

SIXTY SEVENTH LEGISLATURE - REGULAR SESSION

ONE HUNDREDTH DAY

House Chamber, Olympia, Tuesday, April 20, 2021

The House was called to order at 11:00 a.m. by the Speaker (Representative Lovick presiding).

The Speaker (Representative Lovick presiding) led the Chamber in the Pledge of Allegiance. The prayer was offered by Representative Joe Schmick, 9th Legislative District.

The Speaker assumed the chair.

SIGNED BY THE SPEAKER

The Speaker signed the following bills:

SECOND SUBSTITUTE SENATE BILL NO. 5000
 SENATE BILL NO. 5031
 SENATE BILL NO. 5063
 SUBSTITUTE SENATE BILL NO. 5080
 SENATE BILL NO. 5145
 SENATE BILL NO. 5159
 SENATE BILL NO. 5225
 SUBSTITUTE SENATE BILL NO. 5230
 SENATE BILL NO. 5367
 SUBSTITUTE SENATE BILL NO. 5403
 ENGROSSED SENATE BILL NO. 5454
 SUBSTITUTE SENATE BILL NO. 5460
 SUBSTITUTE SENATE BILL NO. 5003
 SUBSTITUTE SENATE BILL NO. 5011
 SENATE BILL NO. 5027
 SUBSTITUTE SENATE BILL NO. 5030
 SENATE BILL NO. 5032
 SUBSTITUTE SENATE BILL NO. 5034
 SENATE BILL NO. 5146
 ENGROSSED SENATE BILL NO. 5158
 ENGROSSED SECOND SUBSTITUTE SENATE
 BILL NO. 5160
 SUBSTITUTE SENATE BILL NO. 5258
 ENGROSSED SECOND SUBSTITUTE SENATE
 BILL NO. 5259
 ENGROSSED SECOND SUBSTITUTE SENATE
 BILL NO. 5287
 SENATE BILL NO. 5345
 ENGROSSED SUBSTITUTE SENATE BILL NO.
 5452
 SECOND SUBSTITUTE HOUSE BILL NO. 1044
 SECOND SUBSTITUTE HOUSE BILL NO. 1127
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1139
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1140
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1152
 SUBSTITUTE HOUSE BILL NO. 1155
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1176
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1186

SUBSTITUTE HOUSE BILL NO. 1193
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1194
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1196
 SECOND SUBSTITUTE HOUSE BILL NO. 1219
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1220
 SUBSTITUTE HOUSE BILL NO. 1223
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1227
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1267
 SUBSTITUTE HOUSE BILL NO. 1269
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1273
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1287
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1295
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1297
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1320
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1335
 HOUSE BILL NO. 1399
 SUBSTITUTE HOUSE BILL NO. 1416
 SUBSTITUTE HOUSE BILL NO. 1425
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1443
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1457
 SUBSTITUTE HOUSE BILL NO. 1484
 ENGROSSED SECOND SUBSTITUTE HOUSE
 BILL NO. 1504
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1512
 SUBSTITUTE HOUSE BILL NO. 1532

The Speaker called upon Representative Lovick to preside.

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

The Clerk called the roll and a quorum was present.

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

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

MESSAGES FROM THE SENATE

April 19, 2021

Mme. SPEAKER:

The Senate has granted the request of the House for a Conference on ENGROSSED SUBSTITUTE HOUSE BILL

NO. 1054. The President has appointed the following members as Conferees: Dhingra, Padden, Pedersen

and the same is herewith transmitted.

Brad Hendrickson, Secretary

April 19, 2021

Mme. SPEAKER:

The Senate has granted the request of the House for a Conference on ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1310. The President has appointed the following members as Conferees: Dhingra, Pedersen, Padden

and the same is herewith transmitted.

Brad Hendrickson, Secretary

April 19, 2021

Mme. SPEAKER:

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

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5022,
 SUBSTITUTE SENATE BILL NO. 5025,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5118,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5121,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5160,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5163,
 SECOND SUBSTITUTE SENATE BILL NO. 5183,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5190,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5193,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5194,
 SECOND SUBSTITUTE SENATE BILL NO. 5195,
 SECOND SUBSTITUTE SENATE BILL NO. 5214,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5227,
 SUBSTITUTE SENATE BILL NO. 5236,
 SECOND SUBSTITUTE SENATE BILL NO. 5313,
 SECOND SUBSTITUTE SENATE BILL NO. 5368,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5377,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5399,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5408,

and the same are herewith transmitted.

Brad Hendrickson, Secretary

April 19, 2021

Mme. SPEAKER:

The President has signed:

SECOND SUBSTITUTE HOUSE BILL NO. 1033,
 HOUSE BILL NO. 1034,
 ENGROSSED HOUSE BILL NO. 1049,
 ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1050,
 ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1069,
 ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1086,
 SUBSTITUTE HOUSE BILL NO. 1088,
 ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1089,
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1097,
 SUBSTITUTE HOUSE BILL NO. 1107,
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1108,
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1109,
 HOUSE BILL NO. 1119,
 SUBSTITUTE HOUSE BILL NO. 1129,
 SECOND SUBSTITUTE HOUSE BILL NO. 1161,
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1184,
 SUBSTITUTE HOUSE BILL NO. 1207,

and the same are herewith transmitted.

Brad Hendrickson, Secretary

April 19, 2021

Mme. SPEAKER:

The President has signed:

SUBSTITUTE SENATE BILL NO. 5003,
 SUBSTITUTE SENATE BILL NO. 5011,
 SENATE BILL NO. 5027,
 SUBSTITUTE SENATE BILL NO. 5030,
 SENATE BILL NO. 5032,
 SUBSTITUTE SENATE BILL NO. 5034,
 SENATE BILL NO. 5146,
 ENGROSSED SENATE BILL NO. 5158,
 SUBSTITUTE SENATE BILL NO. 5258,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5259,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5287,
 SENATE BILL NO. 5345,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5452,

and the same are herewith transmitted.

Brad Hendrickson, Secretary

April 19, 2021

Mme. SPEAKER:

The Senate receded from its amendment(s) to SUBSTITUTE HOUSE BILL NO. 1425, and passed the bill without said amendments.

and the same is herewith transmitted.

Brad Hendrickson, Secretary

April 20, 2021

Mme. SPEAKER:

The President has signed:

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO.
5160,

and the same is herewith transmitted.

Brad Hendrickson, Secretary

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

INTRODUCTION & FIRST READING

HB 1580 by Representatives Chambers, Boehnke, Jacobsen, Caldier, Rule, Ybarra, Stokesbary, Walsh, Shewmake, Graham, Chandler and Eslick

AN ACT Relating to ensuring that equitable COVID-19 vaccine dose allocation is considered before a county may be reverted to a more restrictive phase under the healthy Washington: Roadmap to recovery plan; creating a new section; and declaring an emergency.

Referred to Committee on Health Care & Wellness.

There being no objection, the bill listed on the day's introduction sheet under the fourth order of business was referred to the committee so designated.

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

THIRD READING MESSAGE FROM THE SENATE

April 8, 2021

Mme. SPEAKER:

The Senate has passed ENGROSSED THIRD SUBSTITUTE HOUSE BILL NO. 1091, with the following amendment(s):

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature finds that rapid innovations in low carbon transportation technologies, including electric vehicles and clean transportation fuels, are at the threshold of widespread commercial deployment. In order to help prompt the use of clean fuels, other states have successfully implemented programs that reduce the carbon intensity of their transportation fuels. California and Oregon have both

implemented low carbon fuel standards that are similar to the program created in this act, and both states have experienced biofuel sector growth and have successfully sited large biofuel projects that had originally been planned for Washington. Washington state has extensively studied the potential impact of a clean fuels program, and most projections show that a low carbon fuel standard would decrease greenhouse gas and conventional air pollutant emissions, while positively impacting the state's economy.

(2) The legislature further finds that the health and welfare of the people of the state of Washington is threatened by the prospect of crumbling or swamped coastlines, rising water, and more intense forest fires caused by higher temperatures and related droughts, all of which are intensified and made more frequent by the volume of greenhouse gas emissions. As of 2017, the transportation sector contributes 45 percent of Washington's greenhouse gas emissions, and the legislature's interest in the life cycle of the fuels used in the state arises from a concern for the effects of the production and use of these fuels on Washington's environment and public health, including its air quality, snowpack, and coastline.

(3) The legislature finds that the clean fuel standard created in this chapter will create jobs in Washington state in the production and distribution of sustainable fuels like biofuels from agricultural feedstocks and forest residuals, hydrogen produced from renewable feedstocks, and more. In order to maximize the benefits of this policy to Washington workers while also protecting the environment for current and future generations, it is necessary to uphold and improve upon the state's siting policies. By identifying priority areas of the state for development and by developing methods to further avoid, minimize, and mitigate environmental impacts consistent with statute, rules, and guidance, Washington can protect its environment, contribute to the global fight against climate change, and support broadly shared prosperity.

(4) Therefore, it is the intent of the legislature to support the deployment of clean transportation fuel technologies through a carefully designed program that reduces the carbon intensity of fuel used in Washington, in order to:

(a) Reduce levels of conventional air pollutants from diesel and gasoline that are harmful to public health;

(b) Reduce greenhouse gas emissions associated with transportation fuels, which are the state's largest source of greenhouse gas emissions; and

(c) Create jobs and spur economic development based on innovative clean fuel technologies.

NEW SECTION. **Sec. 2.** The definitions in this section apply throughout this chapter unless the context clearly indicates otherwise.

