007, and \$18,560,000 of the general fund--federal appropriation are provided solely for development and implementation of the Washington assessments of student learning (WASL), including development and implementation of retake assessments for high school students who are not successful in one or more content areas of the WASL and development of alternative assessments or appeals procedures to implement the certificate of academic achievement. The superintendent of public instruction shall report quarterly on the progress on development of alternative assessments or appeals procedures. Within these amounts, the superintendent of public instruction shall contract for the early return of 10th grade student WASL results, on or around June 10th of each year. \$100,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to: (i) Investigate the use of existing mathematics assessments in languages other than English as possible means of measuring tenth grade essential academic learnings and standards, including examining the content and rigor of the assessments as well as their reliability and validity; (ii) estimate the cost of translating the tenth grade mathematics WASL into other languages and scoring these assessments should they be implemented; and (iii) develop recommendations for (i) and (ii) of this subsection (a). Funds provided in this section are sufficient to implement section 5 of Engrossed Substitute Senate Bill No. 6475 (alternative assessment options).

(b) \$1,327,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of Engrossed Substitute House Bill No. 3127 (education), including section 2 of that act. If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(c) \$250,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for implementation of section 4 of Engrossed Substitute Senate Bill No. 6255 (student-centered planning) regarding reimbursement of diagnostic assessments.

(2) MATH REMEDIATION

The purpose of this subsection (2) is to strengthen high school student performance in meeting the state standards in mathematics.

(a) Included in the general fund--state amounts provided in subsection (1) of this section is \$2,350,000 which is provided solely for the development of a new tenth grade mathematics assessment tool that: (i) Presents the mathematics essential learnings in segments for assessment; (ii) is comparable in content and rigor to the tenth grade mathematics WASL when all segments are considered together; (iii) is reliable and valid; and (iv) can be used to determine a student's academic performance level.

(b) \$110,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the development of WASL knowledge and skill learning modules to assist students performing at tenth grade Level 1 in mathematics.

(c) \$330,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for development of mathematics knowledge and skill learning modules to teach middle and high school students specific skills that have been identified as areas of difficulty for tenth grade students. The office of the superintendent of public instruction shall develop materials for classroom use and for tutorial learning activities.

(d) \$600,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for development of web-based applications of the curriculum and materials produced under (b) and (c) of this subsection as well as mathematics knowledge and skill modules and materials previously developed by the office of the superintendent of public instruction. The products are to be designed as on-line courses for students needing Level 1 instruction; learning modules accessible to classroom teachers for incorporation into classroom instruction; tutorials that can be used as WASL assessment skill refreshers and as tutor-guided and parent-guided learning modules; and on-line practice WASLs with supporting item scoring information and student response examples.

(3) PROFESSIONAL DEVELOPMENT

(a) \$548,000 of the fiscal year 2006 general fund--state appropriation and \$548,000 of the fiscal year 2007 general fund--state appropriation are provided solely for training of paraprofessional classroom assistants and certificated staff who work with classroom assistants as provided in RCW 28A.415.310.

(b) \$2,348,000 of the general fund--state appropriation for fiscal year 2006 and \$2,348,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for mentor teacher assistance, including state support activities, under RCW 28A.415.250 and 28A.415.260, and for a mentor academy. Up to \$200,000 of the amount in this subsection may be used each fiscal year to operate a mentor academy to help districts provide effective training for peer mentors. Funds for the teacher assistance program shall be allocated to school districts based on the number of first year beginning teachers.

(c) \$705,000 of the general fund--state appropriation for fiscal year 2006 and \$705,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the leadership internship program for superintendents, principals, and program administrators.

(d) \$3,180,000 of the general fund--state appropriation for fiscal year 2006 and (~~(\$4,358,000)~~) \$4,597,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for salary bonuses, and mandatory fringe benefits, for teachers who attain certification by the national board for professional teaching standards, subject to the following conditions and limitations:

(i) Teachers who hold a valid certificate from the national board during the 2005-06 or 2006-07 school years shall receive an annual bonus not to exceed \$3,500 in each of these school years in which they hold a national board certificate.

(ii) The annual bonus shall be paid in a lump sum amount and shall not be included in the definition of "earnable compensation" under RCW 41.32.010(10).

(e) \$98,761,000 of the general fund--federal appropriation is provided for preparing, training, and recruiting high quality teachers and principals under Title II of the no child left behind act.

(4) SCHOOL IMPROVEMENT

(a) \$338,000 of the general fund--state appropriation for fiscal year 2006 and \$488,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a principal support program. The office of the superintendent of public instruction may contract with an independent organization to administer the program. The program shall include: (i) Development of an individualized professional growth plan for a new principal or principal candidate; and (ii) participation of a mentor principal who works over a period of between one and three years with the new principal or principal candidate to help him or her build the skills identified as critical to the success of the professional growth plan. Within the amounts provided, \$25,000 per year shall be used to support additional participation of secondary principals.

(b) \$3,046,000 of the general fund--state appropriation for fiscal year 2006 and \$3,046,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to the office of the superintendent of public instruction for focused assistance. The office of the superintendent of public instruction shall conduct educational audits of low-performing schools and enter into performance agreements between school districts and the office to implement the recommendations of the audit and the community. Each educational audit shall include recommendations for best practices and ways to address identified needs and shall be presented to the community in a public meeting to seek input on ways to implement the audit and its recommendations.

(c) \$1,000,000 of the general fund--state appropriation for fiscal year 2006 and \$1,000,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for a high school and school district improvement program modeled after the office of the superintendent of public instruction's existing focused assistance program in (b) of this subsection. The state funding for this improvement program will match an equal amount committed by a nonprofit foundation in furtherance of a jointly funded program.

(d) A maximum of \$250,000 of the general fund--state appropriation for fiscal year 2006 and a maximum of \$250,000 of the general fund--state appropriation for fiscal year 2007 are provided for summer accountability institutes offered by the superintendent of public instruction. The institutes shall provide school district staff with training in the analysis of student assessment data, information regarding successful district and school teaching models, research on curriculum and instruction, and planning tools for districts to improve instruction in reading, mathematics, language arts, social studies, including civics, and guidance and counseling. The superintendent of public instruction shall emphasize issues of high school reform and mathematics instruction when offering summer institute programs supported by funds provided in this subsection.

(e) \$515,000 of the general fund--state appropriation for fiscal year 2006 and \$515,000 of the general fund--state appropriation for fiscal year 2007 are provided for the evaluation of reading and mathematics textbooks, other instructional materials, and diagnostic tools to determine the extent to which they are aligned with the state standards. A scorecard of the analysis shall be made available to school districts. The superintendent shall also develop and disseminate information on essential components of comprehensive, school-based math and reading programs and shall develop and disseminate grade level expectations for reading and math which shall include professional development modules and web-based materials.

(f) \$1,764,000 of the general fund--state appropriation for fiscal year 2006 and \$1,764,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the mathematics helping corps subject to the following conditions and limitations:

(i) In order to increase the availability and quality of technical mathematics assistance statewide, the superintendent of public instruction shall employ mathematics school improvement specialists to provide assistance to schools and districts. The specialists shall be hired by and work under the direction of a statewide school improvement coordinator. The mathematics improvement specialists shall not be permanent employees of the superintendent of public instruction.

(ii) The school improvement specialists shall provide the following:

(A) Assistance to schools to disaggregate student performance data and develop improvement plans based on those data;

(B) Consultation with schools and districts concerning their performance on the Washington assessment of student learning and other assessments emphasizing the performance on the mathematics assessments;

(C) Consultation concerning curricula that aligns with the essential academic learning requirements emphasizing the academic learning requirements for mathematics, the Washington assessment of student learning, and meets the needs of diverse learners;

(D) Assistance in the identification and implementation of research-based instructional practices in mathematics;

(E) Staff training that emphasizes effective instructional strategies and classroom-based assessment for mathematics;

(F) Assistance in developing and implementing family and community involvement programs emphasizing mathematics; and

(G) Other assistance to schools and school districts intended to improve student mathematics learning.

(g) \$125,000 of the general fund--state appropriation for fiscal year 2006 and \$125,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the improvement of reading achievement and implementation of research-based reading models. The superintendent shall evaluate reading curriculum programs and other instructional materials to determine the extent to which they are aligned with state standards. A report of the analyses shall be made available to school districts. The superintendent shall report to districts the assessments that are available to screen and diagnose reading difficulties, and shall provide training on how to implement a reading assessment

system. Resources may also be used to disseminate grade level expectations and develop professional development modules and web-based materials.

(h) \$30,401,000 of the general fund--federal appropriation is provided for the reading first program under Title I of the no child left behind act.

(i) \$500,000 of the general fund--state appropriation for fiscal year 2007 is provided for the office of the superintendent of public instruction to award five grants to parent, community, and school district partnership programs that will meet the unique needs of different groups of students in closing the achievement gap. The legislature intends that the pilot programs will help students meet state learning standards, achieve the skills and knowledge necessary for college or the workplace, reduce the achievement gap, prevent dropouts, and improve graduation rates. The office of the superintendent of public instruction shall develop and publish the criteria for awarding grants by July 2006.

(i) The pilot programs shall be designed in such a way as to be supplemental to educational services provided in the district and shall utilize a community partnership based approach to helping students and their parents.

(ii) The grant recipients shall work in collaboration with the office of the superintendent of public instruction to develop measurable goals and evaluation methodologies for the pilot programs. \$25,000 of this appropriation may be used by the office of the superintendent of public instruction to hold a statewide meeting to disseminate successful strategies developed by the grantees.

(iii) The office of the superintendent of public instruction shall issue a report to the legislature in the 2007 session on the progress of each of the pilot programs.

(5) STUDENT SUPPORTS

(a) \$2,500,000 of the general fund--state appropriation for fiscal year 2006 and \$4,500,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for: (i) The meals for kids program under RCW 28A.235.145 through 28A.235.155; (ii) to eliminate the co-pay for students eligible for reduced price lunch eating breakfast; and (iii) for additional assistance for school districts initiating a summer food service program.

(b) \$125,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for an early reading grant program for community-based initiatives that develop prereading and early reading skills through parental and community involvement, public awareness, coordination of resources, and partnerships with local school districts. Grant awards shall include funding for one-time start up costs for local affiliates and a one-time partial payment of school district dues to local affiliates of up to 30 percent of the per student dues amount. Grant applications shall include:

(i) Strategies for parental involvement emphasizing ages birth to five and outreach to diverse communities;

(ii) Evidence of collaboration with, and support from, local school districts, and how the activities funded in the grant are complementary to the reading improvement efforts of local school districts;

(iii) A plan for community participation and coordination of resources including in-kind and financial support by public and private sector partners;

(iv) Measurable goals and evaluation methodology to determine impact;

(v) Integration of reading strategies from the Washington state early learning and development benchmarks;

(vi) A plan for marketing and public relations;

(vii) Strategies for sustaining the program when grant funding is no longer available; and

(viii) Evidence of district commitment to reading improvement, aligned curriculum, progress monitoring, and time-on-task.

(c) \$850,000 of the general fund--state appropriation for fiscal year 2006 and \$850,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Washington reading corps. The superintendent shall allocate reading corps members to low-performing schools and school districts that are implementing comprehensive, proven, research-based reading programs. Two or more schools may combine their Washington reading corps programs. Grants provided under this section may be used by school districts for expenditures from September 2005 through August 31, 2007.

(d) \$3,594,000 of the general fund--state appropriation for fiscal year 2006 and \$3,594,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for grants to school districts to provide a continuum of care for children and families to help children become ready to learn. Grant proposals from school districts shall contain local plans designed collaboratively with community service providers. If a continuum of care program exists in the area in which the school district is located, the local plan shall provide for coordination with existing programs to the greatest extent possible. Grant funds shall be allocated pursuant to RCW 70.190.040.

(6) TECHNOLOGY

(a) \$1,959,000 of the general fund--state appropriation for fiscal year 2006 and \$1,959,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for improving technology infrastructure, monitoring and reporting on school district technology development, promoting standards for school district technology, promoting statewide coordination and planning for technology development, and providing regional educational technology support centers, including state support activities, under chapter 28A.650 RCW. The superintendent of public instruction shall coordinate a process to facilitate the evaluation and provision of online curriculum courses to school districts which includes the following: Creation of a general listing of the types of available online curriculum courses; a survey conducted by each regional educational technology support center of school districts in its region regarding the types of online curriculum courses desired by school districts; a process to evaluate and recommend to school districts the best online courses in terms of curriculum, student performance, and cost; and assistance to school districts in procuring and providing the courses to students.

(b) \$126,000 of the general fund--state appropriation for fiscal year 2006 and \$126,000 of the general fund--state appropriation for fiscal year 2007 are provided for the development and posting of web-based instructional tools, assessment data, and other information that assists schools and teachers implementing higher academic standards.

Sec. 1411. 2006 c 372 s 513 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR TRANSITIONAL BILINGUAL PROGRAMS

General Fund--State Appropriation (FY 2006)	\$58,205,000
General Fund--State Appropriation (FY 2007)	(\$61,608,000)
	<u>\$58,181,000</u>
General Fund--Federal Appropriation	\$51,741,000
Pension Funding Stabilization Account Appropriation	\$504,000
TOTAL APPROPRIATION	(\$172,058,000)
	<u>\$168,631,000</u>

The appropriations in this section are subject to the following conditions and limitations:

- (1) Each general fund fiscal year appropriation includes such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.
- (2) The superintendent shall distribute a maximum of \$759.58 per eligible bilingual student in the 2005-06 school year and \$770.40 in the 2006-07 school year, exclusive of salary and benefit adjustments provided in section 504 of this act.
- (3) The superintendent may withhold up to 1.5 percent of the school year allocations to school districts in subsection (2) of this section, and adjust the per eligible pupil rates in subsection (2) of this section accordingly, solely for the central provision of assessments as provided in RCW 28A.180.090 (1) and (2).
- (4) \$70,000 of the amounts appropriated in this section are provided solely to develop a system for the tracking of current and former transitional bilingual program students.
- (5) The general fund--federal appropriation in this section is provided for migrant education under Title I Part C and English language acquisition, and language enhancement grants under Title III of the elementary and secondary education act.

Sec. 1412. 2006 c 372 s 514 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR THE LEARNING ASSISTANCE PROGRAM

General Fund--State Appropriation (FY 2006)	\$65,018,000
General Fund--State Appropriation (FY 2007)	(\$64,626,000)
	<u>\$64,353,000</u>
Education Legacy Trust Account--State Appropriation	\$24,605,000
Pension Funding Stabilization Account Appropriation	\$553,000
General Fund--Federal Appropriation	\$348,351,000
TOTAL APPROPRIATION	(\$503,153,000)
	<u>\$502,880,000</u>

The appropriations in this section are subject to the following conditions and limitations:

- (1) The general fund--state appropriations in this section are subject to the following conditions and limitations:
 - (a) The appropriations include such funds as are necessary to complete the school year ending in the fiscal year and for prior fiscal year adjustments.
 - (b) Funding for school district learning assistance programs shall be allocated at maximum rates of \$184.69 per funded student for the 2005-06 school year and \$187.97 per funded student for the 2006-07 school year exclusive of salary and benefit adjustments provided under section 504 of this act.
 - (c) A school district's funded students for the learning assistance program shall be the sum of the following as appropriate:
 - (i) The district's full-time equivalent enrollment in grades K-12 for the prior school year multiplied by the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch in the prior school year; and
 - (ii) If, in the prior school year, the district's percentage of October headcount enrollment in grades K-12 eligible for free or reduced price lunch exceeded forty percent, subtract forty percent from the district's percentage and multiply the result by the district's K-12 annual average full-time equivalent enrollment for the prior school year.
 - (d) In addition to amounts allocated in (b) and (c) of this subsection, an additional amount shall be allocated to a school district for each school year in which the district's allocation is less than the amount the district received for the general fund--state learning assistance program allocation in the 2004-05 school year. The amount of the allocation in this section shall be sufficient to maintain the 2004-05 school year allocation.
- (2) Increases in a school district's allocation above the 2004-05 school year level shall be directed to grades nine through ten for the 2006-07 school year.
- (3) The general fund--federal appropriation in this section is provided for Title I Part A allocations of the no child left behind act of 2001.
- (4) Small school districts are encouraged to make the most efficient use of the funding provided by using regional educational service district cooperatives to hire staff, provide professional development activities, and implement reading and mathematics programs consistent with research-based guidelines provided by the office of the superintendent of public instruction.
- (5) A school district may carry over from one year to the next up to 10 percent of the general fund--state or education legacy trust funds allocated under this program; however, carryover funds shall be expended for the learning assistance program.
- (6) School districts are encouraged to coordinate the use of these funds with other federal, state, and local sources to serve students who are below grade level and to make efficient use of resources in meeting the needs of students with the greatest academic deficits.

Sec. 1413. 2006 c 372 s 515 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--PROMOTING ACADEMIC SUCCESS

General Fund--State Appropriation (FY 2006)	\$3,842,000
General Fund--State Appropriation (FY 2007)	(\$23,879,000)
	<u>\$19,067,000</u>
Pension Funding Stabilization Account Appropriation	\$189,000
TOTAL APPROPRIATION	(\$27,910,000)
	<u>\$23,098,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) The amounts appropriated in this section are provided solely for remediation for students who have not met standard in one or more content areas of the WASL in the spring of their tenth grade year and on each retake thereafter. The funds may be used for extended learning activities, including summer school, before and after school, Saturday classes, skill seminars, assessment preparation, and in-school or out-of-school tutoring. Extended learning activities may occur on the school campus, via the internet, or at other locations and times that meet student needs. Funds allocated under this section shall not be considered basic education funding. Amounts allocated under this section shall fund new extended learning opportunities, and shall not supplant funding for existing programs and services.

(2) School district allocations for promoting academic success programs shall be calculated as follows:

(a) A portion of the district's student units shall be the number of content area assessments (reading, writing, and mathematics) on which students were more than one standard error of measurement from meeting standard on the Washington assessment of student learning for the current class of eleventh grade students.

(b) The other portion of the district's student units shall be the number of content area assessments (reading, writing, and mathematics) on which students were less than one standard error of measurement from meeting standard but did not meet standard on the Washington assessment of student learning for the current class of eleventh grade students. Districts with at least one but less than 20 student units combining the student units generated from this subsection and (a) of this subsection shall be counted as having 20 student units for the purposes of the allocations in (d) and (e)(i) of this subsection.

(c) The legislature recognizes that professional development and planning for teachers is an important component of high quality extended learning activities. Accordingly, a one-time funding amount equal to 12 hours of certificated instructional staff units per 13.0 student units, as calculated in (a) and (b) of this subsection, is provided in this section to ensure that extended learning activities are of high quality and aligned to the state's essential academic learning requirements.

(d) Allocations for certificated instructional staff salaries and benefits shall be determined using formula-generated staff units calculated pursuant to this subsection. Ninety-four hours of certificated instructional staff units are allocated per 13.0 student units as calculated under (a) of this subsection and thirty-four hours of certificated instructional staff units are allocated per 13.0 student units as calculated under (b) of this subsection. Allocations for salaries and benefits for the staff units calculated under this subsection shall be calculated in the same manner as provided under section 503 of this act. Salary and benefit increase funding for staff units generated under this section is included in section 504 of this act.

(e) The following additional allocations are provided per student unit, as calculated in (a) and (b) of this subsection:

- (i) \$12.50 for maintenance, operations, and transportation;
- (ii) \$12.00 for pre- and post-remediation assessments;
- (iii) \$17.00 per reading remediation student unit;
- (iv) \$8.00 per mathematics remediation student unit; and
- (v) \$8.00 per writing remediation student unit.

(f) The superintendent of public instruction shall distribute school year allocations according to the monthly apportionment schedule defined in RCW 28A.510.250.

(3) School districts shall report annually to the office of the superintendent of public instruction on the use of these funds, including the types of assistance selected by students, the number of students receiving each type of assistance, and the impact on WASL test scores.

(4) \$708,000 of the general fund--state appropriation for fiscal year 2006 and \$3,408,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for additional one-time allocations to offer remedial programs for students in the class of 2007 or other students who have not achieved success on the tenth grade WASL. The formula for distributing the allocations to school districts shall include amounts for students in the class of 2007 who register to retake the WASL and want remedial assistance, and other factors as determined by the office of the superintendent of public instruction. Before making the allocations from the funding provided in this subsection, the office of the superintendent of public instruction shall consult with the office of financial management to ensure that the proposed allocations will achieve efficient and effective program delivery and that they are one-time in nature.

(5) \$1,500,000 of the general fund--state appropriation for fiscal year 2007 is provided for competitive innovation grants awarded to schools and school districts for implementing high school remediation programs that are unique in program delivery, program accessibility, program content, or a combination of these factors and that serve students who have not achieved success on the tenth grade WASL.

(6) School districts may carry over from one year to the next up to 20 percent of funds allocated under this program; however, carryover funds shall be expended for promoting academic success programs, and may be used to provide extended learning programs for students beyond their eleventh grade year who want continued remedial assistance to pass the WASL.

Sec. 1414. 2006 c 372 s 516 (uncodified) is amended to read as follows:

FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR STUDENT ACHIEVEMENT PROGRAM

Student Achievement Account--State Appropriation	(\$630,537,000)
	<u>\$630,313,000</u>

The appropriation in this section is subject to the following conditions and limitations:

(1) Funding for school district student achievement programs shall be allocated at a maximum rate of \$300.00 per FTE student for the 2005-06 school year and \$375.00 per FTE student for the 2006-07 school year. For the purposes of this section, FTE student refers to the annual average full-time equivalent enrollment of the school district in grades kindergarten through twelve for the prior school year, as reported to the office of the superintendent of public instruction by August 31st of the previous school year.

(2) The appropriation is allocated for the following uses as specified in RCW 28A.505.210:

(a) To reduce class size by hiring certificated elementary classroom teachers in grades K-4 and paying nonemployee-related costs associated with those new teachers;

(b) To make selected reductions in class size in grades 5-12, such as small high school writing classes;

(c) To provide extended learning opportunities to improve student academic achievement in grades K-12, including, but not limited to, extended school year, extended school day, before-and-after-school programs, special tutoring programs, weekend school programs, summer school, and all-day kindergarten;

(d) To provide additional professional development for educators including additional paid time for curriculum and lesson redesign and alignment, training to ensure that instruction is aligned with state standards and student needs, reimbursement for higher education costs related to enhancing teaching skills and knowledge, and mentoring programs to match teachers with skilled, master teachers. The funding shall not be used for salary increases or additional compensation for existing teaching duties, but may be used for extended year and extended day teaching contracts;

(e) To provide early assistance for children who need prekindergarten support in order to be successful in school; or

(f) To provide improvements or additions to school building facilities which are directly related to the class size reductions and extended learning opportunities under (a) through (c) of this subsection (2).

(3) The superintendent of public instruction shall distribute the school year allocation according to the monthly apportionment schedule defined in RCW 28A.510.250.

Sec. 1415. 2006 c 372 s 518 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF EARLY LEARNING

General Fund--State Appropriation (FY 2006)	\$100,000
General Fund--State Appropriation (FY 2007)	((\$32,504,000))
	<u>\$32,799,000</u>
General Fund--Federal Appropriation	\$180,000
TOTAL APPROPRIATION	((\$32,784,000))
	<u>\$33,079,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$29,941,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for providing early childhood education assistance. Of this amount, \$1,497,000 is provided solely to increase the number of children receiving education and \$2,146,000 is provided solely for a targeted vendor rate increase.

(2) \$525,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for an early reading grant program for community-based initiatives that develop prereading and early reading skills through parental and community involvement, public awareness, coordination of resources, and partnerships with local school districts. If Substitute House Bill No. 2836 (reading achievement account) is enacted by June 30, 2006, this amount shall be deposited in the reading achievement account. Grant awards shall include funding for one-time start up costs for local affiliates and a one-time partial payment of school district dues to local affiliates of up to 30 percent of the per student dues amount. Grant applications shall include:

(a) Strategies for parental involvement emphasizing ages birth to five and outreach to diverse communities;

(b) Evidence of collaboration with, and support from, local school districts, and how the activities funded in the grant are complementary to the reading improvement efforts of local school districts;

(c) A plan for community participation and coordination of resources including in-kind and financial support by public and private sector partners;

(d) Measurable goals and evaluation methodology to determine impact;

(e) Integration of reading strategies from the Washington state early learning and development benchmarks;

(f) A plan for marketing and public relations;

(g) Strategies for sustaining the program when grant funding is no longer available; and

(h) Evidence of district commitment to reading improvement, aligned curriculum, progress monitoring, and time-on-task.

(3) \$1,000,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the child care career and wage ladder program created by chapter 507, Laws of 2005.

**PART XV
HIGHER EDUCATION**

Sec. 1501. 2006 c 372 s 603 (uncodified) is amended to read as follows:

FOR THE UNIVERSITY OF WASHINGTON

General Fund--State Appropriation (FY 2006)	\$337,629,000
General Fund--State Appropriation (FY 2007)	((\$352,714,000))

	<u>\$352,614,000</u>
General Fund--Private/Local Appropriation	\$300,000
Accident Account--State Appropriation	\$6,209,000
Medical Aid Account--State Appropriation	\$6,143,000
Education Legacy Trust--State Appropriation	\$10,748,000
Pension Funding Stabilization Account--State Appropriation	\$604,000
TOTAL APPROPRIATION	((\$714,347,000))
	<u>\$714,247,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$165,000 of the general fund--state appropriation for fiscal year 2006 and \$165,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of the Puget Sound work plan and agency action item UW-01.

(2) \$300,000 of the general fund--private/local appropriation is provided solely for shellfish biotoxin monitoring as specified in chapter 263, Laws of 2003 (SSB 6073, shellfish license fee).

(3)(a) \$3,057,000 of the education legacy trust appropriation for fiscal year 2006 and \$7,691,000 of the education legacy trust appropriation for fiscal year 2007 are provided as the state subsidy for 360 new enrollments at the Seattle campus, 325 new enrollments at the Tacoma campus, and 275 new enrollments at the Bothell campus. By December 15th of each year of the 2005-07 fiscal biennium, the university shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs by campus enrolled with the funding provided in this subsection.

(b) \$2,500,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for 150 additional high-demand student enrollments. The university shall make it a priority to expand access to baccalaureate programs in engineering, math, and science. By December 15, 2006, the university shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs enrolled with the funding provided in this subsection.

(4) The appropriations for higher education employee compensation increases provided or referenced in this section and described in sections 949 through 980 of this act are estimated to increase the total per student funding during the 2005-2007 biennium. This increase in total per student funding is in addition to the tuition revenues that will be generated and retained by the university as a result of the tuition increases that are authorized in section 601 of this act. Given these increases in core funding, the University of Washington shall, by June 30, 2007, show demonstrable progress toward achieving the following six-year programmatic goals:

(a) Improve time to degree as measured by the percent of admitted students who graduate within 125% of the credits required for a degree;

(b) Preserve access for low-income students as measured by the percentage of total degrees awarded to Pell Grant recipients;

(c) Improve freshman retention rates;

(d) Improve and sustain the quality of its degree programs as measured by the number of programs that are ranked in the top twenty nationally;

(e) Sustain the quality of its research programs as measured by the national ranking for federal research grants received; and

(f) Improve its ability to prepare students for the workforce as measured by the job placement or graduate school acceptance rates among graduates.

Specific six-year targets for the goals stated in this subsection shall be established by the university, the office of financial management, and the higher education coordinating board and shall be determined based on the per student funding level assumed in this act.

On or before November 1, 2006, the university shall submit to the higher education coordinating board a report that outlines the institution's progress and ongoing efforts toward meeting the provisions of this section. The higher education coordinating board shall compile and analyze all responses and provide a summary to the governor and the appropriate fiscal and policy committees of the legislature prior to December 1, 2006.

(5) \$200,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to assist the transition of University of Washington-Tacoma and University of Washington-Bothell from branch campuses serving upper-division students, to four-year campuses serving freshmen, sophomores, and upper-division students. Funds may be used to develop curricula, recruit new faculty, and expand student services. Consistent with the recommendations of the higher education coordinating board, UW-Tacoma and UW-Bothell may begin enrolling lower-division students beginning in fiscal year 2007.

(6) \$30,000 of the general fund--state appropriation for fiscal year 2006 and \$30,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for research on labor and economic issues in Washington state through the Harry Bridges center.

(7) \$146,000 of the general fund--state appropriation for fiscal year 2006 and \$296,000 of the general fund--state appropriation for the fiscal year 2007 are provided solely to the Burke Museum to enhance the museum's public outreach capabilities.

(8) \$125,000 of the general fund--state appropriation for fiscal year 2006 and \$125,000 of the general fund--state appropriation for the fiscal year 2007 are provided solely to the institute for learning and brain sciences (ILABS) to develop a partnership, linking ILABS to policymakers, private sectors and user-groups.

(9) The University of Washington medical center shall provide inpatient and outpatient hospital services to offenders confined in department of corrections facilities at a rate no greater than the average rate that the department of corrections has negotiated with other community hospitals in Washington state.

(10) \$75,000 of the general fund--state appropriation for fiscal year 2006 and \$75,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the Olympic natural resources center.

(11) \$350,000 of the general fund--state appropriation for fiscal year 2006 and \$450,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to maintain the autism center at the University of Washington-Tacoma campus. The facility will continue to

function as a satellite facility to the autism center at the University of Washington medical center in Seattle and provide clinical service and professional training.

(12) \$2,400,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to increase the university's capacity to conduct research in the life science fields.

(13) \$400,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for improvements to the Pacific Northwest seismic network.

(14) \$1,008,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for extraordinary natural gas cost expenses.

(15) \$500,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the university to implement a department of global health. The school of medicine and the school of public health and community medicine will jointly form and operate the department. The focus will be establishing sustainable improvements in global health through public health policy, practice, and medical care.

(16) \$2,000,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to pay for operations and maintenance costs of the bioengineering and genome sciences buildings that will come on line during the 2005-07 biennium.

(17) \$150,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to expand the Washington search for young scholars program at the Robinson center at the University of Washington.

~~((19))~~ (18) \$300,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for math engineering science achievement (MESA) Washington to establish centers throughout the state.

(19) \$25,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the William D. Ruckelshaus center to identify and carry out, or otherwise appropriately support, a process to identify issues that have led to conflict around land use requirements and property rights, and explore practical and effective ways to resolve or reduce that conflict.

Sec. 1502. 2006 c 372 s 604 (uncodified) is amended to read as follows:

FOR WASHINGTON STATE UNIVERSITY

General Fund--State Appropriation (FY 2006)	\$206,511,000
General Fund--State Appropriation (FY 2007)	(\$213,500,000)
	\$213,520,000
Education Legacy Trust--State Appropriation	\$11,162,000
Pension Funding Stabilization Account--State Appropriation	\$293,000
TOTAL APPROPRIATION	<u>(\$431,466,000)</u>
	<u>\$431,486,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$210,000 of the general fund--state appropriation for fiscal year 2006 and \$210,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the implementation of the Puget Sound work plan and agency action item WSU-01.

(2)(a) \$2,741,000 of the education legacy trust appropriation for fiscal year 2006 and \$6,900,000 of the education legacy trust appropriation for fiscal year 2007 are provided as the state subsidy for 430 new enrollments at the Pullman campus, 450 new enrollments at the Vancouver campus, and 25 new enrollments at the Tri-Cities campus. By December 15th of each year of the 2005-07 fiscal biennium, the university shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs by campus enrolled with the funding provided in this subsection.

(b) \$1,174,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for 80 additional high demand student enrollments. The university shall make it a priority to expand baccalaureate and graduate level access to nursing programs and to expand baccalaureate programs in engineering and construction management. By December 15, 2006, the university shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs enrolled with the funding provided in this subsection.

(3) The appropriations for higher education employee compensation increases provided or referenced in this section and described in sections 949 through 980 of this act are estimated to increase the total per student funding during the 2005-2007 biennium. This increase in total per student funding is in addition to the tuition revenues that will be generated and retained by the university as a result of the tuition increases that are authorized in section 601 of this act. Given these increases in core funding, Washington State University shall, by June 30, 2007, show demonstrable progress toward achieving the following six-year programmatic goals:

- (a) Improve time to degree as measured by the percent of admitted students who graduate within 125% of the credits required for a degree;
- (b) Preserve access for low-income students as measured by the percentage of total degrees awarded to Pell Grant recipients;
- (c) Improve freshman retention rates;
- (d) Improve and sustain the quality of its degree programs as measured by the number of programs that are ranked in the top twenty nationally;
- (e) Sustain the quality of its research programs as measured by the national ranking for federal research grants received; and
- (f) Improve its ability to prepare students for the workforce as measured by the job placement or graduate school acceptance rates among graduates.

Specific six-year targets for the goals stated in this subsection shall be established by the university, the office of financial management, and the higher education coordinating board and shall be determined based on the per student funding level assumed in this act.

On or before November 1, 2006 the university shall submit to the higher education coordinating board a report that outlines the institution's progress and ongoing efforts toward meeting the provisions of this section. The higher education coordinating board shall compile and analyze all responses and provide a summary to the governor and the appropriate fiscal and policy committees of the legislature prior to December 1, 2006.

(4) \$507,000 of the education legacy trust appropriation for fiscal year 2006 and \$1,014,000 of the education legacy trust appropriation for fiscal year 2007 are provided solely to expand the entering class of veterinary medicine students by 16 resident student FTEs each academic year during the 2005-2007 biennium.

(5) \$350,000 of the general fund--state appropriation for fiscal year 2006 is provided solely to assist the transition of Washington State University-Vancouver from a branch campus serving only upper-division students, to a four-year campus serving freshmen, sophomores, and upper-division students. Funds may be used to develop curricula, recruit new faculty, and expand student services. Consistent with the recommendations of the higher education coordinating board, WSU-Vancouver may begin enrolling lower-division students beginning in fiscal year 2007.

(6) The university shall give consideration to reprioritizing agricultural research funding to allow for expansion of the center for precision agricultural systems and development of the biologically intensive and organic agriculture program.

(7) \$25,000 of the general fund--state appropriation for fiscal year 2006 and \$25,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to study the cost of complying with vehicle licensing and registration laws. Funding is subject to the passage of House Bill No. 1241 (modifying vehicle licensing and registration penalties). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(8) \$42,000 of the general fund--state appropriation for fiscal year 2006 and \$43,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to implement Senate Bill No. 5101 (providing incentives to support renewable energy). If the bill is not enacted by June 30, 2005, the amounts provided in this subsection shall lapse.

(9) \$200,000 of the general fund--state appropriation for fiscal year 2006 and \$200,000 of the general fund--state appropriation for fiscal year 2007 are provided solely to conduct research on alternatives for controlling ghost shrimp in Willapa bay.

(10) \$716,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for extraordinary natural gas cost expenses.

(11) \$250,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to assist the Washington State University (WSU) Tri-Cities in planning the transition from a branch campus serving upper-division students, to a four-year campus serving freshmen, sophomores, and upper-division students. Funds may be used to develop curricula, recruit new faculty, and expand student services. WSU Tri-Cities may begin enrolling lower-division students beginning in Fall 2007.

(12) \$800,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the university to operate the AgWeatherNet system.

(13) \$400,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the center for sustaining agriculture and natural resources to create a biologically intensive and organic agriculture program.

~~((+5))~~ (14) \$1,000,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for allocation to a private nonprofit medical and scientific research institute to be located in Spokane for the purposes of developing and implementing new medical treatment therapies involving systems biology, genomics, and nanotechnology. The allocation shall be matched by the nonprofit institute by an equal amount of funds from nonstate sources. The university shall not retain any of these funds for administrative purposes.

~~((+6))~~ (15) \$98,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to establish a biofuels consumer education and outreach program at the Washington State University extension energy program.

(16) \$25,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the William D. Ruckelshaus center to identify and carry out, or otherwise appropriately support, a process to identify issues that have led to conflict around land use requirements and property rights, and explore practical and effective ways to resolve or reduce that conflict.

Sec. 1503. 2006 c 372 s 606 (uncodified) is amended to read as follows:

FOR CENTRAL WASHINGTON UNIVERSITY

General Fund--State Appropriation (FY 2006)	(\$45,671,000)
	<u>\$45,586,000</u>
General Fund--State Appropriation (FY 2007)	(\$47,006,000)
	<u>\$46,980,000</u>
Education Legacy Trust--State Appropriation	\$6,461,000
Pension Funding Stabilization Account--State Appropriation	\$103,000
TOTAL APPROPRIATION	(\$99,241,000)
	<u>\$99,130,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$2,147,000 of the education legacy trust appropriation for fiscal year 2006 and \$4,314,000 of the education legacy trust appropriation for fiscal year 2007 are provided as the state subsidy for 650 new enrollments. By December 15th of each year of the 2005-07 fiscal biennium, the university shall report to the office of financial management and the legislative fiscal committees the number of new student FTEs by campus enrolled with the funding provided in this subsection.

(2) The appropriations for higher education employee compensation increases provided or referenced in this section and described in sections 949 through 980 of this act are estimated to increase the total per student funding during the 2005-2007 biennium. This increase in total per student funding is in addition to the tuition revenues that will be generated and retained by the university as a result of the tuition increases that are authorized in section 601 of this act. Given these increases in core funding, Central Washington University shall, by June 30, 2007, show demonstrable progress toward achieving the following six-year programmatic goals:

- (a) Improve time to degree as measured by the percent of admitted students who graduate within 125% of the credits required for a degree;
- (b) Preserve access for low-income students as measured by the percentage of total degrees awarded to Pell Grant recipients;
- (c) Improve freshman retention rates;

- (d) Improve and sustain the quality of its degree programs as measured by the number of programs that receive national accreditation; and
- (e) Improve its ability to prepare students for the workforce as measured by the job placement or graduate school acceptance rates among graduates.

Specific six-year targets for the goals stated in this subsection shall be established by the university, the office of financial management, and the higher education coordinating board and shall be determined based on the per student funding level assumed in this act.

On or before November 1, 2006, the university shall submit to the higher education coordinating board a report that outlines the institution's progress and ongoing efforts toward meeting the provisions of this section. The higher education coordinating board shall compile and analyze all responses and provide a summary to the governor and the appropriate fiscal and policy committees of the legislature prior to December 1, 2006.

(3) For the 2006-07 and 2007-08 academic years, the legislature hereby increases the limit on total gross authorized operating fees revenue waived, exempted, or reduced by Central Washington University pursuant to RCW 28B.15.910 to eleven percent.

(4) \$206,000 of the general fund--state appropriation for fiscal year 2006 is provided solely for extraordinary natural gas cost expenses.

Sec. 1504. 2006 c 372 s 610 (uncodified) is amended to read as follows:

FOR THE HIGHER EDUCATION COORDINATING BOARD--FINANCIAL AID AND GRANT PROGRAMS

General Fund--State Appropriation (FY 2006)	\$156,449,000
General Fund--State Appropriation (FY 2007)	((\$162,843,000))
	<u>\$162,968,000</u>
General Fund--Federal Appropriation	\$13,075,000
Education Legacy Trust--State Appropriation	\$62,910,000
Pension Funding Stabilization Account--State Appropriation	\$1,000
TOTAL APPROPRIATION	((\$395,278,000))
	<u>\$395,403,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) \$299,000 of the general fund--state appropriation for fiscal year 2006 and \$308,000 of the general fund--state appropriation for fiscal year 2007 are for the western interstate commission for higher education.

(2) \$75,000 of the general fund--state appropriation for fiscal year 2006 and \$75,000 of the general fund--state appropriation for fiscal year 2007 are for higher education student child care matching grants under chapter 28B.135 RCW.

(3) \$25,000 of the general fund--state appropriation for fiscal year 2006 and \$25,000 of the general fund--state appropriation for fiscal year 2007 are for the benefit of students who participate in college assistance migrant programs (CAMP) operating in Washington state. To ensure timely state aid, the board may establish a date after which no additional grants would be available for the 2005-06 and 2006-07 academic years. The board shall disperse grants in equal amounts to eligible post-secondary institutions so that state money in all cases supplements federal CAMP awards.

(4) \$124,901,000 of the general fund--state appropriation for fiscal year 2006, \$134,506,000 of the general fund--state appropriation for fiscal year 2007, \$28,400,000 of the education legacy trust appropriation for fiscal year 2006, and \$31,654,000 of the education legacy trust appropriation for fiscal year 2007 are for the state need grant program. After April 1st of each fiscal year, uncommitted funds from the annual appropriation for the state need grant program may be transferred to the state work study or educational opportunity grant programs and up to one percent may be transferred to the state education trust account as authorized in RCW 28B.92.140.

Of the amounts provided in this subsection, up to \$500,000 is to implement House Bill No. 1345 (part-time student financial aid). The board may not expend more than the amount provided in this subsection to implement the bill.

(5) \$75,000 of the general fund--state appropriation for fiscal year 2006 and \$75,000 of the general fund--state appropriation for fiscal year 2007 are for the implementation of Second Substitute House Bill No. 1050 (foster care endowed scholarship program). The purpose of the program is to help students who are or were in foster care attend an institution of higher education in the state of Washington. (6)

\$250,000 of the general fund--state appropriation for fiscal year 2006 and \$750,000 of the general fund--state appropriation for the fiscal year 2007 are to support the future teachers' conditional scholarship and loan repayment program. Of this amount, \$500,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to expand the program by up to 70 additional slots for prospective teachers in special education, bilingual education, secondary mathematics, and secondary science.

(7) \$17,048,000 of the general fund--state appropriation for fiscal year 2006, \$17,048,000 of the general fund--state appropriation for fiscal year 2007, \$863,000 of the education legacy trust appropriation for fiscal year 2006, and \$1,993,000 of the education legacy trust appropriation for fiscal year 2007 are for the state work study program. After April 1st of each fiscal year, uncommitted funds from the annual appropriation for the state work study program may be transferred to the state need grant or educational opportunity grant programs. In addition to the administrative allowance in section 609(2) of this act, four percent of the general fund--state amount and the education legacy trust amounts in this subsection may be transferred to and expended for state work study program administration.

(8) \$2,867,000 of the general fund--state appropriation for fiscal year 2006 and \$2,867,000 of the general fund--state appropriation for fiscal year 2007 are for educational opportunity grants pursuant to chapter 233, Laws of 2003 (ESB 5676). The board may deposit sufficient funds from its appropriation into the state education trust fund as established in RCW 28B.92.140 to provide a one-year renewal of the grant for each new recipient of the educational opportunity grant award. After April 1st of each fiscal year, uncommitted funds from the annual appropriation for the educational opportunity grant program may be transferred to the state work study or state need grant programs.

(9) \$2,384,000 of the general fund--state appropriation for fiscal year 2006 and \$2,361,000 of the general fund--state appropriation for fiscal year 2007 are to implement the Washington scholars program. Any Washington scholars program moneys not awarded by April 1st of each year may be transferred by the board to the Washington award for vocational excellence. Amounts provided in this subsection are sufficient

for the higher education coordinating board to select three Washington scholars in fiscal year 2006 and two Washington scholars in fiscal year 2007 from each legislative district under the provisions of RCW 28A.600.100 through 28A.600.150.

(10) \$794,000 of the general fund--state appropriation for fiscal year 2006 and \$847,000 of the general fund--state appropriation for fiscal year 2007 are to implement Washington award for vocational excellence program. Any Washington award for vocational program moneys not awarded by April 1st of each year may be transferred by the board to the Washington scholars program.

(11) \$246,000 of the general fund--state appropriation for fiscal year 2006 and \$246,000 of the general fund--state appropriation for fiscal year 2007 are for community scholarship matching grants of \$2,000 each and up to a total of \$46,000 per year in grants for nonprofit community organizations with preference given to organizations affiliated with scholarship America to administer the scholarship matching grants. To be eligible for the matching grant, a nonprofit community organization organized under section 501(c)(3) of the internal revenue code must demonstrate that it has raised \$2,000 in new moneys for college scholarships after the effective date of this section. An organization may receive more than one \$2,000 matching grant and preference shall be given to organizations affiliated with scholarship America.

(12) Subject to state need grant service requirements pursuant to chapter 28B.119 RCW, \$4,325,000 of the general fund--state appropriation for fiscal year 2006 is for the Washington promise scholarship program. The Washington promise scholarship program is terminated following fiscal year 2006. No Washington promise scholarship awards may be offered to students beyond the graduating high school class of 2004. Unexpended funds remaining after June 30, 2006, may be transferred to the state education trust account authorized in RCW 28B.92.140.

(13) \$75,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for one-time costs associated with stabilizing the GEAR-UP scholarship program.