(1) "Carbon dioxide equivalents" has the same meaning as defined in RCW 70A.45.010.

(2) "Carbon intensity" means the quantity of life-cycle greenhouse gas emissions, per unit of fuel energy, expressed in grams of carbon dioxide equivalent per megajoule (gCO₂e/MJ).

(3) "Clean fuels program" means the requirements established under this chapter.

(4) "Cost" means an expense connected to the manufacture, distribution, or other aspects of the provision of a transportation fuel product.

(5) "Credit" means a unit of measure generated when a transportation fuel with a carbon intensity that is less than the applicable standard adopted by the department under section 3 of this act is produced, imported, or dispensed for use in Washington, such that one credit is equal to one metric ton of carbon dioxide equivalents.

(6) "Deficit" means a unit of measure generated when a transportation fuel with a carbon intensity that is greater than the applicable standard adopted by the department under section 3 of this act is produced, imported, or dispensed for use in Washington, such that one deficit is equal to one metric ton of carbon dioxide equivalents.

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

(8) "Electric utility" means a consumer-owned utility or investor-owned utility, as those terms are defined in RCW 19.29A.010.

(9) "Greenhouse gas" has the same meaning as defined in RCW 70A.45.010.

(10) "Military tactical vehicle" means a motor vehicle owned by the United States department of defense or the United States military services and that is used in combat, combat support, combat service support, tactical or relief operations, or training for such operations.

(11) "Motor vehicle" has the same meaning as defined in RCW 46.04.320.

(12) "Price" means the amount of payment or compensation provided as consideration for a specified quantity of transportation fuel by a consumer or end user of the transportation fuel.

(13) "Regulated party" means a producer or importer of any amount of a transportation fuel that is ineligible to generate credits under this act.

(14)(a) "Tactical support equipment" means equipment using a portable engine, including turbines, that meets military specifications, owned by the United States military services or its allies, and that is used in combat, combat support, combat service support, tactical or relief operations, or training for such operations.

(b) "Tactical support equipment" includes, but is not limited to, engines associated with portable generators, aircraft start carts, heaters, and lighting carts.

(15) "Transportation fuel" means electricity and any liquid or gaseous fuel sold, supplied, offered for sale, or used for the propulsion of a motor vehicle or that is intended for use for transportation purposes.

NEW SECTION. **Sec. 3.** (1) The department shall adopt rules that establish standards that reduce carbon intensity in transportation fuels used in Washington. The standards established by the rules must be based on the carbon intensity of gasoline and gasoline substitutes and the carbon intensity of diesel and diesel substitutes. The standards:

(a) Must reduce the overall, aggregate carbon intensity of transportation fuels used in Washington;

(b) May only require carbon intensity reductions at the aggregate level of all transportation fuels and may not require a reduction in carbon intensity to be achieved by any individual type of transportation fuel;

(c) Must assign a compliance obligation to fuels whose carbon intensity exceeds the standards adopted by the department, consistent with the requirements of section 4 of this act; and

(d) Must assign credits that can be used to satisfy or offset compliance obligations to fuels whose carbon intensity is below the standards adopted by the department and that elect to participate in the program, consistent with the requirements of section 4 of this act.

(2) The clean fuels program adopted by the department must be designed such that:

(a) Regulated parties generate deficits and may reconcile the deficits, and thus comply with the clean fuels program standards for a compliance period, by obtaining and retiring credits. This point of compliance for motor vehicle fuel is the same as described in chapter 82.38 RCW;

(b) Regulated parties and credit generators may generate credits for fuels used as substitutes or alternatives for gasoline or diesel;

(c) Regulated parties, credit generators, and credit aggregators shall have opportunities to trade credits; and

(d) Regulated parties shall be allowed to carry over to the next compliance period a small deficit without penalty.

(3) The department shall, throughout a compliance period, regularly monitor the availability of fuels needed for compliance with the clean fuels program.

(4)(a) Under the clean fuels program, the department shall monthly calculate the volume-weighted average price of credits and, no later than the last day of the month immediately following the month for which the calculation is completed, post the formula and the nonaggregated data the department used for the calculation and the results of the calculation on the department's website.

(b) In completing the calculation required by this subsection, the department may exclude from the data set credit transfers without a price or other credit transfers made for a price that falls two standard deviations outside of the mean credit price for the month. Data posted on the department's website under

this section may not include any individually identifiable information or information that would constitute a trade secret.

(5)(a) Except as provided in this section, the rules adopted under this section must reduce the greenhouse gas emissions attributable to each unit of the fuels to 20 percent below 2017 levels by 2035 based on the following schedule:

(i) No more than 0.5 percent each year in 2023 and 2024;

(ii) No more than an additional 1.0 percent each year beginning in 2025 through 2027;

(iii) No more than an additional 1.5 percent each year beginning in 2028 through 2031; and

(iv) No more than an additional 2.5 percent each year beginning in 2032 through 2034.

(b) The rules adopted under this section must not establish a reduction level beyond 10 percent of greenhouse gas emissions attributable to each unit of the fuels without explicit legislative authorization enacted subsequent to January 1, 2029. By December 1, 2028, the department must submit agency request legislation that if subsequently enacted would provide this authorization.

(c) The rules must establish a start date for the clean fuels program of no later than January 1, 2023, except as provided in subsection (6) of this section.

(6)(a) In order to coordinate and synchronize the clean fuels program with other transportation-related investments, the department must not assign compliance obligations under this act or allow for any actual credit generation until a separate additive transportation funding act becomes law, at which time the department of licensing must provide written notice to the chief clerk of the house of representatives, the secretary of the senate, and the office of the code reviser.

(b) For the purposes of this subsection, "additive transportation funding act" means an act in which the combined total of new state revenues deposited into the motor vehicle fund and multimodal transportation account exceed \$500,000,000 per biennium attributable solely to an increase in revenue from the enactment of the act.

(7) Beginning January 1, 2026, the department may not increase the applicable clean fuels program standard adopted by the department under subsection (5) of this section until the department can demonstrate the following have occurred:

(a) At least a 25 percent net increase in the volume of in-state liquid biofuel production and the use of agricultural feedstocks grown within the state relative to the start of the program; and

(b) At least one new biofuels production facility producing in excess of 60,000,000 gallons of biofuels per year has received all necessary siting, operating, and environmental permits post all applicable appeals.

(8) Beginning January 1, 2028, the department shall not increase the applicable clean fuels program standard adopted by the department under subsection (5) of this section until the department can demonstrate that at least one new biofuel production facility producing in excess of 60,000,000 gallons of biofuels per year has received all necessary siting, operating, and environmental permits post all applicable appeals.

(9) Transportation fuels exported from Washington are not subject to the greenhouse gas emissions reduction requirements in this section.

(10) To the extent the requirements of this chapter conflict with the requirements of chapter 19.112 RCW, the requirements of this chapter prevail.

NEW SECTION. Sec. 4. The rules adopted by the department to achieve the greenhouse gas emissions reductions per unit of fuel energy specified in section 3 of this act must include, but are not limited to, the following:

(1) Standards for greenhouse gas emissions attributable to the transportation fuels throughout their life cycles, including but not limited to emissions from the production, storage, transportation, and combustion of transportation fuels and from changes in land use associated with transportation fuels and any permanent greenhouse gas sequestration activities.

(a) The rules adopted by the department under this subsection (1) may:

(i) Include provisions to address the efficiency of a fuel as used in a

powertrain as compared to a reference fuel;

(ii) Consider carbon intensity calculations for transportation fuels developed by national laboratories or used by similar programs in other states; and

(iii) Consider changes in land use and any permanent greenhouse gas sequestration activities associated with the production of any type of transportation fuel.

(b) The rules adopted by the department under this subsection (1) must:

(i) Neutrally consider the life-cycle emissions associated with transportation fuels with respect to the political jurisdiction in which the fuels originated and may not discriminate against fuels on the basis of having originated in another state or jurisdiction. Nothing in this subsection may be construed to prohibit inclusion or assessment of emissions related to fuel production, storage, transportation, or combustion or associated changes in land use in determining the carbon intensity of a fuel;

(ii) Measure greenhouse gas emissions associated with electricity and hydrogen based on a mix of generation resources specific to each electric utility participating in the clean fuels program. The department may apply an asset-controlling supplier emission factor certified or approved by a similar program to reduce the greenhouse gas emissions associated with transportation fuels in another state;

(iii) Include mechanisms for certifying electricity that has a carbon intensity of zero. This electricity must include, at minimum, electricity:

(A) For which a renewable energy credit or other environmental attribute has been retired or used; and

(B) Produced using a zero emission resource including, but not limited to, solar, wind, geothermal, or the industrial combustion of biomass consistent with RCW 70A.45.020(3), that is directly supplied as a transportation fuel by the generator of the electricity to a metered customer for electric vehicle charging or refueling;

(iv) Allow the generation of credits associated with electricity with a carbon

intensity lower than that of standard adopted by the department. The department may not require electricity to have a carbon intensity of zero in order to be eligible to generate credits from use as a transportation fuel; and

(v) Include procedures for setting and adjusting the amounts of greenhouse gas emissions per unit of fuel energy that is assigned to transportation fuels under this subsection.

(c) If the department determines that it is necessary for purposes of accurately measuring greenhouse gas emissions associated with transportation fuels, the department may require transportation fuel suppliers to submit data or information to be used for purposes of calculating greenhouse gas emissions that is different from or additional to the greenhouse gas emissions data reported under RCW 70A.15.2200(5)(a)(iii).

(d) If the department determines that it is necessary for purposes of accurately measuring greenhouse gas emissions associated with electricity supplied to retail customers or hydrogen production facilities by an electric utility, the department may require electric utilities participating in the clean fuels program to submit data or information to be used for purposes of calculating greenhouse gas emissions that is different from or additional to the fuel mix disclosure information submitted under chapter 19.29A RCW. To the extent practicable, rules adopted by the department may allow data requested of utilities to be submitted in a form and manner consistent with other required state or federal data submissions;

(2) Provisions allowing for the achievement of limits on the greenhouse gas emissions intensity of transportation fuels in section 3 of this act to be achieved by any combination of credit generating activities capable of meeting such standards. Where such provisions would not produce results counter to the emission reduction goals of the program or prove administratively burdensome for the department, the rules should provide each participant in the clean fuels program with the opportunity to demonstrate appropriate carbon intensity values taking into account both emissions from production facilities and elsewhere in the production cycle, including changes in land use and

permanent greenhouse gas sequestration activities;

(3)(a) Methods for assigning compliance obligations and methods for tracking tradable credits. The department may assign the generation of a credit when a fuel with associated life-cycle greenhouse gas emissions that are lower than the applicable per-unit standard adopted by the department under section 3 of this act is produced, imported, or dispensed for use in Washington, or when specified activities are undertaken that support the reduction of greenhouse gas emissions associated with transportation in Washington;

(b) Mechanisms that allow credits to be traded and to be banked for future compliance periods; and

(c) Procedures for verifying the validity of credits and deficits generated under the clean fuels program;

(4) Mechanisms to elect to participate in the clean fuels program for persons associated with the supply chains of transportation fuels that are eligible to generate credits consistent with subsection (3) of this section, including producers, importers, distributors, users, or retailers of such fuels, and electric vehicle manufacturers;

(5) Mechanisms for persons associated with the supply chains of transportation fuels that are used for purposes that are exempt from the clean fuels program compliance obligations including, but not limited to, fuels used by aircraft, vessels, railroad locomotives, and other exempt fuels specified in section 5 of this act, to elect to participate in the clean fuels program by earning credits for the production, import, distribution, use, or retail of exempt fuels with associated life-cycle greenhouse gas emissions lower than the per-unit standard established in section 3 of this act;

(6) Mechanisms that allow for the assignment of credits to an electric utility for electricity used within its utility service area, at minimum, for residential electric vehicle charging or fueling;

(7) Cost containment mechanisms;

(8)(a)(i) A credit clearance market for any compliance period in which at least one regulated party reports that the regulated party has a net deficit

balance at the end of the compliance period, after retirement of all credits held by the regulated party, that is greater than a small deficit. A regulated party described by this subsection is required to participate in the credit clearance market.

(ii) If a regulated party has a small deficit at the end of a compliance period, the regulated party shall notify the department that it will achieve compliance with the clean fuels program during the compliance period by either: (A) Participating in a credit clearance market; or (B) carrying forward the small deficit.

(b) For the purposes of administering a credit clearance market required by this section, the department shall:

(i) Allow any regulated party, credit generator, or credit aggregator to hold excess credits at the end of the compliance period to voluntarily participate in the credit clearance market as a seller by pledging a specified number of credits for sale in the market;

(ii) Require each regulated party participating in the credit clearance market as purchaser of credits to:

(A) Have retired all credits in the regulated party's possession prior to participating in the credit clearance market; and

(B) Purchase the specified number of the total pledged credits that the department has determined are that regulated party's pro rata share of the pledged credits;

(iii) Require all sellers to:

(A) Agree to sell pledged credits at a price no higher than a maximum price for credits;

(B) Accept all offers to purchase pledged credits at the maximum price for credits; and

(C) Agree to withhold any pledged credits at the maximum price for credits.

(c)(i) The department shall set the maximum price for credits in a credit clearance market, which may not exceed \$200 for 2028.

(ii) For 2029 and subsequent years, the maximum price may exceed \$200, but only to the extent that a greater maximum price for credits is necessary to

annually adjust for inflation, beginning on January 1, 2025, pursuant to the increase, if any, from the preceding calendar year in the consumer price index for all urban consumers, west region (all items), as published by the bureau of labor statistics of the United States department of labor.

(d) A regulated party that has a net deficit balance after the close of a credit clearance market:

(i) Must carry over the remaining deficits into the next compliance period; and

(ii) May not be subject to interest greater than five percent, penalties, or assertions of noncompliance that accrue based on the carryover of deficits under this subsection.

(e) If a regulated party has been required under (a) of this subsection to participate as a purchaser in two consecutive credit clearance markets and continues to have a net deficit balance after the close of the second consecutive credit clearance market, the department shall complete, no later than two months after the close of the second credit clearance market, an analysis of the root cause of an inability of the regulated party to retire the remaining deficits. The department may recommend and implement any remedy that the department determines is necessary to address the root cause identified in the analysis, including but not limited to issuing a deferral, provided that the remedy implemented does not:

(i) Require a regulated party to purchase credits for an amount that exceeds the maximum price for credits in the most recent credit clearance market; or

(ii) Compel a person to sell credits.

(f) If credits sold in a credit clearance market are subsequently invalidated as a result of fraud or any other form of noncompliance on the part of the generator of the credit, the department may not pursue civil penalties against, or require credit replacement by, the regulated party that purchased the credits unless the regulated party was a party to the fraud or other form of noncompliance.

(g) The department may not disclose the deficit balances or pro rata share purchase requirements of a regulated

party that participates in the credit clearance market.

(9) Authority for the department to designate an entity to aggregate and use unclaimed credits associated with persons that elect not to participate in the clean fuels program under subsection (4) of this section.

(10)(a) The legislature intends to promote a growing and sustainable economy and to avoid leakage of emissions from low carbon fuel production to other locations. The legislature further intends to see innovative new businesses locate and grow in Washington that contribute to Washington's prosperity and environmental objectives. Consistent with the intent of the legislature to avoid the leakage of emissions to other jurisdictions, in achieving the state's greenhouse gas limits in RCW 70A.45.020, the state intends to pursue the limits in a manner that recognizes that the siting and placement of new best in class low carbon fuel production facilities that provide for the displacement of more carbon-intensive processes is in the economic and environmental interests of the state of Washington.

(b) For new or expanded low carbon fuel production facilities that require review under chapter 43.21C RCW, the department must evaluate the net cumulative greenhouse gas emissions of the facility. In evaluating the greenhouse gas emissions from a low carbon fuel production facility, the department shall net its direct greenhouse gas emissions with reductions associated with its fuel product compared to the carbon intensity requirements established under this chapter.

(c) The limits in RCW 70A.45.020 may not be the basis for denial of a permit application or for judicial review of the grant of a permit for a new or expanded facility.

NEW SECTION. Sec. 5. (1) The rules adopted under sections 3 and 4 of this act must include exemptions for, at minimum, the following transportation fuels:

(a) Fuels used in volumes below thresholds adopted by the department;

(b) Fuels used for the propulsion of all aircraft, vessels, and railroad locomotives; and

(c) Fuels used for the operation of military tactical vehicles and tactical support equipment.

(2)(a) The rules adopted under sections 3 and 4 of this act must exempt the following transportation fuels from greenhouse gas emission intensity reduction requirements until January 1, 2028:

(i) Special fuel used off-road in vehicles used primarily to transport logs;

(ii) Dyed special fuel used in vehicles that are not designed primarily to transport persons or property, that are not designed to be primarily operated on highways, and that are used primarily for construction work including, but not limited to, mining and timber harvest operations; and

(iii) Dyed special fuel used for agricultural purposes exempt from chapter 82.38 RCW.

(b) Prior to January 1, 2028, fuels identified in this subsection (2) are eligible to generate credits, consistent with subsection (5) of this section. Beginning January 1, 2028, the fuels identified in this subsection (2) are subject to the greenhouse gas emission intensity reduction requirements applicable to transportation fuels specified in section 3 of this act.

(3) The department may adopt rules to specify the standards for persons to qualify for the exemptions provided in this section. The department may implement the exemptions under subsection (2) of this section to align with the implementation of exemptions for similar fuels exempt from chapter 82.38 RCW.

(4) The rules adopted under sections 3 and 4 of this act may include exemptions in addition to those described in subsections (1) and (2) of this section, but only if such exemptions are necessary, with respect to the relationship between the program and similar greenhouse gas emissions requirements or low carbon fuel standards, in order to avoid:

(a) Mismatched incentives across programs;

(b) Fuel shifting between markets; or

(c) Other results that are counter to the intent of this chapter.

(5) Nothing in this chapter precludes the department from adopting rules under sections 3 and 4 of this act that allow the generation of credits associated with electric or alternative transportation infrastructure that existed prior to the effective date of this section or to the start date of program requirements. The department must apply the same baseline years to credits associated with electric or alternative transportation infrastructure that apply to gasoline and diesel liquid fuels in any market-based program enacted by the legislature that establishes a cap on greenhouse gas emissions.

NEW SECTION. Sec. 6. (1) The rules adopted under sections 3 and 4 of this act may allow the generation of credits from activities that support the reduction of greenhouse gas emissions associated with transportation in Washington, including but not limited to:

(a) Carbon capture and sequestration projects, including but not limited to:

(i) Innovative crude oil production projects that include carbon capture and sequestration;

(ii) Project-based refinery greenhouse gas mitigation including, but not limited to, process improvements, renewable hydrogen use, and carbon capture and sequestration; or

(iii) Direct air capture projects;

(b) Investments and activities that support deployment of machinery and equipment used to produce gaseous and liquid fuels from nonfossil feedstocks, and derivatives thereof;

(c) The fueling of battery or fuel cell electric vehicles by a commercial, nonprofit, or public entity that is not an electric utility, which may include, but is not limited to, the fueling of vehicles using electricity certified by the department to have a carbon intensity of zero; and

(d) The use of smart vehicle charging technology that results in the fueling of an electric vehicle during times when the carbon intensity of grid electricity is comparatively low.