(14) \$3,100,000 of the general fund--state appropriation for fiscal year 2006 and \$3,100,000 of the general fund--state appropriation for fiscal year 2007 are for the health professions loan repayment and scholarship program.

(15) \$60,000 of the general fund--state appropriation for fiscal year 2006 and \$60,000 of the general fund--state appropriation for fiscal year 2007 are for the Washington center scholarship program.

(16) \$500,000 of the general fund--state appropriation for fiscal year 2007 is provided solely for the board to contract with the Washington leadership 1000 scholarship fund. The funds shall be used to support, develop, and implement the leadership 1000 scholarship program which matches private benefactors with selected economically disadvantaged students who would otherwise be unable to attend college after depleting all other sources of scholarship and financial aid.

(17) By December 1st of each fiscal year, the board shall submit a report to the legislature detailing the outcomes from the previous year and a progress report on the current year for each of the student aid programs listed in this section: (a) The number of students served; (b) the award amount provided to students by sector; (c) the total amount spent; and (d) an explanation for any variation between the amount listed in the subsections and the amount expended.

Sec. 1505. 2006 c 372 s 616 (uncodified) is amended to read as follows:

FOR THE STATE SCHOOL FOR THE BLIND

General Fund--State Appropriation (FY 2006)	\$5,149,000
General Fund--State Appropriation (FY 2007)	((\$5,285,000))
	<u>\$5,354,000</u>
General Fund--Private/Local Appropriation	\$1,335,000
Pension Funding Stabilization Account--State Appropriation	\$38,000
TOTAL APPROPRIATION	((\$11,807,000))
	<u>\$11,876,000</u>

**PART XVI
SPECIAL APPROPRIATIONS**

Sec. 1601. 2006 c 372 s 701 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR DEBT SUBJECT TO THE DEBT LIMIT

General Fund--State Appropriation (FY 2006)	\$640,544,000
General Fund--State Appropriation (FY 2007)	((\$683,019,000))
	<u>\$679,329,000</u>
State Building Construction Account--State Appropriation	((\$5,924,000))
	<u>\$6,500,000</u>
State Taxable Building Construction Account--State Appropriation	\$539,000
Gardner-Evans Higher Education Construction Account--State Appropriation	\$1,395,000
Debt-Limit Reimbursable Bond Retirement Account--State Appropriation	\$2,583,000
<u>Columbia River Basin Water Supply Development Account--State Appropriation</u>	<u>\$24,000</u>
<u>Hood Canal Aquatic Rehabilitation Bond Account--State Appropriation</u>	<u>\$21,000</u>
TOTAL APPROPRIATION	((\$1,334,004,000))
	<u>\$1,330,935,000</u>

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriations are for deposit into the debt-limit general fund bond retirement account. The appropriation for fiscal year 2006 shall be deposited in the debt-limit general fund bond retirement account by June 30, 2006.

Sec. 1602. 2006 c 372 s 703 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR GENERAL OBLIGATION DEBT TO BE REIMBURSED AS PRESCRIBED BY STATUTE

General Fund--State Appropriation (FY 2006)	\$24,588,000
General Fund--State Appropriation (FY 2007)	\$26,743,000
Nondebt-Limit Reimbursable Bond Retirement Account--State Appropriation	((\$130,909,000))
	<u>\$131,001,000</u>
TOTAL APPROPRIATION	((\$182,240,000))
	<u>\$182,332,000</u>

The appropriations in this section are subject to the following conditions and limitations: The general fund appropriation is for deposit into the nondebt-limit general fund bond retirement account.

Sec. 1603. 2006 c 372 s 704 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALE EXPENSES

General Fund--State Appropriation (FY 2006)	\$1,357,000
General Fund--State Appropriation (FY 2007)	((\$1,357,000))
	<u>\$957,000</u>
State Building Construction Account--State Appropriation	\$1,080,000
State Taxable Building Construction Account--State Appropriation	((\$78,000))
	<u>\$86,000</u>
Gardner-Evans Higher Education Construction Account--State Appropriation	\$452,000
Columbia River Basin Water Supply Development Account--State Appropriation	\$2,000
Hood Canal Aquatic Rehabilitation Bond Account--State Appropriation	\$2,000
TOTAL APPROPRIATION	((\$4,324,000))
	<u>\$3,936,000</u>

Sec. 1604. 2006 c 372 s 705 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--FIRE CONTINGENCY POOL

Disaster Response Account--State Appropriation	((\$8,000,000))
	<u>\$9,000,000</u>

The sum of ((~~\$8,000,000~~)) \$9,000,000 is appropriated from the disaster response account for the purpose of making allocations to the Washington state patrol for fire mobilizations costs or to the department of natural resources for fire suppression costs.

Sec. 1605. 2006 c 372 s 706 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--FIRE CONTINGENCY

General Fund--State Appropriation (FY 2006)	\$1,600,000
General Fund--State Appropriation (FY 2007)	\$1,000,000
TOTAL APPROPRIATION	<u>\$2,600,000</u>

The appropriations in this section ((~~is~~)) are subject to the following conditions and limitations: The appropriations ((~~is~~)) are provided solely for deposit into the disaster response account for the purposes specified in section 705 of this act.

Sec. 1606. 2006 c 372 s 707 (uncodified) is amended to read as follows:

FOR SUNDRY CLAIMS. The following sums, or so much thereof as may be necessary, are appropriated from the general fund, unless otherwise indicated, for relief of various individuals, firms, and corporations for sundry claims. These appropriations are to be disbursed on vouchers approved by the director of financial management, except as otherwise provided, as follows:

(1) Reimbursement of criminal defendants acquitted on the basis of self-defense, pursuant to RCW 9A.16.110:

(a) Kirk F. Schultz, claim number SCJ 2006-01	\$12,312
(b) Scott A. King, claim number SCJ 2006-02	\$9,922
(c) Mark D. Huckaba, claim number SCJ 2006-03	\$10,000
(d) James D. Brittain, claim number SCJ 2006-02	\$20,000
<u>(e) Jain E. Johnson, claim number SCJ 2007-01</u>	<u>\$7,250</u>
<u>(f) Sandra J. Ciske, claim number SCJ 2007-02</u>	<u>\$10,168</u>
<u>(g) Matthew R. Young, claim number SCJ 2007-03</u>	<u>\$40,185</u>
<u>(h) Kevin J. Flockhart, claim number SCJ 2007-04</u>	<u>\$38,209</u>
<u>(i) James J. O'Hagan, claim number SCJ 2007-05</u>	<u>\$25,207</u>

(2) Payment from the state wildlife account for damage to crops by wildlife pursuant to RCW 77.36.050:

(a) For deposit into the self-insurance liability account for reimbursement of payment made to Circle S Landscape, claim number SCG 2004-05	\$21,926
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(b) ((f)) Venture Farms, claim number SCG 2005-03	\$57,448
(e)) Patrick O'Hagen, claim number SCG 2006-02	\$1,673
((d)) (c) Patrick O'Hagen, claim number SCG 2006-03	\$2,389
((e)) (d) Swampapple Enterprises, Inc., claim number SCG 2006-04	\$3,574
((f)) (e) Wilbur H. Mundy, claim number SCG 2006-05	\$10,307
((g)) (f) Sam Kayser, claim number SCG 2006-08	\$1,108
((h)) (g) Richard Cordell, claim number SCG 2006-09	\$4,076
(h) Ralland L. Wallace, claim number SCG 2006-06	\$23,393
(i) Sulfur Creek Ranches, claim number SCG 2007-01	\$4,602
(3) Payment for reinterment of human remains from historic graves pursuant to RCW 68.60.050: Darrin Erdahl, claim number SCO 2006-01	\$3,000

Sec. 1607. 2005 c 518 s 707 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--SEX OFFENDER SENTENCING IMPACT

General Fund--State Appropriation (FY 2006)	\$45,000
General Fund--State Appropriation (FY 2007)	(\$792,000)
	\$604,000
TOTAL APPROPRIATION	(\$837,000)
	\$649,000

The appropriations in this section are subject to the following conditions and limitations: The appropriations are provided solely for distribution to counties to pay for the costs of implementing chapter 176, Laws of 2004, which makes amendments to the special sex offender sentencing alternative.

Sec. 1608. 2006 c 372 s 708 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF RETIREMENT SYSTEMS--CONTRIBUTIONS TO RETIREMENT SYSTEMS. The appropriations in this section are subject to the following conditions and limitations: The appropriations for the law enforcement officers' and firefighters' retirement system shall be made on a monthly basis beginning July 1, 2005, consistent with chapter 41.45 RCW, and the appropriations for the judges and judicial retirement systems shall be made on a quarterly basis consistent with chapters 2.10 and 2.12 RCW.

(1) There is appropriated for state contributions to the law enforcement officers' and fire fighters' retirement system:

General Fund--State Appropriation (FY 2006)	\$32,450,000
General Fund--State Appropriation (FY 2007)	(\$38,750,000)
	\$38,650,000

(a) \$100,000 of the general fund--state appropriations for fiscal year 2006 and \$200,000 of the general fund--state appropriations for fiscal year 2007 are provided solely to implement Substitute House Bill No. 1936 (emergency medical technicians). If the bill is not enacted by June 30, 2005, the amounts provided shall lapse.

(b) \$950,000 of the general fund--state appropriation for fiscal year 2006 and \$950,000 of the general fund--state appropriation for fiscal year 2007 are provided solely for the state contributions required under Substitute Senate Bill No. 5615 (law enforcement officers' and fire fighters' retirement system plan 2 disability benefit). If the bill is not enacted by June 30, 2005, the amounts provided shall lapse.

(c) \$100,000 of the general fund--state appropriation for fiscal year 2007 is provided solely to implement House Bill No. 2932 (catastrophic disability). If the bill is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.

(2) There is appropriated for contributions to the judicial retirement system:

General Fund--State Appropriation (FY 2006)	\$6,601,000
General Fund--State Appropriation (FY 2007)	\$9,539,000

(3) There is appropriated for contributions to the judges retirement system:

General Fund--State Appropriation (FY 2006)	\$300,000
General Fund--State Appropriation (FY 2007)	\$300,000
TOTAL APPROPRIATION	(\$87,940,000)
	\$87,840,000

Sec. 1609. 2006 c 372 s 712 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--ENERGY FREEDOM ACCOUNT

General Fund--State Appropriation (FY 2007)	(\$23,000,000)
	\$20,500,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for ~~(deposit)~~ expenditure into the energy freedom account. If Engrossed Third Substitute House Bill No. 2939 (energy freedom) is not enacted by June 30, 2006, the appropriation in this section shall lapse.

Sec. 1610. 2006 c 372 s 715 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--PERSONNEL LITIGATION SETTLEMENT--RETROSPECTIVE PAYMENTS

General Fund--State Appropriation (FY 2007)	((\$11,813,000))
	<u>\$11,039,976</u>
Special Personnel Litigation Revolving Account Appropriation	((\$10,689,000))
	<u>\$9,954,024</u>
TOTAL APPROPRIATION	((\$22,502,000))
	<u>\$20,994,000</u>

The appropriations in this section are subject to the following conditions and limitations:

(1) The entire appropriation is provided solely for the purposes of funding the retrospective payments for the settlement of litigation involving compensation differentials among personnel classes, *W.P.E.A. v. State of Washington*.

(2) To facilitate the transfer of moneys from dedicated funds and accounts, the ~~((state treasurer))~~ office of financial management shall transfer or direct the transfer of sufficient moneys from each dedicated fund or account, including local funds of state agencies and institutions of higher education, to the special personnel litigation revolving account in accordance with ~~((LEAP))~~ OFM document number ((2006-S11)) 2007-S01 dated ~~((March 3;))~~ December 19, 2006. Agencies and institutions of higher education with local funds will deposit sufficient money to the special personnel litigation revolving account from their local funds as directed by the office of financial management. The office of financial management will direct the transfer of funds in the amount of the settlement to the administrator of the settlement on the date required by the court order.

NEW SECTION. **Sec. 1611.** A new section is added to 2005 c 518 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--PERSONNEL LITIGATION SETTLEMENT--PROSPECTIVE PAYMENTS

General Fund--State Appropriation (FY 2007)	\$793,000
Special Personnel Litigation Revolving Account Appropriation	\$666,000
TOTAL APPROPRIATION	\$1,459,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The entire appropriation is provided solely for the purposes of funding the prospective provisions in the settlement agreement, settling all claims in the litigation involving compensation differentials among personnel classes, *W.P.E.A. v. State of Washington*.

(2) Appropriations or spending authority is provided to agencies in accordance with OFM document number 2007-S02 dated December 19, 2006. This funding is to be used in each agency's payroll process to pay the increased salaries for specified job classes as required in the settlement agreement.

NEW SECTION. **Sec. 1612.** A new section is added to 2005 c 518 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--EQUAL JUSTICE SUBACCOUNT

General Fund--State Appropriation (FY 2007)	\$3,000,000
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The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the equal justice subaccount.

NEW SECTION. **Sec. 1613.** A new section is added to 2005 c 518 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--DISASTER RESPONSE ACCOUNT

General Fund--State Appropriation (FY 2007)	\$9,700,000
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The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the disaster response account.

NEW SECTION. **Sec. 1614.** A new section is added to 2005 c 518 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--TOBACCO PREVENTION AND CONTROL ACCOUNT

General Fund--State Appropriation (FY 2007)	\$50,000,000
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The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the tobacco prevention and control account.

NEW SECTION. **Sec. 1615.** A new section is added to 2005 c 518 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--PENSION FUNDING STABILIZATION ACCOUNT

General Fund--State Appropriation (FY 2007)	\$155,000,000
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The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the pension funding stabilization account.

NEW SECTION. Sec. 1616. A new section is added to 2005 c 518 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--EDUCATION LEGACY TRUST ACCOUNT

General Fund--State Appropriation (FY 2007) \$215,000,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the education legacy trust account.

NEW SECTION. Sec. 1617. A new section is added to 2005 c 518 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--MOBILE HOME PARK RELOCATION ACCOUNT

General Fund--State Appropriation (FY 2007) \$2,000,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the mobile home park relocation account.

NEW SECTION. Sec. 1618. A new section is added to 2005 c 518 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--HEALTH SERVICES ACCOUNT

General Fund--State Appropriation (FY 2007) \$40,000,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the health services account.

NEW SECTION. Sec. 1619. A new section is added to 2005 c 518 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--PUBLIC SAFETY AND EDUCATION ACCOUNT

General Fund--State Appropriation (FY 2007) \$3,000,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely for expenditure into the public safety and education account.

Sec. 1620. 2005 c 518 s 729 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--PENSION CONTRIBUTION ADJUSTMENTS FOR THE PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM

((General Fund--State Appropriation (FY 2007))	.....	\$4,400,000))
Special Account Retirement Contribution Increase Revolving Account Appropriation	.....	(((\$3,900,000))
		- \$73,000
((TOTAL APPROPRIATION	.....	- \$500,000))

The appropriation((s)) in this section ((are)) is subject to the following conditions and limitations:

- (1) The appropriation((s)) in this section ((are)) is provided solely to make adjustments to agency appropriations to reflect the costs associated with the entry of employees into the public safety employees' retirement system as created by chapter 242, Laws of 2004.
- (2) To facilitate the transfer of moneys from dedicated funds and accounts, the state treasurer is directed to transfer sufficient moneys from each dedicated fund or account to the special account retirement contribution increase revolving account in accordance with schedules provided by the office of financial management.

NEW SECTION. Sec. 1621. A new section is added to 2005 c 518 (uncodified) to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT--TECHNOLOGY FUNDING

General Fund--State Appropriation (FY 2007)	.....	\$18,301,000
Special Technology Funding Revolving Account Appropriation (FY 2008)	.....	\$33,727,000
TOTAL APPROPRIATION	.....	\$52,028,000

The appropriations in this section are provided solely for deposit to and expenditure from the data processing revolving account and are subject to the following conditions and limitations:

- (1) The appropriations in this section are provided solely for deposit to the data processing revolving account. These funds, to be known as the "information technology funding pool" are under the joint control of the department of information services and the office of financial management. The department of information services shall review information technology proposals and work jointly with the office of financial management to determine the projects to be funded and the amounts and timing of release of funds. To facilitate the transfer of moneys from dedicated funds and accounts, the state treasurer is directed to transfer sufficient moneys from each dedicated fund or account to the special technology funding revolving account, hereby created in the state treasury, in accordance with schedules provided by the office of financial management.
- (2) In exercising this authority, the department of information services and the office of financial management shall:
 - (a) Seek opportunities to reduce costs and achieve economies of scale by leveraging statewide investments in systems and data and other common or enterprise-wide solutions within and across state agencies that include standard software, hardware, and other information

technology systems infrastructure, and common data definitions and data stores that promote the sharing of information across agencies whenever possible;

(b) Ensure agencies incorporate project management best practices and consider lessons learned from other information technology projects; and

(c) Develop criteria for the evaluation of information technology project funding proposals to include the determination of where common or coordinated technology or data solutions may be established, and identification of projects that cross fiscal biennia or are dependent on other prior, current, or future related investments.

(3) In allocating funds for the routine replacement of software and hardware, the information services board and office of financial management shall presume that agencies should have sufficient funding in their base allocation to pay for such replacement and that any allocations out of these funds are for extraordinary maintenance costs.

(4) Funds shall not be released for information technology projects with a risk-severity assessment level two or greater under the policies of the information services board until a feasibility study has been completed and approved by the information services board. If the feasibility study indicates a need for funding exceeding that allocated for the current biennium, justification of increased project costs shall be incorporated in an annual report from the department of information services to the information services board, the office of financial management, and the legislative evaluation and accountability program committee. Implementation funds shall not be released until the project is approved by the legislature.

(5) Funds in the 2007-09 biennium may only be expended on the projects listed on LEAP document 100, as generated by the legislative evaluation and accountability program committee on March 26, 2007, at 12:00 hours. Future biennia allocations from the information technology funding pool shall be determined jointly by the department of information services and the office of financial management.

(6) Beginning December 1, 2008, and every biennium thereafter, the department of information services shall submit a statewide information technology plan to the office of financial management and the legislative evaluation and accountability program committee that supports a consolidated funding request. In alternate years, a plan addendum shall be submitted that reflects any modified funding pool request requiring action in the ensuing supplemental budget session.

(7) The department of information services shall report to the office of financial management and the legislative evaluation and accountability program committee by October 1, 2007, and annually thereafter, the status of planned allocations from funds appropriated in this section.

(8) State agencies shall report project performance in consistent and comparable terms using a common methodology such as earned value management (EVM) to calculate project performance by measuring work accomplished (scope and schedule) against work planned and project cost against planned budget. The department of information services shall provide implementation guidelines and oversight of project performance reporting.

(9) The information services board shall require all agencies receiving funds appropriated in this section to account for project expenses included in an information technology portfolio report submitted annually to the department of information services, the office of financial management, and the legislative evaluation and accountability program committee by October 1st of each year. The department of information services, with the advice and approval of the office of financial management, shall establish criteria for complete and consistent reporting of expenditures from these funds and project staffing levels.

(10) In consultation with the legislative evaluation and accountability program committee, the department of information services shall develop criteria for evaluating requests for these funds and shall report annually to the office of financial management and the legislative evaluation and accountability program committee by November 1st the status of distributions and expenditures from this pool.

**PART XVII
OTHER TRANSFERS AND APPROPRIATIONS**

Sec. 1701. 2006 c 372 s 801 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--STATE REVENUES FOR DISTRIBUTION

General Fund Appropriation for fire insurance premium distributions	((<u>\$6,561,000</u>))
	<u>\$6,644,000</u>
General Fund Appropriation for public utility district excise tax distributions	((<u>\$44,292,000</u>))
	<u>\$44,282,000</u>
General Fund Appropriation for prosecuting attorney distributions	((<u>\$3,568,000</u>))
	<u>\$3,757,000</u>
General Fund Appropriation for boating safety and education distributions	((<u>\$4,252,000</u>))
	<u>\$3,979,000</u>
General Fund Appropriation for other tax distributions	((<u>\$38,000</u>))
	<u>\$41,000</u>
Death Investigations Account Appropriation for distribution to counties for publicly funded autopsies	((<u>\$1,969,000</u>))
	<u>\$2,044,000</u>
Aquatic Lands Enhancement Account Appropriation for harbor improvement revenue distribution	((<u>\$147,000</u>))
	<u>\$133,000</u>
Timber Tax Distribution Account Appropriation for distribution to "timber" counties	((<u>\$83,325,000</u>))
	<u>\$77,023,000</u>
County Criminal Justice Assistance Appropriation	((<u>\$53,650,000</u>))

	<u>\$53,953,000</u>
Municipal Criminal Justice Assistance Appropriation	((\$21,315,000))
	<u>\$21,381,000</u>
Liquor Excise Tax Account Appropriation for liquor excise tax distribution	((\$40,512,000))
	<u>\$41,525,000</u>
Liquor Revolving Account Appropriation for liquor profits distribution	((\$88,818,000))
	<u>\$68,911,000</u>
City-County Assistance Account Appropriation for local government financial assistance distribution	((\$20,100,000))
	<u>\$26,020,000</u>
TOTAL APPROPRIATION	((\$368,547,000))
	<u>\$349,693,000</u>

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

Sec. 1702. 2006 c 372 s 802 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--FOR THE COUNTY CRIMINAL JUSTICE ASSISTANCE ACCOUNT

Impaired Driving Safety Account Appropriation	((\$2,050,000))
	<u>\$2,173,601</u>

The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2005-07 biennium in accordance with RCW 82.14.310. This funding is provided to counties for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

Sec. 1703. 2006 c 372 s 803 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--FOR THE MUNICIPAL CRIMINAL JUSTICE ASSISTANCE ACCOUNT

Impaired Driving Safety Account Appropriation	((\$1,367,000))
	<u>\$1,499,068</u>

The appropriation in this section is subject to the following conditions and limitations: The amount appropriated in this section shall be distributed quarterly during the 2005-07 biennium to all cities ratably based on population as last determined by the office of financial management. The distributions to any city that substantially decriminalizes or repeals its criminal code after July 1, 1990, and that does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), shall be made to the county in which the city is located. This funding is provided to cities for the costs of implementing criminal justice legislation including, but not limited to: Chapter 206, Laws of 1998 (drunk driving penalties); chapter 207, Laws of 1998 (DUI penalties); chapter 208, Laws of 1998 (deferred prosecution); chapter 209, Laws of 1998 (DUI/license suspension); chapter 210, Laws of 1998 (ignition interlock violations); chapter 211, Laws of 1998 (DUI penalties); chapter 212, Laws of 1998 (DUI penalties); chapter 213, Laws of 1998 (intoxication levels lowered); chapter 214, Laws of 1998 (DUI penalties); and chapter 215, Laws of 1998 (DUI provisions).

Sec. 1704. 2006 c 372 s 804 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--FEDERAL REVENUES FOR DISTRIBUTION

General Fund Appropriation for federal grazing fees distribution	((\$1,644,000))
	<u>\$2,292,000</u>
General Fund Appropriation for federal flood control funds distribution	((\$68,000))
	<u>\$67,000</u>
Forest Reserve Fund Appropriation for federal forest reserve fund distribution	((\$84,500,000))
	<u>\$84,071,000</u>
TOTAL APPROPRIATION	((\$86,212,000))
	<u>\$86,430,000</u>

The total expenditures from the state treasury under the appropriations in this section shall not exceed the funds available under statutory distributions for the stated purposes.

Sec. 1705. 2006 c 372 s 805 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--TRANSFERS. For transfers in this section to the state general fund, pursuant to RCW 43.135.035(5), the state expenditure limit shall be increased by the amount of the transfer. The increase shall occur in the fiscal year in which the transfer occurs.

State Convention and Trade Center Account:	
For transfer to the state general fund, \$5,150,000 for fiscal year 2006 and \$5,150,000 for fiscal year 2007	\$10,300,000
General Fund: For transfer to the tourism development and promotion account, \$150,000 for fiscal year 2006 and \$150,000 for fiscal year 2007	\$300,000
Financial Services Regulation Account: For transfer to the state general fund, \$778,000 for fiscal year 2006 and \$779,000 for fiscal year 2007	\$1,557,000
Public Works Assistance Account: For transfer to the drinking water assistance account, \$8,400,000 for fiscal year 2006	\$8,400,000
Tobacco Settlement Account: For transfer to the health services account, in an amount not to exceed the actual balance of the tobacco settlement account	(\$185,823,000)
	<u>\$166,070,000</u>
Health Services Account: For transfer to the state general fund, \$45,000,000 for fiscal year 2006	\$45,000,000
Health Services Account: For transfer to the tobacco prevention and control account	(\$25,086,000)
	<u>\$21,257,000</u>
Health Services Account: For transfer to the water quality account	\$7,885,000
Health Services Account: For transfer to the violence reduction and drug enforcement account	\$6,932,000
Public Employees' and Retirees' Insurance Account: For transfer to the state general fund, \$40,000,000 for fiscal year 2006 and \$45,000,000 for fiscal year 2007	\$85,000,000
Department of Retirement Systems Expense Account: For transfer to the state general fund, \$2,000,000 for fiscal year 2006	\$2,000,000
Secretary of State's Revolving Account: For transfer to the state general fund, \$250,000 for fiscal year 2006 and \$250,000 for fiscal year 2007	\$500,000
State Treasurer's Service Account: For transfer to the state general fund, \$9,500,000 for fiscal year 2006 and \$7,000,000 for fiscal year 2007	\$16,500,000
General Fund: For transfer to the water quality account, \$318,000 for fiscal year 2006 and \$319,000 for fiscal year 2007	\$637,000
State Toxics Control Account: For transfer to the water quality account	\$12,500,000
Water Quality Account: For transfer to the water pollution control revolving account	(\$16,534,000)
	<u>\$11,034,000</u>
Pollution Liability Insurance Trust Account: For transfer to the state general fund	\$3,750,000
Drinking Water Assistance Account: For transfer to the drinking water assistance repayment account, an amount not to exceed	\$21,800,000
Waste Reduction, Recycling, and Litter Control Account: For transfer to the state general fund, \$1,000,000 for fiscal year 2006 and \$1,000,000 for fiscal year 2007	\$2,000,000
Public Works Assistance Account: For transfer to the public facility construction loan revolving account, \$4,500,000 for fiscal year 2006	\$4,500,000
Nisqually Earthquake Account: For transfer to the disaster response account, \$3,000,000 for fiscal year 2006	\$3,000,000
Natural Resources Equipment Revolving Fund: For transfer to the state general fund for fiscal year 2006	\$1,000,000
General Fund: For transfer to the violence reduction and drug enforcement account, \$1,500,000 for fiscal year 2006 and \$1,500,000 for fiscal year 2007	\$3,000,000
Education Legacy Trust Account: For transfer to the student achievement account, \$35,555,000 for fiscal year 2006 and \$103,046,000 for fiscal year 2007	\$138,601,000

**PART XVIII
MISCELLANEOUS**

NEW SECTION. Sec. 1801. 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. 1802. 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 immediately.

On page 1, line 1 of the title, after "matters;" strike the remainder of the title and insert "amending RCW 28B.15.910, 41.05.065, 43.10.180, 46.09.170, 70.105D.070, and 74.08A.340; reenacting and amending RCW 43.08.250 and 70.146.030; amending 2006 c 372 ss 108, 111, 112, 114, 118, 122, 124, 126, 127, 128, 135, 137, 138, 147, 150, 152, 154, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 216, 217, 219, 221, 222, 225, 302, 303, 306, 307, 308, 402, 501, 502, 504, 505, 506, 507, 509, 510, 511, 512, 513, 514, 515, 516, 518, 603, 604, 606, 610, 616, 701, 703, 704, 705, 706, 707, 708, 712, 715, 801, 802, 803, 804, and 805 (uncodified); amending 2005 c 518 ss 707 and 729 (uncodified); adding new sections to 2005 c 518 (uncodified); creating new sections; making appropriations; and declaring an emergency."

On motion of Representative Sommers, the House refused to concur in the Senate amendment(s) to SUBSTITUTE HOUSE BILL NO. 1128 and asked the Senate for a conference thereon. The Speaker (Representative Lovick presiding) appointed the following members as Conferees: Representatives Sommers, Dunshee and Alexander.

SECOND READING

SENATE BILL NO. 5434, By Senators Poulsen, Schoesler, Kastama, Zarelli, Prentice, Regala, Benton and Rasmussen; by request of Department of Revenue

Regarding excise taxation of sales of tangible personal property originating from or destined to foreign countries.

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.

Representatives Hunter and Orcutt spoke in favor of passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be the final passage of Senate Bill No. 5434.

ROLL CALL

The Clerk called the roll on the final passage of Senate Bill No. 5434 and the bill passed the House by the following vote: Yeas - 97, Nays - 1, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 97.

Voting nay: Representative Hasegawa - 1.

SENATE BILL NO. 5434, having received the necessary constitutional majority, was declared passed.

REPORT OF CONFERENCE COMMITTEE

April 19, 2007

Mr. Speaker:

We of your Conference Committee, to whom was referred ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5930, providing high quality, affordable health care to Washingtonians based on the recommendations of the blue ribbon commission on health care costs and access, have had the same under consideration and we recommend that:

All previous amendments not be adopted and that the attached striking amendment (H-3595.4/07) be adopted:

Strike everything after the enacting clause and insert the following:

"USE STATE PURCHASING TO IMPROVE HEALTH CARE QUALITY

NEW SECTION. **Sec. 1.** (1) The health care authority and the department of social and health services shall, by September 1, 2007, develop a five-year plan to change reimbursement within their health care programs to:

- (a) Reward quality health outcomes rather than simply paying for the receipt of particular services or procedures;
- (b) Pay for care that reflects patient preference and is of proven value;
- (c) Require the use of evidence-based standards of care where available;
- (d) Tie provider rate increases to measurable improvements in access to quality care;
- (e) Direct enrollees to quality care systems;
- (f) Better support primary care and provide a medical home to all enrollees through reimbursement policies that create incentives for providers to enter and remain in primary care practice and that address disparities in payment between specialty procedures and primary care services; and
- (g) Pay for e-mail consultations, telemedicine, and telehealth where doing so reduces the overall cost of care.

(2) In developing any component of the plan that links payment to health care provider performance, the authority and the department shall work in collaboration with the department of health, health carriers, local public health jurisdictions, physicians and other health care providers, the Puget Sound health alliance, and other purchasers.

(3) The plan shall (a) identify any existing barriers and opportunities to support implementation, including needed changes to state or federal law; (b) identify the goals the plan is intended to achieve and how progress toward those goals will be measured; and (c) be submitted to the governor and the legislature upon completion. The agencies shall report to the legislature by September 1, 2007. Any component of the plan that links payment to health care provider performance must be submitted to the legislature for consideration prior to implementation by the department or the authority.

NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05 RCW to read as follows:

- (1) The legislature finds that there is growing evidence that, for preference-sensitive care involving elective surgery, patient-practitioner communication is improved through the use of

high-quality decision aids that detail the benefits, harms, and uncertainty of available treatment options. Improved communication leads to more fully informed patient decisions. The legislature intends to increase the extent to which patients make genuinely informed, preference-based treatment decisions, by promoting public/private collaborative efforts to broaden the development, certification, use, and evaluation of effective decision aids and by recognition of shared decision making and patient decision aids in the state's laws on informed consent.

(2) The health care authority shall implement a shared decision-making demonstration project. The demonstration project shall be conducted at one or more multispecialty group practice sites providing state purchased health care in the state of Washington, and may include other practice sites providing state purchased health care. The demonstration project shall include the following elements:

(a) Incorporation into clinical practice of one or more decision aids for one or more identified preference-sensitive care areas combined with ongoing training and support of involved practitioners and practice teams, preferably at sites with necessary supportive health information technology;

(b) An evaluation of the impact of the use of shared decision making with decision aids, including the use of preference-sensitive health care services selected for the demonstration project and expenditures for those services, the impact on patients, including patient understanding of the treatment options presented and concordance between patient values and the care received, and patient and practitioner satisfaction with the shared decision-making process; and

(c) As a condition of participating in the demonstration project, a participating practice site must bear the cost of selecting, purchasing, and incorporating the chosen decision aids into clinical practice.

(3) The health care authority may solicit and accept funding and in-kind contributions to support the demonstration and evaluation, and may scale the evaluation to fall within resulting resource parameters.

Sec. 3. RCW 7.70.060 and 1975-'76 2nd ex.s. c 56 s 11 are each amended to read as follows:

(1) If a patient while legally competent, or his or her representative if he or she is not competent, signs a consent form which sets forth the following, the signed consent form shall constitute prima facie evidence that the patient gave his or her informed consent to the treatment administered and the patient has the burden of rebutting this by a preponderance of the evidence:

((+)) (a) A description, in language the patient could reasonably be expected to understand, of:

((+)) (i) The nature and character of the proposed treatment;

((+)) (ii) The anticipated results of the proposed treatment;

((+)) (iii) The recognized possible alternative forms of treatment; and

((+)) (iv) The recognized serious possible risks, complications, and anticipated benefits involved in the treatment and in the recognized possible alternative forms of treatment, including nontreatment;

((2)) (b) Or as an alternative, a statement that the patient elects not to be informed of the elements set forth in (a) of this subsection ((+) of this section).

(2) If a patient while legally competent, or his or her representative if he or she is not competent, signs an acknowledgement of shared decision making as described in this section, such acknowledgement shall constitute prima facie evidence that the patient gave his or her informed consent to the treatment administered and the patient has

the burden of rebutting this by clear and convincing evidence. An acknowledgement of shared decision making shall include:

(a) A statement that the patient, or his or her representative, and the health care provider have engaged in shared decision making as an alternative means of meeting the informed consent requirements set forth by laws, accreditation standards, and other mandates;

(b) A brief description of the services that the patient and provider jointly have agreed will be furnished;

(c) A brief description of the patient decision aid or aids that have been used by the patient and provider to address the needs for (i) high-quality, up-to-date information about the condition, including risk and benefits of available options and, if appropriate, a discussion of the limits of scientific knowledge about outcomes; (ii) values clarification to help patients sort out their values and preferences; and (iii) guidance or coaching in deliberation, designed to improve the patient's involvement in the decision process;

(d) A statement that the patient or his or her representative understands: The risk or seriousness of the disease or condition to be prevented or treated; the available treatment alternatives, including nontreatment; and the risks, benefits, and uncertainties of the treatment alternatives, including nontreatment; and

(e) A statement certifying that the patient or his or her representative has had the opportunity to ask the provider questions, and to have any questions answered to the patient's satisfaction, and indicating the patient's intent to receive the identified services.

(3) As used in this section, "shared decision making" means a process in which the physician or other health care practitioner discusses with the patient or his or her representative the information specified in subsection (2) of this section with the use of a patient decision aid and the patient shares with the provider such relevant personal information as might make one treatment or side effect more or less tolerable than others.

(4) As used in this section, "patient decision aid" means a written, audio-visual, or online tool that provides a balanced presentation of the condition and treatment options, benefits, and harms, including, if appropriate, a discussion of the limits of scientific knowledge about outcomes, and that is certified by one or more national certifying organizations.

(5) Failure to use a form or to engage in shared decision making, with or without the use of a patient decision aid, shall not be admissible as evidence of failure to obtain informed consent. There shall be no liability, civil or otherwise, resulting from a health care provider choosing either the signed consent form set forth in subsection (1)(a) of this section or the signed acknowledgement of shared decision making as set forth in subsection (2) of this section.

PREVENTION AND MANAGEMENT OF CHRONIC ILLNESS

NEW SECTION. Sec. 4. A new section is added to chapter 74.09 RCW to read as follows:

(1) The department of social and health services, in collaboration with the department of health, shall:

(a) Design and implement medical homes for its aged, blind, and disabled clients in conjunction with chronic care management programs to improve health outcomes, access, and cost-effectiveness. Programs must be evidence based, facilitating the use of information technology to improve quality of care, must acknowledge the role of primary care providers and include financial and other supports to enable these providers to effectively carry out their role in chronic care management, and must improve coordination of primary, acute, and long-term care for those clients with multiple chronic conditions.

The department shall consider expansion of existing medical home and chronic care management programs and build on the Washington state collaborative initiative. The department shall use best practices in identifying those clients best served under a chronic care management model using predictive modeling through claims or other health risk information; and

(b) Evaluate the effectiveness of current chronic care management efforts in the health and recovery services administration and the aging and disability services administration, comparison to best practices, and recommendations for future efforts and organizational structure to improve chronic care management.

(2) For purposes of this section:

(a) "Medical home" means a site of care that provides comprehensive preventive and coordinated care centered on the patient needs and assures high quality, accessible, and efficient care.

(b) "Chronic care management" means the department's program that provides care management and coordination activities for medical assistance clients determined to be at risk for high medical costs. "Chronic care management" provides education and training and/or coordination that assist program participants in improving self-management skills to improve health outcomes and reduce medical costs by educating clients to better utilize services.

NEW SECTION. Sec. 5. A new section is added to chapter 43.70 RCW to read as follows:

(1) The department shall conduct a program of training and technical assistance regarding care of people with chronic conditions for providers of primary care. The program shall emphasize evidence-based high quality preventive and chronic disease care. The department may designate one or more chronic conditions to be the subject of the program.

(2) The training and technical assistance program shall include the following elements:

(a) Clinical information systems and sharing and organization of patient data;

(b) Decision support to promote evidence-based care;

(c) Clinical delivery system design;

(d) Support for patients managing their own conditions; and

(e) Identification and use of community resources that are available in the community for patients and their families.

(3) In selecting primary care providers to participate in the program, the department shall consider the number and type of patients with chronic conditions the provider serves, and the provider's participation in the medicaid program, the basic health plan, and health plans offered through the public employees' benefits board.

NEW SECTION. Sec. 6. (1) The health care authority, in collaboration with the department of health, shall design and implement a chronic care management program for state employees enrolled in the state's self-insured uniform medical plan. Programs must be evidence based, facilitating the use of information technology to improve quality of care and must improve coordination of primary, acute, and long-term care for those enrollees with multiple chronic conditions. The authority shall consider expansion of existing medical home and chronic care management programs. The authority shall use best practices in identifying those employees best served under a chronic care management model using predictive modeling through claims or other health risk information.

(2) For purposes of this section:

(a) "Medical home" means a site of care that provides comprehensive preventive and coordinated care centered on the patient needs and assures high-quality, accessible, and efficient care.

(b) "Chronic care management" means the authority's program that provides care management and coordination activities for health plan enrollees determined to be at risk for high medical costs. "Chronic care management" provides education and training and/or coordination that assist program participants in improving self-management skills to improve health outcomes and reduce medical costs by educating clients to better utilize services.

Sec. 7. RCW 70.83.040 and 2005 c 518 s 938 are each amended to read as follows:

When notified of positive screening tests, the state department of health shall offer the use of its services and facilities, designed to prevent mental retardation or physical defects in such children, to the attending physician, or the parents of the newborn child if no attending physician can be identified.

The services and facilities of the department, and other state and local agencies cooperating with the department in carrying out programs of detection and prevention of mental retardation and physical defects shall be made available to the family and physician to the extent required in order to carry out the intent of this chapter and within the availability of funds. ~~((The department has the authority to collect a reasonable fee, from the parents or other responsible party of each infant screened to fund specialty clinics that provide treatment services for hemoglobin diseases, phenylketonuria, congenital adrenal hyperplasia, congenital hypothyroidism, and, during the 2005-07 fiscal biennium, other disorders defined by the board of health under RCW 70.83.020. The fee may be collected through the facility where the screening specimen is obtained.))~~

NEW SECTION. Sec. 8. A new section is added to chapter 70.83 RCW to read as follows:

The department has the authority to collect a fee of three dollars and fifty cents from the parents or other responsible party of each infant screened for congenital disorders as defined by the state board of health under RCW 70.83.020 to fund specialty clinics that provide treatment services for those with the defined disorders. The fee may be collected through the facility where a screening specimen is obtained.

COST AND QUALITY INFORMATION FOR CONSUMERS AND PROVIDERS

NEW SECTION. Sec. 9. A new section is added to chapter 41.05 RCW to read as follows:

The Washington state quality forum is established within the authority. In collaboration with the Puget Sound health alliance and other local organizations, the forum shall:

(1) Collect and disseminate research regarding health care quality, evidence-based medicine, and patient safety to promote best practices, in collaboration with the technology assessment program and the prescription drug program;

(2) Coordinate the collection of health care quality data among state health care purchasing agencies;

(3) Adopt a set of measures to evaluate and compare health care cost and quality and provider performance;

(4) Identify and disseminate information regarding variations in clinical practice patterns across the state; and

(5) Produce an annual quality report detailing clinical practice patterns for purchasers, providers, insurers, and policy makers. The agencies shall report to the legislature by September 1, 2007.

NEW SECTION. Sec. 10. A new section is added to chapter 41.05 RCW to read as follows:

(1) The administrator shall design and pilot a consumer-centric health information infrastructure and the first health record banks that will facilitate the secure exchange of health information when and where needed and shall:

(a) Complete the plan of initial implementation, including but not limited to determining the technical infrastructure for health record banks and the account locator service, setting criteria and standards for health record banks, and determining oversight of health record banks;

(b) Implement the first health record banks in pilot sites as funding allows;

(c) Involve health care consumers in meaningful ways in the design, implementation, oversight, and dissemination of information on the health record bank system; and

(d) Promote adoption of electronic medical records and health information exchange through continuation of the Washington health information collaborative, and by working with private payors and other organizations in restructuring reimbursement to provide incentives for providers to adopt electronic medical records in their practices.

(2) The administrator may establish an advisory board, a stakeholder committee, and subcommittees to assist in carrying out the duties under this section. The administrator may reappoint health information infrastructure advisory board members to assure continuity and shall appoint any additional representatives that may be required for their expertise and experience.

(a) The administrator shall appoint the chair of the advisory board, chairs, and co-chairs of the stakeholder committee, if formed;

(b) Meetings of the board, stakeholder committee, and any advisory group are subject to chapter 42.30 RCW, the open public meetings act, including RCW 42.30.110(1)(I), which authorizes an executive session during a regular or special meeting to consider proprietary or confidential unpublished information; and

(c) The members of the board, stakeholder committee, and any advisory group:

(i) Shall agree to the terms and conditions imposed by the administrator regarding conflicts of interest as a condition of appointment;

(ii) Are immune from civil liability for any official acts performed in good faith as members of the board, stakeholder committee, or any advisory group.

(3) Members of the board may be compensated for participation in accordance with a personal services contract to be executed after appointment and before commencement of activities related to the work of the board. Members of the stakeholder committee shall not receive compensation but shall be reimbursed under RCW 43.03.050 and 43.03.060.

(4) The administrator may work with public and private entities to develop and encourage the use of personal health records which are portable, interoperable, secure, and respectful of patients' privacy.

(5) The administrator may enter into contracts to issue, distribute, and administer grants that are necessary or proper to carry out this section.

Sec. 11. RCW 43.70.110 and 2006 c 72 s 3 are each amended to read as follows:

(1) The secretary shall charge fees to the licensee for obtaining a license. After June 30, 1995, municipal corporations providing emergency medical care and transportation services pursuant to chapter 18.73 RCW shall be exempt from such fees, provided that such other emergency services shall only be charged for their pro rata share of the cost of licensure and inspection, if appropriate. The secretary may waive the fees when, in the discretion of the secretary, the fees would not be in the best interest of public health and safety, or when the fees would be to the financial disadvantage of the state.

(2) Except as provided in ~~((RCW 18.79.202, until June 30, 2013, and except for the cost of regulating retired volunteer medical workers in accordance with RCW 18.130.360))~~ subsection (3) of this section, fees charged shall be based on, but shall not exceed, the cost to the department for the licensure of the activity or class of activities and may include costs of necessary inspection.

(3) License fees shall include amounts in addition to the cost of licensure activities in the following circumstances:

(a) For registered nurses and licensed practical nurses licensed under chapter 18.79 RCW, support of a central nursing resource center as provided in RCW 18.79.202, until June 30, 2013;

(b) For all health care providers licensed under RCW 18.130.040, the cost of regulatory activities for retired volunteer medical worker licensees as provided in RCW 18.130.360; and

(c) For physicians licensed under chapter 18.71 RCW, physician assistants licensed under chapter 18.71A RCW, osteopathic physicians licensed under chapter 18.57 RCW, osteopathic naturopaths licensed under chapter 18.36A RCW, podiatrists licensed under chapter 18.22 RCW, chiropractors licensed under chapter 18.25 RCW, psychologists licensed under chapter 18.83 RCW, registered nurses licensed under chapter 18.79 RCW, optometrists licensed under chapter 18.53 RCW, mental health counselors licensed under chapter 18.225 RCW, massage therapists licensed under chapter 18.108 RCW, clinical social workers licensed under chapter 18.225 RCW, and acupuncturists licensed under chapter 18.06 RCW, the license fees shall include up to an additional twenty-five dollars to be transferred by the department to the University of Washington for the purposes of section 12 of this act.