(2)(a) The rules adopted under sections 3 and 4 of this act must allow the generation of credits based on capacity for zero emission vehicle refueling infrastructure, including DC

fast charging infrastructure and hydrogen refueling infrastructure.

(b) The rules adopted under sections 3 and 4 of this act may allow the generation of credits from the provision of low carbon fuel infrastructure not specified in (a) of this subsection.

(3) The rules adopted under sections 3 and 4 of this act must allow the generation of credits from state transportation investments funded in an omnibus transportation appropriations act for activities and projects that reduce greenhouse gas emissions and decarbonize the transportation sector. These include, but are not limited to: (a) Electrical grid and hydrogen fueling infrastructure investments; (b) ferry operating and capital investments; (c) electrification of the state ferry fleet; (d) alternative fuel vehicle rebate programs; (e) transit grants; (f) infrastructure and other costs associated with the adoption of alternative fuel use by transit agencies; (g) bike and pedestrian grant programs and other activities; (h) complete streets and safe walking grants and allocations; (i) rail funding; and (j) multimodal investments.

(4) The rules adopted by the department may establish limits for the number of credits that may be earned each year by persons participating in the program for some or all of the activities specified in subsections (1), (2), and (3) of this section. Any limits established under this subsection must take into consideration the return on investment required in order for an activity specified in subsection (2) of this section to be financially viable.

NEW SECTION. Sec. 7. (1) Except where otherwise provided in this chapter, the department shall seek to adopt rules that are harmonized with the regulatory standards, exemptions, reporting obligations, and other clean fuels program compliance requirements and methods for credit generation of other states that:

(a) Have adopted low carbon fuel standards or similar greenhouse gas emissions requirements applicable specifically to transportation fuels; and

(b)(i) Supply, or have the potential to supply, significant quantities of transportation fuel to Washington markets; or

(ii) To which Washington supplies, or has the potential to supply, significant quantities of transportation fuel.

(2) The department must establish and periodically consult a stakeholder advisory panel, including representatives of forestland and agricultural landowners, for purposes of soliciting input on how to best incentivize and allot credits for the sequestration of greenhouse gases through activities on agricultural and forestlands in a manner that is consistent with the goals and requirements of this chapter.

(3) The department must conduct a biennial review of innovative technologies and pathways that reduce carbon and increase credit generation opportunities and must modify rules or guidance as needed to maintain stable credit markets.

(4) In any reports to the legislature under section 10 of this act, on the department's website, or in other public documents or communications that refer to assumed public health benefits associated with the program created in this chapter, the department must distinguish between public health benefits from small particulate matter and other conventional pollutant reductions achieved primarily as a result of vehicle emission standards established under chapter 70A.30 RCW, and the incremental benefits to air pollution attributable to the program created under this chapter.

NEW SECTION. Sec. 8. (1)(a) Each producer or importer of any amount of a transportation fuel that is ineligible to generate credits consistent with the requirements of section 4(3) of this act must register with the department.

(b) Electric vehicle manufacturers and producers, importers, distributors, users, and retailers of transportation fuels that are eligible to generate credits consistent with section 4(3) of this act must register with the department if they elect to participate in the clean fuels program.

(c) Other persons must register with the department to generate credits from other activities that support the reduction of greenhouse gas emissions associated with transportation in Washington.

(2) Each transaction transferring ownership of transportation fuels for which clean fuels program participation is mandated must be accompanied by documentation, in a format approved by the department, that assigns the clean fuels program compliance responsibility associated with the fuels, including the assignment of associated credits. The department may also require documentation assigning clean fuels program compliance responsibility associated with fuels for which program participation has been elected.

(3) The department may adopt rules requiring the periodic reporting of information to the department by persons associated with the supply chains of transportation fuels participating in the clean fuels program. To the extent practicable, the rules must establish reporting procedures and timelines that are consistent with similar programs in other states that reduce the greenhouse gas emission intensity of transportation fuel and with procedures and timelines of state programs requiring similar information to be reported by regulated parties, including electric utilities.

(4) RCW 70A.15.2510 applies to records or information submitted to the department under this chapter.

NEW SECTION. Sec. 9. (1)(a) Fifty percent of the revenues generated by an electric utility from credits earned from the electricity supplied to retail customers by an electric utility under the clean fuels program must be expended by the electric utility on transportation electrification projects, which may include projects to support the production and provision of hydrogen and other gaseous fuels produced from nonfossil feedstocks, and derivatives thereof as a transportation fuel.

(b) Sixty percent of the revenues described in (a) of this subsection, or 30 percent of the revenues generated by an electric utility from credits earned from the electricity supplied to retail customers by an electric utility under the clean fuels program, must be expended by the electric utility on transportation electrification projects, which may include projects to support the production and provision of hydrogen and other gaseous fuels produced from nonfossil feedstocks, and derivatives thereof as a transportation fuel, located within or directly benefiting a federally designated nonattainment or maintenance

area, a federally designated nonattainment or maintenance area that existed as of January 1, 2021, a disproportionately impacted community identified by the department of health, or an area designated by the department as being at risk of nonattainment, if such a nonattainment or maintenance area or disproportionately impacted community is within the service area of the utility.

(2) The 50 percent of revenues not subject to the requirements of subsection (1) of this section must be used for activities and projects jointly determined by the department and the Washington state department of transportation based on those with the highest impact on reducing greenhouse gas emissions and decarbonizing the transportation sector. These include, but are not limited to: (a) Electrical grid and hydrogen fueling infrastructure investments; (b) electrification of the state ferry fleet; (c) alternative fuel vehicle rebate programs; and (d) infrastructure and other costs associated with the adoption of alternative fuel use by transit agencies.

(3) Electric utilities that participate in the clean fuels program must annually provide information to the department accounting for and briefly describing all expenditures of revenues generated from credits earned under the clean fuels program.

NEW SECTION. Sec. 10. (1) Beginning May 1, 2025, and each May 1st thereafter, the department must post a report on the department's website that includes the following information regarding the previous calendar year of clean fuels program activities:

(a) The program-wide number of credits and deficits generated by entities participating in the clean fuels program;

(b) The volumes of each transportation fuel and average price per credit used to comply with the requirements of the clean fuels program;

(c) The best estimate or range in probable costs or cost savings attributable to the clean fuels program per gallon of gasoline and per gallon of diesel, as determined by an independent consultant whose services the department has contracted. The estimate or range in probable costs or cost savings from the independent consultant must be announced in a press release to the news media at

the time that the report under this subsection (1) is posted to the department's website, and must be simultaneously reported to the transportation committees of the house of representatives and the senate;

(d) The total greenhouse gas emissions reductions attributable to the clean fuels program isolated from the greenhouse gas emissions reductions attributable to other state and national programs on the same fuels; and

(e) The range in the probable cost per ton of greenhouse gas emissions reductions attributable to fuels supported by the clean fuels program, taking into account the information in (c) and (d) of this subsection.

(2) Nothing in this section prohibits the department from posting information described in subsection (1) of this section on a more frequent basis than once per year.

(3) By May 1, 2025, and each May 1st thereafter, the department must submit the report required under subsection (1) of this section to the appropriate committees of the house of representatives and senate.

(4) The department must contract for a one-time ex ante independent analysis of the information specified in subsection (1)(c) of this section covering each year of the program through 2035. The analysis must be informed by input from stakeholders, including regulated industries, and informed by experience from other jurisdictions. The analysis must impute price impacts using multiple analytical methodologies and must make clear how the assumptions or factors considered differed in each methodology used and price impact imputed. The analysis required in this subsection must be completed and submitted to the appropriate committees of the legislature by July 1, 2022.

NEW SECTION. Sec. 11. (1) In consultation with the department, the utilities and transportation commission, and the department of agriculture, the department of commerce must develop a periodic fuel supply forecast to project the availability of fuels to Washington necessary for compliance with clean fuels program requirements.

(2) Based upon the estimates in subsection (3) of this section, the fuel supply forecast must include a prediction

by the department of commerce regarding whether sufficient credits will be available to comply with clean fuels program requirements.

(3) The fuel supply forecast for each upcoming compliance period must include, but is not limited to, the following:

(a) An estimate of the potential volumes of gasoline, gasoline substitutes, and gasoline alternatives, and diesel, diesel substitutes, and diesel alternatives available to Washington. In developing this estimate, the department of commerce must consider, but is not limited to considering:

(i) The existing and future vehicle fleet in Washington; and

(ii) Any constraints that might be preventing access to available and cost-effective low carbon fuels by Washington, such as geographic and logistical factors, and alleviating factors to the constraints;

(b) An estimate of the total banked credits and carried over deficits held by regulated parties, credit generators, and credit aggregators at the beginning of the compliance period, and an estimate of the total credits attributable to fuels described in (a) of this subsection;

(c) An estimate of the number of credits needed to meet the applicable clean fuels program requirements during the forecasted compliance period; and

(d) A comparison in the estimates of (a) and (b) of this subsection with the estimate in (c) of this subsection, for the purpose of indicating the availability of fuels needed for compliance with the requirements of this chapter.

(4) The department of commerce, in coordination with the department, may appoint a forecast review team of relevant experts to participate in the fuel supply forecast or examination of data required by this section. The department of commerce must finalize a fuel supply forecast for an upcoming compliance period by no later than 90 days prior to the start of the compliance period.

NEW SECTION. **Sec. 12.** (1) No later than 30 calendar days before the commencement of a compliance period, the department shall issue an order declaring a forecast deferral if the fuel supply

forecast under section 10 of this act projects that the amount of credits that will be available during the forecast compliance period will be less than 100 percent of the credits projected to be necessary for regulated parties to comply with the scheduled applicable clean fuels program standard adopted by the department for the forecast compliance period.

(2) An order declaring a forecast deferral under this section must set forth:

(a) The duration of the forecast deferral;

(b) The types of fuel to which the forecast deferral applies; and

(c) Which of the following methods the department has selected for deferring compliance with the scheduled applicable clean fuels program standard during the forecast deferral:

(i) Temporarily adjusting the scheduled applicable clean fuels program standard to a standard identified in the order that better reflects the forecast availability of credits during the forecast compliance period and requiring regulated parties to comply with the temporary standard;

(ii) Requiring regulated parties to comply only with the clean fuels program standard applicable during the compliance period prior to the forecast compliance period; or

(iii) Suspending deficit accrual for part or all of the forecast deferral period.

(3)(a) In implementing a forecast deferral, the department may take an action for deferring compliance with the clean fuels program standard other than, or in addition to, selecting a method under subsection (2)(c) of this section only if the department determines that none of the methods under subsection (2)(c) of this section will provide a sufficient mechanism for containing the costs of compliance with the clean fuels program standards during the forecast deferral.

(b) If the department makes the determination specified in (a) of this subsection, the department shall:

(i) Include in the order declaring a forecast deferral the determination and the action to be taken; and

(ii) Provide written notification and justification of the determination and the action to:

- (A) The governor;
- (B) The president of the senate;
- (C) The speaker of the house of representatives;
- (D) The majority and minority leaders of the senate; and
- (E) The majority and minority leaders of the house of representatives.

(4) The duration of a forecast deferral may not be less than one calendar quarter or longer than one compliance period. Only the department may terminate, by order, a forecast deferral before the expiration date of the forecast deferral. Termination of a forecast deferral is effective on the first day of the next calendar quarter after the date that the order declaring the termination is adopted.

NEW SECTION. Sec. 13. (1) The director of the department may issue an order declaring an emergency deferral of compliance with the carbon intensity standard established under section 3 of this act no later than 15 calendar days after the date the department determines, in consultation with the governor's office and the department of commerce, that:

(a) Extreme and unusual circumstances exist that prevent the distribution of an adequate supply of renewable fuels needed for regulated parties to comply with the clean fuels program taking into consideration all available methods of obtaining sufficient credits to comply with the standard;

(b) The extreme and unusual circumstances are the result of a natural disaster, an act of God, a significant supply chain disruption or production facility equipment failure, or another event that could not reasonably have been foreseen or prevented and not the lack of prudent planning on the part of the suppliers of the fuels to the state; and

(c) It is in the public interest to grant the deferral such as when a deferral is necessary to meet projected temporary shortfalls in the supply of the renewable fuel in the state and that other methods of obtaining compliance credits are unavailable to compensate for the shortage of renewable fuel supply.

(2) If the director of the department makes the determination required under subsection (1) of this section, such a temporary extreme and unusual deferral is permitted only if:

(a) The deferral applies only for the shortest time necessary to address the extreme and unusual circumstances;

(b) The deferral is effective for the shortest practicable time period the director of the department determines necessary to permit the correction of the extreme and unusual circumstances; and

(c) The director has given public notice of a proposed deferral.

(3) An order declaring an emergency deferral under this section must set forth:

(a) The duration of the emergency deferral;

(b) The types of fuel to which the emergency deferral applies;

(c) Which of the following methods the department has selected for deferring compliance with the clean fuels program during the emergency deferral:

(i) Temporarily adjusting the scheduled applicable carbon intensity standard to a standard identified in the order that better reflects the availability of credits during the emergency deferral and requiring regulated parties to comply with the temporary standard;

(ii) Allowing for the carryover of deficits accrued during the emergency deferral into the next compliance period without penalty; or

(iii) Suspending deficit accrual during the emergency deferral period.

(4) An emergency deferral may be terminated prior to the expiration date of the emergency deferral if new information becomes available indicating that the shortage that provided the basis for the emergency deferral has ended. The director of the department shall consult with the department of commerce and the governor's office in making an early termination decision. Termination of an emergency deferral is effective 15 calendar days after the date that the order declaring the termination is adopted.

(5)(a) In addition to the emergency deferral specified in subsection (1) of

this section, the department may issue a full or partial deferral for one calendar quarter of a person's obligation to furnish credits for compliance under section 4 of this act if it finds that the person is unable to comply with the requirements of this chapter due to reasons beyond the person's reasonable control. The department may initiate a deferral under this subsection at its own discretion or at the request of a person regulated under this chapter. The department may renew issued deferrals. In evaluating whether to issue a deferral under this subsection, the department may consider the results of the fuel supply forecast in section 11 of this act, but is not bound in its decision-making discretion by the results of the forecast.

(b) If the department issues a deferral pursuant to this subsection, the department may:

(i) Direct the person subject to the deferral to file a progress report on achieving full compliance with the requirements of this chapter within an amount of time determined to be reasonable by the department; and

(ii) Direct the person to take specific actions to achieve full compliance with the requirements of this chapter.

(c) The issuance of a deferral under this subsection does not permanently relieve the deferral recipient of the obligation to comply with the requirements of this chapter.

NEW SECTION. Sec. 14. (1) The department may require that persons that are required or elect to register or report under this chapter pay a fee. If the department elects to require program participants to pay a fee, the department must, after an opportunity for public review and comment, adopt rules to establish a process to determine the payment schedule and the amount of the fee charged. The amount of the fee must be set so as to equal but not exceed the projected direct and indirect costs to the department for developing and implementing the program and the projected direct and indirect costs to the department of commerce to carry out its responsibilities under section 11 of this act. The department and the department of commerce must prepare a biennial workload analysis and provide an opportunity for public review of and

comment on the workload analysis. The department shall enter into an interagency agreement with the department of commerce to implement this section.

(2) The clean fuels program account is created in the state treasury. All receipts from fees and penalties received under the program created in this chapter must be deposited into the account. Moneys in the account may be spent only after appropriation. The department may only use expenditures from the account for carrying out the program created in this chapter.

(3) All rule making authorized under this act must be conducted according to the standards for significant legislative rules provided in RCW 34.05.328.

NEW SECTION. Sec. 15. (1) By December 1, 2029, the joint legislative audit and review committee must analyze the impacts of the initial five years of clean fuels program implementation and must submit a report summarizing the analysis to the legislature. The analysis must include, at minimum, the following components:

(a) Costs and benefits, including environmental and public health costs and benefits, associated with this chapter for categories of persons participating in the clean fuels program or that are most impacted by air pollution, as defined in consultation with the departments of ecology and health and as measured on a census tract scale. This component of the analysis must, at minimum, assess the costs and benefits of changes in the following metrics since the start of the program:

(i) Levels of greenhouse gas emissions and criteria air pollutants for which the United States environmental protection agency has established national ambient air quality standards;

(ii) Fuel prices; and

(iii) Total employment in categories of industries generating credits or deficits. The categories of industries assessed must include but are not limited to electric utilities, oil refineries, and other industries involved in the production of high carbon fuels, industries involved in the delivery and sale of high carbon fuels, biofuel refineries, and industries involved in the delivery and sale of low carbon fuels;

(b) An evaluation of the information calculated and provided by the department under section 10(1) of this act; and

(c) A summary of the estimated total statewide costs and benefits attributable to the clean fuels program, including state agency administrative costs and regulated entity compliance costs. For purposes of calculating the benefits of the program, the summary may rely, in part, on a constant value of the social costs attributable to greenhouse gas emissions, as identified in contemporary internationally accepted estimates of such global social cost. This summary must include an estimate of the total statewide costs of the program per ton of greenhouse gas emissions reductions achieved by the clean fuels program.

(2) This section expires June 30, 2030.

NEW SECTION. Sec. 16. A new section is added to chapter 82.04 RCW to read as follows:

(1) This chapter does not apply to amounts received from the generation, purchase, sale, transfer, or retirement of credits under chapter 70A.--- RCW (the new chapter created in section 28 of this act).

(2) The provisions of RCW 82.32.805 and 82.32.808 do not apply to subsection (1) of this section.

Sec. 17. RCW 46.17.365 and 2015 3rd sp.s. c 44 s 202 are each amended to read as follows:

(1) A person applying for a motor vehicle registration and paying the vehicle license fee required in RCW 46.17.350(1) (a), (d), (e), (h), (j), (n), and (o) shall pay a motor vehicle weight fee in addition to all other fees and taxes required by law.

(a) For vehicle registrations that are due or become due before July 1, 2016, the motor vehicle weight fee:

(i) Must be based on the motor vehicle scale weight;

(ii) Is the difference determined by subtracting the vehicle license fee required in RCW 46.17.350 from the license fee in Schedule B of RCW 46.17.355, plus two dollars; and

(iii) Must be distributed under RCW 46.68.415.