(4) Department of health advisory committees may review fees established by the secretary for licenses and comment upon the appropriateness of the level of such fees.

NEW SECTION. Sec. 12. A new section is added to chapter 43.70 RCW to read as follows:

Within the amounts transferred from the department of health under RCW 43.70.110(3), the University of Washington shall, through the health sciences library, provide online access to selected vital clinical resources, medical journals, decision support tools, and evidence-based reviews of procedures, drugs, and devices to the health professionals listed in RCW 43.70.110(3)(c). Online access shall be available no later than January 1, 2009.

Sec. 13. RCW 70.56.030 and 2006 c 8 s 107 are each amended to read as follows:

(1) The department shall:

(a) Receive and investigate, where necessary, notifications and reports of adverse events, including root cause analyses and corrective action plans submitted as part of reports, and communicate to individual facilities the department's conclusions, if any, regarding an adverse event reported by a facility; ~~(and)~~

(b) Provide to the Washington state quality forum established in section 9 of this act such information from the adverse health events

and incidents reports made under this chapter as the department and the Washington state quality forum determine will assist in the Washington state quality forum's research regarding health care quality, evidence-based medicine, and patient safety. Any shared information must be aggregated and not identify an individual medical facility. As determined by the department and the Washington state quality forum, selected shared information may be disseminated on the Washington state quality forum's web site and through other appropriate means; and

(c) Adopt rules as necessary to implement this chapter.

(2) The department may enforce the reporting requirements of RCW 70.56.020 using ~~(their)~~ its existing enforcement authority provided in chapter 18.46 RCW for childbirth centers, chapter 70.41 RCW for hospitals, and chapter 71.12 RCW for psychiatric hospitals.

REDUCING UNNECESSARY EMERGENCY ROOM USE

NEW SECTION. Sec. 14. The Washington state health care authority and the department of social and health services shall report to the legislature by December 1, 2007, on recent trends in unnecessary emergency room use by enrollees in state purchased health care programs that they administer and the uninsured, and then partner with community organizations and local health care providers to develop reimbursement incentive strategies and design a demonstration pilot to reduce such unnecessary visits.

NEW SECTION. Sec. 15. A new section is added to chapter 41.05 RCW to read as follows:

To the extent that sufficient funding is provided specifically for this purpose, the administrator, in collaboration with the department of social and health services, shall provide all persons enrolled in health plans under this chapter and chapter 70.47 RCW with access to a twenty-four hour, seven day a week nurse hotline.

NEW SECTION. Sec. 16. A new section is added to chapter 74.09 RCW to read as follows:

To the extent that sufficient funding is provided specifically for this purpose, the department, in collaboration with the health care authority, shall provide all persons receiving services under this chapter with access to a twenty-four hour, seven day a week nurse hotline. The health care authority and the department of social and health services shall determine the most appropriate way to provide the nurse hotline under section 15 of this act and this section, which may include use of the 211 system established in chapter 43.211 RCW.

REDUCE HEALTH CARE ADMINISTRATIVE COSTS

NEW SECTION. Sec. 17. By December 1, 2007, the insurance commissioner shall provide a report to the governor and the legislature that identifies the key contributors to health care administrative costs and evaluates opportunities to reduce them, including suggested changes to state law. The report shall be completed in collaboration with health care providers, hospitals, carriers, state health purchasing agencies, the Washington healthcare forum, and other interested parties.

COVERAGE FOR DEPENDENTS TO AGE TWENTY-FIVE

NEW SECTION. Sec. 18. A new section is added to chapter 41.05 RCW to read as follows:

(1) Any plan offered to employees under this chapter must offer each employee the option of covering any unmarried dependent of the employee under the age of twenty-five.

(2) Any employee choosing under subsection (1) of this section to cover a dependent who is: (a) Age twenty through twenty-three and not a registered student at an accredited secondary school, college, university, vocational school, or school of nursing; or (b) age twenty-four, shall be required to pay the full cost of such coverage.

(3) Any employee choosing under subsection (1) of this section to cover a dependent with disabilities, developmental disabilities, mental illness, or mental retardation, who is incapable of self-support, may continue covering that dependent under the same premium and payment structure as for dependents under the age of twenty, irrespective of age.

NEW SECTION. Sec. 19. A new section is added to chapter 48.20 RCW to read as follows:

Any disability insurance contract that provides coverage for a subscriber's dependent must offer the option of covering any unmarried dependent under the age of twenty-five.

NEW SECTION. Sec. 20. A new section is added to chapter 48.21 RCW to read as follows:

Any group disability insurance contract or blanket disability insurance contract that provides coverage for a participating member's dependent must offer each participating member the option of covering any unmarried dependent under the age of twenty-five.

NEW SECTION. Sec. 21. A new section is added to chapter 48.44 RCW to read as follows:

(1) Any individual health care service plan contract that provides coverage for a subscriber's dependent must offer the option of covering any unmarried dependent under the age of twenty-five.

(2) Any group health care service plan contract that provides coverage for a participating member's dependent must offer each participating member the option of covering any unmarried dependent under the age of twenty-five.

NEW SECTION. Sec. 22. A new section is added to chapter 48.46 RCW to read as follows:

(1) Any individual health maintenance agreement that provides coverage for a subscriber's dependent must offer the option of covering any unmarried dependent under the age of twenty-five.

(2) Any group health maintenance agreement that provides coverage for a participating member's dependent must offer each participating member the option of covering any unmarried dependent under the age of twenty-five.

SUSTAINABILITY AND ACCESS TO PUBLIC PROGRAMS

NEW SECTION. Sec. 23. (1) The department of social and health services shall develop a series of options that require federal waivers and state plan amendments to expand coverage and leverage federal and state resources for the state's basic health program, for the medical assistance program, as codified at Title XIX of the federal social security act, and the state's children's health insurance program, as codified at Title XXI of the federal social security act. The department shall propose options including but not limited to:

(a) Offering alternative benefit designs to promote high quality care, improve health outcomes, and encourage cost-effective treatment options and redirect savings to finance additional coverage;

(b) Creation of a health opportunity account demonstration program for individuals eligible for transitional medical benefits. When a participant in the health opportunity account demonstration program satisfies his or her deductible, the benefits provided shall be those included in the medicaid benefit package in effect during the period of the demonstration program; and

(c) Promoting private health insurance plans and premium subsidies to purchase employer-sponsored insurance wherever possible, including federal approval to expand the department's employer-sponsored insurance premium assistance program to enrollees covered through the state's children's health insurance program.

(2) Prior to submitting requests for federal waivers or state plan amendments, the department shall consult with and seek input from stakeholders and other interested parties.

(3) The department of social and health services, in collaboration with the Washington state health care authority, shall ensure that enrollees are not simultaneously enrolled in the state's basic health program and the medical assistance program or the state's children's health insurance program to ensure coverage for the maximum number of people within available funds.

NEW SECTION. Sec. 24. A new section is added to chapter 48.43 RCW to read as follows:

When the department of social and health services determines that it is cost-effective to enroll a person eligible for medical assistance under chapter 74.09 RCW in an employer-sponsored health plan, a carrier shall permit the enrollment of the person in the health plan for which he or she is otherwise eligible without regard to any open enrollment period restrictions.

REINSURANCE

NEW SECTION. Sec. 25. (1) The office of financial management, in collaboration with the office of the insurance commissioner, shall evaluate options and design a state-supported reinsurance program to address the impact of high cost enrollees in the individual and small group health insurance markets, and submit an interim report to the governor and the legislature by December 1, 2007, and a final report, including implementing legislation and supporting information, including financing options, by September 1, 2008. In designing the program, the office of financial management shall:

(a) Estimate the quantitative impact on premium savings, premium stability over time and across groups of enrollees, individual and employer take-up, number of uninsured, and government costs associated with a government-funded stop-loss insurance program, including distinguishing between one-time premium savings and savings in subsequent years. In evaluating the various reinsurance models, evaluate and consider (i) the reduction in total health care costs to the state and private sector, and (ii) the reduction in individual premiums paid by employers, employees, and individuals;

(b) Identify all relevant design issues and alternative options for each issue. At a minimum, the evaluation shall examine (i) a reinsurance corridor of ten thousand dollars to ninety thousand dollars, and a reimbursement of ninety percent; (ii) the impacts of providing reinsurance for all small group products or a subset of products; and (iii) the applicability of a chronic care program such as the approach used by the department of labor and industries with the centers of occupational health and education. Where quantitative impacts cannot be estimated, the office of financial management shall assess qualitative impacts of design issues and their options,

including potential disincentives for reducing premiums, achieving premium stability, sustaining/increasing take-up, decreasing the number of uninsured, and managing government's stop-loss insurance costs;

(c) Identify market and regulatory changes needed to maximize the chance of the program achieving its policy goals, including how the program will relate to other coverage programs and markets. Design efforts shall coordinate with other design efforts targeting small group programs that may be directed by the legislature, as well as other approaches examining alternatives to managing risk;

(d) Address conditions under which overall expenditures could increase as a result of a government-funded stop-loss program and options to mitigate those conditions, such as passive versus aggressive use of disease and care management programs by insurers;

(e) Determine whether the Washington state health insurance pool should be retained, and if so, develop options for additional sources of funding;

(f) Evaluate, and quantify where possible, the behavioral responses of insurers to the program including impacts on insurer premiums and practices for settling legal disputes around large claims; and

(g) Provide alternatives for transitioning from the status quo and, where applicable, alternatives for phasing in some design elements, such as threshold or corridor levels, to balance government costs and premium savings.

(2) Within funds specifically appropriated for this purpose, the office of financial management may contract with actuaries and other experts as necessary to meet the requirements of this section.

THE WASHINGTON STATE HEALTH INSURANCE POOL AND THE BASIC HEALTH PLAN

Sec. 26. RCW 48.41.110 and 2001 c 196 s 4 are each amended to read as follows:

(1) The pool shall offer one or more care management plans of coverage. Such plans may, but are not required to, include point of service features that permit participants to receive in-network benefits or out-of-network benefits subject to differential cost shares. ~~((Covered persons enrolled in the pool on January 1, 2001, may continue coverage under the pool plan in which they are enrolled on that date. However,))~~ The pool may incorporate managed care features into ~~((such))~~ existing plans.

(2) The administrator shall prepare a brochure outlining the benefits and exclusions of ~~((the))~~ pool ~~((policy))~~ policies in plain language. After approval by the board, such brochure shall be made reasonably available to participants or potential participants.

(3) The health insurance ~~((policy))~~ policies issued by the pool shall pay only reasonable amounts for medically necessary eligible health care services rendered or furnished for the diagnosis or treatment of covered illnesses, injuries, and conditions ~~((which are not otherwise limited or excluded))~~. Eligible expenses are the reasonable amounts for the health care services and items for which benefits are extended under ~~((the))~~ a pool policy. ~~((Such benefits shall at minimum include, but not be limited to, the following services or related items:))~~

(4) The pool shall offer at least two policies, one of which will be a comprehensive policy that must comply with RCW 48.41.120 and must at a minimum include the following services or related items:

(a) Hospital services, including charges for the most common semiprivate room, for the most common private room if semiprivate rooms do not exist in the health care facility, or for the private room if medically necessary, ~~((but limited to))~~ including no less than a total of one hundred eighty inpatient days in a calendar year, and ~~((limited~~

to)) no less than thirty days inpatient care for mental and nervous conditions, or alcohol, drug, or chemical dependency or abuse per calendar year;

(b) Professional services including surgery for the treatment of injuries, illnesses, or conditions, other than dental, which are rendered by a health care provider, or at the direction of a health care provider, by a staff of registered or licensed practical nurses, or other health care providers;

(c) ~~((The first))~~ No less than twenty outpatient professional visits for the diagnosis or treatment of one or more mental or nervous conditions or alcohol, drug, or chemical dependency or abuse rendered during a calendar year by one or more physicians, psychologists, or community mental health professionals, or, at the direction of a physician, by other qualified licensed health care practitioners, in the case of mental or nervous conditions, and rendered by a state certified chemical dependency program approved under chapter 70.96ARCW, in the case of alcohol, drug, or chemical dependency or abuse;

(d) Drugs and contraceptive devices requiring a prescription;

(e) Services of a skilled nursing facility, excluding custodial and convalescent care, for not ~~((more))~~ less than one hundred days in a calendar year as prescribed by a physician;

(f) Services of a home health agency;

(g) Chemotherapy, radioisotope, radiation, and nuclear medicine therapy;

(h) Oxygen;

(i) Anesthesia services;

(j) Prostheses, other than dental;

(k) Durable medical equipment which has no personal use in the absence of the condition for which prescribed;

(l) Diagnostic x-rays and laboratory tests;

(m) Oral surgery ~~((limited to))~~ including at least the following: Fractures of facial bones; excisions of mandibular joints, lesions of the mouth, lip, or tongue, tumors, or cysts excluding treatment for temporomandibular joints; incision of accessory sinuses, mouth salivary glands or ducts; dislocations of the jaw; plastic reconstruction or repair of traumatic injuries occurring while covered under the pool; and excision of impacted wisdom teeth;

(n) Maternity care services;

(o) Services of a physical therapist and services of a speech therapist;

(p) Hospice services;

(q) Professional ambulance service to the nearest health care facility qualified to treat the illness or injury; and

(r) Other medical equipment, services, or supplies required by physician's orders and medically necessary and consistent with the diagnosis, treatment, and condition.

~~((4))~~ (5) The board shall design and employ cost containment measures and requirements such as, but not limited to, care coordination, provider network limitations, preadmission certification, and concurrent inpatient review which may make the pool more cost-effective.

~~((5))~~ (6) The pool benefit policy may contain benefit limitations, exceptions, and cost shares such as copayments, coinsurance, and deductibles that are consistent with managed care products, except that differential cost shares may be adopted by the board for nonnetwork providers under point of service plans. ~~((The pool benefit policy cost shares and limitations must be consistent with those that are generally included in health plans approved by the insurance commissioner; however;))~~ No limitation, exception, or reduction may be used that would exclude coverage for any disease, illness, or injury.

~~((6))~~ (7) The pool may not reject an individual for health plan coverage based upon preexisting conditions of the individual or deny, exclude, or otherwise limit coverage for an individual's preexisting health conditions; except that it shall impose a six-month benefit waiting period for preexisting conditions for which medical advice was given, for which a health care provider recommended or provided treatment, or for which a prudent layperson would have sought advice or treatment, within six months before the effective date of coverage. The preexisting condition waiting period shall not apply to prenatal care services. The pool may not avoid the requirements of this section through the creation of a new rate classification or the modification of an existing rate classification. Credit against the waiting period shall be as provided in subsection ~~((7))~~ (8) of this section.

~~((7))~~ (8)(a) Except as provided in (b) of this subsection, the pool shall credit any preexisting condition waiting period in its plans for a person who was enrolled at any time during the sixty-three day period immediately preceding the date of application for the new pool plan. For the person previously enrolled in a group health benefit plan, the pool must credit the aggregate of all periods of preceding coverage not separated by more than sixty-three days toward the waiting period of the new health plan. For the person previously enrolled in an individual health benefit plan other than a catastrophic health plan, the pool must credit the period of coverage the person was continuously covered under the immediately preceding health plan toward the waiting period of the new health plan. For the purposes of this subsection, a preceding health plan includes an employer-provided self-funded health plan.

(b) The pool shall waive any preexisting condition waiting period for a person who is an eligible individual as defined in section 2741(b) of the federal health insurance portability and accountability act of 1996 (42 U.S.C. 300gg-41(b)).

~~((8))~~ (9) If an application is made for the pool policy as a result of rejection by a carrier, then the date of application to the carrier, rather than to the pool, should govern for purposes of determining preexisting condition credit.

(10) The pool shall contract with organizations that provide care management that has been demonstrated to be effective and shall encourage enrollees who are eligible for care management services to participate. The pool may encourage the use of shared decision making and certified decision aids for preference-sensitive care areas.

Sec. 27. RCW 48.41.160 and 1987 c 431 s 16 are each amended to read as follows:

(1) ~~((A pool policy offered under this chapter shall contain provisions under which the pool is obligated to renew the policy until the day on which the individual in whose name the policy is issued first becomes eligible for medicare coverage. At that time, coverage of dependents shall terminate if such dependents are eligible for coverage under a different health plan. Dependents who become eligible for medicare prior to the individual in whose name the policy is issued, shall receive benefits in accordance with RCW 48.41.150))~~ On or before December 31, 2007, the pool shall cancel all existing pool policies and replace them with policies that are identical to the existing policies except for the inclusion of a provision providing for a guarantee of the continuity of coverage consistent with this section. As a means to minimize the number of policy changes for enrollees, replacement policies provided under this subsection also may include the plan modifications authorized in RCW 48.41.100, 48.41.110, and 48.41.120.

(2) A pool policy shall contain a guarantee of the individual's right to continued coverage, subject to the provisions of subsections (4) and (5) of this section.

(3) The guarantee of continuity of coverage required by this section shall not prevent the pool from canceling or nonrenewing a policy for:

(a) Nonpayment of premium;

(b) Violation of published policies of the pool;

(c) Failure of a covered person who becomes eligible for medicare benefits by reason of age to apply for a pool medical supplement plan, or a medicare supplement plan or other similar plan offered by a carrier pursuant to federal laws and regulations;

(d) Failure of a covered person to pay any deductible or copayment amount owed to the pool and not the provider of health care services;

(e) Covered persons committing fraudulent acts as to the pool;

(f) Covered persons materially breaching the pool policy; or

(g) Changes adopted to federal or state laws when such changes no longer permit the continued offering of such coverage.

(4)(a) The guarantee of continuity of coverage provided by this section requires that if the pool replaces a plan, it must make the replacement plan available to all individuals in the plan being replaced. The replacement plan must include all of the services covered under the replaced plan, and must not significantly limit access to the kind of services covered under the replacement plan through unreasonable cost-sharing requirements or otherwise. The pool may also allow individuals who are covered by a plan that is being replaced an unrestricted right to transfer to a fully comparable plan.

(b) The guarantee of continuity of coverage provided by this section requires that if the pool discontinues offering a plan: (i) The pool must provide notice to each individual of the discontinuation at least ninety days prior to the date of the discontinuation; (ii) the pool must offer to each individual provided coverage under the discontinued plan the option to enroll in any other plan currently offered by the pool for which the individual is otherwise eligible; and (iii) in exercising the option to discontinue a plan and in offering the option of coverage under (b)(ii) of this subsection, the pool must act uniformly without regard to any health status-related factor of enrolled individuals or individuals who may become eligible for this coverage.

(c) The pool cannot replace or discontinue a plan under this subsection (4) until it has completed an evaluation of the impact of replacing the plan upon:

(i) The cost and quality of care to pool enrollees;

(ii) Pool financing and enrollment;

(iii) The board's ability to offer comprehensive and other plans to its enrollees;

(iv) Other items identified by the board.

In its evaluation, the board must request input from the constituents represented by the board members.

(d) The guarantee of continuity of coverage provided by this section does not apply if the pool has zero enrollment in a plan.

(5) The pool may not change the rates for pool policies except on a class basis, with a clear disclosure in the policy of the pool's right to do so.

~~((3))~~ (6) A pool policy offered under this chapter shall provide that, upon the death of the individual in whose name the policy is issued, every other individual then covered under the policy may elect, within a period specified in the policy, to continue coverage under the same or a different policy.

Sec. 28. RCW 48.41.200 and 2000 c 79 s 17 are each amended to read as follows:

(1) The pool shall determine the standard risk rate by calculating the average individual standard rate charged for coverage comparable to pool coverage by the five largest members, measured in terms of individual market enrollment, offering such coverages in the state. In the event five members do not offer comparable coverage, the standard risk rate shall be established using reasonable actuarial techniques and shall reflect anticipated experience and expenses for such coverage in the individual market.

(2) Subject to subsection (3) of this section, maximum rates for pool coverage shall be as follows:

(a) Maximum rates for a pool indemnity health plan shall be one hundred fifty percent of the rate calculated under subsection (1) of this section;

(b) Maximum rates for a pool care management plan shall be one hundred twenty-five percent of the rate calculated under subsection (1) of this section; and

(c) Maximum rates for a person eligible for pool coverage pursuant to RCW 48.41.100(1)(a) who was enrolled at any time during the sixty-three day period immediately prior to the date of application for pool coverage in a group health benefit plan or an individual health benefit plan other than a catastrophic health plan as defined in RCW 48.43.005, where such coverage was continuous for at least eighteen months, shall be:

(i) For a pool indemnity health plan, one hundred twenty-five percent of the rate calculated under subsection (1) of this section; and

(ii) For a pool care management plan, one hundred ten percent of the rate calculated under subsection (1) of this section.

(3)(a) Subject to (b) and (c) of this subsection:

(i) The rate for any person (~~aged fifty to sixty-four~~) whose current gross family income is less than two hundred fifty-one percent of the federal poverty level shall be reduced by thirty percent from what it would otherwise be;

(ii) The rate for any person (~~aged fifty to sixty-four~~) whose current gross family income is more than two hundred fifty but less than three hundred one percent of the federal poverty level shall be reduced by fifteen percent from what it would otherwise be;

(iii) The rate for any person who has been enrolled in the pool for more than thirty-six months shall be reduced by five percent from what it would otherwise be.

(b) In no event shall the rate for any person be less than one hundred ten percent of the rate calculated under subsection (1) of this section.

(c) Rate reductions under (a)(i) and (ii) of this subsection shall be available only to the extent that funds are specifically appropriated for this purpose in the omnibus appropriations act.

Sec. 29. RCW 48.41.037 and 2000 c 79 s 36 are each amended to read as follows:

The Washington state health insurance pool account is created in the custody of the state treasurer. All receipts from moneys specifically appropriated to the account must be deposited in the account. Expenditures from this account shall be used to cover deficits incurred by the Washington state health insurance pool under this chapter in excess of the threshold established in this section. To the extent funds are available in the account, funds shall be expended from the account to offset that portion of the deficit that would otherwise have to be recovered by imposing an assessment on members in excess of a threshold of seventy cents per insured person per month. The commissioner shall authorize expenditures from the account, to the extent that funds are available in the account, upon

certification by the pool board that assessments will exceed the threshold level established in this section. The account is subject to the allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

Whether the assessment has reached the threshold of seventy cents per insured person per month shall be determined by dividing the total aggregate amount of assessment by the proportion of total assessed members. Thus, stop loss members shall be counted as one-tenth of a whole member in the denominator given that is the amount they are assessed proportionately relative to a fully insured medical member.

Sec. 30. RCW 48.41.100 and 2001 c 196 s 3 are each amended to read as follows:

(1) The following persons who are residents of this state are eligible for pool coverage:

(a) Any person who provides evidence of a carrier's decision not to accept him or her for enrollment in an individual health benefit plan as defined in RCW 48.43.005 based upon, and within ninety days of the receipt of, the results of the standard health questionnaire designated by the board and administered by health carriers under RCW 48.43.018;

(b) Any person who continues to be eligible for pool coverage based upon the results of the standard health questionnaire designated by the board and administered by the pool administrator pursuant to subsection (3) of this section;

(c) Any person who resides in a county of the state where no carrier or insurer eligible under chapter 48.15 RCW offers to the public an individual health benefit plan other than a catastrophic health plan as defined in RCW 48.43.005 at the time of application to the pool, and who makes direct application to the pool; and

(d) Any medicare eligible person upon providing evidence of rejection for medical reasons, a requirement of restrictive riders, an up-rated premium, or a preexisting conditions limitation on a medicare supplemental insurance policy under chapter 48.66 RCW, the effect of which is to substantially reduce coverage from that received by a person considered a standard risk by at least one member within six months of the date of application.

(2) The following persons are not eligible for coverage by the pool:

(a) Any person having terminated coverage in the pool unless (i) twelve months have lapsed since termination, or (ii) that person can show continuous other coverage which has been involuntarily terminated for any reason other than nonpayment of premiums. However, these exclusions do not apply to eligible individuals as defined in section 2741(b) of the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg-41(b));

(b) Any person on whose behalf the pool has paid out ~~((one))~~ two million dollars in benefits;

(c) Inmates of public institutions and persons whose benefits are duplicated under public programs. However, these exclusions do not apply to eligible individuals as defined in section 2741(b) of the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg-41(b));

(d) Any person who resides in a county of the state where any carrier or insurer regulated under chapter 48.15 RCW offers to the public an individual health benefit plan other than a catastrophic health plan as defined in RCW 48.43.005 at the time of application to the pool and who does not qualify for pool coverage based upon the results of the standard health questionnaire, or pursuant to subsection (1)(d) of this section.

(3) When a carrier or insurer regulated under chapter 48.15 RCW begins to offer an individual health benefit plan in a county where no carrier had been offering an individual health benefit plan:

(a) If the health benefit plan offered is other than a catastrophic health plan as defined in RCW 48.43.005, any person enrolled in a pool plan pursuant to subsection (1)(c) of this section in that county shall no longer be eligible for coverage under that plan pursuant to subsection (1)(c) of this section, but may continue to be eligible for pool coverage based upon the results of the standard health questionnaire designated by the board and administered by the pool administrator. The pool administrator shall offer to administer the questionnaire to each person no longer eligible for coverage under subsection (1)(c) of this section within thirty days of determining that he or she is no longer eligible;

(b) Losing eligibility for pool coverage under this subsection (3) does not affect a person's eligibility for pool coverage under subsection (1)(a), (b), or (d) of this section; and

(c) The pool administrator shall provide written notice to any person who is no longer eligible for coverage under a pool plan under this subsection (3) within thirty days of the administrator's determination that the person is no longer eligible. The notice shall: (i) Indicate that coverage under the plan will cease ninety days from the date that the notice is dated; (ii) describe any other coverage options, either in or outside of the pool, available to the person; (iii) describe the procedures for the administration of the standard health questionnaire to determine the person's continued eligibility for coverage under subsection (1)(b) of this section; and (iv) describe the enrollment process for the available options outside of the pool.

(4) The board shall ensure that an independent analysis of the eligibility standards for the pool coverage is conducted, including examining the eight percent eligibility threshold, eligibility for medicaid enrollees and other publicly sponsored enrollees, and the impacts on the pool and the state budget. The board shall report the findings to the legislature by December 1, 2007.

Sec. 31. RCW 48.41.120 and 2000 c 79 s 14 are each amended to read as follows:

(1) Subject to the limitation provided in subsection (3) of this section, ~~((a))~~ the comprehensive pool policy offered ~~((in accordance with))~~ under RCW 48.41.110 ~~((or))~~ (4) shall impose a deductible as provided in this subsection. Deductibles of five hundred dollars and one thousand dollars on a per person per calendar year basis shall initially be offered. The board may authorize deductibles in other amounts. The deductible shall be applied to the first five hundred dollars, one thousand dollars, or other authorized amount of eligible expenses incurred by the covered person.

(2) Subject to the limitations provided in subsection (3) of this section, a mandatory coinsurance requirement shall be imposed at ~~((the))~~ a rate ~~((of))~~ not to exceed twenty percent of eligible expenses in excess of the mandatory deductible and which supports the efficient delivery of high quality health care services for the medical conditions of pool enrollees.

(3) The maximum aggregate out of pocket payments for eligible expenses by the insured in the form of deductibles and coinsurance under ~~((a))~~ the comprehensive pool policy offered ~~((in accordance with))~~ under RCW 48.41.110 ~~((or))~~ (4) shall not exceed in a calendar year:

(a) One thousand five hundred dollars per individual, or three thousand dollars per family, per calendar year for the five hundred dollar deductible policy;

(b) Two thousand five hundred dollars per individual, or five thousand dollars per family per calendar year for the one thousand dollar deductible policy; or

(c) An amount authorized by the board for any other deductible policy.

(4) Except for those enrolled in a high deductible health plan qualified under federal law for use with a health savings account, eligible expenses incurred by a covered person in the last three months of a calendar year, and applied toward a deductible, shall also be applied toward the deductible amount in the next calendar year.

(5) The board may modify cost-sharing as an incentive for enrollees to participate in care management services and other cost-effective programs and policies.

Sec. 32. RCW 48.43.005 and 2006 c 25 s 16 are each amended to read as follows:

Unless otherwise specifically provided, the definitions in this section apply throughout this chapter.

(1) "Adjusted community rate" means the rating method used to establish the premium for health plans adjusted to reflect actuarially demonstrated differences in utilization or cost attributable to geographic region, age, family size, and use of wellness activities.

(2) "Basic health plan" means the plan described under chapter 70.47 RCW, as revised from time to time.

(3) "Basic health plan model plan" means a health plan as required in RCW 70.47.060(2)(e).

(4) "Basic health plan services" means that schedule of covered health services, including the description of how those benefits are to be administered, that are required to be delivered to an enrollee under the basic health plan, as revised from time to time.

(5) "Catastrophic health plan" means:

(a) In the case of a contract, agreement, or policy covering a single enrollee, a health benefit plan requiring a calendar year deductible of, at a minimum, one thousand ~~((five))~~ seven hundred fifty dollars and an annual out-of-pocket expense required to be paid under the plan (other than for premiums) for covered benefits of at least three thousand five hundred dollars, both amounts to be adjusted annually by the insurance commissioner; and

(b) In the case of a contract, agreement, or policy covering more than one enrollee, a health benefit plan requiring a calendar year deductible of, at a minimum, three thousand five hundred dollars and an annual out-of-pocket expense required to be paid under the plan (other than for premiums) for covered benefits of at least ~~((five))~~ six thousand ((five hundred)) dollars, both amounts to be adjusted annually by the insurance commissioner; or

(c) Any health benefit plan that provides benefits for hospital inpatient and outpatient services, professional and prescription drugs provided in conjunction with such hospital inpatient and outpatient services, and excludes or substantially limits outpatient physician services and those services usually provided in an office setting.

In July, 2008, and in each July thereafter, the insurance commissioner shall adjust the minimum deductible and out-of-pocket expense required for a plan to qualify as a catastrophic plan to reflect the percentage change in the consumer price index for medical care for a preceding twelve months, as determined by the United States department of labor. The adjusted amount shall apply on the following January 1st.

(6) "Certification" means a determination by a review organization that an admission, extension of stay, or other health care service or procedure has been reviewed and, based on the information provided, meets the clinical requirements for medical necessity,

appropriateness, level of care, or effectiveness under the auspices of the applicable health benefit plan.

(7) "Concurrent review" means utilization review conducted during a patient's hospital stay or course of treatment.

(8) "Covered person" or "enrollee" means a person covered by a health plan including an enrollee, subscriber, policyholder, beneficiary of a group plan, or individual covered by any other health plan.

(9) "Dependent" means, at a minimum, the enrollee's legal spouse and unmarried dependent children who qualify for coverage under the enrollee's health benefit plan.

(10) "Eligible employee" means an employee who works on a full-time basis with a normal work week of thirty or more hours. The term includes a self-employed individual, including a sole proprietor, a partner of a partnership, and may include an independent contractor, if the self-employed individual, sole proprietor, partner, or independent contractor is included as an employee under a health benefit plan of a small employer, but does not work less than thirty hours per week and derives at least seventy-five percent of his or her income from a trade or business through which he or she has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form. Persons covered under a health benefit plan pursuant to the consolidated omnibus budget reconciliation act of 1986 shall not be considered eligible employees for purposes of minimum participation requirements of chapter 265, Laws of 1995.

(11) "Emergency medical condition" means the emergent and acute onset of a symptom or symptoms, including severe pain, that would lead a prudent layperson acting reasonably to believe that a health condition exists that requires immediate medical attention, if failure to provide medical attention would result in serious impairment to bodily functions or serious dysfunction of a bodily organ or part, or would place the person's health in serious jeopardy.

(12) "Emergency services" means otherwise covered health care services medically necessary to evaluate and treat an emergency medical condition, provided in a hospital emergency department.

(13) "Enrollee point-of-service cost-sharing" means amounts paid to health carriers directly providing services, health care providers, or health care facilities by enrollees and may include copayments, coinsurance, or deductibles.

(14) "Grievance" means a written complaint submitted by or on behalf of a covered person regarding: (a) Denial of payment for medical services or nonprovision of medical services included in the covered person's health benefit plan, or (b) service delivery issues other than denial of payment for medical services or nonprovision of medical services, including dissatisfaction with medical care, waiting time for medical services, provider or staff attitude or demeanor, or dissatisfaction with service provided by the health carrier.

(15) "Health care facility" or "facility" means hospices licensed under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW, rural health care facilities as defined in RCW 70.175.020, psychiatric hospitals licensed under chapter 71.12 RCW, nursing homes licensed under chapter 18.51 RCW, community mental health centers licensed under chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed under chapter 70.41 RCW, ambulatory diagnostic, treatment, or surgical facilities licensed under chapter 70.41 RCW, drug and alcohol treatment facilities licensed under chapter 70.96A RCW, and home health agencies licensed under chapter 70.127 RCW, and includes such facilities if owned and operated by a political subdivision or instrumentality of the state and such other facilities as required by federal law and implementing regulations.

(16) "Health care provider" or "provider" means:

(a) A person regulated under Title 18 or chapter 70.127 RCW, to practice health or health-related services or otherwise practicing health care services in this state consistent with state law; or

(b) An employee or agent of a person described in (a) of this subsection, acting in the course and scope of his or her employment.

(17) "Health care service" means that service offered or provided by health care facilities and health care providers relating to the prevention, cure, or treatment of illness, injury, or disease.

(18) "Health carrier" or "carrier" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, a health care service contractor as defined in RCW 48.44.010, or a health maintenance organization as defined in RCW 48.46.020.

(19) "Health plan" or "health benefit plan" means any policy, contract, or agreement offered by a health carrier to provide, arrange, reimburse, or pay for health care services except the following:

(a) Long-term care insurance governed by chapter 48.84 RCW;

(b) Medicare supplemental health insurance governed by chapter 48.66 RCW;

(c) Coverage supplemental to the coverage provided under chapter 55, Title 10, United States Code;

(d) Limited health care services offered by limited health care service contractors in accordance with RCW 48.44.035;

(e) Disability income;

(f) Coverage incidental to a property/casualty liability insurance policy such as automobile personal injury protection coverage and homeowner guest medical;

(g) Workers' compensation coverage;

(h) Accident only coverage;

(i) Specified disease and hospital confinement indemnity when marketed solely as a supplement to a health plan;

(j) Employer-sponsored self-funded health plans;

(k) Dental only and vision only coverage; and

(l) Plans deemed by the insurance commissioner to have a short-term limited purpose or duration, or to be a student-only plan that is guaranteed renewable while the covered person is enrolled as a regular full-time undergraduate or graduate student at an accredited higher education institution, after a written request for such classification by the carrier and subsequent written approval by the insurance commissioner.

(20) "Material modification" means a change in the actuarial value of the health plan as modified of more than five percent but less than fifteen percent.

(21) "Preexisting condition" means any medical condition, illness, or injury that existed any time prior to the effective date of coverage.

(22) "Premium" means all sums charged, received, or deposited by a health carrier as consideration for a health plan or the continuance of a health plan. Any assessment or any "membership," "policy," "contract," "service," or similar fee or charge made by a health carrier in consideration for a health plan is deemed part of the premium. "Premium" shall not include amounts paid as enrollee point-of-service cost-sharing.

(23) "Review organization" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, health care service contractor as defined in RCW 48.44.010, or health maintenance organization as defined in RCW 48.46.020, and entities affiliated with, under contract with, or acting on behalf of a health carrier to perform a utilization review.

(24) "Small employer" or "small group" means any person, firm, corporation, partnership, association, political subdivision, sole proprietor, or self-employed individual that is actively engaged in business that, on at least fifty percent of its working days during the

preceding calendar quarter, employed at least two but no more than fifty eligible employees, with a normal work week of thirty or more hours, the majority of whom were employed within this state, and is not formed primarily for purposes of buying health insurance and in which a bona fide employer-employee relationship exists. In determining the number of eligible employees, companies that are affiliated companies, or that are eligible to file a combined tax return for purposes of taxation by this state, shall be considered an employer. Subsequent to the issuance of a health plan to a small employer and for the purpose of determining eligibility, the size of a small employer shall be determined annually. Except as otherwise specifically provided, a small employer shall continue to be considered a small employer until the plan anniversary following the date the small employer no longer meets the requirements of this definition. A self-employed individual or sole proprietor must derive at least seventy-five percent of his or her income from a trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, schedule C or F, for the previous taxable year except for a self-employed individual or sole proprietor in an agricultural trade or business, who must derive at least fifty-one percent of his or her income from the trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, for the previous taxable year. A self-employed individual or sole proprietor who is covered as a group of one on the day prior to June 10, 2004, shall also be considered a "small employer" to the extent that individual or group of one is entitled to have his or her coverage renewed as provided in RCW 48.43.035(6).

(25) "Utilization review" means the prospective, concurrent, or retrospective assessment of the necessity and appropriateness of the allocation of health care resources and services of a provider or facility, given or proposed to be given to an enrollee or group of enrollees.

(26) "Wellness activity" means an explicit program of an activity consistent with department of health guidelines, such as, smoking cessation, injury and accident prevention, reduction of alcohol misuse, appropriate weight reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and nutrition education for the purpose of improving enrollee health status and reducing health service costs.

Sec. 33. RCW 48.41.190 and 1989 c 121 s 10 are each amended to read as follows:

~~((Neither the participation by members, the establishment of rates, forms, or procedures for coverages issued by the pool, nor any other joint or collective action required by this chapter or the state of Washington shall be the basis of any legal action, civil or criminal liability or penalty against the pool, any member of the board of directors, or members of the pool either jointly or separately.))~~ The pool, members of the pool, board directors of the pool, officers of the pool, employees of the pool, the commissioner, the commissioner's representatives, and the commissioner's employees shall not be civilly or criminally liable and shall not have any penalty or cause of action of any nature arise against them for any action taken or not taken, including any discretionary decision or failure to make a discretionary decision, when the action or inaction is done in good faith and in the performance of the powers and duties under this chapter. Nothing in this section prohibits legal actions against the pool to enforce the pool's statutory or contractual duties or obligations.

Sec. 34. RCW 41.05.075 and 2006 c 103 s 3 are each amended to read as follows:

(1) The administrator shall provide benefit plans designed by the board through a contract or contracts with insuring entities, through self-funding, self-insurance, or other methods of providing insurance coverage authorized by RCW 41.05.140.

(2) The administrator shall establish a contract bidding process that:

(a) Encourages competition among insuring entities;

(b) Maintains an equitable relationship between premiums charged for similar benefits and between risk pools including premiums charged for retired state and school district employees under the separate risk pools established by RCW 41.05.022 and 41.05.080 such that insuring entities may not avoid risk when establishing the premium rates for retirees eligible for medicare;

(c) Is timely to the state budgetary process; and

(d) Sets conditions for awarding contracts to any insuring entity.

(3) The administrator shall establish a requirement for review of utilization and financial data from participating insuring entities on a quarterly basis.

(4) The administrator shall centralize the enrollment files for all employee and retired or disabled school employee health plans offered under chapter 41.05 RCW and develop enrollment demographics on a plan-specific basis.

(5) All claims data shall be the property of the state. The administrator may require of any insuring entity that submits a bid to contract for coverage all information deemed necessary including:

(a) Subscriber or member demographic and claims data necessary for risk assessment and adjustment calculations in order to fulfill the administrator's duties as set forth in this chapter; and

(b) Subscriber or member demographic and claims data necessary to implement performance measures or financial incentives related to performance under subsection (7) of this section.

(6) All contracts with insuring entities for the provision of health care benefits shall provide that the beneficiaries of such benefit plans may use on an equal participation basis the services of practitioners licensed pursuant to chapters 18.22, 18.25, 18.32, 18.53, 18.57, 18.71, 18.74, 18.83, and 18.79 RCW, as it applies to registered nurses and advanced registered nurse practitioners. However, nothing in this subsection may preclude the administrator from establishing appropriate utilization controls approved pursuant to RCW 41.05.065(2) (a), (b), and (d).

(7) The administrator shall, in collaboration with other state agencies that administer state purchased health care programs, private health care purchasers, health care facilities, providers, and carriers:

(a) Use evidence-based medicine principles to develop common performance measures and implement financial incentives in contracts with insuring entities, health care facilities, and providers that:

(i) Reward improvements in health outcomes for individuals with chronic diseases, increased utilization of appropriate preventive health services, and reductions in medical errors; and

(ii) Increase, through appropriate incentives to insuring entities, health care facilities, and providers, the adoption and use of information technology that contributes to improved health outcomes, better coordination of care, and decreased medical errors;

(b) Through state health purchasing, reimbursement, or pilot strategies, promote and increase the adoption of health information technology systems, including electronic medical records, by hospitals as defined in RCW 70.41.020(4), integrated delivery systems, and providers that:

(i) Facilitate diagnosis or treatment;

(ii) Reduce unnecessary duplication of medical tests;

(iii) Promote efficient electronic physician order entry;

(iv) Increase access to health information for consumers and their providers; and

(v) Improve health outcomes;

(c) Coordinate a strategy for the adoption of health information technology systems using the final health information technology report and recommendations developed under chapter 261, Laws of 2005.

(8) The administrator may permit the Washington state health insurance pool to contract to utilize any network maintained by the authority or any network under contract with the authority.

Sec. 35. RCW 70.47.020 and 2005 c 188 s 2 are each amended to read as follows:

As used in this chapter:

(1) "Washington basic health plan" or "plan" means the system of enrollment and payment for basic health care services, administered by the plan administrator through participating managed health care systems, created by this chapter.

(2) "Administrator" means the Washington basic health plan administrator, who also holds the position of administrator of the Washington state health care authority.

(3) "Health coverage tax credit program" means the program created by the Trade Act of 2002 (P.L. 107-210) that provides a federal tax credit that subsidizes private health insurance coverage for displaced workers certified to receive certain trade adjustment assistance benefits and for individuals receiving benefits from the pension benefit guaranty corporation.

(4) "Health coverage tax credit eligible enrollee" means individual workers and their qualified family members who lose their jobs due to the effects of international trade and are eligible for certain trade adjustment assistance benefits; or are eligible for benefits under the alternative trade adjustment assistance program; or are people who receive benefits from the pension benefit guaranty corporation and are at least fifty-five years old.

(5) "Managed health care system" means: (a) Any health care organization, including health care providers, insurers, health care service contractors, health maintenance organizations, or any combination thereof, that provides directly or by contract basic health care services, as defined by the administrator and rendered by duly licensed providers, to a defined patient population enrolled in the plan and in the managed health care system; or (b) a self-funded or self-insured method of providing insurance coverage to subsidized enrollees provided under RCW 41.05.140 and subject to the limitations under RCW 70.47.100(7).

(6) "Subsidized enrollee" means:

(a) An individual, or an individual plus the individual's spouse or dependent children:

~~((a))~~ (i) Who is not eligible for medicare;

~~((b))~~ (ii) Who is not confined or residing in a government-operated institution, unless he or she meets eligibility criteria adopted by the administrator;

~~((c))~~ (iii) Who is not a full-time student who has received a temporary visa to study in the United States;

~~((d))~~ (iv) Who resides in an area of the state served by a managed health care system participating in the plan;

~~((e))~~ (v) Whose gross family income at the time of enrollment does not exceed two hundred percent of the federal poverty level as adjusted for family size and determined annually by the federal department of health and human services; and

~~((f))~~ (vi) Who chooses to obtain basic health care coverage from a particular managed health care system in return for periodic payments to the plan~~(:);~~

(b) An individual who meets the requirements in (a)(i) through (iv) and (vi) of this subsection and who is a foster parent licensed under chapter 74.15 RCW and whose gross family income at the time of enrollment does not exceed three hundred percent of the federal poverty level as adjusted for family size and determined annually by the federal department of health and human services; and

(c) To the extent that state funds are specifically appropriated for this purpose, with a corresponding federal match, (~~"subsidized enrollee" also means~~) an individual, or an individual's spouse or dependent children, who meets the requirements in (a)(i) through ~~((f))~~ (iv) and ~~((f))~~ (vi) of this subsection and whose gross family income at the time of enrollment is more than two hundred percent, but less than two hundred fifty-one percent, of the federal poverty level as adjusted for family size and determined annually by the federal department of health and human services.