(b) For vehicle registrations that are due or become due on or after July 1, 2016, the motor vehicle weight fee:

(i) Must be based on the motor vehicle scale weight as follows:

WEIGHT	FEE
4,000 pounds	\$ 25.00
6,000 pounds	\$ 45.00
8,000 pounds	\$ 65.00
16,000 pounds and over	\$ 72.00;

(ii) If the resultant motor vehicle scale weight is not listed in the table provided in (b)(i) of this subsection, must be increased to the next highest weight; and

(iii) Must be distributed under RCW 46.68.415 unless prior to July 1, 2023, the actions described in (b)(iii)(A) or (B) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under RCW 46.68.395.

(A) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(B) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(C) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(2) A person applying for a motor home vehicle registration shall, in lieu of

the motor vehicle weight fee required in subsection (1) of this section, pay a motor home vehicle weight fee of seventy-five dollars in addition to all other fees and taxes required by law. The motor home vehicle weight fee must be distributed under RCW 46.68.415.

(3) Beginning July 1, 2022, in addition to the motor vehicle weight fee as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant to pay an additional weight fee of ten dollars, which must be distributed to the multimodal transportation account under RCW 47.66.070 unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in this subsection must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(4) The department shall:

(a) Rely on motor vehicle empty scale weights provided by vehicle manufacturers, or other sources defined by the department, to determine the weight of each motor vehicle; and

(b) Adopt rules for determining weight for vehicles without manufacturer empty scale weights.

Sec. 18. RCW 46.25.100 and 2015 3rd sp.s. c 44 s 208 are each amended to read as follows:

(1) When a person has been disqualified from operating a commercial motor vehicle, the person is not entitled to have the commercial driver's license or commercial learner's permit restored until after the expiration of the appropriate disqualification period required under RCW 46.25.090 or until the department has received a drug and alcohol assessment and evidence is presented of satisfactory participation in or completion of any required drug or alcohol treatment program for ending the disqualification under RCW 46.25.090(7). After expiration of the appropriate period and upon payment of a requalification fee of twenty dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, or one hundred fifty dollars if the person has been disqualified under RCW 46.25.090(7), the person may apply for a new, duplicate, or renewal commercial driver's license or commercial learner's permit as provided by law. If the person has been disqualified for a period of one year or more, the person shall demonstrate that he or she meets the commercial driver's license or commercial learner's permit qualification standards specified in RCW 46.25.060.

(2) The fees under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 208, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative

authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

Sec. 19. RCW 46.20.202 and 2017 c 310 s 3 are each amended to read as follows:

(1) The department may enter into a memorandum of understanding with any federal agency for the purposes of facilitating the crossing of the border between the state of Washington and the Canadian province of British Columbia.

(2) The department may enter into an agreement with the Canadian province of British Columbia for the purposes of implementing a border-crossing initiative.

(3)(a) The department may issue an enhanced driver's license or identicard for the purposes of crossing the border between the state of Washington and the Canadian province of British Columbia to an applicant who provides the department with proof of: United States citizenship, identity, and state residency. The department shall continue to offer a standard driver's license and identicard. If the department chooses to issue an enhanced driver's license, the department must allow each applicant to choose between a standard driver's license or identicard, or an enhanced driver's license or identicard.

(b) The department shall implement a one-to-many biometric matching system for the enhanced driver's license or identicard. An applicant for an enhanced driver's license or identicard shall submit a biometric identifier as designated by the department. The biometric identifier must be used solely for the purpose of verifying the identity of the holders and for any purpose set out in RCW 46.20.037. Applicants are required to sign a declaration acknowledging their understanding of the one-to-many biometric match.

(c) The enhanced driver's license or identicard must include reasonable security measures to protect the privacy of Washington state residents, including reasonable safeguards to protect against

unauthorized disclosure of data about Washington state residents. If the enhanced driver's license or identicard includes a radio frequency identification chip, or similar technology, the department shall ensure that the technology is encrypted or otherwise secure from unauthorized data access.

(d) The requirements of this subsection are in addition to the requirements otherwise imposed on applicants for a driver's license or identicard. The department shall adopt such rules as necessary to meet the requirements of this subsection. From time to time the department shall review technological innovations related to the security of identity cards and amend the rules related to enhanced driver's licenses and identicards as the director deems consistent with this section and appropriate to protect the privacy of Washington state residents.

(e) Notwithstanding RCW 46.20.118, the department may make images associated with enhanced drivers' licenses or identicards from the negative file available to United States customs and border agents for the purposes of verifying identity.

(4) Beginning on July 23, 2017, the fee for an enhanced driver's license or enhanced identicard is twenty-four dollars, which is in addition to the fees for any regular driver's license or identicard. If the enhanced driver's license or enhanced identicard is issued, renewed, or extended for a period other than six years, the fee for each class is four dollars for each year that the enhanced driver's license or enhanced identicard is issued, renewed, or extended.

(5) The enhanced driver's license and enhanced identicard fee under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 209, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July

1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

Sec. 20. RCW 46.25.052 and 2015 3rd sp.s. c 44 s 206 are each amended to read as follows:

(1) The department may issue a CLP to an applicant who is at least eighteen years of age and holds a valid Washington state driver's license and who has:

(a) Submitted an application on a form or in a format provided by the department;

(b) Passed the general knowledge examination required for issuance of a CDL under RCW 46.25.060 for the commercial motor vehicle classification in which the applicant operates or expects to operate; and

(c) Paid the appropriate examination fee or fees and an application fee of ten dollars until June 30, 2016, and forty dollars beginning July 1, 2016.

(2) A CLP must be marked "commercial learner's permit" or "CLP," and must be, to the maximum extent practicable, tamperproof. Other than a photograph of the applicant, it must include, but not be limited to, the information required on a CDL under RCW 46.25.080(1).

(3) The holder of a CLP may drive a commercial motor vehicle on a highway only when in possession of a valid driver's license and accompanied by the holder of a valid CDL who has the proper CDL classification and endorsement or endorsements necessary to operate the commercial motor vehicle. The CDL holder must at all times be physically present

in the front seat of the vehicle next to the CLP holder or, in the case of a passenger vehicle, directly behind or in the first row behind the driver and must have the CLP holder under observation and direct supervision.

(4) A CLP may be classified in the same manner as a CDL under RCW 46.25.080(2)(a).

(5) CLPs may be issued with only P, S, or N endorsements as described in RCW 46.25.080(2)(b).

(a) The holder of a CLP with a P endorsement must have taken and passed the P endorsement knowledge examination. The holder of a CLP with a P endorsement is prohibited from operating a commercial motor vehicle carrying passengers other than authorized employees or representatives of the department and the federal motor carrier safety administration, examiners, other trainees, and the CDL holder accompanying the CLP holder as required under subsection (2) of this section. The P endorsement must be class specific.

(b) The holder of a CLP with an S endorsement must have taken and passed the S endorsement knowledge examination. The holder of a CLP with an S endorsement is prohibited from operating a school bus with passengers other than authorized employees or representatives of the department and the federal motor carrier safety administration, examiners, other trainees, and the CDL holder accompanying the CLP holder as required under subsection (2) of this section.

(c) The holder of a CLP with an N endorsement must have taken and passed the N endorsement knowledge examination. The holder of a CLP with an N endorsement may only operate an empty tank vehicle and is prohibited from operating any tank vehicle that previously contained hazardous materials and has not been purged of any residue.

(6) A CLP may be issued with appropriate restrictions as described in RCW 46.25.080(2)(c). In addition, a CLP may be issued with the following restrictions:

(a) "P" restricts the driver from operating a bus with passengers;

(b) "X" restricts the driver from operating a tank vehicle that contains cargo; and

(c) Any restriction as established by rule of the department.

(7) The holder of a CLP is not authorized to operate a commercial motor vehicle transporting hazardous materials.

(8) A CLP may not be issued for a period to exceed one hundred eighty days. The department may renew the CLP for one additional one hundred eighty-day period without requiring the CLP holder to retake the general and endorsement knowledge examinations.

(9) The department must transmit the fees collected for CLPs to the state treasurer for deposit in the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 206, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

Sec. 21. RCW 46.25.060 and 2020 c 78 s 2 are each amended to read as follows:

(1)(a) No person may be issued a commercial driver's license unless that person:

(i) Is a resident of this state;

(ii) Has successfully completed a course of instruction in the operation of a commercial motor vehicle that has been approved by the director or has been certified by an employer as having the skills and training necessary to operate a commercial motor vehicle safely;

(iii) If he or she does not hold a valid commercial driver's license of the appropriate classification, has been issued a commercial learner's permit under RCW 46.25.052; and

(iv) Has passed a knowledge and skills examination for driving a commercial motor vehicle that complies with minimum federal standards established by federal regulation enumerated in 49 C.F.R. Part 383, subparts F, G, and H, in addition to other requirements imposed by state law or federal regulation. The department may not allow the person to take the skills examination during the first fourteen days after initial issuance of the person's commercial learner's permit. The examinations must be prescribed and conducted by the department.

(b) In addition to the fee charged for issuance or renewal of any license, the applicant shall pay a fee of no more than ten dollars until June 30, 2016, and thirty-five dollars beginning July 1, 2016, for the classified knowledge examination, classified endorsement knowledge examination, or any combination of classified license and endorsement knowledge examinations. The applicant shall pay a fee of no more than one hundred dollars until June 30, 2016, and two hundred fifty dollars beginning July 1, 2016, for each classified skill examination or combination of classified skill examinations conducted by the department.

(c) The department may authorize a person, including an agency of this or another state, an employer, a private driver training facility, or other private institution, or a department, agency, or instrumentality of local government, to administer the skills examination specified by this section under the following conditions:

(i) The examination is the same which would otherwise be administered by the state;

(ii) The third party has entered into an agreement with the state that complies with the requirements of 49 C.F.R. Sec. 383.75; and

(iii) The director has adopted rules as to the third party testing program and the development and justification for fees charged by any third party.