(7) "Nonsubsidized enrollee" means an individual, or an individual plus the individual's spouse or dependent children: (a) Who is not eligible for medicare; (b) who is not confined or residing in a government-operated institution, unless he or she meets eligibility criteria adopted by the administrator; (c) who is accepted for enrollment by the administrator as provided in RCW 48.43.018, either because the potential enrollee cannot be required to complete the standard health questionnaire under RCW 48.43.018, or, based upon the results of the standard health questionnaire, the potential enrollee would not qualify for coverage under the Washington state health insurance pool; (d) who resides in an area of the state served by a managed health care system participating in the plan; ~~((f))~~ (e) who chooses to obtain basic health care coverage from a particular managed health care system; and ~~((e))~~ (f) who pays or on whose behalf is paid the full costs for participation in the plan, without any subsidy from the plan.

(8) "Subsidy" means the difference between the amount of periodic payment the administrator makes to a managed health care system on behalf of a subsidized enrollee plus the administrative cost to the plan of providing the plan to that subsidized enrollee, and the amount determined to be the subsidized enrollee's responsibility under RCW 70.47.060(2).

(9) "Premium" means a periodic payment, (~~based upon gross family income~~) which an individual, their employer or another financial sponsor makes to the plan as consideration for enrollment in the plan as a subsidized enrollee, a nonsubsidized enrollee, or a health coverage tax credit eligible enrollee.

(10) "Rate" means the amount, negotiated by the administrator with and paid to a participating managed health care system, that is based upon the enrollment of subsidized, nonsubsidized, and health coverage tax credit eligible enrollees in the plan and in that system.

Sec. 36. RCW 70.47.060 and 2006 c 343 s 9 are each amended to read as follows:

The administrator has the following powers and duties:

(1) To design and from time to time revise a schedule of covered basic health care services, including physician services, inpatient and outpatient hospital services, prescription drugs and medications, and other services that may be necessary for basic health care. In addition, the administrator may, to the extent that funds are available, offer as basic health plan services chemical dependency services, mental health services and organ transplant services; however, no one service or any combination of these three services shall increase the actuarial value of the basic health plan benefits by more than five

percent excluding inflation, as determined by the office of financial management. All subsidized and nonsubsidized enrollees in any participating managed health care system under the Washington basic health plan shall be entitled to receive covered basic health care services in return for premium payments to the plan. The schedule of services shall emphasize proven preventive and primary health care and shall include all services necessary for prenatal, postnatal, and well-child care. However, with respect to coverage for subsidized enrollees who are eligible to receive prenatal and postnatal services through the medical assistance program under chapter 74.09 RCW, the administrator shall not contract for such services except to the extent that such services are necessary over not more than a one-month period in order to maintain continuity of care after diagnosis of pregnancy by the managed care provider. The schedule of services shall also include a separate schedule of basic health care services for children, eighteen years of age and younger, for those subsidized or nonsubsidized enrollees who choose to secure basic coverage through the plan only for their dependent children. In designing and revising the schedule of services, the administrator shall consider the guidelines for assessing health services under the mandated benefits act of 1984, RCW 48.47.030, and such other factors as the administrator deems appropriate.

(2)(a) To design and implement a structure of periodic premiums due the administrator from subsidized enrollees that is based upon gross family income, giving appropriate consideration to family size and the ages of all family members. The enrollment of children shall not require the enrollment of their parent or parents who are eligible for the plan. The structure of periodic premiums shall be applied to subsidized enrollees entering the plan as individuals pursuant to subsection (11) of this section and to the share of the cost of the plan due from subsidized enrollees entering the plan as employees pursuant to subsection (12) of this section.

(b) To determine the periodic premiums due the administrator from subsidized enrollees under RCW 70.47.020(6)(b). Premiums due for foster parents with gross family income up to two hundred percent of the federal poverty level shall be set at the minimum premium amount charged to enrollees with income below sixty-five percent of the federal poverty level. Premiums due for foster parents with gross family income between two hundred percent and three hundred percent of the federal poverty level shall not exceed one hundred dollars per month.

(c) To determine the periodic premiums due the administrator from nonsubsidized enrollees. Premiums due from nonsubsidized enrollees shall be in an amount equal to the cost charged by the managed health care system provider to the state for the plan plus the administrative cost of providing the plan to those enrollees and the premium tax under RCW 48.14.0201.

~~((e))~~ (d) To determine the periodic premiums due the administrator from health coverage tax credit eligible enrollees. Premiums due from health coverage tax credit eligible enrollees must be in an amount equal to the cost charged by the managed health care system provider to the state for the plan, plus the administrative cost of providing the plan to those enrollees and the premium tax under RCW 48.14.0201. The administrator will consider the impact of eligibility determination by the appropriate federal agency designated by the Trade Act of 2002 (P.L. 107-210) as well as the premium collection and remittance activities by the United States internal revenue service when determining the administrative cost charged for health coverage tax credit eligible enrollees.

~~((f))~~ (e) An employer or other financial sponsor may, with the prior approval of the administrator, pay the premium, rate, or any other amount on behalf of a subsidized or nonsubsidized enrollee, by

arrangement with the enrollee and through a mechanism acceptable to the administrator. The administrator shall establish a mechanism for receiving premium payments from the United States internal revenue service for health coverage tax credit eligible enrollees.

((~~6~~)) (f) To develop, as an offering by every health carrier providing coverage identical to the basic health plan, as configured on January 1, 2001, a basic health plan model plan with uniformity in enrollee cost-sharing requirements.

(3) To evaluate, with the cooperation of participating managed health care system providers, the impact on the basic health plan of enrolling health coverage tax credit eligible enrollees. The administrator shall issue to the appropriate committees of the legislature preliminary evaluations on June 1, 2005, and January 1, 2006, and a final evaluation by June 1, 2006. The evaluation shall address the number of persons enrolled, the duration of their enrollment, their utilization of covered services relative to other basic health plan enrollees, and the extent to which their enrollment contributed to any change in the cost of the basic health plan.

(4) To end the participation of health coverage tax credit eligible enrollees in the basic health plan if the federal government reduces or terminates premium payments on their behalf through the United States internal revenue service.

(5) To design and implement a structure of enrollee cost-sharing due a managed health care system from subsidized, nonsubsidized, and health coverage tax credit eligible enrollees. The structure shall discourage inappropriate enrollee utilization of health care services, and may utilize copayments, deductibles, and other cost-sharing mechanisms, but shall not be so costly to enrollees as to constitute a barrier to appropriate utilization of necessary health care services.

(6) To limit enrollment of persons who qualify for subsidies so as to prevent an overexpenditure of appropriations for such purposes. Whenever the administrator finds that there is danger of such an overexpenditure, the administrator shall close enrollment until the administrator finds the danger no longer exists. Such a closure does not apply to health coverage tax credit eligible enrollees who receive a premium subsidy from the United States internal revenue service as long as the enrollees qualify for the health coverage tax credit program.

(7) To limit the payment of subsidies to subsidized enrollees, as defined in RCW 70.47.020. The level of subsidy provided to persons who qualify may be based on the lowest cost plans, as defined by the administrator.

(8) To adopt a schedule for the orderly development of the delivery of services and availability of the plan to residents of the state, subject to the limitations contained in RCW 70.47.080 or any act appropriating funds for the plan.

(9) To solicit and accept applications from managed health care systems, as defined in this chapter, for inclusion as eligible basic health care providers under the plan for subsidized enrollees, nonsubsidized enrollees, or health coverage tax credit eligible enrollees. The administrator shall endeavor to assure that covered basic health care services are available to any enrollee of the plan from among a selection of two or more participating managed health care systems. In adopting any rules or procedures applicable to managed health care systems and in its dealings with such systems, the administrator shall consider and make suitable allowance for the need for health care services and the differences in local availability of health care resources, along with other resources, within and among the several areas of the state. Contracts with participating managed health care systems shall ensure that basic health plan enrollees who become eligible for medical assistance may, at their option, continue to receive services from their existing providers

within the managed health care system if such providers have entered into provider agreements with the department of social and health services.

(10) To receive periodic premiums from or on behalf of subsidized, nonsubsidized, and health coverage tax credit eligible enrollees, deposit them in the basic health plan operating account, keep records of enrollee status, and authorize periodic payments to managed health care systems on the basis of the number of enrollees participating in the respective managed health care systems.

(11) To accept applications from individuals residing in areas served by the plan, on behalf of themselves and their spouses and dependent children, for enrollment in the Washington basic health plan as subsidized, nonsubsidized, or health coverage tax credit eligible enrollees, to give priority to members of the Washington national guard and reserves who served in Operation Enduring Freedom, Operation Iraqi Freedom, or Operation Noble Eagle, and their spouses and dependents, for enrollment in the Washington basic health plan, to establish appropriate minimum-enrollment periods for enrollees as may be necessary, and to determine, upon application and on a reasonable schedule defined by the authority, or at the request of any enrollee, eligibility due to current gross family income for sliding scale premiums. Funds received by a family as part of participation in the adoption support program authorized under RCW 26.33.320 and 74.13.100 through 74.13.145 shall not be counted toward a family's current gross family income for the purposes of this chapter. When an enrollee fails to report income or income changes accurately, the administrator shall have the authority either to bill the enrollee for the amounts overpaid by the state or to impose civil penalties of up to two hundred percent of the amount of subsidy overpaid due to the enrollee incorrectly reporting income. The administrator shall adopt rules to define the appropriate application of these sanctions and the processes to implement the sanctions provided in this subsection, within available resources. No subsidy may be paid with respect to any enrollee whose current gross family income exceeds twice the federal poverty level or, subject to RCW 70.47.110, who is a recipient of medical assistance or medical care services under chapter 74.09 RCW. If a number of enrollees drop their enrollment for no apparent good cause, the administrator may establish appropriate rules or requirements that are applicable to such individuals before they will be allowed to reenroll in the plan.

(12) To accept applications from business owners on behalf of themselves and their employees, spouses, and dependent children, as subsidized or nonsubsidized enrollees, who reside in an area served by the plan. The administrator may require all or the substantial majority of the eligible employees of such businesses to enroll in the plan and establish those procedures necessary to facilitate the orderly enrollment of groups in the plan and into a managed health care system. The administrator may require that a business owner pay at least an amount equal to what the employee pays after the state pays its portion of the subsidized premium cost of the plan on behalf of each employee enrolled in the plan. Enrollment is limited to those not eligible for medicare who wish to enroll in the plan and choose to obtain the basic health care coverage and services from a managed care system participating in the plan. The administrator shall adjust the amount determined to be due on behalf of or from all such enrollees whenever the amount negotiated by the administrator with the participating managed health care system or systems is modified or the administrative cost of providing the plan to such enrollees changes.

(13) To determine the rate to be paid to each participating managed health care system in return for the provision of covered basic health care services to enrollees in the system. Although the schedule of

covered basic health care services will be the same or actuarially equivalent for similar enrollees, the rates negotiated with participating managed health care systems may vary among the systems. In negotiating rates with participating systems, the administrator shall consider the characteristics of the populations served by the respective systems, economic circumstances of the local area, the need to conserve the resources of the basic health plan trust account, and other factors the administrator finds relevant.

(14) To monitor the provision of covered services to enrollees by participating managed health care systems in order to assure enrollee access to good quality basic health care, to require periodic data reports concerning the utilization of health care services rendered to enrollees in order to provide adequate information for evaluation, and to inspect the books and records of participating managed health care systems to assure compliance with the purposes of this chapter. In requiring reports from participating managed health care systems, including data on services rendered enrollees, the administrator shall endeavor to minimize costs, both to the managed health care systems and to the plan. The administrator shall coordinate any such reporting requirements with other state agencies, such as the insurance commissioner and the department of health, to minimize duplication of effort.

(15) To evaluate the effects this chapter has on private employer-based health care coverage and to take appropriate measures consistent with state and federal statutes that will discourage the reduction of such coverage in the state.

(16) To develop a program of proven preventive health measures and to integrate it into the plan wherever possible and consistent with this chapter.

(17) To provide, consistent with available funding, assistance for rural residents, underserved populations, and persons of color.

(18) In consultation with appropriate state and local government agencies, to establish criteria defining eligibility for persons confined or residing in government-operated institutions.

(19) To administer the premium discounts provided under RCW 48.41.200(3)(a) (i) and (ii) pursuant to a contract with the Washington state health insurance pool.

(20) To give priority in enrollment to persons who disenrolled from the program in order to enroll in medicaid, and subsequently became ineligible for medicaid coverage.

Sec. 37. RCW 48.43.018 and 2004 c 244 s 3 are each amended to read as follows:

(1) Except as provided in (a) through (e) of this subsection, a health carrier may require any person applying for an individual health benefit plan and the health care authority shall require any person applying for nonsubsidized enrollment in the basic health plan to complete the standard health questionnaire designated under chapter 48.41 RCW.

(a) If a person is seeking an individual health benefit plan or enrollment in the basic health plan as a nonsubsidized enrollee due to his or her change of residence from one geographic area in Washington state to another geographic area in Washington state where his or her current health plan is not offered, completion of the standard health questionnaire shall not be a condition of coverage if application for coverage is made within ninety days of relocation.

(b) If a person is seeking an individual health benefit plan or enrollment in the basic health plan as a nonsubsidized enrollee:

(i) Because a health care provider with whom he or she has an established care relationship and from whom he or she has received treatment within the past twelve months is no longer part of the

carrier's provider network under his or her existing Washington individual health benefit plan; and

(ii) His or her health care provider is part of another carrier's or a basic health plan managed care system's provider network; and

(iii) Application for a health benefit plan under that carrier's provider network individual coverage or for basic health plan nonsubsidized enrollment is made within ninety days of his or her provider leaving the previous carrier's provider network; then completion of the standard health questionnaire shall not be a condition of coverage.

(c) If a person is seeking an individual health benefit plan or enrollment in the basic health plan as a nonsubsidized enrollee due to his or her having exhausted continuation coverage provided under 29 U.S.C. Sec. 1161 et seq., completion of the standard health questionnaire shall not be a condition of coverage if application for coverage is made within ninety days of exhaustion of continuation coverage. A health carrier or the health care authority as administrator of basic health plan nonsubsidized coverage shall accept an application without a standard health questionnaire from a person currently covered by such continuation coverage if application is made within ninety days prior to the date the continuation coverage would be exhausted and the effective date of the individual coverage applied for is the date the continuation coverage would be exhausted, or within ninety days thereafter.

(d) If a person is seeking an individual health benefit plan or enrollment in the basic health plan as a nonsubsidized enrollee due to his or her receiving notice that his or her coverage under a conversion contract is discontinued, completion of the standard health questionnaire shall not be a condition of coverage if application for coverage is made within ninety days of discontinuation of eligibility under the conversion contract. A health carrier or the health care authority as administrator of basic health plan nonsubsidized coverage shall accept an application without a standard health questionnaire from a person currently covered by such conversion contract if application is made within ninety days prior to the date eligibility under the conversion contract would be discontinued and the effective date of the individual coverage applied for is the date eligibility under the conversion contract would be discontinued, or within ninety days thereafter.

(e) If a person is seeking an individual health benefit plan ~~((and, but for the number of persons employed by his or her employer, would have qualified for))~~ or enrollment in the basic health plan as a nonsubsidized enrollee following disenrollment from a health plan that is exempt from continuation coverage provided under 29 U.S.C. Sec. 1161 et seq., completion of the standard health questionnaire shall not be a condition of coverage if: (i) ~~((Application for coverage is made within ninety days of a qualifying event as defined in 29 U.S.C. Sec. 1163; and (ii)))~~ The person had at least twenty-four months of continuous group coverage including church plans immediately prior to ((the qualifying event. A health carrier shall accept an application without a standard health questionnaire from a person with at least twenty-four months of continuous group coverage if)) disenrollment; (ii) application is made no more than ninety days prior to the date of ~~((a qualifying event))~~ disenrollment; and (iii) the effective date of the individual coverage applied for is the date of ~~((the qualifying event))~~ disenrollment, or within ninety days thereafter.

(f) If a person is seeking an individual health benefit plan, completion of the standard health questionnaire shall not be a condition of coverage if: (i) The person had at least twenty-four months of continuous basic health plan coverage under chapter 70.47 RCW immediately prior to disenrollment; and (ii) application for

coverage is made within ninety days of disenrollment from the basic health plan. A health carrier shall accept an application without a standard health questionnaire from a person with at least twenty-four months of continuous basic health plan coverage if application is made no more than ninety days prior to the date of disenrollment and the effective date of the individual coverage applied for is the date of disenrollment, or within ninety days thereafter.

(2) If, based upon the results of the standard health questionnaire, the person qualifies for coverage under the Washington state health insurance pool, the following shall apply:

(a) The carrier may decide not to accept the person's application for enrollment in its individual health benefit plan and the health care authority, as administrator of basic health plan nonsubsidized coverage, shall not accept the person's application for enrollment as a nonsubsidized enrollee; and

(b) Within fifteen business days of receipt of a completed application, the carrier or the health care authority as administrator of basic health plan nonsubsidized coverage shall provide written notice of the decision not to accept the person's application for enrollment to both the person and the administrator of the Washington state health insurance pool. The notice to the person shall state that the person is eligible for health insurance provided by the Washington state health insurance pool, and shall include information about the Washington state health insurance pool and an application for such coverage. If the carrier or the health care authority as administrator of basic health plan nonsubsidized coverage does not provide or postmark such notice within fifteen business days, the application is deemed approved.

(3) If the person applying for an individual health benefit plan: (a) Does not qualify for coverage under the Washington state health insurance pool based upon the results of the standard health questionnaire; (b) does qualify for coverage under the Washington state health insurance pool based upon the results of the standard health questionnaire and the carrier elects to accept the person for enrollment; or (c) is not required to complete the standard health questionnaire designated under this chapter under subsection (1)(a) or (b) of this section, the carrier or the health care authority as administrator of basic health plan nonsubsidized coverage, whichever entity administered the standard health questionnaire, shall accept the person for enrollment if he or she resides within the carrier's or the basic health plan's service area and provide or assure the provision of all covered services regardless of age, sex, family structure, ethnicity, race, health condition, geographic location, employment status, socioeconomic status, other condition or situation, or the provisions of RCW 49.60.174(2). The commissioner may grant a temporary exemption from this subsection if, upon application by a health carrier, the commissioner finds that the clinical, financial, or administrative capacity to serve existing enrollees will be impaired if a health carrier is required to continue enrollment of additional eligible individuals.

Sec. 38. RCW 43.70.670 and 2003 c 274 s 2 are each amended to read as follows:

(1) "Human immunodeficiency virus insurance program," as used in this section, means a program that provides health insurance coverage for individuals with human immunodeficiency virus, as defined in RCW 70.24.017(7), who are not eligible for medical assistance programs from the department of social and health services as defined in RCW 74.09.010(8) and meet eligibility requirements established by the department of health.

(2) The department of health may pay for health insurance coverage on behalf of persons with human immunodeficiency virus,

who meet department eligibility requirements, and who are eligible for "continuation coverage" as provided by the federal consolidated omnibus budget reconciliation act of 1985, group health insurance policies, or individual policies. ~~((The number of insurance policies supported by this program in the Washington state health insurance pool as defined in RCW 48.41.030(18) shall not grow beyond the July 1, 2003, level.))~~

PREVENTION AND HEALTH PROMOTION

NEW SECTION. Sec. 39. (1) The Washington state health care authority, the department of social and health services, the department of labor and industries, and the department of health shall, by September 1, 2007, develop a five-year plan to integrate disease and accident prevention and health promotion into state purchased health programs that they administer by:

(a) Structuring benefits and reimbursements to promote healthy choices and disease and accident prevention;

(b) Encouraging enrollees in state health programs to complete a health assessment, and providing appropriate follow up;

(c) Reimbursing for cost-effective prevention activities; and

(d) Developing prevention and health promotion contracting standards for state programs that contract with health carriers.

(2) The plan shall: (a) Identify any existing barriers and opportunities to support implementation, including needed changes to state or federal law; (b) identify the goals the plan is intended to achieve and how progress towards those goals will be measured and reported; and (c) be submitted to the governor and the legislature upon completion.

Sec. 40. RCW 41.05.540 and 2005 c 360 s 8 are each amended to read as follows:

(1) The health care authority, in coordination with ~~((the department of personnel))~~ the department of health, health plans participating in public employees' benefits board programs, and the University of Washington's center for health promotion, ~~((may create a worksite health promotion program to develop and implement initiatives designed to increase physical activity and promote improved self-care and engagement in health care decision-making among state employees.~~

~~—(2) The health care authority shall report to the governor and the legislature by December 1, 2006, on progress in implementing, and evaluating the results of, the worksite health promotion program)) shall establish and maintain a state employee health program focused on reducing the health risks and improving the health status of state employees, dependents, and retirees enrolled in the public employees' benefits board. The program shall use public and private sector best practices to achieve goals of measurable health outcomes, measurable productivity improvements, positive impact on the cost of medical care, and positive return on investment. The program shall establish standards for health promotion and disease prevention activities, and develop a mechanism to update standards as evidence-based research brings new information and best practices forward.~~

(2) The state employee health program shall:

(a) Provide technical assistance and other services as needed to wellness staff in all state agencies and institutions of higher education;

(b) Develop effective communication tools and ongoing training for wellness staff;

(c) Contract with outside vendors for evaluation of program goals;

(d) Strongly encourage the widespread completion of online health assessment tools for all state employees, dependents, and retirees.

The health assessment tool must be voluntary and confidential. Health assessment data and claims data shall be used to:

(i) Engage state agencies and institutions of higher education in providing evidence-based programs targeted at reducing identified health risks;

(ii) Guide contracting with third-party vendors to implement behavior change tools for targeted high-risk populations; and

(iii) Guide the benefit structure for state employees, dependents, and retirees to include covered services and medications known to manage and reduce health risks.

(3) The health care authority shall report to the legislature in December 2008 and December 2010 on outcome goals for the employee health program.

NEW SECTION. Sec. 41. A new section is added to chapter 41.05 RCW to read as follows:

(1) The health care authority through the state employee health program shall implement a state employee health demonstration project. The agencies selected must: (a) Show a high rate of health risk assessment completion; (b) document an infrastructure capable of implementing employee health programs using current and emerging best practices; (c) show evidence of senior management support; and (d) together employ a total of no more than eight thousand employees who are enrolled in health plans of the public employees' benefits board. Demonstration project agencies shall operate employee health programs for their employees in collaboration with the state employee health program.

(2) Agency demonstration project employee health programs:

(a) Shall include but are not limited to the following key elements: Outreach to all staff with efforts made to reach the largest percentage of employees possible; awareness-building information that promotes health; motivational opportunities that encourage employees to improve their health; behavior change opportunities that demonstrate and support behavior change; and tools to improve employee health care decisions;

(b) Must have wellness staff with direct accountability to agency senior management;

(c) Shall initiate and maintain employee health programs using current and emerging best practices in the field of health promotion;

(d) May offer employees such incentives as cash for completing health risk assessments, free preventive screenings, training in behavior change tools, improved nutritional standards on agency campuses, bike racks, walking maps, on-site weight reduction programs, and regular communication to promote personal health awareness.

(3) The state employee health program shall evaluate each of the four programs separately and compare outcomes for each of them with the entire state employee population to assess effectiveness of the programs. Specifically, the program shall measure at least the following outcomes in the demonstration population: The reduction in the percent of the population that is overweight or obese, the reduction in risk factors related to diabetes, the reduction in risk factors related to absenteeism, the reduction in tobacco consumption, the reduction in high blood pressure and high cholesterol, and the increase in appropriate use of preventive health services. The state employee health program shall report to the legislature in December 2008 and December 2010 on the demonstration project.

(4) This section expires June 30, 2011.

PRESCRIPTION MONITORING PROGRAM

NEW SECTION. Sec. 42. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Controlled substance" has the meaning provided in RCW 69.50.101.

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

(3) "Patient" means the person or animal who is the ultimate user of a drug for whom a prescription is issued or for whom a drug is dispensed.

(4) "Dispenser" means a practitioner or pharmacy that delivers a Schedule II, III, IV, or V controlled substance to the ultimate user, but does not include:

(a) A practitioner or other authorized person who administers, as defined in RCW 69.41.010, a controlled substance; or

(b) A licensed wholesale distributor or manufacturer, as defined in chapter 18.64 RCW, of a controlled substance.

NEW SECTION. Sec. 43. (1) When sufficient funding is provided for such purpose through federal or private grants, or is appropriated by the legislature, the department shall establish and maintain a prescription monitoring program to monitor the prescribing and dispensing of all Schedules II, III, IV, and V controlled substances and any additional drugs identified by the board of pharmacy as demonstrating a potential for abuse by all professionals licensed to prescribe or dispense such substances in this state. The program shall be designed to improve health care quality and effectiveness by reducing abuse of controlled substances, reducing duplicative prescribing and over-prescribing of controlled substances, and improving controlled substance prescribing practices with the intent of eventually establishing an electronic database available in real time to dispensers and prescribers of controlled substances. As much as possible, the department should establish a common database with other states.

(2) Except as provided in subsection (4) of this section, each dispenser shall submit to the department by electronic means information regarding each prescription dispensed for a drug included under subsection (1) of this section. Drug prescriptions for more than immediate one day use should be reported. The information submitted for each prescription shall include, but not be limited to:

(a) Patient identifier;

(b) Drug dispensed;

(c) Date of dispensing;

(d) Quantity dispensed;

(e) Prescriber; and

(f) Dispenser.

(3) Each dispenser shall submit the information in accordance with transmission methods established by the department.

(4) The data submission requirements of this section do not apply to:

(a) Medications provided to patients receiving inpatient services provided at hospitals licensed under chapter 70.41 RCW; or patients of such hospitals receiving services at the clinics, day surgery areas, or other settings within the hospital's license where the medications are administered in single doses; or

(b) Pharmacies operated by the department of corrections for the purpose of providing medications to offenders in department of corrections institutions who are receiving pharmaceutical services from a department of corrections pharmacy, except that the department of corrections must submit data related to each offender's current prescriptions for controlled substances upon the offender's release from a department of corrections institution.

(5) The department shall seek federal grants to support the activities described in this act. The department may not require a practitioner or a pharmacist to pay a fee or tax specifically dedicated to the operation of the system.

NEW SECTION. Sec. 44. To the extent that funding is provided for such purpose through federal or private grants, or is appropriated by the legislature, the health care authority shall study the feasibility of enhancing the prescription monitoring program established in section 43 of this act in order to improve the quality of state purchased health services by reducing legend drug abuse, reducing duplicative and overprescribing of legend drugs, and improving legend drug prescribing practices. The study shall address the steps necessary to expand the program to allow those who prescribe or dispense prescription drugs to perform a web-based inquiry and obtain real time information regarding the legend drug utilization history of persons for whom they are providing medical or pharmaceutical care when such persons are receiving health services through state purchased health care programs.

NEW SECTION. Sec. 45. (1) Prescription information submitted to the department shall be confidential, in compliance with chapter 70.02 RCW and federal health care information privacy requirements and not subject to disclosure, except as provided in subsections (3) and (4) of this section.

(2) The department shall maintain procedures to ensure that the privacy and confidentiality of patients and patient information collected, recorded, transmitted, and maintained is not disclosed to persons except as in subsections (3) and (4) of this section.

(3) The department may provide data in the prescription monitoring program to the following persons:

(a) Persons authorized to prescribe or dispense controlled substances, for the purpose of providing medical or pharmaceutical care for their patients;

(b) An individual who requests the individual's own prescription monitoring information;

(c) Health professional licensing, certification, or regulatory agency or entity;

(d) Appropriate local, state, and federal law enforcement or prosecutorial officials who are engaged in a bona fide specific investigation involving a designated person;

(e) Authorized practitioners of the department of social and health services regarding medicaid program recipients;

(f) The director or director's designee within the department of labor and industries regarding workers' compensation claimants;

(g) The director or the director's designee within the department of corrections regarding offenders committed to the department of corrections;

(h) Other entities under grand jury subpoena or court order; and

(i) Personnel of the department for purposes of administration and enforcement of this chapter or chapter 69.50 RCW.

(4) The department may provide data to public or private entities for statistical, research, or educational purposes after removing information that could be used to identify individual patients, dispensers, prescribers, and persons who received prescriptions from dispensers.

(5) A dispenser or practitioner acting in good faith is immune from any civil, criminal, or administrative liability that might otherwise be incurred or imposed for requesting, receiving, or using information from the program.

NEW SECTION. Sec. 46. The department may contract with another agency of this state or with a private vendor, as necessary, to ensure the effective operation of the prescription monitoring program. Any contractor is bound to comply with the provisions regarding confidentiality of prescription information in section 45 of this act and is subject to the penalties specified in section 48 of this act for unlawful acts.

NEW SECTION. Sec. 47. The department shall adopt rules to implement this chapter.

NEW SECTION. Sec. 48. (1) A dispenser who knowingly fails to submit prescription monitoring information to the department as required by this chapter or knowingly submits incorrect prescription information is subject to disciplinary action under chapter 18.130 RCW.

(2) A person authorized to have prescription monitoring information under this chapter who knowingly discloses such information in violation of this chapter is subject to civil penalty.

(3) A person authorized to have prescription monitoring information under this chapter who uses such information in a manner or for a purpose in violation of this chapter is subject to civil penalty.

(4) In accordance with chapter 70.02 RCW and federal health care information privacy requirements, any physician or pharmacist authorized to access a patient's prescription monitoring may discuss or release that information to other health care providers involved with the patient in order to provide safe and appropriate care coordination.

Sec. 49. RCW 42.56.360 and 2006 c 209 s 9 and 2006 c 8 s 112 are each reenacted and amended to read as follows:

(1) The following health care information is exempt from disclosure under this chapter:

(a) Information obtained by the board of pharmacy as provided in RCW 69.45.090;

(b) Information obtained by the board of pharmacy or the department of health and its representatives as provided in RCW 69.41.044, 69.41.280, and 18.64.420;

(c) Information and documents created specifically for, and collected and maintained by a quality improvement committee under RCW 43.70.510 or 70.41.200, or by a peer review committee under RCW 4.24.250, or by a quality assurance committee pursuant to RCW 74.42.640 or 18.20.390, and notifications or reports of adverse events or incidents made under RCW 70.56.020 or 70.56.040, regardless of which agency is in possession of the information and documents;

(d)(i) Proprietary financial and commercial information that the submitting entity, with review by the department of health, specifically identifies at the time it is submitted and that is provided to or obtained by the department of health in connection with an application for, or the supervision of, an antitrust exemption sought by the submitting entity under RCW 43.72.310;

(ii) If a request for such information is received, the submitting entity must be notified of the request. Within ten business days of receipt of the notice, the submitting entity shall provide a written statement of the continuing need for confidentiality, which shall be provided to the requester. Upon receipt of such notice, the department of health shall continue to treat information designated under this subsection (1)(d) as exempt from disclosure;

(iii) If the requester initiates an action to compel disclosure under this chapter, the submitting entity must be joined as a party to demonstrate the continuing need for confidentiality;

(e) Records of the entity obtained in an action under RCW 18.71.300 through 18.71.340;

(f) Except for published statistical compilations and reports relating to the infant mortality review studies that do not identify individual cases and sources of information, any records or documents obtained, prepared, or maintained by the local health department for the purposes of an infant mortality review conducted by the department of health under RCW 70.05.170; ~~(and)~~

(g) Complaints filed under chapter 18.130 RCW after July 27, 1997, to the extent provided in RCW 18.130.095(1); and

(h) Information obtained by the department of health under chapter 70.-- RCW (sections 42 through 48 of this act).

(2) Chapter 70.02 RCW applies to public inspection and copying of health care information of patients.

STRATEGIC HEALTH PLANNING

NEW SECTION. Sec. 50. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Health care provider" means an individual who holds a license issued by a disciplining authority identified in RCW 18.130.040 and who practices his or her profession in a health care facility or provides a health service.

(2) "Health facility" or "facility" means hospices licensed under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW, rural health care facilities as defined in RCW 70.175.020, psychiatric hospitals licensed under chapter 71.12 RCW, nursing homes licensed under chapter 18.51 RCW, community mental health centers licensed under chapter 71.05 or 71.24 RCW, kidney disease treatment centers, ambulatory diagnostic, treatment, or surgical facilities, drug and alcohol treatment facilities licensed under chapter 70.96A RCW, and home health agencies licensed under chapter 70.127 RCW, and includes such facilities if owned and operated by a political subdivision, including a public hospital district, or instrumentality of the state and such other facilities as required by federal law and implementing regulations.

(3) "Health service" or "service" means that service, including primary care service, offered or provided by health care facilities and health care providers relating to the prevention, cure, or treatment of illness, injury, or disease.

(4) "Health service area" means a geographic region appropriate for effective health planning that includes a broad range of health services.

(5) "Office" means the office of financial management.

(6) "Strategy" means the statewide health resources strategy.

NEW SECTION. Sec. 51. (1) The office shall serve as a coordinating body for public and private efforts to improve quality in health care, promote cost-effectiveness in health care, and plan health facility and health service availability. In addition, the office shall facilitate access to health care data collected by public and private organizations as needed to conduct its planning responsibilities.

(2) The office shall:

(a) Conduct strategic health planning activities related to the preparation of the strategy, as specified in this chapter;

(b) Develop a computerized system for accessing, analyzing, and disseminating data relevant to strategic health planning responsibilities. The office may contract with an organization to

create the computerized system capable of meeting the needs of the office;

(c) Maintain access to deidentified data collected and stored by any public and private organizations as necessary to support its planning responsibilities, including state-purchased health care program data, hospital discharge data, and private efforts to collect utilization and claims-related data. The office is authorized to enter into any data sharing agreements and contractual arrangements necessary to obtain data or to distribute data. Among the sources of deidentified data that the office may access are any databases established pursuant to the recommendations of the health information infrastructure advisory board established by chapter 261, Laws of 2005. The office may store limited data sets as necessary to support its activities. Unless specifically authorized, the office shall not collect data directly from the records of health care providers and health care facilities, but shall make use of databases that have already collected such information; and

(d) Conduct research and analysis or arrange for research and analysis projects to be conducted by public or private organizations to further the purposes of the strategy.

(3) The office shall establish a technical advisory committee to assist in the development of the strategy. Members of the committee shall include health economists, health planners, representatives of government and nongovernment health care purchasers, representatives of state agencies that use or regulate entities with an interest in health planning, representatives of acute care facilities, representatives of long-term care facilities, representatives of community-based long-term care providers, representatives of health care providers, a representative of one or more federally recognized Indian tribes, and representatives of health care consumers. The committee shall include members with experience in the provision of health services to rural communities.

NEW SECTION. Sec. 52. (1) The office, in consultation with the technical advisory committee established under section 51 of this act, shall develop a statewide health resources strategy. The strategy shall establish statewide health planning policies and goals related to the availability of health care facilities and services, quality of care, and cost of care. The strategy shall identify needs according to geographic regions suitable for comprehensive health planning as designated by the office.

(2) The development of the strategy shall consider the following general goals and principles:

(a) That excess capacity of health services and facilities place considerable economic burden on the public who pay for the construction and operation of these facilities as patients, health insurance purchasers, carriers, and taxpayers; and

(b) That the development and ongoing maintenance of current and accurate health care information and statistics related to cost and quality of health care, as well as projections of need for health facilities and services, are essential to effective strategic health planning.

(3) The strategy, with public input by health service areas, shall include:

(a) A health system assessment and objectives component that:

(i) Describes state and regional population demographics, health status indicators, and trends in health status and health care needs; and

(ii) Identifies key policy objectives for the state health system related to access to care, health outcomes, quality, and cost-effectiveness;

(b) A health care facilities and services plan that shall assess the demand for health care facilities and services to inform state health planning efforts and direct certificate of need determinations, for those facilities and services subject to certificate of need as provided in chapter 70.38 RCW. The plan shall include:

(i) An inventory of each geographic region's existing health care facilities and services;

(ii) Projections of need for each category of health care facility and service, including those subject to certificate of need;

(iii) Policies to guide the addition of new or expanded health care facilities and services to promote the use of quality, evidence-based, cost-effective health care delivery options, including any recommendations for criteria, standards, and methods relevant to the certificate of need review process; and

(iv) An assessment of the availability of health care providers, public health resources, transportation infrastructure, and other considerations necessary to support the needed health care facilities and services in each region;

(c) A health care data resource plan that identifies data elements necessary to properly conduct planning activities and to review certificate of need applications, including data related to inpatient and outpatient utilization and outcomes information, and financial and utilization information related to charity care, quality, and cost. The plan shall inventory existing data resources, both public and private, that store and disclose information relevant to the health planning process, including information necessary to conduct certificate of need activities pursuant to chapter 70.38 RCW. The plan shall identify any deficiencies in the inventory of existing data resources and the data necessary to conduct comprehensive health planning activities. The plan may recommend that the office be authorized to access existing data sources and conduct appropriate analyses of such data or that other agencies expand their data collection activities as statutory authority permits. The plan may identify any computing infrastructure deficiencies that impede the proper storage, transmission, and analysis of health planning data. The plan shall provide recommendations for increasing the availability of data related to health planning to provide greater community involvement in the health planning process and consistency in data used for certificate of need applications and determinations;

(d) An assessment of emerging trends in health care delivery and technology as they relate to access to health care facilities and services, quality of care, and costs of care. The assessment shall recommend any changes to the scope of health care facilities and services covered by the certificate of need program that may be warranted by these emerging trends. In addition, the assessment may recommend any changes to criteria used by the department to review certificate of need applications, as necessary;

(e) A rural health resource plan to assess the availability of health resources in rural areas of the state, assess the unmet needs of these communities, and evaluate how federal and state reimbursement policies can be modified, if necessary, to more efficiently and effectively meet the health care needs of rural communities. The plan shall consider the unique health care needs of rural communities, the adequacy of the rural health workforce, and transportation needs for accessing appropriate care.

(4) The office shall submit the initial strategy to the governor and the appropriate committees of the senate and house of representatives by January 1, 2010. Every two years the office shall submit an updated strategy. The health care facilities and services plan as it pertains to a distinct geographic planning region may be updated by individual categories on a rotating, biannual schedule.

(5) The office shall hold at least one public hearing and allow opportunity to submit written comments prior to the issuance of the initial strategy or an updated strategy. A public hearing shall be held prior to issuing a draft of an updated health care facilities and services plan, and another public hearing shall be held before final adoption of an updated health care facilities and services plan. Any hearing related to updating a health care facilities and services plan for a specific planning region shall be held in that region with sufficient notice to the public and an opportunity to comment.

NEW SECTION. Sec. 53. The office shall submit the strategy to the department of health to direct its activities related to the certificate of need review program under chapter 70.38 RCW. As the health care facilities and services plan is updated for any specific geographic planning region, the office shall submit that plan to the department of health to direct its activities related to the certificate of need review program under chapter 70.38 RCW. The office shall not issue determinations of the merits of specific project proposals submitted by applicants for certificates of need.

NEW SECTION. Sec. 54. (1) The office may respond to requests for data and other information from its computerized system for special studies and analysis consistent with requirements for confidentiality of patient, provider, and facility-specific records. The office may require requestors to pay any or all of the reasonable costs associated with such requests that might be approved.

(2) Data elements related to the identification of individual patient's, provider's, and facility's care outcomes are confidential, are exempt from RCW 42.56.030 through 42.56.570 and 42.17.350 through 42.17.450, and are not subject to discovery by subpoena or admissible as evidence.

Sec. 55. RCW 70.38.015 and 1989 1st ex.s. c 9 s 601 are each amended to read as follows:

It is declared to be the public policy of this state:

(1) That strategic health planning ((~~to~~)) efforts must be supported by appropriately tailored regulatory activities that can effectuate the goals and principles of the statewide health resources strategy developed pursuant to chapter 43.-- RCW (sections 50 through 54 of this act). The implementation of the strategy can promote, maintain, and assure the health of all citizens in the state, ((~~to~~)) provide accessible health services, health manpower, health facilities, and other resources while controlling ((~~excessive~~)) increases in costs, and ((~~to~~)) recognize prevention as a high priority in health programs ((~~is essential to the health, safety, and welfare of the people of the state. Health planning should be responsive to changing health and social needs and conditions~~)). Involvement in health planning from both consumers and providers throughout the state should be encouraged;

(2) ((~~That the development of health services and resources, including the construction, modernization, and conversion of health facilities, should be accomplished in a planned, orderly fashion, consistent with identified priorities and without unnecessary duplication or fragmentation~~)) That the certificate of need program is a component of a health planning regulatory process that is consistent with the statewide health resources strategy and public policy goals that are clearly articulated and regularly updated;

(3) That the development and maintenance of adequate health care information, statistics and projections of need for health facilities and services is essential to effective health planning and resources development;

(4) That the development of nonregulatory approaches to health care cost containment should be considered, including the strengthening of price competition; and

(5) That health planning should be concerned with public health and health care financing, access, and quality, recognizing their close interrelationship and emphasizing cost control of health services, including cost-effectiveness and cost-benefit analysis.

NEW SECTION. Sec. 56. (1) For the purposes of this section and RCW 70.38.015 and 70.38.135, "statewide health resource strategy" or "strategy" means the statewide health resource strategy developed by the office of financial management pursuant to chapter 43.-- RCW (sections 50 through 54 of this act).

(2) Effective January 1, 2010, for those facilities and services covered by the certificate of need programs, certificate of need determinations must be consistent with the statewide health resources strategy developed pursuant to section 52 of this act, including any health planning policies and goals identified in the statewide health resources strategy in effect at the time of application. The department may waive specific terms of the strategy if the applicant demonstrates that consistency with those terms will create an undue burden on the population that a particular project would serve, or in emergency circumstances which pose a threat to public health.

Sec. 57. RCW 70.38.135 and 1989 1st ex.s. c 9 s 607 are each amended to read as follows:

The secretary shall have authority to:

(1) Provide when needed temporary or intermittent services of experts or consultants or organizations thereof, by contract, when such services are to be performed on a part time or fee-for-service basis;

(2) Make or cause to be made such on-site surveys of health care or medical facilities as may be necessary for the administration of the certificate of need program;

(3) Upon review of recommendations, if any, from the board of health or the office of financial management as contained in the Washington health resources strategy:

(a) Promulgate rules under which health care facilities providers doing business within the state shall submit to the department such data related to health and health care as the department finds necessary to the performance of its functions under this chapter;

(b) Promulgate rules pertaining to the maintenance and operation of medical facilities which receive federal assistance under the provisions of Title XVI;

(c) Promulgate rules in implementation of the provisions of this chapter, including the establishment of procedures for public hearings for predecisions and post-decisions on applications for certificate of need;

(d) Promulgate rules providing circumstances and procedures of expedited certificate of need review if there has not been a significant change in existing health facilities of the same type or in the need for such health facilities and services;

(4) Grant allocated state funds to qualified entities, as defined by the department, to fund not more than seventy-five percent of the costs of regional planning activities, excluding costs related to review of applications for certificates of need, provided for in this chapter or approved by the department; and

(5) Contract with and provide reasonable reimbursement for qualified entities to assist in determinations of certificates of need.

HEALTH INSURANCE PARTNERSHIP

Sec. 58. RCW 70.47A.030 and 2006 c 255 s 3 are each amended to read as follows:

(1) To the extent funding is appropriated in the operating budget for this purpose, the ~~((small employer))~~ health insurance partnership ~~((program))~~ is established. The administrator shall be responsible for the implementation and operation of the ~~((small employer))~~ health insurance partnership ~~((program))~~, directly or by contract. The administrator shall offer premium subsidies to eligible ~~((employees))~~ partnership participants under RCW 70.47A.040.

(2) Consistent with policies adopted by the board under section 59 of this act, the administrator shall, directly or by contract:

(a) Establish and administer procedures for enrolling small employers in the partnership, including publicizing the existence of the partnership and disseminating information on enrollment, and establishing rules related to minimum participation of employees in small groups purchasing health insurance through the partnership. Opportunities to publicize the program for outreach and education of small employers on the value of insurance shall explore the use of online employer guides. As a condition of participating in the partnership, a small employer must agree to establish a cafeteria plan under section 125 of the federal internal revenue code that will enable employees to use pretax dollars to pay their share of their health benefit plan premium. The partnership shall provide technical assistance to small employers for this purpose;

(b) Establish and administer procedures for health benefit plan enrollment by employees of small employers during open enrollment periods and outside of open enrollment periods upon the occurrence of any qualifying event specified in the federal health insurance portability and accountability act of 1996 or applicable state law. Neither the employer nor the partnership shall limit an employee's choice of coverage from among all the health benefit plans offered;

(c) Establish and manage a system for the partnership to be designated as the sponsor or administrator of a participating small employer health benefit plan and to undertake the obligations required of a plan administrator under federal law;

(d) Establish and manage a system of collecting and transmitting to the applicable carriers all premium payments or contributions made by or on behalf of partnership participants, including employer contributions, automatic payroll deductions for partnership participants, premium subsidy payments, and contributions from philanthropies;

(e) Establish and manage a system for determining eligibility for and making premium subsidy payments under this act;

(f) Establish a mechanism to apply a surcharge to all health benefit plans, which shall be used only to pay for administrative and operational expenses of the partnership. The surcharge must be applied uniformly to all health benefit plans offered through the partnership and must be included in the premium for each health benefit plan. Surcharges may not be used to pay any premium assistance payments under this chapter;

(g) Design a schedule of premium subsidies that is based upon gross family income, giving appropriate consideration to family size and the ages of all family members based on a benchmark health benefit plan designated by the board. The amount of an eligible partnership participant's premium subsidy shall be determined by applying a sliding scale subsidy schedule with the percentage of premium similar to that developed for subsidized basic health plan enrollees under RCW 70.47.060. The subsidy shall be applied to the employee's premium obligation for his or her health benefit plan, so that employees benefit financially from any employer contribution to the cost of their coverage through the partnership.

(3) The administrator may enter into interdepartmental agreements with the office of the insurance commissioner, the department of social and health services, and any other state agencies necessary to implement this chapter.

NEW SECTION. Sec. 59. A new section is added to chapter 70.47A RCW to read as follows:

(1) The health insurance partnership board is hereby established. The governor shall appoint a nine-member board composed as follows:

- (a) Two representatives of small employers;
- (b) Two representatives of employees of small employers, one of whom shall represent low-wage employees;
- (c) Four employee health plan benefits specialists; and
- (d) The administrator.

(2) The governor shall appoint the initial members of the board to staggered terms not to exceed four years. Initial appointments shall be made on or before June 1, 2007. Members appointed thereafter shall serve two-year terms. Members of the board shall be compensated in accordance with RCW 43.03.250 and shall be reimbursed for their travel expenses while on official business in accordance with RCW 43.03.050 and 43.03.060. The board shall prescribe rules for the conduct of its business. The administrator shall be chair of the board. Meetings of the board shall be at the call of the chair.

(3) The board may establish technical advisory committees or seek the advice of technical experts when necessary to execute the powers and duties included in this section.

(4) The board and employees of the board shall not be civilly or criminally liable and shall not have any penalty or cause of action of any nature arise against them for any action taken or not taken, including any discretionary decision or failure to make a discretionary decision, when the action or inaction is done in good faith and in the performance of the powers and duties under this chapter. Nothing in this section prohibits legal actions against the board to enforce the board's statutory or contractual duties or obligations.

PUBLIC HEALTH

NEW SECTION. Sec. 60. A new section is added to chapter 43.70 RCW to read as follows:

(1) Protecting the public's health across the state is a fundamental responsibility of the state. With any new state funding of the public health system as appropriated for the purposes of sections 60 through 65 of this act, the state expects that measurable benefits will be realized to the health of the residents of Washington. A transparent process that shows the impact of increased public health spending on performance measures related to the health outcomes in subsection (2) of this section is of great value to the state and its residents. In addition, a well-funded public health system is expected to become a more integral part of the state's emergency preparedness system.

(2) Subject to the availability of amounts appropriated for the purposes of sections 60 through 65 of this act, distributions to local health jurisdictions shall deliver the following outcomes:

- (a) Create a disease response system capable of responding at all times;
- (b) Stop the increase in, and reduce, sexually transmitted disease rates;
- (c) Reduce vaccine preventable diseases;
- (d) Build capacity to quickly contain disease outbreaks;

(e) Decrease childhood and adult obesity and types I and II diabetes rates, and resulting kidney failure and dialysis;

(f) Increase childhood immunization rates;

(g) Improve birth outcomes and decrease child abuse;

(h) Reduce animal-to-human disease rates; and

(i) Monitor and protect drinking water across jurisdictional boundaries.

(3) Benchmarks for these outcomes shall be drawn from the national healthy people 2010 goals, other reliable data sets, and any subsequent national goals.

NEW SECTION. Sec. 61. A new section is added to chapter 43.70 RCW to read as follows:

The definitions in this section apply throughout sections 60 through 65 of this act unless the context clearly requires otherwise.

(1) "Core public health functions of statewide significance" or "public health functions" means health services that:

(a) Address: Communicable disease prevention and response; preparation for, and response to, public health emergencies caused by pandemic disease, earthquake, flood, or terrorism; prevention and management of chronic diseases and disabilities; promotion of healthy families and the development of children; assessment of local health conditions, risks, and trends, and evaluation of the effectiveness of intervention efforts; and environmental health concerns;

(b) Promote uniformity in the public health activities conducted by all local health jurisdictions in the public health system, increase the overall strength of the public health system, or apply to broad public health efforts; and

(c) If left neglected or inadequately addressed, are reasonably likely to have a significant adverse impact on counties beyond the borders of the local health jurisdiction.

(2) "Local health jurisdiction" or "jurisdiction" means a county board of health organized under chapter 70.05 RCW, a health district organized under chapter 70.46 RCW, or a combined city and county health department organized under chapter 70.08 RCW.

NEW SECTION. Sec. 62. A new section is added to chapter 43.70 RCW to read as follows:

(1) The department shall accomplish the tasks included in subsection (2) of this section by utilizing the expertise of varied interests, as provided in this subsection.

(a) In addition to the perspectives of local health jurisdictions, the state board of health, the Washington health foundation, and department staff that are currently engaged in development of the public health services improvement plan under RCW 43.70.520, the secretary shall actively engage:

(i) Individuals or entities with expertise in the development of performance measures, accountability and systems management, such as the University of Washington school of public health and community medicine, and experts in the development of evidence-based medical guidelines or public health practice guidelines; and

(ii) Individuals or entities who will be impacted by performance measures developed under this section and have relevant expertise, such as community clinics, public health nurses, large employers, tribal health providers, family planning providers, and physicians.

(b) In developing the performance measures, consideration shall be given to levels of performance necessary to promote uniformity in core public health functions of statewide significance among all local health jurisdictions, best scientific evidence, national standards of performance, and innovations in public health practice. The performance measures shall be developed to meet the goals and

outcomes in section 60 of this act. The office of the state auditor shall provide advice and consultation to the committee to assist in the development of effective performance measures and health status indicators.

(c) On or before November 1, 2007, the experts assembled under this section shall provide recommendations to the secretary related to the activities and services that qualify as core public health functions of statewide significance and performance measures. The secretary shall provide written justification for any departure from the recommendations.

(2) By January 1, 2008, the department shall:

(a) Adopt a prioritized list of activities and services performed by local health jurisdictions that qualify as core public health functions of statewide significance as defined in section 61 of this act; and

(b) Adopt appropriate performance measures with the intent of improving health status indicators applicable to the core public health functions of statewide significance that local health jurisdictions must provide.

(3) The secretary may revise the list of activities and the performance measures in future years as appropriate. Prior to modifying either the list or the performance measures, the secretary must provide a written explanation of the rationale for such changes.

(4) The department and the local health jurisdictions shall abide by the prioritized list of activities and services and the performance measures developed pursuant to this section.

(5) The department, in consultation with representatives of county governments, shall provide local jurisdictions with financial incentives to encourage and increase local investments in core public health functions. The local jurisdictions shall not supplant existing local funding with such state-incented resources.

NEW SECTION. Sec. 63. A new section is added to chapter 43.70 RCW to read as follows:

Beginning November 15, 2009, the department shall report to the legislature and the governor annually on the distribution of funds to local health jurisdictions under sections 60 through 65 of this act and the use of those funds. The initial report must discuss the performance measures adopted by the secretary and any impact the funding in this act has had on local health jurisdiction performance and health status indicators. Future reports shall evaluate trends in performance over time and the effects of expenditures on performance over time.

Sec. 64. RCW 43.70.520 and 1993 c 492 s 467 are each amended to read as follows:

(1) The legislature finds that the public health functions of community assessment, policy development, and assurance of service delivery are essential elements in achieving the objectives of health reform in Washington state. The legislature further finds that the population-based services provided by state and local health departments are cost-effective and are a critical strategy for the long-term containment of health care costs. The legislature further finds that the public health system in the state lacks the capacity to fulfill these functions consistent with the needs of a reformed health care system. The legislature further finds that public health nurses and nursing services are an essential part of our public health system, delivering evidence-based care and providing core services including prevention of illness, injury, or disability; the promotion of health; and maintenance of the health of populations.

(2) The department of health shall develop, in consultation with local health departments and districts, the state board of health, the health services commission, area Indian health service, and other

state agencies, health services providers, and citizens concerned about public health, a public health services improvement plan. The plan shall provide a detailed accounting of deficits in the core functions of assessment, policy development, assurance of the current public health system, how additional public health funding would be used, and describe the benefits expected from expanded expenditures.

(3) The plan shall include:

(a) Definition of minimum standards for public health protection through assessment, policy development, and assurances:

(i) Enumeration of communities not meeting those standards;

(ii) A budget and staffing plan for bringing all communities up to minimum standards;

(iii) An analysis of the costs and benefits expected from adopting minimum public health standards for assessment, policy development, and assurances;

(b) Recommended strategies and a schedule for improving public health programs throughout the state, including:

(i) Strategies for transferring personal health care services from the public health system, into the uniform benefits package where feasible; and

(ii) ~~(Timing of increased funding for public health services linked to specific objectives for improving public health))~~ Linking funding for public health services to performance measures that relate to achieving improved health outcomes; and

(c) A recommended level of dedicated funding for public health services to be expressed in terms of a percentage of total health service expenditures in the state or a set per person amount; such recommendation shall also include methods to ensure that such funding does not supplant existing federal, state, and local funds received by local health departments, and methods of distributing funds among local health departments.

(4) The department shall coordinate this planning process with the study activities required in section 258, chapter 492, Laws of 1993.

(5) By March 1, 1994, the department shall provide initial recommendations of the public health services improvement plan to the legislature regarding minimum public health standards, and public health programs needed to address urgent needs, such as those cited in subsection (7) of this section.

(6) By December 1, 1994, the department shall present the public health services improvement plan to the legislature, with specific recommendations for each element of the plan to be implemented over the period from 1995 through 1997.

(7) Thereafter, the department shall update the public health services improvement plan for presentation to the legislature prior to the beginning of a new biennium.

(8) Among the specific population-based public health activities to be considered in the public health services improvement plan are: Health data assessment and chronic and infectious disease surveillance; rapid response to outbreaks of communicable disease; efforts to prevent and control specific communicable diseases, such as tuberculosis and acquired immune deficiency syndrome; health education to promote healthy behaviors and to reduce the prevalence of chronic disease, such as those linked to the use of tobacco; access to primary care in coordination with existing community and migrant health clinics and other not for profit health care organizations; programs to ensure children are born as healthy as possible and they receive immunizations and adequate nutrition; efforts to prevent intentional and unintentional injury; programs to ensure the safety of drinking water and food supplies; poison control; trauma services; and other activities that have the potential to improve the health of the population or special populations and reduce the need for or cost of health services.

NEW SECTION. Sec. 65. A new section is added to chapter 43.70 RCW to read as follows:

(1) Each local health jurisdiction shall submit to the secretary such data as the secretary determines is necessary to allow the secretary to assess whether the local health jurisdiction has used the funds in a manner consistent with achieving the performance measures in section 62 of this act.

(2) If the secretary determines that the data submitted demonstrates that the local health jurisdiction is not spending the funds in a manner consistent with achieving the performance measures, the secretary shall:

(a) Provide a report to the governor identifying the local health jurisdiction and the specific items that the secretary identified as inconsistent with achieving the performance measures; and

(b) Require that the local health jurisdiction submit a plan of correction to the secretary within sixty days of receiving notice from the secretary, which explains the measures that the jurisdiction will take to resume spending funds in a manner consistent with achieving the performance measures. The secretary shall provide technical assistance to the local health jurisdiction to support the jurisdiction in successfully completing the activities included in the plan of correction.

(3) Upon a determination by the secretary that a local health jurisdiction that had previously been identified as not spending the funds in a manner consistent with achieving the performance measures has resumed consistency, the secretary shall notify the governor that the jurisdiction has returned to consistent status.

(4) Any local health jurisdiction that has not resumed spending funds in a manner consistent with achieving the performance measures within one year of the secretary reporting the jurisdiction to the governor shall be precluded from receiving any funds appropriated for the purposes of sections 60 through 65 of this act. Funds may resume once the local health jurisdiction has demonstrated to the satisfaction of the secretary that it has returned to consistent status.

Sec. 66. RCW 70.48.130 and 1993 c 409 s 1 are each amended to read as follows:

It is the intent of the legislature that all jail inmates receive appropriate and cost-effective emergency and necessary medical care. Governing units, the department of social and health services, and medical care providers shall cooperate to achieve the best rates consistent with adequate care.

Payment for emergency or necessary health care shall be by the governing unit, except that the department of social and health services shall directly reimburse the provider pursuant to chapter 74.09 RCW, in accordance with the rates and benefits established by the department, if the confined person is eligible under the department's medical care programs as authorized under chapter 74.09 RCW. After payment by the department, the financial responsibility for any remaining balance, including unpaid client liabilities that are a condition of eligibility or participation under chapter 74.09 RCW, shall be borne by the medical care provider and the governing unit as may be mutually agreed upon between the medical care provider and the governing unit. In the absence of mutual agreement between the medical care provider and the governing unit, the financial responsibility for any remaining balance shall be borne equally between the medical care provider and the governing unit. Total payments from all sources to providers for care rendered to confined persons eligible under chapter 74.09 RCW shall not exceed the amounts that would be paid by the department for

similar services provided under Title XIX medicaid, unless additional resources are obtained from the confined person.

As part of the screening process upon booking or preparation of an inmate into jail, general information concerning the inmate's ability to pay for medical care shall be identified, including insurance or other medical benefits or resources to which an inmate is entitled. This information shall be made available to the department, the governing unit, and any provider of health care services.

The governing unit or provider may obtain reimbursement from the confined person for the cost of health care services not provided under chapter 74.09 RCW, including reimbursement from any insurance program or from other medical benefit programs available to the confined person. Nothing in this chapter precludes civil or criminal remedies to recover the costs of medical care provided jail inmates or paid for on behalf of inmates by the governing unit. As part of a judgment and sentence, the courts are authorized to order defendants to repay all or part of the medical costs incurred by the governing unit or provider during confinement.

To the extent that a confined person is unable to be financially responsible for medical care and is ineligible for the department's medical care programs under chapter 74.09 RCW, or for coverage from private sources, and in the absence of an interlocal agreement or other contracts to the contrary, the governing unit may obtain reimbursement for the cost of such medical services from the unit of government (~~((whose law enforcement officers))~~) that initiated the charges on which the person is being held in the jail: PROVIDED, That reimbursement for the cost of such services shall be by the state for state prisoners being held in a jail who are accused of either escaping from a state facility or of committing an offense in a state facility.

There shall be no right of reimbursement to the governing unit from units of government (~~((whose law enforcement officers))~~) that initiated the charges for which a person is being held in the jail for care provided after the charges are disposed of by sentencing or otherwise, unless by intergovernmental agreement pursuant to chapter 39.34 RCW.

Under no circumstance shall necessary medical services be denied or delayed because of disputes over the cost of medical care or a determination of financial responsibility for payment of the costs of medical care provided to confined persons.

Nothing in this section shall limit any existing right of any party, governing unit, or unit of government against the person receiving the care for the cost of the care provided.

NEW SECTION. Sec. 67. The following acts or parts of acts are each repealed:

(3) RCW 70.38.919 (Effective date--State health plan--1989 1st ex.s. c 9) and 1989 1st ex.s. c 9 s 610; and

(2) 2006 c 255 s 10 (uncodified).

NEW SECTION. Sec. 68. 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. 69. Sections 42 through 48 of this act constitute a new chapter in Title 70 RCW.

NEW SECTION. Sec. 70. Sections 50 through 54 of this act constitute a new chapter in Title 43 RCW.

NEW SECTION. Sec. 71. Subheadings used in this act are not any part of the law.

NEW SECTION. Sec. 72. Sections 18 through 22 of this act take effect January 1, 2009.

NEW SECTION. Sec. 73. If specific funding for the purposes of the following sections of this act, referencing the section of this act by bill or chapter number and section number, is not provided by June 30, 2007, in the omnibus appropriations act, the section is null and void:

- (1) Section 9 of this act (Washington state quality forum);
- (2) Section 10 of this act (health records banking pilot project);
- (3) Section 14 of this act;
- (4) Section 40 of this act (state employee health program);
- (5) Section 41 of this act (state employee health demonstration project); and
- (6) Sections 50 through 57 of this act.

NEW SECTION. Sec. 74. Sections 58 and 59 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect July 1, 2007.

NEW SECTION. Sec. 75. Section 30 of 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 immediately.

NEW SECTION. Sec. 76. Section 66 of this act expires June 30, 2009."

Correct the title.

and that the bill do pass as recommended by the Conference Committee.

Senator Keiser Representative Cody
Senator Franklin Representative Morell

There being no objection, the House adopted the conference committee report on ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5930 and passed the bill as recommended by the conference committee to final passage.

**FINAL PASSAGE OF SENATE BILL
AS RECOMMENDED BY THE CONFERENCE
COMMITTEE**

Representatives Cody and Schual-Berke spoke in favor of the passage of the bill as recommended by the conference committee.

Representatives Hinkle, Ericksen, Anderson, Kristiansen, Buri, Curtis, Bailey and Schindler spoke against the passage of the bill as recommended by the conference committee.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Engrossed

Second Substitute Senate Bill No. 5930 as recommended by the conference committee.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5930, as recommended by the Conference Committee and the bill passed the House by the following vote: Yeas - 63, Nays - 35, Absent - 0, Excused - 0.

Voting yea: Representatives Appleton, Barlow, Blake, Campbell, Chase, Clibborn, Cody, Conway, Curtis, Darneille, Dickerson, Dunshee, Eddy, Eickmeyer, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Lantz, Linville, Lovick, McCoy, McDermott, McIntire, Miloscia, Moeller, Morrell, Morris, O'Brien, Ormsby, Pedersen, Pettigrew, Quall, Roberts, Rolfes, Santos, Schual-Berke, Seaquist, Sells, Simpson, Sommers, Sullivan, B., Sullivan, P., Takko, Upthegrove, Van De Wege, Wallace, Williams, Wood and Mr. Speaker - 63.

Voting nay: Representatives Ahern, Alexander, Anderson, Armstrong, Bailey, Buri, Chandler, Condotta, Crouse, DeBolt, Dunn, Ericks, Ericksen, Hailey, Haler, Hankins, Hinkle, Kretz, Kristiansen, McCune, McDonald, Newhouse, Orcutt, Pearson, Priest, Roach, Rodne, Ross, Schindler, Skinner, Springer, Strow, Sump, Walsh and Warnick - 35.

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5930, as recommended by the Conference Committee having received the constitutional majority, was declared passed.

STATEMENT FOR THE JOURNAL

I intended to vote NAY on ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5930.

RICHARD CURTIS, 18th District

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate concurred in the House amendments to the following bills and passed the bills as amended by the House ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5841, and the same is herewith transmitted.

Brad Hendrickson, Deputy Secretary

POINT OF PERSONAL PRIVILEGE

Representative Cody: Recognizing LSC and Sharon Heath.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate receded from its amendment to SUBSTITUTE HOUSE BILL NO. 1091. Under suspension of the rules the bill was returned to second reading for purpose of amendment. The Senate adopted the following amendment and passed the bill as amended by the Senate:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. A new section is added to chapter 43.330 RCW to read as follows:

(1) The director shall designate innovation partnership zones on the basis of the following criteria:

(a) Innovation partnership zones must have three types of institutions operating within their boundaries, or show evidence of planning and local partnerships that will lead to dense concentrations of these institutions:

(i) Research capacity in the form of a university or community college fostering commercially valuable research, nonprofit institutions creating commercially applicable innovations, or a national laboratory;

(ii) Dense proximity of globally competitive firms in a research-based industry or industries or of individual firms with innovation strategies linked to (a)(i) of this subsection. A globally competitive firm may be signified through international organization for standardization 9000 or 1400 certification, or other recognized evidence of international success; and

(iii) Training capacity either within the zone or readily accessible to the zone. The training capacity requirement may be met by the same institution as the research capacity requirement, to the extent both are associated with an educational institution in the proposed zone.

(b) The support of a local jurisdiction, a research institution, an educational institution, an industry or cluster association, a workforce development council, and an associate development organization, port, or chamber of commerce;

(c) Identifiable boundaries for the zone within which the applicant will concentrate efforts to connect innovative researchers, entrepreneurs, investors, industry associations or clusters, and training providers. The geographic area defined should lend itself to a distinct identity and have the capacity to accommodate firm growth;

(d) The innovation partnership zone administrator must be an economic development council, port, workforce development council, city, or county.

(2) On October 1st of each year, the director shall designate innovation partnership zones on the basis of applications that meet the legislative criteria, estimated economic impact of the zone, evidence of forward planning for the zone, and other criteria as recommended by the Washington state economic development commission. Estimated economic impact must include evidence of anticipated private investment, job creation, innovation, and commercialization. The director shall require evidence that zone applicants will promote commercialization, innovation, and collaboration among zone residents.

(3) Innovation partnership zones are eligible for funds and other resources as provided by the legislature or at the discretion of the governor.

(4) If the innovation partnership zone meets the other requirements of the fund sources, then the zone is eligible for the following funds relating to:

(a) The local infrastructure financing tools program;

(b) The sales and use tax for public facilities in rural counties; and
(c) Job skills.

(5) An innovation partnership zone shall be designated as a zone for a four-year period. At the end of the four-year period, the zone must reapply for the designation through the department.

(6) The department shall convene annual information sharing events for innovation partnership zone administrators and other interested parties.

(7) An innovation partnership zone shall provide performance measures as required by the director, including but not limited to private investment measures, job creation measures, and measures of innovation such as licensing of ideas in research institutions, patents, or other recognized measures of innovation. The Washington state economic development commission shall review annually the individual innovation partnership zone's performance measures and make recommendations to the department regarding additional zone designation criteria.

NEW SECTION. Sec. 2. A new section is added to chapter 43.330 RCW to read as follows:

(1) The Washington state economic development commission shall, with the advice of an innovation partnership advisory group selected by the commission, have oversight responsibility for the implementation of the state's efforts to further innovation partnerships throughout the state. The commission shall:

(a) Provide information and advice to the department of community, trade, and economic development to assist in the implementation of the innovation partnership zone program, including criteria to be used in the selection of grant applicants for funding;

(b) Document clusters of companies throughout the state that have comparative competitive advantage or the potential for comparative competitive advantage, using the process and criteria for identifying strategic clusters developed by the working group specified in subsection (2) of this section;

(c) Conduct an innovation opportunity analysis to identify (i) the strongest current intellectual assets and research teams in the state focused on emerging technologies and their commercialization, and (ii) faculty and researchers that could increase their focus on commercialization of technology if provided the appropriate technical assistance and resources;

(d) Based on its findings and analysis, and in conjunction with the higher education coordinating board and research institutions:

(i) Develop a plan to build on existing, and develop new, intellectual assets and innovation research teams in the state in research areas where there is a high potential to commercialize technologies. The commission shall present the plan to the governor and legislature by December 31, 2007. The higher education coordinating board shall be responsible for implementing the plan in conjunction with the publicly funded research institutions in the state. The plan shall address the following elements and such other elements as the commission deems important:

(A) Specific mechanisms to support, enhance, or develop innovation research teams and strengthen their research and commercialization capacity in areas identified as useful to strategic clusters and innovative firms in the state;

(B) Identification of the funding necessary for laboratory infrastructure needed to house innovation research teams;

(C) Specification of the most promising research areas meriting enhanced resources and recruitment of significant entrepreneurial researchers to join or lead innovation research teams;

(D) The most productive approaches to take in the recruitment, in the identified promising research areas, of a minimum of ten significant entrepreneurial researchers over the next ten years to join or lead innovation research teams;

(E) Steps to take in solicitation of private sector support for the recruitment of entrepreneurial researchers and the commercialization activity of innovation research teams; and

(F) Mechanisms for ensuring the location of innovation research teams in innovation partnership zones;

(ii) Provide direction for the development of comprehensive entrepreneurial assistance programs at research institutions. The programs may involve multidisciplinary students, faculty, entrepreneurial researchers, entrepreneurs, and investors in building business models and evolving business plans around innovative ideas. The programs may provide technical assistance and the support of an entrepreneur-in-residence to innovation research teams and offer entrepreneurial training to faculty, researchers, undergraduates, and graduate students. Curriculum leading to a certificate in entrepreneurship may also be offered;

(e) Develop performance measures to be used in evaluating the performance of innovation research teams, the implementation of the plan and programs under (d)(i) and (ii) of this subsection, and the performance of innovation partnership zone grant recipients, including but not limited to private investment measures, business initiation measures, job creation measures, and measures of innovation such as licensing of ideas in research institutions, patents, or other recognized measures of innovation. The performance measures developed shall be consistent with the economic development commission's comprehensive plan for economic development and its standards and metrics for program evaluation. The commission shall report to the legislature and the governor by December 31, 2008, on the measures developed; and

(f) Using the performance measures developed, perform a biennial assessment and report, the first of which shall be due December 31, 2012, on:

(i) Commercialization of technologies developed at state universities, found at other research institutions in the state, and facilitated with public assistance at existing companies;

(ii) Outcomes of the funding of innovation research teams and recruitment of significant entrepreneurial researchers;

(iii) Comparison with other states of Washington's outcomes from the innovation research teams and efforts to recruit significant entrepreneurial researchers; and

(iv) Outcomes of the grants for innovation partnership zones. The report shall include recommendations for modifications of this act and of state commercialization efforts that would enhance the state's economic competitiveness.

(2) The economic development commission and the workforce training and education coordinating board shall jointly convene a working group to:

(a) Specify the process and criteria for identification of substate geographic concentrations of firms or employment in an industry and the industry's customers, suppliers, supporting businesses, and institutions, which process will include the use of labor market information from the employment security department and local labor markets; and

(b) Establish criteria for identifying strategic clusters which are important to economic prosperity in the state, considering cluster size, growth rate, and wage levels among other factors."

On page 1, line 1 of the title, after "zones;" strike the remainder of the title and insert "and adding new sections to chapter 43.330 RCW."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1091 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Van De Wege and Bailey spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Substitute House Bill No. 1091, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1091, as amended by the Senate and the bill passed the House by the following vote: Yeas - 98, Nays - 0, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 98.

SUBSTITUTE HOUSE BILL NO. 1091, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate receded from its amendment to SUBSTITUTE HOUSE BILL NO. 1266. Under suspension of the rules the bill was returned to second reading for purpose of amendment.

The Senate adopted the following amendment and passed the bill as amended by the Senate:

On page 5, after line 14, insert the following:

"**Sec. 8.** RCW 41.40.700 and 2003 c 155 s 7 are each amended to read as follows:

(1) Except as provided in RCW 11.07.010, if a member or a vested member who has not completed at least ten years of service dies, the amount of the accumulated contributions standing to such member's credit in the retirement system at the time of such member's death, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670, shall be paid to the member's estate, or such person or persons, trust, or organization as the member shall have nominated by written designation duly executed and filed with the department. If there be no such designated person or persons still living at the time of the member's death, such member's accumulated contributions standing to such member's credit in the retirement system, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670, shall be paid to the member's surviving spouse as if in fact such spouse had been nominated by written designation, or if there be no such surviving spouse, then to such member's legal representatives.

(2) If a member who is eligible for retirement or a member who has completed at least ten years of service dies, the surviving spouse or eligible child or children shall elect to receive ~~((either))~~ one of the following:

(a) A retirement allowance computed as provided for in RCW 41.40.630, actuarially reduced by the amount of any lump sum benefit identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670 and actuarially adjusted to reflect a joint and one hundred percent survivor option under RCW 41.40.660 and, except under subsection (4) of this section, if the member was not eligible for normal retirement at the date of death a further reduction as described in RCW 41.40.630; if a surviving spouse who is receiving a retirement allowance dies leaving a child or children of the member under the age of majority, then such child or children shall continue to receive an allowance in an amount equal to that which was being received by the surviving spouse, share and share alike, until such child or children reach the age of majority; if there is no surviving spouse eligible to receive an allowance at the time of the member's death, such member's child or children under the age of majority shall receive an allowance share and share alike calculated as herein provided making the assumption that the ages of the spouse and member were equal at the time of the member's death; ~~((or))~~

(b) The member's accumulated contributions, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670; or

(c) For a member who leaves the employ of an employer to enter the uniformed services of the United States and who dies after January 1, 2007, while honorably serving in the uniformed services of the United States in Operation Enduring Freedom or Persian Gulf, Operation Iraqi Freedom, an amount equal to two hundred percent of the member's accumulated contributions, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670.

(3) If a member who is eligible for retirement or a member who has completed at least ten years of service dies after October 1, 1977,

and is not survived by a spouse or an eligible child, then the accumulated contributions standing to the member's credit, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670, shall be paid:

(a) To a person or persons, estate, trust, or organization as the member shall have nominated by written designation duly executed and filed with the department; or

(b) If there is no such designated person or persons still living at the time of the member's death, then to the member's legal representatives.

(4) A member who is killed in the course of employment, as determined by the director of the department of labor and industries, is not subject to an actuarial reduction under RCW 41.40.630. The member's retirement allowance is computed under RCW 41.40.620."

Renumber the sections consecutively and correct any internal references accordingly.

On page 1, line 3 of the title, after "41.40.0932,", insert "41.40.700,"

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1266 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Conway and Alexander spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Substitute House Bill No. 1266, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1266, as amended by the Senate and the bill passed the House by the following vote: Yeas - 97, Nays - 1, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer,

Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 97.

Voting nay: Representative Priest - 1.

SUBSTITUTE HOUSE BILL NO. 1266, as amended by the Senate having received the constitutional majority, was declared passed.

The House immediately reconsidered the vote by which SUBSTITUTE HOUSE BILL NO. 1266, as amended by the Senate passed the House on final passage.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1266, as amended by the Senate and the bill passed the House by the following vote: Yeas - 98, Nays - 0, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 98.

SUBSTITUTE HOUSE BILL NO. 1266, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate receded from its amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 1624. Under suspension of the rules the bill was returned to second reading for purpose of amendment. The Senate adopted the following amendment and passed the bill as amended by the Senate:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 13.34 RCW to read as follows:

(1) A child may petition the juvenile court to reinstate the previously terminated parental rights of his or her parent under the following circumstances:

(a) The child was previously found to be a dependent child under this chapter;

(b) The child's parent's rights were terminated in a proceeding under this chapter;

(c) The child has not achieved his or her permanency plan within three years of a final order of termination, or if the final order was appealed, within three years of exhaustion of any right to appeal the order terminating parental rights; and

(d) Absent good cause, the child must be at least twelve years old at the time the petition is filed.

(2) A child seeking to petition under this section shall be provided counsel at no cost to the child.

(3) The petition must be signed by the child in the absence of a showing of good cause as to why the child could not do so.

(4) If, after a threshold hearing to consider the parent's apparent fitness and interest in reinstatement of parental rights, it appears that the best interests of the child may be served by reinstatement of parental rights, the juvenile court shall order that a hearing on the merits of the petition be held.

(5) The court shall give prior notice for any proceeding under this section, or cause prior notice to be given, to the department, the child's attorney, and the child. The court shall also order the department to give prior notice of any hearing to the child's former parent whose parental rights are the subject of the petition, any parent whose rights have not been terminated, the child's current foster parent, relative caregiver, guardian or custodian, and the child's tribe, if applicable.

(6) The juvenile court shall conditionally grant the petition if it finds by clear and convincing evidence that the child has not achieved his or her permanency plan and is not likely to imminently achieve his or her permanency plan and that reinstatement of parental rights is in the child's best interest. In determining whether reinstatement is in the child's best interest the court shall consider, but is not limited to, the following:

(a) Whether the parent whose rights are to be reinstated is a fit parent and has remedied his or her deficits as provided in the record of the prior termination proceedings and prior termination order;

(b) The age and maturity of the child, and the ability of the child to express his or her preference;

(c) Whether the reinstatement of parental rights will present a risk to the child's health, welfare, or safety; and

(d) Other material changes in circumstances, if any, that may have occurred which warrant the granting of the petition.

(7) In determining whether the child has or has not achieved his or her permanency plan or whether the child is likely to achieve his or her permanency plan, the department shall provide the court, and the court shall review, information related to any efforts to achieve the permanency plan including efforts to achieve adoption or a permanent guardianship.

(8)(a) If the court conditionally grants the petition under subsection (6) of this section, the case will be continued for six months. During this period, the child shall be placed in the custody of the parent. The department shall develop a permanency plan for the child reflecting the plan to be reunification and shall provide transition services to the family as appropriate.

(b) If the child must be removed from the parent due to abuse or neglect allegations prior to the expiration of the conditional six-month period, the court shall dismiss the petition for reinstatement of

parental rights if the court finds the allegations have been proven by a preponderance of the evidence.

(c) If the child has been successfully placed with the parent for six months, the court order reinstating parental rights remains in effect and the court shall dismiss the dependency.

(9) The granting of the petition under this section does not vacate or otherwise affect the validity of the original termination order.

(10) Any parent whose rights are reinstated under this section shall not be liable for any child support owed to the department pursuant to RCW 13.34.160 for the time period from the date of termination of parental rights to the date parental rights are reinstated.

(11) A proceeding to reinstate parental rights is a separate action from the termination of parental rights proceeding and does not vacate the original termination of parental rights. An order granted under this section reinstates the parental rights to the child. This reinstatement is a recognition that the situation of the parent and child have changed since the time of the termination of parental rights and reunification is now appropriate.

(12) This section is retroactive and applies to any child who is under the jurisdiction of the juvenile court at the time of the hearing regardless of the date parental rights were terminated.

Sec. 2. RCW 13.34.200 and 2003 c 227 s 7 are each amended to read as follows:

(1) Upon the termination of parental rights pursuant to RCW 13.34.180, all rights, powers, privileges, immunities, duties, and obligations, including any rights to custody, control, visitation, or support existing between the child and parent shall be severed and terminated and the parent shall have no standing to appear at any further legal proceedings concerning the child, except as provided in section 1 of this act: PROVIDED, That any support obligation existing prior to the effective date of the order terminating parental rights shall not be severed or terminated. The rights of one parent may be terminated without affecting the rights of the other parent and the order shall so state.

(2) An order terminating the parent and child relationship shall not disentitle a child to any benefit due the child from any third person, agency, state, or the United States, nor shall any action under this chapter be deemed to affect any rights and benefits that an Indian child derives from the child's descent from a member of a federally recognized Indian tribe.

(3) An order terminating the parent-child relationship shall include a statement addressing the status of the child's sibling relationships and the nature and extent of sibling placement, contact, or visits.

Sec. 3. RCW 13.34.060 and 2002 c 52 s 4 are each amended to read as follows:

(1) A child taken into custody pursuant to RCW 13.34.050 or 26.44.050 shall be immediately placed in shelter care. A child taken by a relative of the child in violation of RCW 9A.40.060 or 9A.40.070 shall be placed in shelter care only when permitted under RCW 13.34.055. No child may be held longer than seventy-two hours, excluding Saturdays, Sundays, and holidays, after such child is taken into custody unless a court order has been entered for continued shelter care. In no case may a child who is taken into custody pursuant to RCW 13.34.055, 13.34.050, or 26.44.050 be detained in a secure detention facility.

~~((a))~~ (2) Unless there is reasonable cause to believe that the health, safety, or welfare of the child would be jeopardized or that the efforts to reunite the parent and child will be hindered, priority placement for a child in shelter care, pending a court hearing, shall be with any person described in RCW 74.15.020(2)(a) or

13.34.130(1)(b). The person must be willing and available to care for the child and be able to meet any special needs of the child and the court must find that such placement is in the best interests of the child. The person must be willing to facilitate the child's visitation with siblings, if such visitation is part of the supervising agency's plan or is ordered by the court. If a child is not initially placed with a relative or other suitable person requested by the parent pursuant to this section, the supervising agency shall make an effort within available resources to place the child with a relative or other suitable person requested by the parent on the next business day after the child is taken into custody. The supervising agency shall document its effort to place the child with a relative or other suitable person requested by the parent pursuant to this section. Nothing within this subsection ~~((1)(a))~~ (2) establishes an entitlement to services or a right to a particular placement.

~~((b))~~ (3) Whenever a child is taken into custody pursuant to this section, the supervising agency may authorize evaluations of the child's physical or emotional condition, routine medical and dental examination and care, and all necessary emergency care. ~~((In no case may a child who is taken into custody pursuant to RCW 13.34.055, 13.34.050, or 26.44.050 be detained in a secure detention facility. No child may be held longer than seventy-two hours, excluding Saturdays, Sundays and holidays, after such child is taken into custody unless a court order has been entered for continued shelter care. The child and his or her parent, guardian, or custodian shall be informed that they have a right to a shelter care hearing. The court shall hold a shelter care hearing within seventy-two hours after the child is taken into custody, excluding Saturdays, Sundays, and holidays. If a parent, guardian, or legal custodian desires to waive the shelter care hearing, the court shall determine, on the record and with the parties present, whether such waiver is knowing and voluntary.~~

~~(2) Whenever a child is taken into custody by child protective services pursuant to a court order issued under RCW 13.34.050 or when child protective services is notified that a child has been taken into custody pursuant to RCW 26.44.050 or 26.44.056, child protective services shall make reasonable efforts to inform the parents, guardian, or legal custodian of the fact that the child has been taken into custody, the reasons why the child was taken into custody, and their legal rights under this title as soon as possible and in no event shall notice be provided more than twenty-four hours after the child has been taken into custody or twenty-four hours after child protective services has been notified that the child has been taken into custody. The notice of custody and rights may be given by any means reasonably certain of notifying the parents including, but not limited to, written, telephone, or in person oral notification. If the initial notification is provided by a means other than writing, child protective services shall make reasonable efforts to also provide written notification.)~~

Sec. 4. RCW 13.34.062 and 2004 c 147 s 2 are each amended to read as follows:

(1)(a) Whenever a child is taken into custody by child protective services pursuant to a court order issued under RCW 13.34.050 or when child protective services is notified that a child has been taken into custody pursuant to RCW 26.44.050 or 26.44.056, child protective services shall make reasonable efforts to inform the parent, guardian, or legal custodian of the fact that the child has been taken into custody, the reasons why the child was taken into custody, and their legal rights under this title, including the right to a shelter care hearing, as soon as possible. Notice must be provided in an understandable manner and take into consideration the parent's,

guardian's, or legal custodian's primary language, level of education, and cultural issues.

(b) In no event shall the notice required by this section be provided to the parent, guardian, or legal custodian more than twenty-four hours after the child has been taken into custody or twenty-four hours after child protective services has been notified that the child has been taken into custody.

(2)(a) The notice of custody and rights may be given by any means reasonably certain of notifying the parents including, but not limited to, written, telephone, or in person oral notification. If the initial notification is provided by a means other than writing, child protective services shall make reasonable efforts to also provide written notification.

(b) The written notice of custody and rights required by ((RCW 13.34.060)) this section shall be in substantially the following form:

"NOTICE

Your child has been placed in temporary custody under the supervision of Child Protective Services (or other person or agency). You have important legal rights and you must take steps to protect your interests.

1. A court hearing will be held before a judge within 72 hours of the time your child is taken into custody excluding Saturdays, Sundays, and holidays. You should call the court at (insert appropriate phone number here) for specific information about the date, time, and location of the court hearing.

2. You have the right to have a lawyer represent you at the hearing. Your right to representation continues after the shelter care hearing. You have the right to records the department intends to rely upon. A lawyer can look at the files in your case, talk to child protective services and other agencies, tell you about the law, help you understand your rights, and help you at hearings. If you cannot afford a lawyer, the court will appoint one to represent you. To get a court-appointed lawyer you must contact: (explain local procedure).

3. At the hearing, you have the right to speak on your own behalf, to introduce evidence, to examine witnesses, and to receive a decision based solely on the evidence presented to the judge.

4. If your hearing occurs before a court commissioner, you have the right to have the decision of the court commissioner reviewed by a superior court judge. To obtain that review, you must, within ten days after the entry of the decision of the court commissioner, file with the court a motion for revision of the decision, as provided in RCW 2.24.050.

You should be present at any shelter care hearing. If you do not come, the judge will not hear what you have to say.

You may call the Child Protective Services' caseworker for more information about your child. The caseworker's name and telephone number are: (insert name and telephone number).

5. You have a right to a case conference to develop a written service agreement following the shelter care hearing. The service agreement may not conflict with the court's order of shelter care. You may request that a multidisciplinary team, family group conference, or prognostic staffing be convened for your child's case. You may participate in these processes with your counsel present."

Upon receipt of the written notice, the parent, guardian, or legal custodian shall acknowledge such notice by signing a receipt prepared by child protective services. If the parent, guardian, or legal custodian does not sign the receipt, the reason for lack of a signature

shall be written on the receipt. The receipt shall be made a part of the court's file in the dependency action.

If after making reasonable efforts to provide notification, child protective services is unable to determine the whereabouts of the parents, guardian, or legal custodian, the notice shall be delivered or sent to the last known address of the parent, guardian, or legal custodian.

~~((2))~~ (3) If child protective services is not required to give notice under ~~((RCW 13.34.060(2) and subsection (1) of))~~ this section, the juvenile court counselor assigned to the matter shall make all reasonable efforts to advise the parents, guardian, or legal custodian of the time and place of any shelter care hearing, request that they be present, and inform them of their basic rights as provided in RCW 13.34.090.

~~((3))~~ (4) Reasonable efforts to advise and to give notice, as required in ~~((RCW 13.34.060(2) and subsections (1) and (2) of))~~ this section, shall include, at a minimum, investigation of the whereabouts of the parent, guardian, or legal custodian. If such reasonable efforts are not successful, or the parent, guardian, or legal custodian does not appear at the shelter care hearing, the petitioner shall testify at the hearing or state in a declaration:

(a) The efforts made to investigate the whereabouts of, and to advise, the parent, guardian, or legal custodian; and

(b) Whether actual advice of rights was made, to whom it was made, and how it was made, including the substance of any oral communication or copies of written materials used.

~~((4) The court shall hear evidence regarding notice given to, and efforts to notify, the parent, guardian, or legal custodian and shall examine the need for shelter care. The court shall hear evidence regarding the efforts made to place the child with a relative. The court shall make an express finding as to whether the notice required under RCW 13.34.060(2) and subsections (1) and (2) of this section was given to the parent, guardian, or legal custodian. All parties have the right to present testimony to the court regarding the need or lack of need for shelter care. Hearsay evidence before the court regarding the need or lack of need for shelter care must be supported by sworn testimony, affidavit, or declaration of the person offering such evidence.~~

~~(5)(a) A shelter care order issued pursuant to RCW 13.34.065 shall include the requirement for a case conference as provided in RCW 13.34.067. However, if the parent is not present at the shelter care hearing, or does not agree to the case conference, the court shall not include the requirement for the case conference in the shelter care order.~~

~~(b) If the court orders a case conference, the shelter care order shall include notice to all parties and establish the date, time, and location of the case conference which shall be no later than thirty days prior to the fact-finding hearing.~~

~~(c) The court may order a conference or meeting as an alternative to the case conference required under RCW 13.34.067 so long as the conference or meeting ordered by the court meets all requirements under RCW 13.34.067, including the requirement of a written agreement specifying the services to be provided to the parent.~~

~~(6) A shelter care order issued pursuant to RCW 13.34.065 may be amended at any time with notice and hearing thereon. The shelter care decision of placement shall be modified only upon a showing of change in circumstances. No child may be placed in shelter care for longer than thirty days without an order, signed by the judge, authorizing continued shelter care.~~

~~(7) Any parent, guardian, or legal custodian who for good cause is unable to attend the initial shelter care hearing may request that a subsequent shelter care hearing be scheduled. The request shall be~~

made to the clerk of the court where the petition is filed prior to the initial shelter care hearing. Upon the request of the parent, the court shall schedule the hearing within seventy-two hours of the request, excluding Saturdays, Sundays, and holidays. The clerk shall notify all other parties of the hearing by any reasonable means.))