(d) If the applicant's primary use of a commercial driver's license is for any of the following, then the applicant shall pay a fee of no more than seventy-five dollars until June 30, 2016, and two hundred twenty-five dollars beginning July 1, 2016, for the classified skill examination or combination of classified skill examinations whether conducted by the department or a third-party tester:

(i) Public benefit not-for-profit corporations that are federally supported head start programs; or

(ii) Public benefit not-for-profit corporations that support early childhood education and assistance programs as described in RCW 43.216.505.

(e) Beginning July 1, 2016, if the applicant's primary use of a commercial driver's license is to drive a school bus, the applicant shall pay a fee of no more than one hundred dollars for the classified skill examination or combination of classified skill examinations conducted by the department.

(f) Beginning July 1, 2016, payment of the examination fees under this subsection entitles the applicant to take the examination up to two times in order to pass.

(2)(a) The department may waive the skills examination and the requirement for completion of a course of instruction in the operation of a commercial motor vehicle specified in this section for a commercial driver's license applicant who meets the requirements of 49 C.F.R. Sec. 383.77. For current or former military service members that meet the requirements of 49 C.F.R. Sec. 383.77, the department may also waive the requirements for a knowledge test for commercial driver's license applicants. Beginning December 1, 2021, the department shall provide an annual report to the house and senate transportation committees and the joint committee on veterans' and military affairs of the legislature on the number and types of waivers granted pursuant to this subsection.

(b) An applicant who operates a commercial motor vehicle for agribusiness purposes is exempt from the

course of instruction completion and employer skills and training certification requirements under this section. By January 1, 2010, the department shall submit recommendations regarding the continuance of this exemption to the transportation committees of the legislature. For purposes of this subsection (2)(b), "agribusiness" means a private carrier who in the normal course of business primarily transports:

(i) Farm machinery, farm equipment, implements of husbandry, farm supplies, and materials used in farming;

(ii) Agricultural inputs, such as seed, feed, fertilizer, and crop protection products;

(iii) Unprocessed agricultural commodities, as defined in RCW 17.21.020, where such commodities are produced by farmers, ranchers, vineyardists, or orchardists; or

(iv) Any combination of (b)(i) through (iii) of this subsection.

The department shall notify the transportation committees of the legislature if the federal government takes action affecting the exemption provided in this subsection (2)(b).

(3) A commercial driver's license or commercial learner's permit may not be issued to a person while the person is subject to a disqualification from driving a commercial motor vehicle, or while the person's driver's license is suspended, revoked, or canceled in any state, nor may a commercial driver's license be issued to a person who has a commercial driver's license issued by any other state unless the person first surrenders all such licenses, which must be returned to the issuing state for cancellation.

(4) The fees under this section must be deposited into the highway safety fund unless prior to July 1, 2023, the actions described in (a) or (b) of this subsection occur, in which case the portion of the revenue that is the result of the fee increased in section 207, chapter 44, Laws of 2015 3rd sp. sess. must be distributed to the connecting Washington account created under RCW 46.68.395.

(a) Any state agency files a notice of rule making under chapter 34.05 RCW, absent explicit legislative

authorization enacted subsequent to July 1, 2015, for a rule regarding a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

(b) Any state agency otherwise enacts, adopts, orders, or in any way implements a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard, without explicit legislative authorization enacted subsequent to July 1, 2015.

(c) Nothing in this subsection acknowledges, establishes, or creates legal authority for the department of ecology or any other state agency to enact, adopt, order, or in any way implement a fuel standard based upon or defined by the carbon intensity of fuel, including a low carbon fuel standard or clean fuel standard.

Sec. 22. RCW 70A.15.3150 and 2020 c 20 s 1111 are each amended to read as follows:

(1) Any person who knowingly violates any of the provisions of this chapter (~~(e)~~), chapter 70A.25 or 70A.--- (the new chapter created in section 28 of this act) RCW, RCW 70A.45.080, or any ordinance, resolution, or regulation in force pursuant thereto is guilty of a gross misdemeanor and upon conviction thereof shall be punished by a fine of not more than ten thousand dollars, or by imprisonment in the county jail for up to three hundred sixty-four days, or by both for each separate violation.

(2) Any person who negligently releases into the ambient air any substance listed by the department of ecology as a hazardous air pollutant, other than in compliance with the terms of an applicable permit or emission limit, and who at the time negligently places another person in imminent danger of death or substantial bodily harm is guilty of a gross misdemeanor and shall, upon conviction, be punished by a fine of not more than ten thousand dollars, or by imprisonment for up to three hundred sixty-four days, or both.

(3) Any person who knowingly releases into the ambient air any substance listed by the department of ecology as a hazardous air pollutant, other than in compliance with the terms of an applicable permit or emission limit, and who knows at the time that he or she

thereby places another person in imminent danger of death or substantial bodily harm, is guilty of a class C felony and shall, upon conviction, be punished by a fine of not less than fifty thousand dollars, or by imprisonment for not more than five years, or both.

(4) Any person who knowingly fails to disclose a potential conflict of interest under RCW 70A.15.2000 is guilty of a gross misdemeanor, and upon conviction thereof shall be punished by a fine of not more than five thousand dollars.

Sec. 23. RCW 70A.15.3160 and 2020 c 20 s 1112 are each amended to read as follows:

(1)(a) Except as provided in RCW 43.05.060 through 43.05.080 and 43.05.150, and in addition to or as an alternate to any other penalty provided by law, any person who violates any of the provisions of this chapter, chapter 70A.25 (~~(e)~~), 70A.450, or 70A.--- (the new chapter created in section 28 of this act) RCW, RCW 70A.45.080, or any of the rules in force under such chapters or section may incur a civil penalty in an amount not to exceed ten thousand dollars per day for each violation. Each such violation shall be a separate and distinct offense, and in case of a continuing violation, each day's continuance shall be a separate and distinct violation.

(b) Any person who fails to take action as specified by an order issued pursuant to this chapter shall be liable for a civil penalty of not more than ten thousand dollars for each day of continued noncompliance.

(2)(a) Penalties incurred but not paid shall accrue interest, beginning on the ninety-first day following the date that the penalty becomes due and payable, at the highest rate allowed by RCW 19.52.020 on the date that the penalty becomes due and payable. If violations or penalties are appealed, interest shall not begin to accrue until the thirty-first day following final resolution of the appeal.

(b) The maximum penalty amounts established in this section may be increased annually to account for inflation as determined by the state office of the economic and revenue forecast council.

(3) Each act of commission or omission which procures, aids or abets in the violation shall be considered a violation

under the provisions of this section and subject to the same penalty. The penalties provided in this section shall be imposed pursuant to RCW 43.21B.300.

(4) All penalties recovered under this section by the department shall be paid into the state treasury and credited to the air pollution control account established in RCW 70A.15.1010 or, if recovered by the authority, shall be paid into the treasury of the authority and credited to its funds. If a prior penalty for the same violation has been paid to a local authority, the penalty imposed by the department under subsection (1) of this section shall be reduced by the amount of the payment.

(5) To secure the penalty incurred under this section, the state or the authority shall have a lien on any vessel used or operated in violation of this chapter which shall be enforced as provided in RCW 60.36.050.

(6) Public or private entities that are recipients or potential recipients of department grants, whether for air quality related activities or not, may have such grants rescinded or withheld by the department for failure to comply with provisions of this chapter.

(7) In addition to other penalties provided by this chapter, persons knowingly under-reporting emissions or other information used to set fees, or persons required to pay emission or permit fees who are more than ninety days late with such payments may be subject to a penalty equal to three times the amount of the original fee owed.

(8) The department shall develop rules for excusing excess emissions from enforcement action if such excess emissions are unavoidable. The rules shall specify the criteria and procedures for the department and local air authorities to determine whether a period of excess emissions is excusable in accordance with the state implementation plan.

Sec. 24. RCW 19.112.110 and 2013 c 225 s 601 are each amended to read as follows:

(1) Special fuel licensees under chapter 82.38 RCW, as determined by the department of licensing, must provide evidence to the department of licensing that at least two percent of the total annual diesel fuel sold in Washington is biodiesel or renewable diesel fuel,

following the earlier of: (a) November 30, 2008; or (b) when a determination is made by the director, published in the Washington State Register, that feedstock grown in Washington state can satisfy a two-percent requirement.

(2) Special fuel licensees under chapter 82.38 RCW, as determined by the department of licensing, must provide evidence to the department of licensing that at least five percent of total annual diesel fuel sold in Washington is biodiesel or renewable diesel fuel, when the director determines, and publishes this determination in the Washington State Register, that both in-state oil seed crushing capacity and feedstock grown in Washington state can satisfy a three-percent requirement.

(3) The requirements of subsections (1) and (2) of this section may take effect no sooner than one hundred eighty days after the determination has been published in the Washington State Register.

(4) The director and the director of licensing must each adopt rules, in coordination with each other, for enforcing and carrying out the purposes of this section.

(5) To the extent that the requirements of this section conflict with the requirements of chapter 70A.--- (the new chapter created in section 28 of this act) RCW, the requirements of chapter 70A.--- (the new chapter created in section 28 of this act) RCW prevail.

Sec. 25. RCW 19.112.120 and 2013 c 225 s 602 are each amended to read as follows:

(1) By December 1, 2008, motor vehicle fuel licensees under chapter 82.38 RCW, as determined by the department of licensing, must provide evidence to the department of licensing that at least two percent of total gasoline sold in Washington, measured on a quarterly basis, is denatured ethanol.