Sec. 5. RCW 13.34.065 and 2001 c 332 s 3 are each amended to read as follows:

(1)(a) When a child is taken into custody, the court shall hold a shelter care hearing within seventy-two hours, excluding Saturdays, Sundays, and holidays. The primary purpose of the shelter care hearing is to determine whether the child can be immediately and safely returned home while the adjudication of the dependency is pending.

(b) Any parent, guardian, or legal custodian who for good cause is unable to attend the shelter care hearing may request that a subsequent shelter care hearing be scheduled. The request shall be made to the clerk of the court where the petition is filed prior to the initial shelter care hearing. Upon the request of the parent, the court shall schedule the hearing within seventy-two hours of the request, excluding Saturdays, Sundays, and holidays. The clerk shall notify all other parties of the hearing by any reasonable means.

(2)(a) The ~~((juvenile court probation counselor))~~ department of social and health services shall submit a recommendation to the court as to the further need for shelter care ~~((unless the petition has been filed by the department, in which case the recommendation shall be submitted by the department))~~ in all cases in which it is the petitioner. In all other cases, the recommendation shall be submitted by the juvenile court probation counselor.

(b) All parties have the right to present testimony to the court regarding the need or lack of need for shelter care.

(c) Hearsay evidence before the court regarding the need or lack of need for shelter care must be supported by sworn testimony, affidavit, or declaration of the person offering such evidence.

(3)(a) At the commencement of the hearing, the court shall notify the parent, guardian, or custodian of the following:

(i) The parent, guardian, or custodian has the right to a shelter care hearing;

(ii) The nature of the shelter care hearing, the rights of the parents, and the proceedings that will follow; and

(iii) If the parent, guardian, or custodian is not represented by counsel, the right to be represented. If the parent, guardian, or custodian is indigent, the court shall appoint counsel as provided in RCW 13.34.090; and

(b) If a parent, guardian, or legal custodian desires to waive the shelter care hearing, the court shall determine, on the record and with the parties present, whether such waiver is knowing and voluntary. A parent may not waive his or her right to the shelter care hearing unless he or she appears in court and the court determines that the waiver is knowing and voluntary. Regardless of whether the court accepts the parental waiver of the shelter care hearing, the court must provide notice to the parents of their rights required under (a) of this subsection and make the finding required under subsection (4) of this section.

(4) At the shelter care hearing the court shall examine the need for shelter care and inquire into the status of the case. The paramount consideration for the court shall be the health, welfare, and safety of the child. At a minimum, the court shall inquire into the following:

(a) Whether the notice required under RCW 13.34.062 was given to all known parents, guardians, or legal custodians of the child. The court shall make an express finding as to whether the notice required under RCW 13.34.062 was given to the parent, guardian, or legal

custodian. If actual notice was not given to the parent, guardian, or legal custodian and the whereabouts of such person is known or can be ascertained, the court shall order the supervising agency or the department of social and health services to make reasonable efforts to advise the parent, guardian, or legal custodian of the status of the case, including the date and time of any subsequent hearings, and their rights under RCW 13.34.090;

(b) Whether the child can be safely returned home while the adjudication of the dependency is pending;

(c) What efforts have been made to place the child with a relative;

(d) What services were provided to the family to prevent or eliminate the need for removal of the child from the child's home;

(e) Is the placement proposed by the agency the least disruptive and most family-like setting that meets the needs of the child;

(f) Whether it is in the best interest of the child to remain enrolled in the school, developmental program, or child care the child was in prior to placement and what efforts have been made to maintain the child in the school, program, or child care if it would be in the best interest of the child to remain in the same school, program, or child care;

(g) Appointment of a guardian ad litem or attorney;

(h) Whether the child is or may be an Indian child as defined in 25 U.S.C. Sec. 1903, whether the provisions of the Indian child welfare act apply, and whether there is compliance with the Indian child welfare act, including notice to the child's tribe;

(i) Whether restraining orders, or orders expelling an allegedly abusive parent from the home, will allow the child to safely remain in the home;

(j) Whether any orders for examinations, evaluations, or immediate services are needed. However, the court may not order a parent to undergo examinations, evaluation, or services at the shelter care hearing unless the parent agrees to the examination, evaluation, or service;

(k) The terms and conditions for parental, sibling, and family visitation.

~~((2))~~ (5)(a) The court shall release a child alleged to be dependent to the care, custody, and control of the child's parent, guardian, or legal custodian unless the court finds there is reasonable cause to believe that:

~~((a))~~ (i) After consideration of the specific services that have been provided, reasonable efforts have been made to prevent or eliminate the need for removal of the child from the child's home and to make it possible for the child to return home; and

~~((b))~~ (ii) (A) The child has no parent, guardian, or legal custodian to provide supervision and care for such child; or

~~((c))~~ (B) The release of such child would present a serious threat of substantial harm to such child; or

~~((d))~~ (C) The parent, guardian, or custodian to whom the child could be released has been charged with violating RCW 9A.40.060 or 9A.40.070.

(b) If the court does not release the child to his or her parent, guardian, or legal custodian, and the child was initially placed with a relative pursuant to RCW 13.34.060(1), the court shall order continued placement with a relative, unless there is reasonable cause to believe the health, safety, or welfare of the child would be jeopardized or that the efforts to reunite the parent and child will be hindered. The relative must be willing and available to:

(i) Care for the child and be able to meet any special needs of the child;

(ii) Facilitate the child's visitation with siblings, if such visitation is part of the supervising agency's plan or is ordered by the court; and

(iii) Cooperate with the department in providing necessary background checks and home studies.

(c) If the child was not initially placed with a relative, and the court does not release the child to his or her parent, guardian, or legal custodian, the supervising agency shall make reasonable efforts to locate a relative pursuant to RCW 13.34.060(1).

(d) If a relative is not available, the court shall order continued shelter care or order placement with another suitable person, and the court shall set forth its reasons for the order. ~~((The court shall enter a finding as to whether RCW 13.34.060(2) and subsections (1) and (2) of this section have been complied with. If actual notice was not given to the parent, guardian, or legal custodian and the whereabouts of such person is known or can be ascertained, the court shall order the supervising agency or the department of social and health services to make reasonable efforts to advise the parent, guardian, or legal custodian of the status of the case, including the date and time of any subsequent hearings, and their rights under RCW 13.34.090.~~

~~(3)) If the court orders placement of the child with a person not related to the child and not licensed to provide foster care, the placement is subject to all terms and conditions of this section that apply to relative placements.~~

(e) Any placement with a relative, or other person approved by the court pursuant to this section, shall be contingent upon cooperation with the agency case plan and compliance with court orders related to the care and supervision of the child including, but not limited to, court orders regarding parent-child contacts, sibling contacts, and any other conditions imposed by the court. Noncompliance with the case plan or court order is grounds for removal of the child from the home of the relative or other person, subject to review by the court.

(6)(a) A shelter care order issued pursuant to this section shall include the requirement for a case conference as provided in RCW 13.34.067. However, if the parent is not present at the shelter care hearing, or does not agree to the case conference, the court shall not include the requirement for the case conference in the shelter care order.

(b) If the court orders a case conference, the shelter care order shall include notice to all parties and establish the date, time, and location of the case conference which shall be no later than thirty days before the fact-finding hearing.

(c) The court may order another conference, case staffing, or hearing as an alternative to the case conference required under RCW 13.34.067 so long as the conference, case staffing, or hearing ordered by the court meets all requirements under RCW 13.34.067, including the requirement of a written agreement specifying the services to be provided to the parent.

(7)(a) A shelter care order issued pursuant to this section may be amended at any time with notice and hearing thereon. The shelter care decision of placement shall be modified only upon a showing of change in circumstances. No child may be placed in shelter care for longer than thirty days without an order, signed by the judge, authorizing continued shelter care.

(b)(i) An order releasing the child on any conditions specified in this section may at any time be amended, with notice and hearing thereon, so as to return the child to shelter care for failure of the parties to conform to the conditions originally imposed.

(ii) The court shall consider whether nonconformance with any conditions resulted from circumstances beyond the control of the parent, guardian, or legal custodian and give weight to that fact before ordering return of the child to shelter care.

~~((4))~~ (8)(a) If a child is returned home from shelter care a second time in the case, or if the supervisor of the caseworker deems it necessary, the multidisciplinary team may be reconvened.

~~((5))~~ (b) If a child is returned home from shelter care a second time in the case a law enforcement officer must be present and file a report to the department.

Sec. 6. RCW 13.34.130 and 2003 c 227 s 3 are each amended to read as follows:

If, after a fact-finding hearing pursuant to RCW 13.34.110, it has been proven by a preponderance of the evidence that the child is dependent within the meaning of RCW 13.34.030 after consideration of the social study prepared pursuant to RCW 13.34.110 and after a disposition hearing has been held pursuant to RCW 13.34.110, the court shall enter an order of disposition pursuant to this section.

(1) The court shall order one of the following dispositions of the case:

(a) Order a disposition other than removal of the child from his or her home, which shall provide a program designed to alleviate the immediate danger to the child, to mitigate or cure any damage the child has already suffered, and to aid the parents so that the child will not be endangered in the future. In determining the disposition, the court should choose those services, including housing assistance, that least interfere with family autonomy and are adequate to protect the child.

(b) Order the child to be removed from his or her home and into the custody, control, and care of a relative or the department or a licensed child placing agency for placement in a foster family home or group care facility licensed pursuant to chapter 74.15 RCW or in a home not required to be licensed pursuant to chapter 74.15 RCW. Unless there is reasonable cause to believe that the health, safety, or welfare of the child would be jeopardized or that efforts to reunite the parent and child will be hindered, such child shall be placed with a person who is: (i) Related to the child as defined in RCW 74.15.020(2)(a) with whom the child has a relationship and is comfortable; and (ii) willing and available to care for the child.

(2) Placement of the child with a relative under this subsection shall be given preference by the court. An order for out-of-home placement may be made only if the court finds that reasonable efforts have been made to prevent or eliminate the need for removal of the child from the child's home and to make it possible for the child to return home, specifying the services that have been provided to the child and the child's parent, guardian, or legal custodian, and that preventive services have been offered or provided and have failed to prevent the need for out-of-home placement, unless the health, safety, and welfare of the child cannot be protected adequately in the home, and that:

(a) There is no parent or guardian available to care for such child;

(b) The parent, guardian, or legal custodian is not willing to take custody of the child; or

(c) The court finds, by clear, cogent, and convincing evidence, a manifest danger exists that the child will suffer serious abuse or neglect if the child is not removed from the home and an order under RCW 26.44.063 would not protect the child from danger.

(3) If the court has ordered a child removed from his or her home pursuant to subsection (1)(b) of this section, the court shall consider whether it is in a child's best interest to be placed with, have contact with, or have visits with siblings.

(a) There shall be a presumption that such placement, contact, or visits are in the best interests of the child provided that:

(i) The court has jurisdiction over all siblings subject to the order of placement, contact, or visitation pursuant to petitions filed under this chapter or the parents of a child for whom there is no jurisdiction are willing to agree; and

(ii) There is no reasonable cause to believe that the health, safety, or welfare of any child subject to the order of placement, contact, or visitation would be jeopardized or that efforts to reunite the parent and child would be hindered by such placement, contact, or visitation. In no event shall parental visitation time be reduced in order to provide sibling visitation.

(b) The court may also order placement, contact, or visitation of a child with a step-brother or step-sister provided that in addition to the factors in (a) of this subsection, the child has a relationship and is comfortable with the step-sibling.

(4) If the court has ordered a child removed from his or her home pursuant to subsection (1)(b) of this section and placed into nonparental or nonrelative care, the court shall order a placement that allows the child to remain in the same school he or she attended prior to the initiation of the dependency proceeding when such a placement is practical and in the child's best interest.

(5) If the court has ordered a child removed from his or her home pursuant to subsection (1)(b) of this section, the court may order that a petition seeking termination of the parent and child relationship be filed if the requirements of RCW 13.34.132 are met.

~~((5))~~ (6) If there is insufficient information at the time of the disposition hearing upon which to base a determination regarding the suitability of a proposed placement with a relative, the child shall remain in foster care and the court shall direct the supervising agency to conduct necessary background investigations as provided in chapter 74.15 RCW and report the results of such investigation to the court within thirty days. However, if such relative appears otherwise suitable and competent to provide care and treatment, the criminal history background check need not be completed before placement, but as soon as possible after placement. Any placements with relatives, pursuant to this section, shall be contingent upon cooperation by the relative with the agency case plan and compliance with court orders related to the care and supervision of the child including, but not limited to, court orders regarding parent-child contacts, sibling contacts, and any other conditions imposed by the court. Noncompliance with the case plan or court order shall be grounds for removal of the child from the relative's home, subject to review by the court.

Sec. 7. RCW 13.34.136 and 2004 c 146 s 1 are each amended to read as follows:

(1) ~~((Whenever a child is ordered removed from the child's home;))~~ A permanency plan shall be developed no later than sixty days from the time the supervising agency assumes responsibility for providing services, including placing the child, or at the time of a hearing under RCW 13.34.130, whichever occurs first. The permanency planning process continues until a permanency planning goal is achieved or dependency is dismissed. The planning process shall include reasonable efforts to return the child to the parent's home.

(2) ~~The agency ((charged with his or her care shall provide the court with))~~ supervising the dependency shall submit a written permanency plan to all parties and the court not less than fourteen days prior to the scheduled hearing. Responsive reports of parties not in agreement with the supervising agency's proposed permanency plan must be provided to the supervising agency, all other parties, and the court at least seven days prior to the hearing.

The permanency plan shall include:

(a) A permanency plan of care that shall identify one of the following outcomes as a primary goal and may identify additional outcomes as alternative goals: Return of the child to the home of the child's parent, guardian, or legal custodian; adoption; guardianship;

permanent legal custody; long-term relative or foster care, until the child is age eighteen, with a written agreement between the parties and the care provider; successful completion of a responsible living skills program; or independent living, if appropriate and if the child is age sixteen or older. The department shall not discharge a child to an independent living situation before the child is eighteen years of age unless the child becomes emancipated pursuant to chapter 13.64 RCW;

(b) Unless the court has ordered, pursuant to RCW 13.34.130(4), that a termination petition be filed, a specific plan as to where the child will be placed, what steps will be taken to return the child home, what steps the agency will take to promote existing appropriate sibling relationships and/or facilitate placement together or contact in accordance with the best interests of each child, and what actions the agency will take to maintain parent-child ties. All aspects of the plan shall include the goal of achieving permanence for the child.

(i) The agency plan shall specify what services the parents will be offered to enable them to resume custody, what requirements the parents must meet to resume custody, and a time limit for each service plan and parental requirement.

(ii) Visitation is the right of the family, including the child and the parent, in cases in which visitation is in the best interest of the child. Early, consistent, and frequent visitation is crucial for maintaining parent-child relationships and making it possible for parents and children to safely reunify. The agency shall encourage the maximum parent and child and sibling contact possible, when it is in the best interest of the child, including regular visitation and participation by the parents in the care of the child while the child is in placement. Visitation shall not be limited as a sanction for a parent's failure to comply with court orders or services where the health, safety, or welfare of the child is not at risk as a result of the visitation. Visitation may be limited or denied only if the court determines that such limitation or denial is necessary to protect the child's health, safety, or welfare. The court and the agency should rely upon community resources, relatives, foster parents, and other appropriate persons to provide transportation and supervision for visitation to the extent that such resources are available, and appropriate, and the child's safety would not be compromised.

(iii) A child shall be placed as close to the child's home as possible, preferably in the child's own neighborhood, unless the court finds that placement at a greater distance is necessary to promote the child's or parents' well-being.

(iv) The plan shall state whether both in-state and, where appropriate, out-of-state placement options have been considered by the department.

(v) Unless it is not in the best interests of the child, whenever practical, the plan should ensure the child remains enrolled in the school the child was attending at the time the child entered foster care.

(vi) The agency charged with supervising a child in placement shall provide all reasonable services that are available within the agency, or within the community, or those services which the department has existing contracts to purchase. It shall report to the court if it is unable to provide such services; and

(c) If the court has ordered, pursuant to RCW 13.34.130(4), that a termination petition be filed, a specific plan as to where the child will be placed, what steps will be taken to achieve permanence for the child, services to be offered or provided to the child, and, if visitation would be in the best interests of the child, a recommendation to the court regarding visitation between parent and child pending a fact-finding hearing on the termination petition. The agency shall not be required to develop a plan of services for the parents or provide

services to the parents if the court orders a termination petition be filed. However, reasonable efforts to ensure visitation and contact between siblings shall be made unless there is reasonable cause to believe the best interests of the child or siblings would be jeopardized.

~~((2))~~ (3) Permanency planning goals should be achieved at the earliest possible date, preferably before the child has been in out-of-home care for fifteen months. In cases where parental rights have been terminated, the child is legally free for adoption, and adoption has been identified as the primary permanency planning goal, it shall be a goal to complete the adoption within six months following entry of the termination order.

(4) If the court determines that the continuation of reasonable efforts to prevent or eliminate the need to remove the child from his or her home or to safely return the child home should not be part of the permanency plan of care for the child, reasonable efforts shall be made to place the child in a timely manner and to complete whatever steps are necessary to finalize the permanent placement of the child.

~~((3))~~ (5) The identified outcomes and goals of the permanency plan may change over time based upon the circumstances of the particular case.

(6) The court shall consider the child's relationships with the child's siblings in accordance with RCW 13.34.130(3).

(7) For purposes related to permanency planning:

(a) "Guardianship" means a dependency guardianship or a legal guardianship pursuant to chapter 11.88 RCW or equivalent laws of another state or a federally recognized Indian tribe.

(b) "Permanent custody order" means a custody order entered pursuant to chapter 26.10 RCW.

(c) "Permanent legal custody" means legal custody pursuant to chapter 26.10 RCW or equivalent laws of another state or a federally recognized Indian tribe.

Sec. 8. RCW 13.34.138 and 2005 c 512 s 3 are each amended to read as follows:

(1) Except for children whose cases are reviewed by a citizen review board under chapter 13.70 RCW, the status of all children found to be dependent shall be reviewed by the court at least every six months from the beginning date of the placement episode or the date dependency is established, whichever is first ~~((at a))~~. The purpose of the hearing ((in which it)) shall be ((determined)) to review the progress of the parties and determine whether court supervision should continue.

(a) The initial review hearing shall be an in-court review and shall be set six months from the beginning date of the placement episode or no more than ninety days from the entry of the disposition order, whichever comes first. The requirements for the initial review hearing, including the in-court review requirement, shall be accomplished within existing resources.

(b) The initial review hearing may be a permanency planning hearing when necessary to meet the time frames set forth in RCW 13.34.145 ~~((3))~~ (1)(a) or 13.34.134. ~~((The review shall include findings regarding the agency and parental completion of disposition plan requirements, and if necessary, revised permanency time limits. This review shall consider both the agency's and parent's efforts that demonstrate consistent measurable progress over time in meeting the disposition plan requirements. The requirements for the initial review hearing, including the in-court requirement, shall be accomplished within existing resources. The supervising agency shall provide a foster parent, preadoptive parent, or relative with notice of, and their right to an opportunity to be heard in, a review hearing pertaining to the child, but only if that person is currently~~

~~providing care to that child at the time of the hearing. This section shall not be construed to grant party status to any person who has been provided an opportunity to be heard:))~~

(2)(a) A child shall not be returned home at the review hearing unless the court finds that a reason for removal as set forth in RCW 13.34.130 no longer exists. The parents, guardian, or legal custodian shall report to the court the efforts they have made to correct the conditions which led to removal. If a child is returned, casework supervision shall continue for a period of six months, at which time there shall be a hearing on the need for continued intervention.

(b) If the child is not returned home, the court shall establish in writing:

(i) ~~((Whether reasonable services have been provided to or offered to the parties to facilitate reunion, specifying the services provided or offered))~~ Whether the agency is making reasonable efforts to provide services to the family and eliminate the need for placement of the child. If additional services, including housing assistance, are needed to facilitate the return of the child to the child's parents, the court shall order that reasonable services be offered specifying such services;

(ii) Whether there has been compliance with the case plan by the child, the child's parents, and the agency supervising the placement;

(iii) Whether progress has been made toward correcting the problems that necessitated the child's placement in out-of-home care;

(iv) Whether the services set forth in the case plan and the responsibilities of the parties need to be clarified or modified due to the availability of additional information or changed circumstances;

(v) Whether there is a continuing need for placement;

(vi) Whether the child is in an appropriate placement which adequately meets all physical, emotional, and educational needs;

~~((iii))~~ (vii) Whether ((the child has been placed in the least-restrictive setting appropriate to the child's needs, including whether consideration and)) preference has been given to placement with the child's relatives;

~~((iii))~~ Whether there is a continuing need for placement and whether the placement is appropriate;

~~((iv))~~ Whether there has been compliance with the case plan by the child, the child's parents, and the agency supervising the placement;

~~((v))~~ Whether progress has been made toward correcting the problems that necessitated the child's placement in out-of-home care;

~~((vi))~~ (viii) Whether both in-state and, where appropriate, out-of-state placements have been considered;

(ix) Whether the parents have visited the child and any reasons why visitation has not occurred or has been infrequent;

~~((vii))~~ Whether additional services, including housing assistance, are needed to facilitate the return of the child to the child's parents; if so, the court shall order that reasonable services be offered specifying such services; and

~~((viii))~~ (x) Whether terms of visitation need to be modified;

(xi) Whether the court-approved long-term permanent plan for the child remains the best plan for the child;

(xii) Whether any additional court orders need to be made to move the case toward permanency; and

(xiii) The projected date by which the child will be returned home or other permanent plan of care will be implemented.

(c) The court at the review hearing may order that a petition seeking termination of the parent and child relationship be filed.

~~((2))~~ (3)(a) In any case in which the court orders that a dependent child may be returned to or remain in the child's home, the in-home placement shall be contingent upon the following:

(i) The compliance of the parents with court orders related to the care and supervision of the child, including compliance with an agency case plan; and

(ii) The continued participation of the parents, if applicable, in available substance abuse or mental health treatment if substance abuse or mental illness was a contributing factor to the removal of the child.

(b) The following may be grounds for removal of the child from the home, subject to review by the court:

(i) Noncompliance by the parents with the agency case plan or court order;

(ii) The parent's inability, unwillingness, or failure to participate in available services or treatment for themselves or the child, including substance abuse treatment if a parent's substance abuse was a contributing factor to the abuse or neglect; or

(iii) The failure of the parents to successfully and substantially complete available services or treatment for themselves or the child, including substance abuse treatment if a parent's substance abuse was a contributing factor to the abuse or neglect.

~~((3))~~ (4) The court's ability to order housing assistance under RCW 13.34.130 and this section is: (a) Limited to cases in which homelessness or the lack of adequate and safe housing is the primary reason for an out-of-home placement; and (b) subject to the availability of funds appropriated for this specific purpose.

~~((4))~~ (5) The court shall consider the child's relationship with siblings in accordance with RCW 13.34.130(3).

Sec. 9. RCW 13.34.145 and 2003 c 227 s 6 are each amended to read as follows:

(1) ~~(A permanency plan shall be developed no later than sixty days from the time the supervising agency assumes responsibility for providing services, including placing the child, or at the time of a hearing under RCW 13.34.130, whichever occurs first. The permanency planning process continues until a permanency planning goal is achieved or dependency is dismissed. The planning process shall include reasonable efforts to return the child to the parent's home.~~

~~(a) Whenever a child is placed in out-of-home care pursuant to RCW 13.34.130, the agency that has custody of the child shall provide the court with a written permanency plan of care directed towards securing a safe, stable, and permanent home for the child as soon as possible. The plan shall identify one of the following outcomes as the primary goal and may also identify additional outcomes as alternative goals: Return of the child to the home of the child's parent, guardian, or legal custodian; adoption; guardianship; permanent legal custody; long-term relative or foster care, until the child is age eighteen, with a written agreement between the parties and the care provider; a responsible living skills program; and independent living, if appropriate and if the child is age sixteen or older and the provisions of subsection (2) of this section are met.~~

~~(b) The identified outcomes and goals of the permanency plan may change over time based upon the circumstances of the particular case.~~

~~(c) Permanency planning goals should be achieved at the earliest possible date, preferably before the child has been in out-of-home care for fifteen months. In cases where parental rights have been terminated, the child is legally free for adoption, and adoption has been identified as the primary permanency planning goal, it shall be a goal to complete the adoption within six months following entry of the termination order.~~

~~(d) For purposes related to permanency planning:~~

~~(i) "Guardianship" means a dependency guardianship, a legal guardianship pursuant to chapter 11.88 RCW, or equivalent laws of another state or a federally recognized Indian tribe.~~

~~(ii) "Permanent custody order" means a custody order entered pursuant to chapter 26.10 RCW.~~

~~(iii) "Permanent legal custody" means legal custody pursuant to chapter 26.10 RCW or equivalent laws of another state or of a federally recognized Indian tribe.~~

~~(2) Whenever a permanency plan identifies independent living as a goal, the plan shall also specifically identify the services that will be provided to assist the child to make a successful transition from foster care to independent living. Before the court approves independent living as a permanency plan of care, the court shall make a finding that the provision of services to assist the child in making a transition from foster care to independent living will allow the child to manage his or her financial, personal, social, educational, and nonfinancial affairs. The department shall not discharge a child to an independent living situation before the child is eighteen years of age unless the child becomes emancipated pursuant to chapter 13.64 RCW.~~

~~(3) The purpose of a permanency planning hearing is to review the permanency plan for the child, inquire into the welfare of the child and progress of the case, and reach decisions regarding the permanent placement of the child.~~

~~(a) A permanency planning hearing shall be held in all cases where the child has remained in out-of-home care for at least nine months and an adoption decree, guardianship order, or permanent custody order has not previously been entered. The hearing shall take place no later than twelve months following commencement of the current placement episode.~~

~~(b) Whenever a child is removed from the home of a dependency guardian or long-term relative or foster care provider, and the child is not returned to the home of the parent, guardian, or legal custodian but is placed in out-of-home care, a permanency planning hearing shall take place no later than twelve months, as provided in ~~(subsection (3) of)~~ this section, following the date of removal unless, prior to the hearing, the child returns to the home of the dependency guardian or long-term care provider, the child is placed in the home of the parent, guardian, or legal custodian, an adoption decree, guardianship order, or a permanent custody order is entered, or the dependency is dismissed.~~

~~(c) Permanency planning goals should be achieved at the earliest possible date, preferably before the child has been in out-of-home care for fifteen months. In cases where parental rights have been terminated, the child is legally free for adoption, and adoption has been identified as the primary permanency planning goal, it shall be a goal to complete the adoption within six months following entry of the termination order.~~

~~(2) No later than ten working days prior to the permanency planning hearing, the agency having custody of the child shall submit a written permanency plan to the court and shall mail a copy of the plan to all parties and their legal counsel, if any.~~

~~(3) At the permanency planning hearing, the court shall ~~(enter findings as required by RCW 13.34.138 and shall review the permanency plan prepared by the agency)~~ conduct the following inquiry:~~

~~(a) If a goal of long-term foster or relative care has been achieved prior to the permanency planning hearing, the court shall review the child's status to determine whether the placement and the plan for the child's care remain appropriate.~~

~~(b) In cases where the primary permanency planning goal has not been achieved, the court shall inquire regarding the reasons why the~~

primary goal has not been achieved and determine what needs to be done to make it possible to achieve the primary goal. The court shall review the permanency plan prepared by the agency and make explicit findings regarding each of the following:

(i) The continuing necessity for, and the safety and appropriateness of, the placement;

(ii) The extent of compliance with the permanency plan by the agency and any other service providers, the child's parents, the child, and the child's guardian, if any;

(iii) The extent of any efforts to involve appropriate service providers in addition to agency staff in planning to meet the special needs of the child and the child's parents;

(iv) The progress toward eliminating the causes for the child's placement outside of his or her home and toward returning the child safely to his or her home or obtaining a permanent placement for the child;

(v) The date by which it is likely that the child will be returned to his or her home or placed for adoption, with a guardian or in some other alternative permanent placement; and

(vi) If the child has been placed outside of his or her home for fifteen of the most recent twenty-two months, not including any period during which the child was a runaway from the out-of-home placement or the first six months of any period during which the child was returned to his or her home for a trial home visit, the appropriateness of the permanency plan, whether reasonable efforts were made by the agency to achieve the goal of the permanency plan, and the circumstances which prevent the child from any of the following:

(A) Being returned safely to his or her home;

(B) Having a petition for the involuntary termination of parental rights filed on behalf of the child;

(C) Being placed for adoption;

(D) Being placed with a guardian;

(E) Being placed in the home of a fit and willing relative of the child; or

(F) Being placed in some other alternative permanent placement, including independent living or long-term foster care.

(c)(i) If the permanency plan identifies independent living as a goal, the court shall make a finding that the provision of services to assist the child in making a transition from foster care to independent living will allow the child to manage his or her financial, personal, social, educational, and nonfinancial affairs prior to approving independent living as a permanency plan of care.

(ii) The permanency plan shall also specifically identify the services that will be provided to assist the child to make a successful transition from foster care to independent living.

(iii) The department shall not discharge a child to an independent living situation before the child is eighteen years of age unless the child becomes emancipated pursuant to chapter 13.64 RCW.

(d) If the child has resided in the home of a foster parent or relative for more than six months prior to the permanency planning hearing, the court shall also enter a finding regarding whether the foster parent or relative was informed of the hearing as required in RCW 74.13.280 and 13.34.138. ~~((If a goal of long-term foster or relative care has been achieved prior to the permanency planning hearing, the court shall review the child's status to determine whether the placement and the plan for the child's care remain appropriate. In cases where the primary permanency planning goal has not been achieved, the court shall inquire regarding the reasons why the primary goal has not been achieved and determine what needs to be done to make it possible to achieve the primary goal.))~~

(4) In all cases, at the permanency planning hearing, the court shall:

(a)(i) Order the permanency plan prepared by the agency to be implemented; or

(ii) Modify the permanency plan, and order implementation of the modified plan; and

(b)(i) Order the child returned home only if the court finds that a reason for removal as set forth in RCW 13.34.130 no longer exists; or

(ii) Order the child to remain in out-of-home care for a limited specified time period while efforts are made to implement the permanency plan.

~~((7))~~ (5) Following the first permanency planning hearing, the court shall hold a further permanency planning hearing in accordance with this section at least once every twelve months until a permanency planning goal is achieved or the dependency is dismissed, whichever occurs first.

(6) Prior to the second permanency planning hearing, the agency that has custody of the child shall consider whether to file a petition for termination of parental rights.

(7) If the court orders the child returned home, casework supervision shall continue for at least six months, at which time a review hearing shall be held pursuant to RCW 13.34.138, and the court shall determine the need for continued intervention.

(8) The juvenile court may hear a petition for permanent legal custody when: (a) The court has ordered implementation of a permanency plan that includes permanent legal custody; and (b) the party pursuing the permanent legal custody is the party identified in the permanency plan as the prospective legal custodian. During the pendency of such proceeding, the court shall conduct review hearings and further permanency planning hearings as provided in this chapter. At the conclusion of the legal guardianship or permanent legal custody proceeding, a juvenile court hearing shall be held for the purpose of determining whether dependency should be dismissed. If a guardianship or permanent custody order has been entered, the dependency shall be dismissed.

(9) Continued juvenile court jurisdiction under this chapter shall not be a barrier to the entry of an order establishing a legal guardianship or permanent legal custody when the requirements of subsection (8) of this section are met.

~~(10)~~ ((Following the first permanency planning hearing, the court shall hold a further permanency planning hearing in accordance with this section at least once every twelve months until a permanency planning goal is achieved or the dependency is dismissed, whichever occurs first.

~~(11) Except as provided in RCW 13.34.235, the status of all dependent children shall continue to be reviewed by the court at least once every six months, in accordance with RCW 13.34.138, until the dependency is dismissed. Prior to the second permanency planning hearing, the agency that has custody of the child shall consider whether to file a petition for termination of parental rights.~~

~~(12))~~ (11) Nothing in this chapter may be construed to limit the ability of the agency that has custody of the child to file a petition for termination of parental rights or a guardianship petition at any time following the establishment of dependency. Upon the filing of such a petition, a fact-finding hearing shall be scheduled and held in accordance with this chapter unless the agency requests dismissal of the petition prior to the hearing or unless the parties enter an agreed order terminating parental rights, establishing guardianship, or otherwise resolving the matter.

~~((13))~~ (11) The approval of a permanency plan that does not contemplate return of the child to the parent does not relieve the

supervising agency of its obligation to provide reasonable services, under this chapter, intended to effectuate the return of the child to the parent, including but not limited to, visitation rights. The court shall consider the child's relationships with siblings in accordance with RCW 13.34.130.

~~((14))~~ (12) Nothing in this chapter may be construed to limit the procedural due process rights of any party in a termination or guardianship proceeding filed under this chapter.

Sec. 10. RCW 74.13.031 and 2006 c 266 s 1 and 2006 c 221 s 3 are each reenacted and amended to read as follows:

The department shall have the duty to provide child welfare services and shall:

(1) Develop, administer, supervise, and monitor a coordinated and comprehensive plan that establishes, aids, and strengthens services for the protection and care of runaway, dependent, or neglected children.

(2) Within available resources, recruit an adequate number of prospective adoptive and foster homes, both regular and specialized, i.e. homes for children of ethnic minority, including Indian homes for Indian children, sibling groups, handicapped and emotionally disturbed, teens, pregnant and parenting teens, and annually report to the governor and the legislature concerning the department's success in: (a) Meeting the need for adoptive and foster home placements; (b) reducing the foster parent turnover rate; (c) completing home studies for legally free children; and (d) implementing and operating the passport program required by RCW 74.13.285. The report shall include a section entitled "Foster Home Turn-Over, Causes and Recommendations."

(3) Investigate complaints of any recent act or failure to act on the part of a parent or caretaker that results in death, serious physical or emotional harm, or sexual abuse or exploitation, or that presents an imminent risk of serious harm, and on the basis of the findings of such investigation, offer child welfare services in relation to the problem to such parents, legal custodians, or persons serving in loco parentis, and/or bring the situation to the attention of an appropriate court, or another community agency. PROVIDED, That an investigation is not required of nonaccidental injuries which are clearly not the result of a lack of care or supervision by the child's parents, legal custodians, or persons serving in loco parentis. If the investigation reveals that a crime against a child may have been committed, the department shall notify the appropriate law enforcement agency.

(4) Offer, on a voluntary basis, family reconciliation services to families who are in conflict.

(5) Monitor out-of-home placements, on a timely and routine basis, to assure the safety, well-being, and quality of care being provided is within the scope of the intent of the legislature as defined in RCW 74.13.010 and 74.15.010, and annually submit a report measuring the extent to which the department achieved the specified goals to the governor and the legislature.

(6) Have authority to accept custody of children from parents and to accept custody of children from juvenile courts, where authorized to do so under law, to provide child welfare services including placement for adoption, to provide for the routine and necessary medical, dental, and mental health care, or necessary emergency care of the children, and to provide for the physical care of such children and make payment of maintenance costs if needed. Except where required by Public Law 95-608 (25 U.S.C. Sec. 1915), no private adoption agency which receives children for adoption from the department shall discriminate on the basis of race, creed, or color when considering applications in their placement for adoption.

(7) Have authority to provide temporary shelter to children who have run away from home and who are admitted to crisis residential centers.

(8) Have authority to purchase care for children; and shall follow in general the policy of using properly approved private agency services for the actual care and supervision of such children insofar as they are available, paying for care of such children as are accepted by the department as eligible for support at reasonable rates established by the department.

(9) Establish a children's services advisory committee which shall assist the secretary in the development of a partnership plan for utilizing resources of the public and private sectors, and advise on all matters pertaining to child welfare, licensing of child care agencies, adoption, and services related thereto. At least one member shall represent the adoption community.

(10)(a) Have authority to provide continued foster care or group care as needed to participate in or complete a high school or vocational school program.

(b)(i) Beginning in 2006, the department has the authority to allow up to fifty youth reaching age eighteen to continue in foster care or group care as needed to participate in or complete a posthigh school academic or vocational program, and to receive necessary support and transition services.

(ii) In 2007 and 2008, the department has the authority to allow up to fifty additional youth per year reaching age eighteen to remain in foster care or group care as provided in (b)(i) of this subsection.

(iii) A youth who remains eligible for such placement and services pursuant to department rules may continue in foster care or group care until the youth reaches his or her twenty-first birthday. Eligibility requirements shall include active enrollment in a posthigh school academic or vocational program and maintenance of a 2.0 grade point average.

(11) Refer cases to the division of child support whenever state or federal funds are expended for the care and maintenance of a child, including a child with a developmental disability who is placed as a result of an action under chapter 13.34 RCW, unless the department finds that there is good cause not to pursue collection of child support against the parent or parents of the child. Cases involving individuals age eighteen through twenty shall not be referred to the division of child support unless required by federal law.

(12) Have authority within funds appropriated for foster care services to purchase care for Indian children who are in the custody of a federally recognized Indian tribe or tribally licensed child-placing agency pursuant to parental consent, tribal court order, or state juvenile court order; and the purchase of such care shall be subject to the same eligibility standards and rates of support applicable to other children for whom the department purchases care.

Notwithstanding any other provision of RCW 13.32A.170 through 13.32A.200 and 74.13.032 through 74.13.036, or of this section all services to be provided by the department of social and health services under subsections (4), (6), and (7) of this section, subject to the limitations of these subsections, may be provided by any program offering such services funded pursuant to Titles II and III of the federal juvenile justice and delinquency prevention act of 1974.

(13) Within amounts appropriated for this specific purpose, provide preventive services to families with children that prevent or shorten the duration of an out-of-home placement.

(14) Have authority to provide independent living services to youths, including individuals who have attained eighteen years of age, and have not attained twenty-one years of age who are or have been in foster care.

(15) Consult at least quarterly with foster parents, including members of the foster parent association of Washington state, for the purpose of receiving information and comment regarding how the department is performing the duties and meeting the obligations specified in this section and RCW 74.13.250 and 74.13.320 regarding the recruitment of foster homes, reducing foster parent turnover rates, providing effective training for foster parents, and administering a coordinated and comprehensive plan that strengthens services for the protection of children. Consultation shall occur at the regional and statewide levels.

NEW SECTION. Sec. 11. (1) The secretary of the department of social and health services shall work in conjunction with the University of Washington to study the need for and the feasibility of creating tiered classifications for foster parent licensing, including a professional foster parent classification. The secretary of the department of social and health services and the dean of the school of social work, or his or her designee, at the University of Washington jointly shall facilitate a work group composed of: (a) The president of the senate shall appoint two members from each of the two largest caucuses of the senate; and the speaker of the house of representatives shall appoint two members from each of the two largest caucuses of the house of representatives; (b) four foster parents, including two representatives from the foster parent association of Washington state; (c) the director of the institute for children and families at the University of Washington; (d) a representative of the Washington federation of state employees; and (e) four or more child welfare professionals with subject matter expertise from the public, private, or academic communities.

(2) To promote the exchange of ideas and collaboration, the secretary and the director also shall convene at least two focused stakeholder meetings seeking input from a broad range of foster parents, social workers, and community members. To facilitate the exchange of ideas, the department of social and health services shall provide to the work group the contact information for licensed foster parents for the sole purpose of communicating with foster parents regarding issues relevant to foster parents. The work group shall keep the contact information confidential and shall develop guidelines for the use and maintenance of this contact information among work group members.

(3) The secretary of the department of social and health services and the dean of the school of social work, or his or her designee, at the University of Washington shall report the recommendations of the work group to the appropriate committees of the legislature by January 1, 2008.

NEW SECTION. Sec. 12. Section 11 of this act expires January 1, 2008.

NEW SECTION. Sec. 13. 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 1 of the title, after "welfare;" strike the remainder of the title and insert "amending RCW 13.34.200, 13.34.060, 13.34.062, 13.34.065, 13.34.130, 13.34.136, 13.34.138, and 13.34.145; reenacting and amending RCW 74.13.031; adding a new section to chapter 13.34 RCW; creating a new section; and providing an expiration date."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 1624 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Kagi, Haler and Hinkle spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Engrossed Substitute House Bill No. 1624, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1624, as amended by the Senate and the bill passed the House by the following vote: Yeas - 98, Nays - 0, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 98.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1624, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate receded from its amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1705. Under suspension of the rules the bill was returned to second reading for purpose of amendment. The Senate adopted the following amendment and passed the bill as amended by the Senate:

Strike everything after the enacting clause and insert the following:

NEW SECTION. Sec. 1. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

- (1) "Authority" means a health sciences and services authority created pursuant to this chapter.
- (2) "Board" means the governing board of trustees of an authority.
- (3) "Director" means the higher education coordinating board.
- (4) "Health sciences and services" means biosciences that advance new therapies and procedures to combat disease and promote public health.
- (5) "Local government" means a city, town, or county.
- (6) "Sponsoring local government" means a city, town, or county that creates a health sciences and services authority.

NEW SECTION. Sec. 2. PURPOSE. The health sciences and services program is created to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health.

NEW SECTION. Sec. 3. CREATION. A local government must establish by ordinance or resolution an authority. At a minimum, the ordinance must:

- (1) Specify the powers to be exercised by the authority;
- (2) Reserve the local government's right to dissolve the authority after its contractual responsibilities have expired;
- (3) Establish an administrative board, including: (a) The number of board members; (b) the times and terms of appointment for each board position; (c) the amount of compensation, if any, to be paid to board members; (d) the procedures for removing board members and filing vacancies; and (e) the qualifications for the appointment of individuals to the board;
- (4) Establish the authority's boundaries, which must be contiguous tracts of land;
- (5) Ensure that private and public funds provided to the authority will be segregated;
- (6) Establish guidelines under which the authority may invest its funds;
- (7) Provide the requirements for auditing the records of the authority; and
- (8) Require the local government's legal counsel to also provide legal services to the authority.

NEW SECTION. Sec. 4. APPLICATIONS. (1) The higher education coordinating board may approve applications submitted by local governments for an area's designation as a health sciences and services authority under this chapter. The director shall determine the division to review applications submitted by local governments under this chapter. The application for designation shall be in the form and manner and contain such information as the higher education coordinating board may prescribe, provided the application shall:

- (a) Contain sufficient information to enable the director to determine the viability of the proposal;
- (b) Demonstrate that an ordinance or resolution has been passed by the legislative authority of a local government that delineates the boundaries of an area that may be designated an authority;
- (c) Be submitted on behalf of the local government, or, if that office does not exist, by the legislative body of the local government;
- (d) Demonstrate that the public funds directed to programs or facilities in the authority will leverage private sector resources and contributions to activities to be performed;

(e) Provide a plan or plans for the development of the authority as an entity to advance as a cluster for health sciences education, health sciences research, biotechnology development, biotechnology product commercialization, and/or health care services; and

(f) Demonstrate that the state has previously provided funds to health sciences and services programs or facilities in the applicant city, town, or county.

(2) The director shall determine the division to develop criteria to evaluate the application. The criteria shall include:

(a) The presence of infrastructure capable of spurring development of the area as a center of health sciences and services;

(b) The presence of higher education facilities where undergraduate or graduate coursework or research is conducted; and

(c) The presence of facilities in which health services are provided.

(3) There shall be no more than one authority statewide.

(4) An authority may only be created in a county with a population of less than one million persons.

(5) The director may reject or approve an application. When denying an application, the director must specify the application's deficiencies. The decision regarding such designation as it relates to a specific local government is final; however, a rejected application may be resubmitted.

(6) Applications are due by December 31, 2007, and must be processed within sixty days of submission.

(7) The director may, at his or her discretion, amend the boundaries of an authority upon the request of the local government.

(8) The higher education coordinating board may adopt any rules necessary to implement this act within one hundred twenty days of the effective date of this section.

(9) The higher education coordinating board must develop evaluation and performance measures in order to evaluate the effectiveness of the programs in the authorities that are funded with public resources. A report to the legislature shall be due on a biennial basis beginning December 1, 2009. In addition, the higher education coordinating board shall develop evaluation criteria that enables the local governments to measure the effectiveness of the program.

NEW SECTION. Sec. 5. BOARD. (1) An authority shall be overseen by a board with not more than fourteen members. The authority board shall select the chair. Board members must have some experience with the mission of the authority. The board members shall be appointed as follows:

(a) The governor shall appoint three members;

(b) The county legislative authority in which the authority resides shall appoint three members;

(c) The mayor of the city in which the authority is created, or the mayor of the largest city within the authority if created by a county, shall appoint three members; and

(d) Up to five additional members may be appointed by the board.

(2) A simple majority of the board members shall constitute a quorum.

(3) The board shall annually elect a secretary and any other officers it deems necessary.

(4) The local government shall designate an individual with financial experience to serve as treasurer. The individual may be a city or county treasurer, city or county auditor, or a private party. If the treasurer is a private party, the local government shall require a bond in an amount and under such terms and conditions as the local government deems necessary to protect the authority. The treasurer shall have the power to create and maintain funds, issue warrants, and invest funds in its possession.

(5) The board may adopt bylaws or rules for their own governance.

(6) Meetings of the board shall be held in accordance with the open public meetings act, chapter 42.30 RCW, and at the call of the chair or when a majority of the board so requests. Meetings of the board may be held at any location and board members may participate in a meeting of the board by means of a conference telephone or similar communication equipment under RCW 23B.08.200.

NEW SECTION. Sec. 6. POWERS AND DUTIES. (1) The authority has all the general powers necessary to carry out its purposes and duties and to exercise its specific powers, including the authority may:

- (a) Sue and be sued in its own name;
- (b) Make and execute agreements, contracts, and other instruments, with any public or private entity or person, in accordance with this chapter;
- (c) Employ, contract with, or engage independent counsel, financial advisors, auditors, other technical or professional assistants, and such other personnel as are necessary or desirable to implement this chapter;
- (d) Establish such special funds, and control deposits to and disbursements from them, as it finds convenient for the implementation of this chapter;
- (e) Enter into contracts with public and private entities for research to be conducted in this state;
- (f) Delegate any of its powers and duties if consistent with the purposes of this chapter;
- (g) Exercise any other power reasonably required to implement the purposes of this chapter; and
- (h) Hire staff and pay administrative costs; however, such expenses shall be paid from moneys provided by the sponsoring local government and moneys received from gifts, grants, and bequests and the interest earned on the authority's accounts and investments.

(2) In addition to other powers and duties prescribed in this chapter, the authority is empowered to:

- (a) Use the authority's public moneys, leveraging those moneys with amounts received from other public and private sources in accordance with contribution agreements, to promote bioscience-based economic development, and to advance new therapies and procedures to combat disease and promote public health;
- (b) Solicit and receive gifts, grants, and bequests, and enter into contribution agreements with private entities and public entities to receive moneys in consideration of the authority's promise to leverage those moneys with the revenue generated by the tax authorized under section 11 of this act and contributions from other public entities and private entities, in order to use those moneys to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;
- (c) Hold funds received by the authority in trust for their use pursuant to this chapter to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;
- (d) Manage its funds, obligations, and investments as necessary and consistent with its purpose, including the segregation of revenues into separate funds and accounts;
- (e) Make grants to entities pursuant to contract to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. Grant agreements shall specify the deliverables to be provided by the recipient pursuant to the grant. Grants to private entities may only be

provided under a contractual agreement that ensures the state will receive appropriate consideration, such as an assurance of job creation or retention, or the delivery of services that provide for the public health, safety, and welfare. The authority shall solicit requests for funding and evaluate the requests by reference to factors such as: (i) The quality of the proposed research; (ii) its potential to improve health outcomes, with particular attention to the likelihood that it will also lower health care costs, substitute for a more costly diagnostic or treatment modality, or offer a breakthrough treatment for a particular disease or condition; (iii) its potential to leverage additional funding; (iv) its potential to provide health care benefits; (v) its potential to stimulate employment; and (vi) evidence of public and private collaboration;

(f) Create one or more advisory boards composed of scientists, industrialists, and others familiar with health sciences and services; and

(g) Adopt policies and procedures to facilitate the orderly process of grant application, review, and reward.

(3) The records of the authority shall be subject to audit by the office of the state auditor.

NEW SECTION. Sec. 7. GENERAL INDEBTEDNESS--GENERAL OBLIGATION BONDS. (1) A local government that creates a health sciences and services authority may incur general indebtedness, and issue general obligation bonds, to finance the grants and other programs and retire the indebtedness in whole or in part from the funds distributed pursuant to section 11 of this act and subject to the following requirements:

(a) The ordinance adopted by the local government creating the authority and authorizing the use of the excise tax in section 11 of this act indicates an intent to incur this indebtedness and the maximum amount of this indebtedness that is contemplated; and

(b) The local government includes this statement of the intent in all notices.

(2) The general indebtedness incurred under this section may be payable from other tax revenues, the full faith and credit of the sponsoring local government, and nontax income, revenues, fees, and rents from the public improvements, as well as contributions, grants, and nontax money available to the local government for payment of costs of the grants and other programs or associated debt service on the general indebtedness.

NEW SECTION. Sec. 8. LIMITATION ON BONDS ISSUED. The bonds issued by a local government under section 7 of this act shall not constitute an obligation of the state of Washington, either general or special.

NEW SECTION. Sec. 9. LIABILITY. (1) Members of the board, as well as other persons acting on behalf of the authority, while acting within the scope of their employment or agency, shall not be subject to personal liability resulting from their official duties conferred on them under this chapter.

(2) The state, the local government that created the authority, and the authority shall not be liable for any loss, damage, harm, or other consequences resulting directly or indirectly from grants provided by the authority or from programs, services, research, or other activities funded with such grants.

NEW SECTION. Sec. 10. DISSOLUTION. The board may petition the sponsoring local government to be dissolved upon a showing that it has no reason to exist and that any assets it retains must be returned to the state treasurer.

NEW SECTION. Sec. 11. A new section is added to chapter 82.14 RCW to read as follows:

(1) The legislative authority of a local jurisdiction that has created a health sciences and services authority under section 3 of this act may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the local jurisdiction. The rate of the tax shall not exceed 0.020 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax.

(2) The tax imposed under subsection (1) of this section shall be deducted from the amount of tax otherwise required to be collected or paid over to the department under chapter 82.08 or 82.12 RCW. The department of revenue shall perform the collection of the tax on behalf of the authority at no cost to the authority.

(3) The amounts received under this section may only be used in accordance with section 6 of this act or to finance and retire the indebtedness incurred pursuant to section 7 of this act, in whole or in part.

(4) This section expires January 1, 2023.

Sec. 12. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 338 s 5, 2006 c 302 s 12, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 171 s 8 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 15.110, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10)(a) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(b) Financial or proprietary information supplied to the liquor control board including the amount of beer or wine sold by a domestic winery, brewery, microbrewery, or certificate of approval holder under RCW 66.24.206(1) or 66.24.270(2)(a) and including the amount of beer or wine purchased by a retail licensee in connection with a retail licensee's obligation under RCW 66.24.210 or 66.24.290, for receipt of shipments of beer or wine.

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of community, trade, and economic development:

(i) Financial and proprietary information collected from any person and provided to the department of community, trade, and economic development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

(ii) Financial or proprietary information collected from any person and provided to the department of community, trade, and economic development or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085; ~~((and))~~

(17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit(-);

(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 are subject to RCW 42.56.610 and 90.64.190; and

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under sections 1 through 6 of this act, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information.

Sec. 13. RCW 42.56.270 and 2006 c 369 s 2, 2006 c 341 s 6, 2006 c 338 s 5, 2006 c 209 s 7, 2006 c 183 s 37, and 2006 c 171 s 8 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 15.110, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing

license submitted pursuant to RCW 67.16.260(1)(b), liquor license, gambling license, or lottery retail license;

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of community, trade, and economic development:

(i) Financial and proprietary information collected from any person and provided to the department of community, trade, and economic development pursuant to RCW 43.330.050(8) and 43.330.080(4); and

(ii) Financial or proprietary information collected from any person and provided to the department of community, trade, and economic development or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of community, trade, and economic development based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of community, trade, and economic development from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a)(ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70.95N RCW to implement chapter 70.95N RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under chapter 43.350 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information; (15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085; ~~((and))~~

(17)(a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit(-);

(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to RCW 42.56.610 and 90.64.190; and

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under sections 1 through 6 of this act, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information.

NEW SECTION. Sec. 14. CAPTIONS. Captions used in this act are not any part of the law.

NEW SECTION. Sec. 15. SEVERABILITY. 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. 16. CODIFICATION. Sections 1 through 10 of this act constitute a new chapter in Title 35 RCW.

NEW SECTION. Sec. 17. EXPIRATION DATE. Section 12 of this act expires June 30, 2008.

NEW SECTION. Sec. 18. EFFECTIVE DATE. Section 13 of this act takes effect June 30, 2008."

On page 1, line 2 of the title, after "authorities;" strike the remainder of the title and insert "reenacting and amending RCW 42.56.270 and 42.56.270; adding a new section to chapter 82.14 RCW; adding a new chapter to Title 35 RCW; creating a new section; providing an effective date; and providing expiration dates."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House concurred in the Senate amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1705 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representative Barlow spoke in favor the passage of the bill.

Representative Orcutt spoke against the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Engrossed Second Substitute House Bill No. 1705, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1705, as amended by the Senate and the bill passed the House by the following vote: Yeas - 70, Nays - 28, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Appleton, Barlow, Blake, Campbell, Chase, Clibborn, Cody, Conway, Crouse, Curtis, Darneille, Dickerson, Dunshee, Eddy, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Lantz, Linville, Lovick, McCoy, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, O'Brien, Ormsby, Pedersen, Pettigrew, Priest, Quall, Roberts,

Rolfes, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Sommers, Springer, Sullivan, B., Sullivan, P., Takko, Upthegrove, Van De Wege, Wallace, Walsh, Williams, Wood and Mr. Speaker - 70.

Voting nay: Representatives Alexander, Anderson, Armstrong, Bailey, Buri, Chandler, Condotta, DeBolt, Dunn, Eickmeyer, Hailey, Haler, Hankins, Hasegawa, Hinkle, Kretz, Kristiansen, McCune, Newhouse, Orcutt, Pearson, Roach, Rodne, Ross, Skinner, Strów, Sump and Warnick - 28.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1705, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate receded from its amendment to ENGROSSED HOUSE BILL NO. 2388. Under suspension of the rules the bill was returned to second reading for purpose of amendment. The Senate adopted the following amendment and passed the bill as amended by the Senate:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 35.57.010 and 2002 c 363 s 1 are each amended to read as follows:

(1)(a) The legislative authority of any town or city located in a county with a population of less than one million may create a public facilities district.

(b) The legislative authorities of any contiguous group of towns or cities located in a county or counties each with a population of less than one million may enter an agreement under chapter 39.34 RCW for the creation and joint operation of a public facilities district.

(c) The legislative authority of any town or city, or any contiguous group of towns or cities, located in a county with a population of less than one million and the legislative authority of a contiguous county, or the legislative authority of the county or counties in which the towns or cities are located, may enter into an agreement under chapter 39.34 RCW for the creation and joint operation of a public facilities district.

(d) The legislative authority of a city located in a county with a population greater than one million may create a public facilities district, when the city has a total population of less than one hundred fifteen thousand but greater than eighty thousand and commences construction of a regional center prior to July 1, 2008.

(2)(a) A public facilities district shall be coextensive with the boundaries of the city or town or contiguous group of cities or towns that created the district.

(b) A public facilities district created by an agreement between a town or city, or a contiguous group of towns or cities, and a contiguous county or the county in which they are located, shall be coextensive with the boundaries of the towns or cities, and the boundaries of the county or counties as to the unincorporated areas of the county or counties. The boundaries shall not include incorporated towns or cities that are not parties to the agreement for the creation and joint operation of the district.

(3)(a) A public facilities district created by a single city or town shall be governed by a board of directors consisting of five members selected as follows: (i) Two members appointed by the legislative authority of the city or town; and (ii) three members appointed by legislative authority based on recommendations from local organizations. The members appointed under (a)(i) of this subsection, shall not be members of the legislative authority of the city or town. The members appointed under (a)(ii) of this subsection, shall be based on recommendations received from local organizations that may include, but are not limited to the local chamber of commerce, local economic development council, and local labor council. The members shall serve four-year terms. Of the initial members, one must be appointed for a one-year term, one must be appointed for a two-year term, one must be appointed for a three-year term, and the remainder must be appointed for four-year terms.

(b) A public facilities district created by a contiguous group of cities and towns shall be governed by a board of directors consisting of seven members selected as follows: (i) Three members appointed by the legislative authorities of the cities and towns; and (ii) four members appointed by the legislative authority based on recommendations from local organizations. The members appointed under (b)(i) of this subsection shall not be members of the legislative authorities of the cities and towns. The members appointed under (b)(ii) of this subsection, shall be based on recommendations received from local organizations that include, but are not limited to the local chamber of commerce, local economic development council, local labor council, and a neighborhood organization that is directly affected by the location of the regional center in their area. The members of the board of directors shall be appointed in accordance with the terms of the agreement under chapter 39.34 RCW for the joint operation of the district and shall serve four-year terms. Of the initial members, one must be appointed for a one-year term, one must be appointed for a two-year term, one must be appointed for a three-year term, and the remainder must be appointed for four-year terms.

(c) A public facilities district created by a town or city, or a contiguous group of towns or cities, and a contiguous county or the county or counties in which they are located, shall be governed by a board of directors consisting of seven members selected as follows: (i) Three members appointed by the legislative authorities of the cities, towns, and county; and (ii) four members appointed by the legislative authority based on recommendations from local organizations. The members appointed under (c)(i) of this subsection shall not be members of the legislative authorities of the cities, towns, or county. The members appointed under (c)(ii) of this subsection shall be based on recommendations received from local organizations that include, but are not limited to, the local chamber of commerce, the local economic development council, the local labor council, and a neighborhood organization that is directly affected by the location of the regional center in their area. The members of the board of directors shall be appointed in accordance with the terms of the agreement under chapter 39.34 RCW for the joint operation of the district and shall serve four-year terms. Of the initial members, one must be appointed for a one-year term, one must be appointed for a two-year term, one must be appointed for a three-year term, and the remainder must be appointed for four-year terms.

(4) A public facilities district is a municipal corporation, an independent taxing "authority" within the meaning of Article VII, section 1 of the state Constitution, and a "taxing district" within the meaning of Article VII, section 2 of the state Constitution.

(5) A public facilities district shall constitute a body corporate and shall possess all the usual powers of a corporation for public purposes as well as all other powers that may now or hereafter be

specifically conferred by statute, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, and to sue and be sued.

(6) A public facilities district may acquire and transfer real and personal property by lease, sublease, purchase, or sale. No direct or collateral attack on any public facilities district purported to be authorized or created in conformance with this chapter may be commenced more than thirty days after creation by the city and/or county legislative authority.

Sec. 2. RCW 82.14.390 and 2006 c 298 s 1 are each amended to read as follows:

(1) Except as provided in subsection (6) of this section, the governing body of a public facilities district (a) created before July 31, 2002, under chapter 35.57 or 36.100 RCW that commences construction of a new regional center, or improvement or rehabilitation of an existing new regional center, before January 1, 2004~~(-or)~~; (b) created before July 1, 2006, under chapter 35.57 RCW in a county or counties in which there are no other public facilities districts on June 7, 2006, and in which the total population in the public facilities district is greater than ninety thousand that commences construction of a new regional center before February 1, 2007; (c) created under the authority of RCW 35.57.010(1)(d); or (d) created before September 1, 2007, under chapter 35.57 or 36.100 RCW, in a county or counties in which there are no other public facilities districts on the effective date of this act, and in which the total population in the public facilities district is greater than seventy thousand, that commences construction of a new regional center before January 1, 2009, may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the public facilities district. The rate of tax shall not exceed 0.033 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.

(2) The tax imposed under subsection (1) of this section shall be deducted from the amount of tax otherwise required to be collected or paid over to the department of revenue under chapter 82.08 or 82.12 RCW. The department of revenue shall perform the collection of such taxes on behalf of the county at no cost to the public facilities district.

(3) No tax may be collected under this section before August 1, 2000. The tax imposed in this section shall expire when the bonds issued for the construction of the regional center and related parking facilities are retired, but not more than twenty-five years after the tax is first collected.

(4) Moneys collected under this section shall only be used for the purposes set forth in RCW 35.57.020 and must be matched with an amount from other public or private sources equal to thirty-three percent of the amount collected under this section, provided that amounts generated from nonvoter approved taxes authorized under chapter 35.57 RCW or nonvoter approved taxes authorized under chapter 36.100 RCW shall not constitute a public or private source. For the purpose of this section, public or private sources includes, but is not limited to cash or in-kind contributions used in all phases of the development or improvement of the regional center, land that is donated and used for the siting of the regional center, cash or in-kind contributions from public or private foundations, or amounts attributed to private sector partners as part of a public and private partnership agreement negotiated by the public facilities district.

(5) The combined total tax levied under this section shall not be greater than 0.033 percent. If both a public facilities district created under chapter 35.57 RCW and a public facilities district created under chapter 36.100 RCW impose a tax under this section, the tax imposed by a public facilities district created under chapter 35.57 RCW shall be credited against the tax imposed by a public facilities district created under chapter 36.100 RCW.

(6) A public facilities district created under chapter 36.100 RCW is not eligible to impose the tax under this section if the legislative authority of the county where the public facilities district is located has imposed a sales and use tax under RCW 82.14.0485 or 82.14.0494.

NEW SECTION. Sec. 3. A new section is added to chapter 82.14 RCW to read as follows:

(1) In a county with a population under three hundred thousand, the governing body of a public facilities district, which is created before August 1, 2001, under chapter 35.57 RCW or before January 1, 2000, under chapter 36.100 RCW, in which the total population in the public facilities district is greater than ninety thousand and less than one hundred thousand that commences improvement or rehabilitation of an existing regional center, to be used for community events, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances and having two thousand or fewer permanent seats, before January 1, 2009, may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the public facilities district. The rate of tax for a public facilities district created prior to August 1, 2001, under chapter 35.57 RCW, may not exceed 0.025 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. The rate of tax, for a public facilities district created prior to January 1, 2000, under chapter 36.100 RCW, may not exceed 0.020 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax.

(2) The tax imposed under subsection (1) of this section shall be deducted from the amount of tax otherwise required to be collected or paid over to the department under chapter 82.08 or 82.12 RCW. The department shall perform the collection of such taxes on behalf of the county at no cost to the public facilities district.

(3) The tax imposed in this section shall expire when the bonds issued for the construction of the regional center and related parking facilities are retired, but not more than twenty-five years after the tax is first collected.

(4) Moneys collected under this section shall only be used for the purposes set forth in RCW 35.57.020 and must be matched with an amount from other public or private sources equal to thirty-three percent of the amount collected under this section, provided that amounts generated from nonvoter-approved taxes authorized under chapter 35.57 RCW may not constitute a public or private source. For the purpose of this section, public or private sources include, but are not limited to cash or in-kind contributions used in all phases of the development or improvement of the regional center, land that is donated and used for the siting of the regional center, cash or in-kind contributions from public or private foundations, or amounts attributed to private sector partners as part of a public and private partnership agreement negotiated by the public facilities district."

On page 1, line 3 of the title, after "district;" strike the remainder of the title and insert "amending RCW 35.57.010 and 82.14.390; and adding a new section to chapter 82.14 RCW."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House concurred in the Senate amendment to ENGROSSED HOUSE BILL NO. 2388 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Alexander, Takko, P. Sullivan and Hunter spoke in favor the passage of the bill.

Representative Priest spoke against the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Engrossed House Bill No. 2388, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed House Bill No. 2388, as amended by the Senate and the bill passed the House by the following vote: Yeas - 85, Nays - 13, Absent - 0, Excused - 0.

Voting yea: Representatives Alexander, Appleton, Armstrong, Bailey, Barlow, Blake, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McDermott, McIntire, Moeller, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Quall, Roberts, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Simpson, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 85.

Voting nay: Representatives Ahern, Anderson, Buri, Campbell, Darneille, Kelley, McCune, McDonald, Miloscia, Morrell, Priest, Roach and Rodne - 13.

ENGROSSED HOUSE BILL NO. 2388, as amended by the Senate having received the constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 18, 2007

Mr. Speaker:

The Senate refuses to concur in the House amendment to ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5659 and asks the House for a Conference thereon. The President has appointed the following members as Conferees: Senators Brown, Keiser and Holmquist, and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the rules were suspended and ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5659 was returned to second reading for purpose of amendment.

SECOND READING

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5659, By Senate Committee on Ways & Means (originally sponsored by Senators Keiser, Kohl-Welles, Fairley, Franklin, Brown and Kline)

Establishing family and medical leave insurance.

Representative Conway moved the adoption of amendment (884):

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. FINDINGS AND DECLARATIONS. The legislature finds that, although family leave laws have assisted individuals to balance the demands of the workplace with their family responsibilities, more needs to be done to achieve the goals of parent and child bonding, workforce stability, and economic security. In particular, the legislature finds that many individuals do not have access to family leave laws, and those who do may not be in a financial position to take family leave that is unpaid, and that employer-paid benefits meet only a relatively small part of this need. The legislature declares it to be in the public interest to establish a program that: (1) Allows parents to bond with a newborn or newly placed child; (2) provides limited and additional income support for a reasonable period while an individual is away from work on family leave; (3) reduces the impact on state income support programs by increasing an individual's ability to provide caregiving services for a child while maintaining an employment relationship; and (4) establishes a wage replacement benefit to be coordinated with current existing state and federal family leave laws.

NEW SECTION. Sec. 2. JOINT LEGISLATIVE TASKFORCE. (1)(a) The joint legislative task force on family leave insurance is established, with thirteen members as provided in this subsection.

(i) The chair and the ranking member of the senate labor, commerce, research and development committee.

(ii) The chair and the ranking member of the house commerce and labor committee.

(iii) The majority leader of the senate shall appoint one member from each of the two largest caucuses of the senate.

(iv) The speaker of the house of representatives shall appoint one member from each of the two largest caucuses of the house of representatives.

(v) The majority leader of the senate and the speaker of the house of representatives jointly shall appoint four nonlegislative members of the task force, which shall include one member representing large business, one member representing small business, one member representing labor, and one member representing advocates for family leave.

(vi) The governor shall appoint one member of the task force.

(b) The department of labor and industries and the employment security department shall cooperate with the task force and shall each maintain a liaison representative, who shall be a nonvoting member.

(c) The majority leader of the senate and the speaker of the house of representatives jointly shall appoint the cochair of the task force from among the legislative members of the task force. The cochair shall convene the initial meeting of the task force. A steering committee consisting of the legislative members of the task force shall advise the cochair on the meetings and other activities of the task force.

(2) The task force shall study the establishment of a family leave insurance program including, but not limited to, the following:

(a) The manner in which the benefits and the administrative costs should be financed;

(b) The manner in which the program should be implemented and administered;

(c) Any government efficiencies that should be adopted to improve program administration and reduce program costs; and

(d) The impacts, if any, of the family leave insurance program on the unemployment compensation system, and options for mitigating such impacts.

(3) Staff support for the task force must be provided by the senate committee services and the house of representatives office of program research. The task force may hire additional staff with specific technical expertise if such expertise is necessary to carry out the mandates of this study, and only if an appropriation is specifically provided for this purpose.

(4) Legislative members of the task force must be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(5) The expenses of the task force must be paid jointly by the senate and the house of representatives. Task force expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(6) The task force shall report its findings and recommendations, which shall include recommendations as to the specific manner in which the benefits and the administrative costs should be financed as well as proposed legislation, to the legislature by January 1, 2008.

(7) This section expires July 1, 2009.

NEW SECTION. Sec. 3. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Application year" means the twelve-month period beginning on the first day of the calendar week in which an individual files an application for family leave insurance benefits and, thereafter, the twelve-month period beginning with the first day of the calendar week in which the individual next files an application for family leave insurance benefits after the expiration of the individual's last preceding application year.

(2) "Calendar quarter" means the same as in RCW 50.04.050.

(3) "Child" means a biological or an adopted child.

(4) "Department" means the state agency to be directed to administer the family leave insurance program.

(5) "Director" means the director of the department.

(6) "Employer" means: (a) The same as in RCW 50.04.080; and (b) the state and its political subdivisions.

(7) "Employment" has the meaning provided in RCW 50.04.100.

(8) "Family leave" means leave: (a) Because of the birth of a child of the employee and in order to care for the child; or (b) because of the placement of a child with the employee for adoption.

(9) "Family leave insurance benefits" means the benefits payable under sections 7 and 8 of this act.

(10) "Federal family and medical leave act" means the federal family and medical leave act of 1993 (Act Feb. 5, 1993, P.L. 103-3, 107 Stat. 6).

(11) "Qualifying year" means the first four of the last five completed calendar quarters or the last four completed calendar quarters immediately preceding the first day of the individual's application year.

(12) "Regularly working" means the average number of hours per workweek that an individual worked in the two quarters of the individual's qualifying year in which total wages were highest.

NEW SECTION. Sec. 4. FAMILY LEAVE INSURANCE PROGRAM. (1) The department shall establish and administer a family leave insurance program and pay family leave insurance benefits as specified in this chapter.

(2) The department shall establish procedures and forms for filing claims for benefits under this chapter. The department shall notify the employer within five business days of a claim being filed under section 5 of this act.

(3) The department shall use information sharing and integration technology to facilitate the disclosure of relevant information or records by the employment security department, so long as an individual consents to the disclosure as required under section 5(4) of this act.

(4) Information contained in the files and records pertaining to an individual under this chapter are confidential and not open to public inspection, other than to public employees in the performance of their official duties. However, the individual or an authorized representative of an individual may review the records or receive specific information from the records on the presentation of the signed authorization of the individual. An employer or the employer's duly authorized representative may review the records of an individual employed by the employer in connection with a pending claim. At the department's discretion, other persons may review records when such persons are rendering assistance to the department at any stage of the proceedings on any matter pertaining to the administration of this chapter.

(5) The department shall develop and implement an outreach program to ensure that individuals who may be eligible to receive family leave insurance benefits under this chapter are made aware of these benefits. Outreach information shall explain, in an easy to understand format, eligibility requirements, the claims process, weekly benefit amounts, maximum benefits payable, notice requirements, reinstatement and nondiscrimination rights, confidentiality, and coordination of leave under this chapter and other laws, collective bargaining agreements, and employer policies. Outreach information shall be available in English and other primary languages as defined in RCW 74.04.025.

NEW SECTION. Sec. 5. ELIGIBILITY FOR BENEFITS. Beginning October 1, 2009, family leave insurance benefits are

payable to an individual during a period in which the individual is unable to perform his or her regular or customary work because he or she is on family leave if the individual:

(1) Files a claim for benefits in each week in which the individual is on family leave, and as required by rules adopted by the director;

(2) Has been employed for at least six hundred eighty hours in employment during the individual's qualifying year;

(3) Establishes an application year. An application year may not be established if the qualifying year includes hours worked before establishment of a previous application year;

(4) Consents to the disclosure of information or records deemed private and confidential under chapter 50.13 RCW. Initial disclosure of this information and these records by the employment security department to the department is solely for purposes related to the administration of this chapter. Further disclosure of this information or these records is subject to section 4(3) of this act;

(5) Discloses whether or not he or she owes child support obligations as defined in RCW 50.40.050; and

(6) Documents that he or she has provided the employer from whom family leave is to be taken with written notice of the individual's intention to take family leave in the same manner as an employee is required to provide notice in RCW 49.78.250.

NEW SECTION. Sec. 6. DISQUALIFICATION FROM BENEFITS. An individual is disqualified from family leave insurance benefits beginning with the first day of the calendar week, and continuing for the next fifty-two consecutive weeks, in which the individual willfully made a false statement or misrepresentation regarding a material fact, or willfully failed to report a material fact, to obtain benefits under this chapter.

NEW SECTION. Sec. 7. DURATION OF BENEFITS. (1) The maximum number of weeks during which family leave insurance benefits are payable in an application year is five weeks. However, benefits are not payable during a waiting period consisting of the first seven calendar days of family leave taken in an application year, whether the first seven calendar days of family leave are employer paid or unpaid.

(2)(a) The first payment of benefits must be made to an individual within two weeks after the claim is filed or the family leave began, whichever is later, and subsequent payments must be made semimonthly thereafter.

(b) The payment of benefits under this chapter shall not be considered a binding determination of the obligations of the department under this chapter. The acceptance of compensation by the individual shall likewise not be considered a binding determination of his or her rights under this chapter. Whenever any payment of benefits under this chapter has been made and timely appeal therefrom has been made where the final decision is that the payment was improper, the individual shall repay it and recoupment may be made from any future payment due to the individual on any claim under this chapter. The director may exercise his or her discretion to waive, in whole or in part, the amount of any such payments where the recovery would be against equity and good conscience.

(c) If an individual dies before he or she receives a payment of benefits, the payment shall be made by the department and distributed consistent with the terms of the decedent's will or, if the decedent dies intestate, consistent with the terms of RCW 11.04.015.

NEW SECTION. Sec. 8. AMOUNT OF BENEFITS. The amount of family leave insurance benefits shall be determined as follows:

(1) The weekly benefit shall be two hundred fifty dollars per week for an individual who at the time of beginning family leave was regularly working thirty-five hours or more per week.

(2) If an individual who at the time of beginning family leave was regularly working thirty-five hours or more per week is on family leave for less than thirty-five hours but at least eight hours in a week, the individual's weekly benefit shall be .025 times the maximum weekly benefit times the number of hours of family leave taken in the week. Benefits are not payable for less than eight hours of family leave taken in a week.

(3) For an individual who at the time of beginning family leave was regularly working less than thirty-five hours per week, the department shall calculate a prorated schedule for a weekly benefit amount and a minimum number of hours of family leave that must be taken in a week for benefits to be payable, with the prorated schedule based on the amounts and the calculations specified under subsections (1) and (2) of this section.

(4) If an individual discloses that he or she owes child support obligations under section 5 of this act and the department determines that the individual is eligible for benefits, the department shall notify the applicable state or local child support enforcement agency and deduct and withhold an amount from benefits in a manner consistent with RCW 50.40.050.

(5) If the internal revenue service determines that family leave insurance benefits under this chapter are subject to federal income tax and an individual elects to have federal income tax deducted and withheld from benefits, the department shall deduct and withhold the amount specified in the federal internal revenue code in a manner consistent with section 9 of this act.

NEW SECTION. Sec. 9. FEDERAL INCOME TAX. (1) If the internal revenue service determines that family leave insurance benefits under this chapter are subject to federal income tax, the department must advise an individual filing a new claim for family leave insurance benefits, at the time of filing such claim, that:

(a) The internal revenue service has determined that benefits are subject to federal income tax;

(b) Requirements exist pertaining to estimated tax payments;

(c) The individual may elect to have federal income tax deducted and withheld from the individual's payment of benefits at the amount specified in the federal internal revenue code; and

(d) The individual is permitted to change a previously elected withholding status.

(2) Amounts deducted and withheld from benefits must remain in the family leave insurance account until transferred to the federal taxing authority as a payment of income tax.

(3) The director shall follow all procedures specified by the federal internal revenue service pertaining to the deducting and withholding of income tax.

NEW SECTION. Sec. 10. ADJUSTMENT TO BENEFITS. If family leave insurance benefits are paid erroneously or as a result of willful misrepresentation, or if a claim for family leave benefits is rejected after benefits are paid, RCW 51.32.240 shall apply, except that appeals are governed by section 14 of this act, penalties are paid into the family leave insurance account, and the department shall seek repayment of benefits from the recipient.

NEW SECTION. Sec. 11. LEAVE AND EMPLOYMENT PROTECTION. (1) During a period in which an individual receives family leave insurance benefits or earns waiting period credits under this chapter, the individual is entitled to family leave and, at the established ending date of leave, to be restored to a position of employment with the employer from whom leave was taken.

(2) The individual entitled to leave under this section shall be restored to a position of employment in the same manner as an employee entitled to leave under chapter 49.78 RCW is restored to a position of employment, as specified in RCW 49.78.280.

(3) This section applies only to an individual if:

(a) The employer from whom the individual takes family leave employs more than twenty-five employees; and

(b) The individual has been employed for at least twelve months by that employer, and for at least one thousand two hundred fifty hours of service with that employer during the previous twelve-month period.

(4) This section shall be enforced as provided in chapter 49.78 RCW.

NEW SECTION. Sec. 12. EMPLOYMENT BY SAME EMPLOYER. If spouses or people involved in a legal relationship established under chapter 26.-- RCW (sections 1, 2, and 4 through 8, chapter . . . (Substitute Senate Bill No. 5336), Laws of 2007) who are entitled to leave under this chapter are employed by the same employer, the employer may require that spouses or people involved in such a relationship governed by Title 26 RCW not take such leave concurrently.

NEW SECTION. Sec. 13. ELECTIVE COVERAGE. (1) An employer of individuals not covered by this chapter or a self-employed person, including a sole proprietor, partner, or joint venturer, may elect coverage under this chapter for all individuals in its employ for an initial period of not less than three years or a subsequent period of not less than one year immediately following another period of coverage. The employer or self-employed person must file a notice of election in writing with the director, as required by the department. The election becomes effective on the date of filing the notice.

(2) An employer or self-employed person who has elected coverage may withdraw from coverage within thirty days after the end of the three-year period of coverage, or at such other times as the director may prescribe by rule, by filing written notice with the director, such withdrawal to take effect not sooner than thirty days after filing the notice. Within five days of filing written notice of the withdrawal with the director, an employer must provide written notice of the withdrawal to all individuals in the employer's employ.

NEW SECTION. Sec. 14. APPEALS. (1) A person aggrieved by a decision of the department under this chapter must file a notice of appeal with the director, by mail or personally, within thirty days after the date on which a copy of the department's decision was communicated to the person. Upon receipt of the notice of appeal, the director shall request the assignment of an administrative law judge in accordance with chapter 34.05 RCW to conduct a hearing and issue a proposed decision and order. The hearing shall be conducted in accordance with chapter 34.05 RCW.

(2) The administrative law judge's proposed decision and order shall be final and not subject to further appeal unless, within thirty days after the decision is communicated to the interested parties, a party petitions for review by the director. If the director's review is timely requested, the director may order additional evidence by the

administrative law judge. On the basis of the evidence before the administrative law judge and such additional evidence as the director may order to be taken, the director shall render a decision affirming, modifying, or setting aside the administrative law judge's decision. The director's decision becomes final and not subject to further appeal unless, within thirty days after the decision is communicated to the interested parties, a party files a petition for judicial review as provided in chapter 34.05 RCW. The director is a party to any judicial action involving the director's decision and shall be represented in the action by the attorney general.

(3) If, upon administrative or judicial review, the final decision of the department is reversed or modified, the administrative law judge or the court in its discretion may award reasonable attorneys' fees and costs to the prevailing party. Attorneys' fees and costs owed by the department, if any, are payable from the family leave insurance account.

NEW SECTION. Sec. 15. PROHIBITED ACTS. An employer, temporary help company, employment agency, employee organization, or other person may not discharge, expel, or otherwise discriminate against a person because he or she has filed or communicated to the employer an intent to file a claim, a complaint, or an appeal, or has testified or is about to testify or has assisted in any proceeding, under this chapter, at any time, including during the waiting period described in section 7 of this act and the period in which the person receives family leave insurance benefits under this chapter. This section shall be enforced as provided in RCW 51.48.025.

NEW SECTION. Sec. 16. COORDINATION OF LEAVE. (1)(a) Leave taken under this act must be taken concurrently with any leave taken under the federal family and medical leave act of 1993 (Act Feb. 5, 1993, P.L. 103-3, 107 Stat. 6) or under chapter 49.78 RCW.

(b) An employer may require that leave taken under this act be taken concurrently or otherwise coordinated with leave allowed under the terms of a collective bargaining agreement or employer policy, as applicable, for the birth or placement of a child. The employer must give individuals in its employ written notice of this requirement.

(2)(a) This act does not diminish an employer's obligation to comply with a collective bargaining agreement or employer policy, as applicable, that provides greater leave for the birth or placement of a child.

(b) An individual's right to leave under this act may not be diminished by a collective bargaining agreement entered into or renewed or an employer policy adopted or retained after the effective date of this section. Any agreement by an individual to waive his or her rights under this act is void as against public policy.

NEW SECTION. Sec. 17. NO CONTINUING ENTITLEMENT OR CONTRACTUAL RIGHT. This chapter does not create a continuing entitlement or contractual right. The legislature reserves the right to amend or repeal all or part of this chapter at any time, and a benefit or other right granted under this chapter exists subject to the legislature's power to amend or repeal this chapter. There is no vested private right of any kind against such amendment or repeal.

NEW SECTION. Sec. 18. RULES. The director may adopt rules as necessary to implement this chapter. In adopting rules, the director shall maintain consistency with the rules adopted to implement the federal family and medical leave act, and chapter 49.78 RCW, to the extent such rules are not in conflict with this chapter.

NEW SECTION. Sec. 19. ACCOUNT. The family leave insurance account is created in the custody of the state treasurer. Expenditures from the account may be used only for the purposes of the family leave insurance program. Only the director of the department of labor and industries or the director's designee may authorize expenditures from the account. The account is subject to the allotment procedures under chapter 43.88 RCW. An appropriation is required for administrative expenses, but not for benefit payments.

NEW SECTION. Sec. 20. INVESTMENT OF FAMILY LEAVE INSURANCE ACCOUNT. Whenever, in the judgment of the state investment board, there shall be in the family leave insurance account funds in excess of that amount deemed by the state investment board to be sufficient to meet the current expenditures properly payable therefrom, the state investment board shall have full power to invest, reinvest, manage, contract, or sell or exchange investments acquired with such excess funds in the manner prescribed by RCW 43.84.150, and not otherwise.

Sec. 21. RCW 43.79A.040 and 2006 c 311 s 21 and 2006 c 120 s 2 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury.

(2) All income received from investment of the treasurer's trust fund shall be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer shall distribute the earnings credited to the investment income account to the state general fund except under (b) and (c) of this subsection.

(b) The following accounts and funds shall receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The Washington promise scholarship account, the college savings program account, the Washington advanced college tuition payment program account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the students with dependents grant account, the basic health plan self-insurance reserve account, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the Washington international exchange scholarship endowment fund, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the grain inspection revolving fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance

revolving fund, the sulfur dioxide abatement account, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account (earnings from the Washington horse racing commission operating account must be credited to the Washington horse racing commission class C purse fund account), the life sciences discovery fund, and the reading achievement account. However, the earnings to be distributed shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(c) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right of way revolving fund, the advanced environmental mitigation revolving account, the city and county advance right-of-way revolving fund, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

(5) In conformance with Article II, section 37 of the state Constitution, no trust accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

NEW SECTION. Sec. 22. LOANS. If necessary to ensure that money is available in the family leave insurance account for the initial administration of the family leave insurance program, the director of labor and industries may, from time to time before July 1, 2009, lend funds from the supplemental pension fund to the family leave insurance account. These loaned funds may be expended solely for the initial administration of the program under this chapter. The director of labor and industries shall repay the supplemental pension fund, plus its proportionate share of earnings from investment of moneys in the supplemental pension fund during the loan period, from the family leave insurance account within two years of the date of the loan. This section expires October 1, 2011.

Sec. 23. RCW 51.44.033 and 1975 1st ex.s. c 224 s 16 are each amended to read as follows:

There shall be, in the office of the state treasurer, a fund to be known and designated as the "supplemental pension fund". The director shall be the administrator thereof. ~~((Said))~~ The fund shall be used for the sole purposes of making the additional payments therefrom prescribed in this title and the loans therefrom authorized in section 22 of this act.

NEW SECTION. Sec. 24. AUTHORITY TO CONTRACT. (1) The department of labor and industries may contract or enter into interagency agreements with other state agencies for the initial administration of the family leave insurance program.

(2) This section expires October 1, 2011.

NEW SECTION. Sec. 25. APPROPRIATION. The sum of eighteen million dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 2009, from the family leave insurance account to the department of labor and industries for the initial administration of the family leave insurance program.

NEW SECTION. Sec. 26. REPORTS TO THE LEGISLATURE. Beginning September 1, 2010, the department shall report to the legislature by September 1st of each year on projected and actual

program participation, premium rates, fund balances, and outreach efforts.

NEW SECTION. Sec. 27. SEVERABILITY. 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. 28. CAPTIONS. Captions used in this act are not any part of the law.

NEW SECTION. Sec. 29. CODIFICATION. Sections 1, 3 through 20, and 26 through 28 of this act constitute a new chapter in Title 49 RCW.

NEW SECTION. Sec. 30. EFFECTIVE DATES. (1) Sections 3 through 18 and 26 of this act take effect July 1, 2008.

(2) Sections 2 and 19 through 25 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately."

Correct the title.

Representative Walsh moved the adoption of amendment (888) to amendment (884):

On page 3, line 32 of the amendment, after "subdivisions." insert the following:

""Employer" does not mean an employer who employs less than fifty employees for each working day during each of twenty or more calendar work weeks in the current or preceding calendar year."

On page 5, line 6 of the amendment, after "requirements," strike "reinstatement and"

On page 8, beginning on line 16 of the amendment, strike all of section 11

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

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

Representative Dickerson spoke against the adoption of the amendment.

An electronic roll call was requested.

The Speaker (Representative Lovick presiding) stated the question before the House to be adoption of amendment (888) to amendment (884) to Engrossed Second Substitute Senate Bill No. 5659.

ROLL CALL

The Clerk called the roll on the adoption of amendment (888) to amendment (884) to Engrossed Second Substitute Senate Bill No. 5659, and the amendment was not adopted by the following vote: Yeas - 44, Nays - 54, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Armstrong, Bailey, Blake, Buri, Campbell, Chandler, Condotta, Crouse, Curtis, DeBolt, Dunn, Ericksen, Grant, Hailey, Haler, Hankins, Hinkle, Jarrett, Kelley, Kretz, Kristiansen, McCune, McDonald, Newhouse, O'Brien, Orcutt, Pearson, Priest, Roach, Rodne, Rolfes, Ross, Schindler, Schual-Berke, Skinner, Strow, Sump, Takko, Wallace, Walsh and Warnick - 44.

Voting nay: Representatives Appleton, Barlow, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Dunshee, Eddy, Eickmeyer, Ericks, Flannigan, Fromhold, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Kagi, Kenney, Kessler, Kirby, Lantz, Linville, Lovick, McCoy, McDermott, McIntire, Miloscia, Moeller, Morrell, Morris, Ormsby, Pedersen, Pettigrew, Quall, Roberts, Santos, Seaquist, Sells, Simpson, Sommers, Springer, Sullivan, B., Sullivan, P., Upthegrove, Van De Wege, Williams, Wood and Mr. Speaker - 54.

STATEMENT FOR THE JOURNAL

I intended to vote NAY on amendment (888) to amendment (884) to ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5659.

DEAN TAKKO, 19th District

STATEMENT FOR THE JOURNAL

I intended to vote NAY on amendment (888) to amendment (884) to ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5659.

SHAY SCHUAL-BERKE, 33rd District

Representative Warnick moved the adoption of amendment (889) to amendment (884):

On page 13, beginning on line 30 of the amendment, strike all of Sections 22 and 23

Renumber the sections consecutively, correct any internal references accordingly, and correct the title.

On page 14, beginning on line 18 of the amendment, strike all of Section 25

Renumber the sections consecutively, correct any internal references accordingly, and correct the title.

Representatives Warnick and Condotta spoke in favor of the adoption of the amendment to amendment (884).

Representative Conway spoke against the adoption of the amendment to amendment (884).

An electronic roll call was requested.

The Speaker (Representative Lovick presiding) stated the question before the House to be adoption of amendment (889) to amendment (884) to Engrossed Second Substitute Senate Bill No. 5659.

ROLL CALL

The Clerk called the roll on the adoption of amendment (889) to amendment (884) to Engrossed Second Substitute Senate Bill No. 5659, and the amendment was not adopted by the following vote: Yeas - 43, Nays - 55, Absent - 0, Excused - 0.

Voting yea: Representatives Ahern, Alexander, Anderson, Armstrong, Bailey, Buri, Chandler, Condotta, Crouse, Curtis, DeBolt, Dunn, Ericksen, Grant, Hailey, Haler, Hankins, Hinkle, Jarrett, Kelley, Kretz, Kristiansen, Linville, McCune, McDonald, Morrell, Morris, Newhouse, O'Brien, Orcutt, Pearson, Priest, Quall, Roach, Rodne, Ross, Schindler, Skinner, Strow, Sump, Wallace, Walsh and Warnick - 43.

Voting nay: Representatives Appleton, Barlow, Blake, Campbell, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Dunshee, Eddy, Eickmeyer, Ericks, Flannigan, Fromhold, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Kagi, Kenney, Kessler, Kirby, Lantz, Lovick, McCoy, McDermott, McIntire, Miloscia, Moeller, Ormsby, Pedersen, Pettigrew, Roberts, Rolfes, Santos, Schual-Berke, Seaquist, Sells, Simpson, Sommers, Springer, Sullivan, B., Sullivan, P., Takko, Upthegrove, Van De Wege, Williams, Wood and Mr. Speaker - 55.

The question before the House was adoption of amendment (884). The amendment 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.

Representatives Conway, Dickerson, Kessler, Kagi and Ormsby spoke in favor of passage of the bill.

Representatives Curtis, Ahern, Armstrong, Walsh, Warnick, Newhouse, Dunn, Condotta, Hinkle and Chandler spoke against the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be the final passage of Engrossed Second Substitute Senate Bill No. 5659, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5659, as amended by the House and the bill passed the House by the following vote: Yeas - 57, Nays - 41, Absent - 0, Excused - 0.

Voting yea: Representatives Appleton, Armstrong, Barlow, Campbell, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Dunshee, Eickmeyer, Ericks, Flannigan, Goodman, Green, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Kagi, Kelley, Kenney, Kessler, Kirby, Lantz, Lovick, McCoy, McDermott, McIntire, Miloscia, Moeller, Morrell, Morris, O'Brien, Ormsby, Pedersen, Pettigrew, Quall, Roberts, Rolfes, Santos, Schual-Berke, Seaquist, Sells, Simpson, Sommers, Springer, Sullivan, B., Sullivan, P., Upthegrove, Van De Wege, Williams, Wood and Mr. Speaker - 57.

Voting nay: Representatives Ahern, Alexander, Anderson, Bailey, Blake, Buri, Chandler, Condotta, Crouse, Curtis, DeBolt, Dunn, Eddy, Ericksen, Fromhold, Grant, Hailey, Haler, Hankins, Hinkle, Jarrett, Kretz, Kristiansen, Linville, McCune, McDonald, Newhouse, Orcutt, Pearson, Priest, Roach, Rodne, Ross, Schindler, Skinner, Strow, Sump, Takko, Wallace, Walsh and Warnick - 41.

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5659, as amended by the House, having received the necessary constitutional majority, was declared passed.

STATEMENT FOR THE JOURNAL

I intended to vote NAY on ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5659.

MIKE ARMSTRONG, 12th District

SECOND READING

SUBSTITUTE SENATE BILL NO. 5882, By Senate Committee on Ways & Means (originally sponsored by Senators Fraser, Honeyford, Regala, Swecker, Rockefeller, Parlette, Kohl-Welles, Rasmussen and Kastama; by request of Secretary of State)

Funding the Washington state heritage center.

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.

Representatives Fromhold, Hankins, Alexander, Conway and Hinkle spoke in favor of passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be the final passage of Substitute Senate Bill No. 5882.

ROLL CALL

The Clerk called the roll on the final passage of Substitute Senate Bill No. 5882 and the bill passed the House by the following vote: Yeas - 82, Nays - 15, Absent - 0, Excused - 1.

Voting yea: Representatives Alexander, Anderson, Appleton, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Chase, Clibborn, Cody, Condotta, Conway, Curtis, Darneille, DeBolt, Dickerson, Dunshee, Eddy, Eickmeyer, Ericks, Flannigan, Fromhold, Goodman, Grant, Haigh, Hailey, Haler, Hankins, Hasegawa, Hinkle, Hudgins, Hunt, Jarrett, Kagi, Kenney, Kessler, Kirby, Lantz, Linville, Lovick, McCoy, McCune, McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pedersen, Pettigrew, Priest, Quall, Roberts, Rodne, Rolfes, Ross, Santos, Schual-Berke, Seaquist, Sells, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Takko, Upthegrove, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 82.

Voting nay: Representatives Ahern, Crouse, Dunn, Ericksen, Green, Hunter, Hurst, Kelley, Kretz, Kristiansen, Pearson, Roach, Schindler, Sump and Van De Wege - 15.

Excused: Representative Simpson - 1.

SUBSTITUTE SENATE BILL NO. 5882, having received the necessary constitutional majority, was declared passed.

HOUSE BILL NO. 2284, By Representatives Green, Ericksen, Sells, Strow, Seaquist, Hinkle, Wallace, Priest, Hasegawa, Fromhold, P. Sullivan, Conway, Miloscia, Linville, Kenney, O'Brien, Simpson and Hunt

Addressing the training of and collective bargaining over the training of care providers.

The bill was read the second time.

There being no objection, Second Substitute House Bill No. 2284 was substituted for House Bill No. 2284 and the second substitute bill was placed on the second reading calendar.

SECONDSUBSTITUTE HOUSE BILL NO. 2284 was read the second time.

Representative Green moved the adoption of amendment (885):

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** 2005 c 276 s 1 (uncodified) is amended to read as follows:

(1) The governor shall establish a joint legislative and executive task force on long-term care financing and chronic care management. The joint task force consists of eight members, as follows: The secretary of the department of social and health services; the secretary of the department of health; the administrator of the health care authority; a representative from the governor's office; two members of the senate appointed by the president of the senate, one of whom

shall be a member of the majority caucus and one of whom shall be a member of the minority caucus; and two members of the house of representatives appointed by the speaker of the house of representatives, one of whom shall be a member of the majority caucus and one of whom shall be a member of the minority caucus.

(2) The joint task force shall elect a member of the joint task force to serve as chair of the joint task force.

(3) Consistent with funds appropriated specifically for this purpose, the joint task force shall contract for professional services. State agencies, the senate, and the house of representatives may provide staff support upon request of the joint task force.

(4) The joint task force shall create advisory committees to assist the joint task force in its work. The task force shall actively consult with and solicit recommendations from the advisory committee or committees regarding issues under consideration by the task force.

(5) Joint task force members may be reimbursed for travel expenses as authorized under RCW 43.03.050 and 43.03.060, and chapter 44.04 RCW as appropriate. Advisory committee members, if appointed, may not receive compensation or reimbursement for travel or expenses.

(6) The joint task force shall review public and private mechanisms for financing long-term care and make recommendations related to:

(a) The composition of a long-term care system that is adequate to meet the needs of persons of all ages with functional limitations, including appropriate services to be offered in the continuum of care ranging from services to support persons residing at home through residential care. This shall be accomplished by first determining capacity in each level of care in the long-term care continuum and assessing the impact, by geographic region, of increasing or decreasing capacity in each level of care;

(b) Efficient payment models that will effectively sustain public funding of long-term care and maximize the use of financial resources to directly meet the needs of persons of all ages with functional limitations;

(c) State laws and regulations that should be revised and/or eliminated in order to reduce or contain long-term care costs to individuals and the state;

(d) The feasibility of private options for realistically enabling individuals to pay for long-term care and the most effective tools for implementing these options. The assessment of options should include but not be limited to: (i) Adequacy of personal savings and pensions; (ii) availability of family care, including incentives and supports for families to provide care or pay for care; (iii) creative community-based strategies or partnerships for funding quality long-term care; (iv) enhanced health insurance options; (v) long-term care insurance options, including incentives to purchase long-term care insurance through individual or group-based products; (vi) life insurance annuities; and (vii) reverse mortgage and other products that draw on home equity; and

(e) Options that will support long-term care needs of rural communities.

(7) The joint task force shall recommend chronic care management and disability prevention interventions that will reduce health care and long-term care costs to individuals and the state, improve the health of individuals over their life span, and encourage patient self-management of chronic care needs.

(8) (a) The joint task force shall establish a home and community long-term care workforce development workgroup.

(b) The workgroup shall consist of:

(i) The chair of the joint task force;

(ii) The executive director of the home care quality authority;

(iii) The assistant secretary of the department of social and health services for aging and disability services;

(iv) A representative of the department of labor and industries with personal knowledge of and expertise in apprenticeship programs, to be designated by the director of the department;

(v) A representative of the office of financial management with personal knowledge of and expertise in the fields of long-term care or workforce development, to be designated by the director of the office;

(vi) A representative of a labor or employee organization representing at least twenty thousand home and community-based long-term care workers, to be designated by the principal officer of the labor or employee organization, the governor, and the cochair of the workgroup;

(vii) A representative of a not-for-profit provider of home and community-based long-term care services providing at least one million hours of long-term care services annually, to be designated by the governor and the cochair of the workgroup;

(viii) A representative of a for-profit provider of home and community-based long-term care services providing at least five hundred thousand hours of long-term care services annually, to be designated by the governor and the cochair of the workgroup;

(ix) A representative of adult family home providers;

(x) A representative of boarding homes;

(xi) A representative of an organization representing the interests of home and community-based long-term care consumers, to be designated by the governor and the cochair of the workgroup;

(xii) A person with expertise in long-term care or workforce development issues to be named jointly by the speaker of the house of representatives and the majority leader of the senate;

(xiii) A person representing a public policy organization specializing in long-term care workforce issues, to be designated by the governor and the cochair of the workgroup;

(xiv) A representative from the Washington long-term care ombudsman office; and

(xv) A representative from the Washington developmental disabilities council.

(c) The workgroup shall be cochaired by the chair of the joint task force and the executive director of the home care quality authority.

(d) The workgroup shall evaluate current training requirements for long-term care workers with respect to the quality of care provided to vulnerable people across all home and community-based long-term care settings. The workgroup shall make recommendations relating to the appropriate number of basic training hours, the content of basic training curricula, and the development of criteria associated with certification of new long-term care workers. In doing so, the workgroup shall examine cited deficiencies of care in various long-term care settings, and shall evaluate training needs based on medical versus social models. Any training standards recommended by the workgroup shall: (i) Be applied uniformly to all basic training required of all long-term care workers; (ii) take into consideration the training standards for workers providing similar care in nursing homes; (iii) be evidence-based and informed by existing research; (iv) be based on the care needs of clients; (v) be developed with input from worker representatives; (vi) be structured in a manner to articulate with certification and apprenticeship programs; and (vii) be informed by broader workforce development and long-term care delivery needs.

(9) The joint task force shall incorporate a process designed to facilitate an open dialog with the public on findings and recommendations.

~~((9))~~ (10) With respect to subsections (6) and (7) of this section, the joint task force shall: (a) Report its initial findings to the governor and appropriate committees of the legislature by January 1, 2006; (b) report its recommendations to the governor and appropriate committees of the legislature by January 1, 2007; and (c) submit a final report to the governor and appropriate committees of the legislature by ~~((June))~~ December 30, 2007.

(11) With respect to subsection (8) of this section, the workgroup shall report its findings and recommendations to the joint task force, the governor, and appropriate legislative committees by December 1, 2007. The joint task force shall include the workgroup's findings and recommendations in the joint task force's final report required under subsection (10) of this section.

Sec. 2. RCW 74.39A.009 and 2004 c 142 s 14 are each amended to read as follows:

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

(1) "Adult family home" means a home licensed under chapter 70.128 RCW.

(2) "Adult residential care" means services provided by a boarding home that is licensed under chapter 18.20 RCW and that has a contract with the department under RCW 74.39A.020 to provide personal care services.

(3) "Assisted living services" means services provided by a boarding home that has a contract with the department under RCW 74.39A.010 to provide personal care services, intermittent nursing services, and medication administration services, and the resident is housed in a private apartment-like unit.

(4) "Boarding home" means a facility licensed under chapter 18.20 RCW.

(5) "Cost-effective care" means care provided in a setting of an individual's choice that is necessary to promote the most appropriate level of physical, mental, and psychosocial well-being consistent with client choice, in an environment that is appropriate to the care and safety needs of the individual, and such care cannot be provided at a lower cost in any other setting. But this in no way precludes an individual from choosing a different residential setting to achieve his or her desired quality of life.

(6) "Department" means the department of social and health services.

(7) "Enhanced adult residential care" means services provided by a boarding home that is licensed under chapter 18.20 RCW and that has a contract with the department under RCW 74.39A.010 to provide personal care services, intermittent nursing services, and medication administration services.

(8) "Functionally disabled person" or "person who is functionally disabled" is synonymous with chronic functionally disabled and means a person who because of a recognized chronic physical or mental condition or disease, including chemical dependency, is impaired to the extent of being dependent upon others for direct care, support, supervision, or monitoring to perform activities of daily living. "Activities of daily living", in this context, means self-care abilities related to personal care such as bathing, eating, using the toilet, dressing, and transfer. Instrumental activities of daily living may also be used to assess a person's functional abilities as they are related to the mental capacity to perform activities in the home and the community such as cooking, shopping, house cleaning, doing laundry, working, and managing personal finances.

(9) "Home and community services" means adult family homes, in-home services, and other services administered or provided by contract by the department directly or through contract with area

agencies on aging or similar services provided by facilities and agencies licensed by the department.

(10) "Long-term care" is synonymous with chronic care and means care and supports delivered indefinitely, intermittently, or over a sustained time to persons of any age disabled by chronic mental or physical illness, disease, chemical dependency, or a medical condition that is permanent, not reversible or curable, or is long-lasting and severely limits their mental or physical capacity for self-care. The use of this definition is not intended to expand the scope of services, care, or assistance by any individuals, groups, residential care settings, or professions unless otherwise expressed by law.

(11)(a) "Long-term care workers" includes all persons who are long-term care workers for the elderly or persons with disabilities, including but not limited to individual providers of home care services, direct care employees of home care agencies, providers of home care services to persons with developmental disabilities under Title 71 RCW, all direct care workers in state-licensed boarding homes, assisted living facilities, and adult family homes, respite care providers, community residential service providers, and any other direct care worker providing home or community-based services to the elderly or persons with functional disabilities or developmental disabilities.

(b) "Long-term care workers" do not include persons employed in nursing homes subject to chapter 18.51 RCW, hospitals or other acute care settings, hospice agencies subject to chapter 70.127 RCW, adult day care centers, and adult day health care centers.

(12) "Nursing home" means a facility licensed under chapter 18.51 RCW.

~~((12))~~ (13) "Secretary" means the secretary of social and health services.

~~((13))~~ (14) "Training partnership" means a joint partnership or trust established and maintained jointly by the office of the governor and the exclusive bargaining representative of individual providers under RCW 74.39A.270 to provide training, peer mentoring, and examinations required under this chapter, and educational, career development, or other services to individual providers.

(15) "Tribally licensed boarding home" means a boarding home licensed by a federally recognized Indian tribe which home provides services similar to boarding homes licensed under chapter 18.20 RCW.

NEW SECTION. Sec. 3. A new section is added to chapter 74.39A RCW to read as follows:

PEER MENTORING. Long-term care workers shall be offered on-the-job training or peer mentorship for at least one hour per week in the first ninety days of work from a long-term care worker who has completed at least twelve hours of mentor training and is mentoring no more than ten other workers at any given time. This requirement applies to long-term care workers who begin work on or after January 1, 2010.

NEW SECTION. Sec. 4. A new section is added to chapter 74.39A RCW to read as follows:

CONTINUING EDUCATION. Long-term care workers shall complete twelve hours of continuing education training in advanced training topics each year. This requirement applies beginning on January 1, 2010.

NEW SECTION. Sec. 5. A new section is added to chapter 74.39A RCW to read as follows:

ADVANCED TRAINING. The department shall offer, directly or through contract, training opportunities sufficient for a long-term care

worker to accumulate sixty-five hours of training within a reasonable time period. For individual providers represented by an exclusive bargaining representative under RCW 74.39A.270, the training opportunities shall be offered through a contract with the training partnership established under section 6 of this act. Training topics shall include, but are not limited to: Client rights; personal care; mental illness; dementia; developmental disabilities; depression; medication assistance; advanced communication skills; positive client behavior support; developing or improving client-centered activities; dealing with wandering or aggressive client behaviors; medical conditions; nurse delegation core training; peer mentor training; and advocacy for quality care training. The department may not require long-term care workers to obtain the training described in this section. This requirement to offer advanced training applies beginning January 1, 2010.

NEW SECTION. Sec. 6. A new section is added to chapter 74.39A RCW to read as follows:

TRAINING PARTNERSHIP. Beginning January 1, 2010, for individual providers represented by an exclusive bargaining representative under RCW 74.39A.270, all training and peer mentoring required under this chapter shall be provided by a training partnership. Contributions to the partnership pursuant to a collective bargaining agreement negotiated under this chapter shall be made beginning July 1, 2009. The training partnership shall provide reports as required by the department verifying that all individual providers have complied with all training requirements. The exclusive bargaining representative shall designate the training partnership.

Sec. 7. RCW 74.39A.270 and 2006 c 106 s 1 are each amended to read as follows:

COLLECTIVE BARGAINING--CIRCUMSTANCES IN WHICH INDIVIDUAL PROVIDERS ARE CONSIDERED PUBLIC EMPLOYEES--EXCEPTIONS. (1) Solely for the purposes of collective bargaining and as expressly limited under subsections (2) and (3) of this section, the governor is the public employer, as defined in chapter 41.56 RCW, of individual providers, who, solely for the purposes of collective bargaining, are public employees as defined in chapter 41.56 RCW. To accommodate the role of the state as payor for the community-based services provided under this chapter and to ensure coordination with state employee collective bargaining under chapter 41.80 RCW and the coordination necessary to implement RCW 74.39A.300, the public employer shall be represented for bargaining purposes by the governor or the governor's designee appointed under chapter 41.80 RCW. The governor or governor's designee shall periodically consult with the authority during the collective bargaining process to allow the authority to communicate issues relating to the long-term in-home care services received by consumers. The governor or the governor's designee shall consult the authority on all issues for which the exclusive bargaining representative requests to engage in collective bargaining under subsections (6) and (7) of this section. The authority shall work with the developmental disabilities council, the governor's committee on disability issues and employment, the state council on aging, and other consumer advocacy organizations to obtain informed input from consumers on their interests, including impacts on consumer choice, for all issues proposed for collective bargaining under subsections (6) and (7) of this section.

(2) Chapter 41.56 RCW governs the collective bargaining relationship between the governor and individual providers, except as otherwise expressly provided in this chapter and except as follows:

(a) The only unit appropriate for the purpose of collective bargaining under RCW 41.56.060 is a statewide unit of all individual providers;

(b) The showing of interest required to request an election under RCW 41.56.060 is ten percent of the unit, and any intervener seeking to appear on the ballot must make the same showing of interest;

(c) The mediation and interest arbitration provisions of RCW 41.56.430 through 41.56.470 and 41.56.480 apply, except that:

(i) With respect to commencement of negotiations between the governor and the bargaining representative of individual providers, negotiations shall be commenced by May 1st of any year prior to the year in which an existing collective bargaining agreement expires;

(ii) With respect to factors to be taken into consideration by an interest arbitration panel, the panel shall consider the financial ability of the state to pay for the compensation and fringe benefit provisions of a collective bargaining agreement; and

(iii) The decision of the arbitration panel is not binding on the legislature and, if the legislature does not approve the request for funds necessary to implement the compensation and fringe benefit provisions of the arbitrated collective bargaining agreement, is not binding on the authority or the state;

(d) Individual providers do not have the right to strike; and

(e) Individual providers who are related to, or family members of, consumers or prospective consumers are not, for that reason, exempt from this chapter or chapter 41.56 RCW.

(3) Individual providers who are public employees solely for the purposes of collective bargaining under subsection (1) of this section are not, for that reason, employees of the state, its political subdivisions, or an area agency on aging for any purpose. Chapter 41.56 RCW applies only to the governance of the collective bargaining relationship between the employer and individual providers as provided in subsections (1) and (2) of this section.

(4) Consumers and prospective consumers retain the right to select, hire, supervise the work of, and terminate any individual provider providing services to them. Consumers may elect to receive long-term in-home care services from individual providers who are not referred to them by the authority.

(5) In implementing and administering this chapter, neither the authority nor any of its contractors may reduce or increase the hours of service for any consumer below or above the amount determined to be necessary under any assessment prepared by the department or an area agency on aging.

(6) Except as expressly limited in this section and RCW 74.39A.300, the wages, hours, and working conditions of individual providers are determined solely through collective bargaining as provided in this chapter. No agency or department of the state may establish policies or rules governing the wages or hours of individual providers. However, this subsection does not modify:

(a) The department's authority to establish a plan of care for each consumer or its core responsibility to manage long-term in-home care services under this chapter, including determination of the level of care that each consumer is eligible to receive. However, at the request of the exclusive bargaining representative, the governor or the governor's designee appointed under chapter 41.80 RCW shall engage in collective bargaining, as defined in RCW 41.56.030(4), with the exclusive bargaining representative over how the department's core responsibility affects hours of work for individual providers. This subsection shall not be interpreted to require collective bargaining over an individual consumer's plan of care;

(b) The department's authority to terminate its contracts with individual providers who are not adequately meeting the needs of a

particular consumer, or to deny a contract under RCW 74.39A.095(8);

(c) The consumer's right to assign hours to one or more individual providers selected by the consumer within the maximum hours determined by his or her plan of care;

(d) The consumer's right to select, hire, terminate, supervise the work of, and determine the conditions of employment for each individual provider providing services to the consumer under this chapter;

(e) The department's obligation to comply with the federal medicaid statute and regulations and the terms of any community-based waiver granted by the federal department of health and human services and to ensure federal financial participation in the provision of the services; and

(f) The legislature's right to make programmatic modifications to the delivery of state services under this title, including standards of eligibility of consumers and individual providers participating in the programs under this title, and the nature of services provided. The governor shall not enter into, extend, or renew any agreement under this chapter that does not expressly reserve the legislative rights described in this subsection (6)(f).

(7) At the request of the exclusive bargaining representative, the governor or the governor's designee appointed under chapter 41.80 RCW shall engage in collective bargaining, as defined in RCW 41.56.030(4), with the exclusive bargaining representative over employer contributions to the training partnership for the costs of: (a) Meeting all training and peer mentoring required under this chapter; and (b) other training intended to promote the career development of individual providers.

(8)(a) The state, the department, the authority, the area agencies on aging, or their contractors under this chapter may not be held vicariously or jointly liable for the action or inaction of any individual provider or prospective individual provider, whether or not that individual provider or prospective individual provider was included on the authority's referral registry or referred to a consumer or prospective consumer. The existence of a collective bargaining agreement, the placement of an individual provider on the referral registry, or the development or approval of a plan of care for a consumer who chooses to use the services of an individual provider and the provision of case management services to that consumer, by the department or an area agency on aging, does not constitute a special relationship with the consumer.

(b) The members of the board are immune from any liability resulting from implementation of this chapter.

~~((8))~~ (9) Nothing in this section affects the state's responsibility with respect to unemployment insurance for individual providers. However, individual providers are not to be considered, as a result of the state assuming this responsibility, employees of the state.

Sec. 8. RCW 74.39A.310 and 2006 c 9 s 1 are each amended to read as follows:

CONTRACT FOR INDIVIDUAL HOME CARE SERVICE PROVIDERS--COST OF INCREASE IN WAGES AND BENEFITS FUNDED--FORMULA. (1) The department shall create a formula that converts the cost of the increase in wages and benefits negotiated and funded in the contract for individual providers of home care services pursuant to RCW 74.39A.270 and 74.39A.300, into a per-hour amount, excluding those benefits defined in subsection (2) of this section. That per-hour amount shall be added to the statewide home care agency vendor rate and shall be used exclusively for improving the wages and benefits of home care agency workers who provide direct care. The formula shall account for:

(a) All types of wages, benefits, and compensation negotiated and funded each biennium, including but not limited to:

(i) Regular wages;

(ii) Benefit pay, such as vacation, sick, and holiday pay;

(iii) Taxes on wages/benefit pay; ~~((and))~~

(iv) Mileage; and

(v) Contributions to a training partnership; and

(b) The increase in the average cost of worker's compensation for home care agencies and application of the increases identified in (a) of this subsection to all hours required to be paid, including travel time, of direct service workers under the wage and hour laws and associated employer taxes.

(2) The contribution rate for health care benefits, including but not limited to medical, dental, and vision benefits, for eligible agency home care workers shall be paid by the department to home care agencies at the same rate as negotiated and funded in the collective bargaining agreement for individual providers of home care services.

Sec. 9. RCW 18.88A.085 and 1994 sp.s. c 9 s 712 are each amended to read as follows:

NURSING ASSISTANTS--CERTIFICATION REQUIREMENTS.

(1) After January 1, 1990, the secretary shall issue a certificate to any applicant who demonstrates to the secretary's satisfaction that the following requirements have been met:

(a) Completion of an approved training program or successful completion of alternate training meeting established criteria approved by the commission; and

(b) Successful completion of a competency evaluation.

(2) The secretary may permit all or a portion of the training hours earned under chapter 74.39A RCW to be applied toward certification under this section.

(3) In addition, applicants shall be subject to the grounds for denial of certification under chapter 18.130 RCW.

NEW SECTION. Sec. 10. REPEALER. RCW 74.39A.190 (Community long-term care training and education steering committee) and 2002 c 233 s 4 & 2000 c 121 s 8 are each repealed.

NEW SECTION. Sec. 11. LIBERAL CONSTRUCTION. The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

NEW SECTION. Sec. 12. SEVERABILITY. 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. 13. EMERGENCY CLAUSE. Section 1 of 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 immediately.

NEW SECTION. Sec. 14. EFFECTIVE DATE. Sections 7 and 8 of this act take effect July 1, 2008.

NEW SECTION. Sec. 15. CAPTIONS. Captions used in this act are not any part of the law.

NEW SECTION. Sec. 16. SHORT TITLE. This act may be known and cited as the establishing quality in long-term care services act."

Correct the title.

With the consent of the House, amendment (887) to amendment (885) was withdrawn.

Representative Cody moved the adoption of amendment (886) to amendment (885):

On page 3, line 25 of the amendment, after "providers" insert "to be designated by the governor and the cochairs of the workgroup"

On page 3, line 26 of the amendment, after "homes" insert "to be designated by the governor and the cochairs of the workgroup"

On page 4, line 14, after "models." strike "Any training standards recommended by the workgroup shall: (i) Be applied uniformly to all basic training required of all long-term care workers;" and insert "Any basic training standards recommended by the workgroup shall: (i) Be applied uniformly to all long-term care workers;"

On page 14, line 2 of the striking amendment, after "effect" strike "July" and insert "March"

Representative Cody spoke in favor of the adoption of the amendment to amendment (885).

The amendment to amendment (885) was adopted.

Amendment (885) as amended was adopted.

The bill was ordered engrossed.

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

Representatives Green and Priest spoke in favor of passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 2284.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 2284 and the bill passed the House by the following vote: Yeas - 93, Nays - 4, Absent - 0, Excused - 1.

Voting yea: Representatives Ahern, Alexander, Anderson, Appleton, Armstrong, Barlow, Blake, Buri, Campbell, Chase, Clibborn, Cody, Condotta, Conway, Crouse, Curtis, Darneille, DeBolt, Dickerson, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Flannigan, Fromhold, Goodman, Grant, Green, Haigh, Hailey, Haler, Hankins, Hasegawa, Hudgins, Hunt, Hunter, Hurst, Jarrett, Kagi, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune,

McDermott, McDonald, McIntire, Miloscia, Moeller, Morrell, Morris, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Pedersen, Pettigrew, Priest, Quall, Roach, Roberts, Rodne, Rolfes, Ross, Santos, Schindler, Schual-Berke, Seaquist, Sells, Skinner, Sommers, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Upthegrove, Van De Wege, Wallace, Walsh, Warnick, Williams, Wood and Mr. Speaker - 93.

Voting nay: Representatives Bailey, Chandler, Dunn and Hinkle - 4.

Excused: Representative Simpson - 1.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2284, having received the necessary constitutional majority, was declared passed.

ENGROSSED SUBSTITUTE SENATE JOINT RESOLUTION NO. 8206, By Senate Committee on Ways & Means (originally sponsored by Senators Brown, Zarelli, Eide, Hewitt, Haugen, Franklin, Kilmer, Kauffman, Marr, Rasmussen, Berkey, Sheldon, Keiser, Tom, McAuliffe, Parlette and Rockefeller; by request of Governor Gregoire)

Creating the budget stabilization account in the state Constitution.

The joint resolution was read the second time.

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

Representatives Hunter, Alexander, Anderson, Hinkle, Orcutt, Wallace, McIntire, Curtis, Eickmeyer, Ericksen and Morrell spoke in favor of passage of the joint resolution.

Representatives Kagi, Moeller, Sommers and Hasegawa spoke against the passage of the joint resolution.

The Speaker (Representative Lovick presiding) stated the question before the House to be the final passage of Engrossed Substitute Senate Joint Resolution No. 8206.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute Senate Joint Resolution No. 8206 and the joint resolution passed the House by the following vote: Yeas - 74, Nays - 23, Absent - 0, Excused - 1.

Voting yea: Representatives Ahern, Alexander, Anderson, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Clibborn, Condotta, Conway, Crouse, Curtis, DeBolt, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Fromhold, Goodman, Grant, Hailey, Haler, Hankins, Hinkle, Hunter, Hurst, Jarrett, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune,

McDonald, McIntire, Miloscia, Morrell, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Priest, Roach, Rodne, Rolfes, Ross, Santos, Schindler, Seaquist, Sells, Skinner, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Van De Wege, Wallace, Walsh, Warnick, Wood and Mr. Speaker - 74.

Voting nay: Representatives Appleton, Chase, Cody, Darneille, Dickerson, Flannigan, Green, Haigh, Hasegawa, Hudgins, Hunt, Kagi, McDermott, Moeller, Morris, Pedersen, Pettigrew, Quall, Roberts, Schual-Berke, Sommers, Upthegrove and Williams - 23.

Excused: Representative Simpson - 1.

ENGROSSED SUBSTITUTE SENATE JOINT RESOLUTION NO. 8206, having received the necessary constitutional majority, was declared passed.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5311, By Senate Committee on Ways & Means (originally sponsored by Senators Brown, Zarelli, Prentice, Marr, Tom, McAuliffe and Kilmer; by request of Governor Gregoire)

Creating the budget stabilization account.

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.

Representatives Hunter and Alexander spoke in favor of passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be the final passage of Engrossed Substitute Senate Bill No. 5311.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute Senate Bill No. 5311 and the bill passed the House by the following vote: Yeas - 75, Nays - 22, Absent - 0, Excused - 1.

Voting yea: Representatives Ahern, Alexander, Anderson, Armstrong, Bailey, Barlow, Blake, Buri, Campbell, Chandler, Clibborn, Condotta, Conway, Crouse, Curtis, DeBolt, Dickerson, Dunn, Dunshee, Eddy, Eickmeyer, Ericks, Ericksen, Fromhold, Goodman, Grant, Hailey, Haler, Hankins, Hinkle, Hunter, Hurst, Jarrett, Kelley, Kenney, Kessler, Kirby, Kretz, Kristiansen, Lantz, Linville, Lovick, McCoy, McCune, McDonald, McIntire, Miloscia, Morrell, Newhouse, O'Brien, Orcutt, Ormsby, Pearson, Priest, Roach, Rodne, Rolfes, Ross, Santos, Schindler, Seaquist, Sells, Skinner, Springer, Strow, Sullivan, B., Sullivan, P., Sump, Takko, Van De Wege, Wallace, Walsh, Warnick, Wood and Mr. Speaker - 75.

Voting nay: Representatives Appleton, Chase, Cody, Darneille, Flannigan, Green, Haigh, Hasegawa, Hudgins, Hunt, Kagi, McDermott, Moeller, Morris, Pedersen, Pettigrew, Quall, Roberts, Schual-Berke, Sommers, Upthegrove and Williams - 22.

Excused: Representative Simpson - 1.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5311, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 20, 2007

Mr. Speaker:

The Senate receded from its amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1359. Under suspension of the rules the bill was returned to second reading for purpose of amendment. The Senate adopted the following amendment and passed the bill as amended by the Senate:

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 36.22.178 and 2005 c 484 s 18 are each amended to read as follows:

The surcharge provided for in this section shall be named the affordable housing for all surcharge.

(1) Except as provided in subsection ~~((2))~~ (3) of this section, a surcharge of ten dollars per instrument shall be charged by the county auditor for each document recorded, which will be in addition to any other charge authorized by law. The county may retain up to five percent of these funds collected solely for the collection, administration, and local distribution of these funds. Of the remaining funds, forty percent of the revenue generated through this surcharge will be transmitted monthly to the state treasurer who will deposit the funds into the ~~((Washington housing trust account))~~ affordable housing for all account created in section 2 of this act. ~~((The office of community development of the department of community, trade, and economic development will develop guidelines for the use of these funds to support))~~ The department of community, trade, and economic development must use these funds to provide housing and shelter for extremely low-income households, including but not limited to grants for building operation and maintenance costs of housing projects or units within housing projects that are affordable to extremely low-income ((persons)) households with incomes at or below thirty percent of the area median income, and that require a supplement to rent income to cover ongoing operating expenses.

(2) All of the remaining funds generated by this surcharge will be retained by the county and be deposited into a fund that must be used by the county and its cities and towns for eligible housing ~~((projects or units within housing projects that are affordable to))~~ activities as described in this subsection that serve very low-income ((persons)) households with incomes at or below fifty percent of the area median income. The portion of the surcharge retained by a county shall be allocated to eligible housing activities that serve extremely low and very low-income ((housing projects or units within such housing projects)) households in the county and the cities within a county according to an interlocal agreement between the county and the cities within the county consistent with countywide and local housing

needs and policies. ~~((The funds generated with this surcharge shall not be used for construction of new housing if at any time the vacancy rate for available low-income housing within the county rises above ten percent. The vacancy rate for each county shall be developed using the state low-income vacancy rate standard developed under subsection (3) of this section. Uses of)) A priority must be given to eligible housing activities that serve extremely low-income households with incomes at or below thirty percent of the area median income. Eligible housing activities to be funded by these ~~(local)~~ county funds are limited to:~~

(a) Acquisition, construction, or rehabilitation of housing projects or units within housing projects that are affordable to very low-income ~~((persons))~~ households with incomes at or below fifty percent of the area median income, including units for homeownership, rental units, seasonal and permanent farm worker housing units, and single room occupancy units;

(b) Supporting building operation and maintenance costs of housing projects or units within housing projects eligible to receive housing trust funds, that are affordable to very low-income ~~((persons))~~ households with incomes at or below fifty percent of the area median income, and that require a supplement to rent income to cover ongoing operating expenses;

(c) Rental assistance vouchers for housing ~~((projects or))~~ units ~~((within housing projects))~~ that are affordable to very low-income ~~((persons))~~ households with incomes at or below fifty percent of the area median income, to be administered by a local public housing authority or other local organization that has an existing rental assistance voucher program, consistent with or similar to the United States department of housing and urban development's section 8 rental assistance voucher program standards; and

(d) Operating costs for emergency shelters and licensed overnight youth shelters.

~~((2))~~ (3) The surcharge imposed in this section does not apply to assignments or substitutions of previously recorded deeds of trust.

~~((3))~~ The real estate research center at Washington State University shall develop a vacancy rate standard for low-income housing in the state as described in RCW 18.85.540(1)(i)).

NEW SECTION. **Sec. 2.** A new section is added to chapter 43.185C RCW to read as follows:

The affordable housing for all account is created in the state treasury, subject to appropriation. The state's portion of the surcharges established in RCW 36.22.178 shall be deposited in the account. Expenditures from the account may only be used for affordable housing programs.

Sec. 3. RCW 43.185C.010 and 2006 c 349 s 6 are each amended to read as follows:

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

(1) "Department" means the department of community, trade, and economic development.

(2) "Director" means the director of the department of community, trade, and economic development.

(3) "Homeless person" means an individual living outside or in a building not meant for human habitation or which they have no legal right to occupy, in an emergency shelter, or in a temporary housing program which may include a transitional and supportive housing program if habitation time limits exist. This definition includes substance abusers, ~~((mentally ill))~~ people with mental illness, and sex offenders who are homeless.

(4) "Washington homeless census" means an annual statewide census conducted as a collaborative effort by towns, cities, counties, community-based organizations, and state agencies, with the technical support and coordination of the department, to count and collect data on all homeless individuals in Washington.

(5) ~~((Homeless housing))~~ Home security fund account" means the state treasury account receiving the state's portion of income from revenue from the sources established by RCW 36.22.179, section 5 of this act, and all other sources directed to the homeless housing and assistance program.

(6) "Homeless housing grant program" means the vehicle by which competitive grants are awarded by the department, utilizing moneys from the homeless housing account, to local governments for programs directly related to housing homeless individuals and families, addressing the root causes of homelessness, preventing homelessness, collecting data on homeless individuals, and other efforts directly related to housing homeless persons.

(7) "Local government" means a county government in the state of Washington or a city government, if the legislative authority of the city affirmatively elects to accept the responsibility for housing homeless persons within its borders.

(8) "Housing continuum" means the progression of individuals along a housing-focused continuum with homelessness at one end and homeownership at the other.

(9) "Local homeless housing task force" means a voluntary local committee created to advise a local government on the creation of a local homeless housing plan and participate in a local homeless housing program. It must include a representative of the county, a representative of the largest city located within the county, at least one homeless or formerly homeless person, such other members as may be required to maintain eligibility for federal funding related to housing programs and services and if feasible, a representative of a private nonprofit organization with experience in low-income housing.

(10) "Long-term private or public housing" means subsidized and unsubsidized rental or owner-occupied housing in which there is no established time limit for habitation of less than two years.

(11) "Interagency council on homelessness" means a committee appointed by the governor and consisting of, at least, policy level representatives of the following entities: (a) The department of community, trade, and economic development; (b) the department of corrections; (c) the department of social and health services; (d) the department of veterans affairs; and (e) the department of health.

(12) "Performance measurement" means the process of comparing specific measures of success against ultimate and interim goals.

(13) "Community action agency" means a nonprofit private or public organization established under the economic opportunity act of 1964.

(14) "Housing authority" means any of the public corporations created by chapter 35.82 RCW.

(15) "Homeless housing program" means the program authorized under this chapter as administered by the department at the state level and by the local government or its designated subcontractor at the local level.

(16) "Homeless housing plan" means the ten-year plan developed by the county or other local government to address housing for homeless persons.

(17) "Homeless housing strategic plan" means the ten-year plan developed by the department, in consultation with the interagency council on homelessness and the affordable housing advisory board.

(18) "Washington homeless client management information system" means a data base of information about homeless individuals

in the state used to coordinate resources to assist homeless clients to obtain and retain housing and reach greater levels of self-sufficiency or economic independence when appropriate, depending upon their individual situations.

Sec. 4. RCW 36.22.179 and 2005 c 484 s 9 are each amended to read as follows:

(1) In addition to the surcharge authorized in RCW 36.22.178, and except as provided in subsection (2) of this section, an additional surcharge of ten dollars shall be charged by the county auditor for each document recorded, which will be in addition to any other charge allowed by law. The funds collected pursuant to this section are to be distributed and used as follows:

(a) The auditor shall retain two percent for collection of the fee, and of the remainder shall remit sixty percent to the county to be deposited into a fund that must be used by the county and its cities and towns to accomplish the purposes of this chapter (~~484, Laws of 2005~~), six percent of which may be used by the county for administrative costs related to its homeless housing plan, and the remainder for programs which directly accomplish the goals of the county's local homeless housing plan, except that for each city in the county which elects as authorized in RCW 43.185C.080 to operate its own local homeless housing program, a percentage of the surcharge assessed under this section equal to the percentage of the city's local portion of the real estate excise tax collected by the county shall be transmitted at least quarterly to the city treasurer, without any deduction for county administrative costs, for use by the city for program costs which directly contribute to the goals of the city's local homeless housing plan; of the funds received by the city, it may use six percent for administrative costs for its homeless housing program.

(b) The auditor shall remit the remaining funds to the state treasurer for deposit in the ~~((homeless housing))~~ home security fund account. The department may use twelve and one-half percent of this amount for administration of the program established in RCW 43.185C.020, including the costs of creating the statewide homeless housing strategic plan, measuring performance, providing technical assistance to local governments, and managing the homeless housing grant program. The remaining eighty-seven and one-half percent is to be ~~((distributed by the department to local governments through the homeless housing grant program))~~ used by the department to:

(i) Provide housing and shelter for homeless people including, but not limited to: Grants to operate, repair, and staff shelters; grants to operate transitional housing; partial payments for rental assistance; consolidated emergency assistance; overnight youth shelters; and emergency shelter assistance; and

(ii) Fund the homeless housing grant program.

(2) The surcharge imposed in this section does not apply to assignments or substitutions of previously recorded deeds of trust.

NEW SECTION. Sec. 5. A new section is added to chapter 43.185C RCW to read as follows:

(1) In addition to the surcharges authorized in RCW 36.22.178 and 36.22.179, and except as provided in subsection (2) of this section, the county auditor shall charge an additional surcharge of eight dollars for each document recorded, which is in addition to any other charge allowed by law. The funds collected under this section are to be distributed and used as follows:

(a) The auditor shall remit ninety percent to the county to be deposited into a fund six percent of which may be used by the county for administrative costs related to its homeless housing plan, and the remainder for programs that directly accomplish the goals of the county's local homeless housing plan, except that for each city in the

county that elects, as authorized in RCW 43.185C.080, to operate its own homeless housing program, a percentage of the surcharge assessed under this section equal to the percentage of the city's local portion of the real estate excise tax collected by the county must be transmitted at least quarterly to the city treasurer for use by the city for program costs that directly contribute to the goals of the city's homeless housing plan.

(b) The auditor shall remit the remaining funds to the state treasurer for deposit in the home security fund account. The department may use the funds for administering the program established in RCW 43.185C.020, including the costs of creating and updating the statewide homeless housing strategic plan, measuring performance, providing technical assistance to local governments, and managing the homeless housing grant program. Remaining funds may also be used to:

(i) Provide housing and shelter for homeless people including, but not limited to: Grants to operate, repair, and staff shelters; grants to operate transitional housing; partial payments for rental assistance; consolidated emergency assistance; overnight youth shelters; and emergency shelter assistance; and

(ii) Fund the homeless housing grant program.

(2) The surcharge imposed in this section does not apply to assignments or substitutions of previously recorded deeds of trust.

Sec. 6. RCW 43.185C.060 and 2005 c 484 s 10 are each amended to read as follows:

The ~~((homeless housing))~~ home security fund account is created in the ~~((custody of the))~~ state ~~((treasurer))~~ treasury, subject to appropriation. The state's portion of the surcharge established in RCW 36.22.179 and section 5 of this act must be deposited in the account. Expenditures from the account may be used only for ~~((the))~~ homeless housing programs as described in this chapter. ~~((Only the director or the director'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:))~~"

On page 1, line 1 of the title, after "all;" strike the remainder of the title and insert "amending RCW 36.22.178, 43.185C.010, 36.22.179, and 43.185C.060; and adding new sections to chapter 43.185C RCW."

and the same is herewith transmitted.

Thomas Hoemann, Secretary

There being no objection, the House concurred in the Senate amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1359 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representative Miloscia spoke in favor the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be final passage of Engrossed Second Substitute House Bill No. 1359, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 1359, as amended by the Senate and the bill passed the House by the following vote: Yeas - 60, Nays - 37, Absent - 0, Excused - 1.

Voting yea: Representatives Appleton, Barlow, Blake, Campbell, Chase, Clibborn, Cody, Conway, Darneille, Dickerson, Dunshee, Eddy, Eickmeyer, Ericks, Flannigan, Fromhold, Goodman, Grant, Haigh, Hasegawa, Hudgins, Hunt, Hunter, Jarrett, Kagi, Kenney, Kessler, Kirby, Lantz, Linville, Lovick, McCoy, McDermott, McIntire, Miloscia, Moeller, Morrell, Morris, O'Brien, Ormsby, Pedersen, Pettigrew, Priest, Quall, Roberts, Rolfes, Santos, Schual-Berke, Seaquist, Sells, Sommers, Springer, Sullivan, B., Sullivan, P., Takko, Upthegrove, Wallace, Williams, Wood and Mr. Speaker - 60.

Voting nay: Representatives Ahern, Alexander, Anderson, Armstrong, Bailey, Buri, Chandler, Condotta, Crouse, Curtis, DeBolt, Dunn, Ericksen, Green, Hailey, Haler, Hankins, Hinkle, Hurst, Kelley, Kretz, Kristiansen, McCune, McDonald, Newhouse, Orcutt, Pearson, Roach, Rodne, Ross, Schindler, Skinner, Strow, Sump, Van De Wege, Walsh and Warnick - 37.

Excused: Representative Simpson - 1.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1359, as amended by the Senate having received the constitutional majority, was declared passed.

There being no objection, the Rules Committee was relieved of HOUSE BILL NO. 2391, and the bill was placed on the Second Reading calendar.

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

There being no objection, the House adjourned until 10:00 a.m., April 21, 2007, the 104th Day of the Regular Session.

FRANK CHOPP, Speaker

RICHARD NAFZIGER, Chief Clerk

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