(2) If the director of ecology determines that ethanol content greater than two percent of the total gasoline sold in Washington will not jeopardize continued attainment of the federal clean air act's national ambient air quality standard for ozone pollution in Washington and the director of agriculture determines and publishes this determination in the Washington State Register that sufficient raw

materials are available within Washington to support economical production of ethanol at higher levels, the director of agriculture may require by rule that licensees provide evidence to the department of licensing that denatured ethanol comprises between two percent and at least ten percent of total gasoline sold in Washington, measured on a quarterly basis.

(3) The requirements of subsections (1) and (2) of this section may take effect no sooner than one hundred eighty days after the determination has been published in the Washington State Register.

(4) The director and the director of licensing must each adopt rules, in coordination with each other, for enforcing and carrying out the purposes of this section.

(5) Nothing in this section is intended to prohibit the production, sale, or use of motor fuel for use in federally designated flexibly fueled vehicles capable of using E85 motor fuel. Nothing in this section is intended to limit the use of high octane gasoline not blended with ethanol for use in aircraft.

(6) To the extent that the requirements of this section conflict with the requirements of chapter 70A.--- (the new chapter created in section 28 of this act) RCW, the requirements of chapter 70A.--- (the new chapter created in section 28 of this act) RCW prevail.

NEW SECTION. Sec. 26. A new section is added to chapter 28B.30 RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, Washington State University's energy program must initiate a least conflict priority clean energy project siting program in coordination with the energy facility site evaluation council, the department of ecology, the department of commerce, the department of fish and wildlife, local governments, clean energy stakeholders, conservation stakeholders, and Indian tribes. This program must engage all relevant agencies, stakeholders, and Indian tribes to identify priority areas in Washington state with the least amount of potential environmental impact and other conflict over competing land uses in the siting of major clean energy projects with the potential to produce significant volumes of transportation fuel with a low

carbon intensity, or that support the production of such transportation fuel. Washington State University's energy program may identify different priority areas for different types of industrial or manufacturing clean energy projects with the potential to produce significant volumes of transportation fuel with a low carbon intensity in sectors including, but not limited to, biofuels, agricultural and forest biomass, hydrogen produced via electrolysis of water, and renewable natural gas.

(2) A project proposed in an area designated under subsection (1) of this section does not receive a guarantee or assurance of being permitted and is subject to review consistent with chapter 43.21C RCW and applicable environmental permit processes. Project proponents are not limited to proposing projects in identified least conflict zones.

(3) The identification of priority areas completed in subsection (1) of this section must be updated at least once every six years.

NEW SECTION. Sec. 27. A new section is added to chapter 43.21A RCW to read as follows:

Subject to the availability of amounts appropriated for this specific purpose, the department, in consultation with the department of commerce, must periodically convene stakeholders, including all of those identified in section 26 of this act, Indian tribes, and the member agencies of the energy facility site evaluation council to identify and discuss avoidance, minimization, and mitigation of significant likely environmental impacts of clean energy projects specified in section 26 of this act. The environmental impacts identified and discussed must include, but are not limited to, air quality impacts, impacts to land and aquatic habitats, and wildlife impacts that may result from clean energy projects. The department must periodically provide a report to the appropriate committees of the house of representatives and the senate identifying mitigation resources, funding needs, and potential policies and programs to modify permitting and environmental review necessary for construction of clean energy projects with the potential to produce significant volumes of transportation fuel with a low carbon intensity, or that support the

production of such transportation fuel, in Washington state.

NEW SECTION. Sec. 28. Sections 1 through 15 of this act constitute a new chapter in Title 70A RCW.

NEW SECTION. Sec. 29. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2021, in the omnibus appropriations act, this act is null and void.

NEW SECTION. Sec. 30. 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 2 of the title, after "fuel;" strike the remainder of the title and insert "amending RCW 46.17.365, 46.25.100, 46.20.202, 46.25.052, 46.25.060, 70A.15.3150, 70A.15.3160, 19.112.110, and 19.112.120; adding a new section to chapter 82.04 RCW; adding a new section to chapter 28B.30 RCW; adding a new section to chapter 43.21A RCW; adding a new chapter to Title 70A RCW; creating a new section; prescribing penalties; providing a contingent effective date; and providing an expiration date."

and the same is herewith transmitted.

Sarah Bannister, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House refused to concur in the Senate amendment to ENGROSSED THIRD SUBSTITUTE HOUSE BILL NO. 1091 and asked the Senate to recede therefrom.

MESSAGE FROM THE SENATE

April 19, 2021

Madame Speaker:

The Senate refuses to concur in the House amendment to ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5237 and asks the House for a Conference thereon. The President has appointed the following members as Conferees: Senators Billig, Hawkins and Wilson C.,

and the same is herewith transmitted,

Sarah Bannister, Deputy Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House granted the Senate's request for a Conference on ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5237. The Speaker (Representative Lovick presiding) appointed the following members as Conferees: Representatives Senn, Bergquist and Dent.

MESSAGE FROM THE SENATE

April 5, 2021

Madame Speaker:

The Senate has passed ENGROSSED SUBSTITUTE HOUSE BILL NO. 1189 with the following amendment:

Strike everything after the enacting clause and insert the following:

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

(1) "Assessed value of real property" means the valuation of taxable real property as placed on the last completed assessment roll prepared pursuant to Title 84 RCW.

(2) "Increment area" means the geographic area within which regular property tax revenues are to be apportioned to pay public improvement costs, as authorized under this chapter.

(3) "Increment value" means 100 percent of any increase in the true and fair value of real property in an increment area that is placed on the tax rolls after the increment area is created. The increment value shall not be less than zero.

(4) "Local government" means any city, town, county, port district, or any combination thereof.

(5) "Ordinance" means any appropriate method of taking legislative action by a local government, including a resolution adopted by a port district organized under Title 53 RCW.

(6) "Public improvement costs" means the costs of:

(a) Design, planning, acquisition, required permitting, required environmental studies and mitigation, seismic studies or surveys, archaeological studies or surveys, land surveying, site preparation, construction, reconstruction,

rehabilitation, improvement, and installation of public improvements and other directly related costs;

(b) Relocating, maintaining, and operating property pending construction of public improvements;

(c) Relocating utilities as a result of public improvements;

(d) Financing public improvements, including capitalized interest for up to six months following completion of construction, legal and other professional services, taxes, insurance, principal and interest costs on general indebtedness issued to finance public improvements, and any necessary debt service reserves;

(e) Expenses incurred in revaluing real property for the purpose of determining the tax allocation base value by a county assessor under chapter 84.41 RCW and expenses incurred by a county treasurer under chapter 84.56 RCW in apportioning the taxes and complying with this chapter and other applicable law. For purposes of this subsection (6) (e), "expenses incurred" means actual staff and software costs directly related to the implementation and ongoing administration of increment areas under this chapter; and

(f) Administrative expenses and feasibility studies reasonably necessary and related to these costs, including related costs that may have been incurred before adoption of the ordinance authorizing the public improvements and the use of tax increment financing to fund the costs of the public improvements.

(7) "Public improvements" means:

(a) Infrastructure improvements owned by a local government within or outside of and serving the increment area that include:

(i) Street and road construction;

(ii) Water and sewer system construction and improvements;

(iii) Sidewalks and other nonmotorized transportation improvements and streetlights;

(iv) Parking, terminal, and dock facilities;

(v) Park and ride facilities or other transit facilities;

(vi) Park and community facilities and recreational areas;

(vii) Stormwater and drainage management systems;

(viii) Electric, broadband, or rail service;

(ix) Mitigation of brownfields; or

(b) Expenditures for any of the following purposes:

(i) Purchasing, rehabilitating, retrofitting for energy efficiency, and constructing housing for the purpose of creating or preserving long-term affordable housing;

(ii) Purchasing, rehabilitating, retrofitting for energy efficiency, and constructing child care facilities serving children and youth that are low-income, homeless, or in foster care;

(iii) Providing maintenance and security for the public improvements; or

(iv) Historic preservation activities authorized under RCW 35.21.395.

(8) "Regular property taxes" means regular property taxes as defined in RCW 84.04.140, except: (a) Regular property taxes levied by port districts or public utility districts to the extent necessary for the payments of principal and interest on general obligation debt; and (b) regular property taxes levied by the state for the support of the common schools under RCW 84.52.065. 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. "Regular property taxes" does not include excess property taxes levied by local school districts.

(9) "Tax allocation base value" means the assessed value of real property located within an increment area for taxes imposed in the year in which the increment area is first designated.

(10) "Tax allocation revenues" means those revenues derived from the imposition of regular property taxes on the increment value.

(11) "Taxing district" means a governmental entity that levies or has levied for it regular property taxes upon real property located within a proposed or approved increment area.

NEW SECTION. **Sec. 2.** (1) A local government may designate an increment area under this chapter and use the tax allocation revenues to pay public improvement costs, subject to the following conditions:

(a) The local government must adopt an ordinance designating an increment area within its boundaries and describing the public improvements proposed to be paid for, or financed with, tax allocation revenues;

(b) The local government may not designate increment area boundaries such that the entirety of its territory falls within an increment area;

(c) The increment area may not have an assessed valuation of more than \$200,000,000 or more than 20 percent of the sponsoring jurisdiction's total assessed valuation, whichever is less, when the ordinance is passed. If a sponsoring jurisdiction creates two increment areas, the total combined assessed valuation in both of the two increment areas may not equal more than \$200,000,000 or more than 20 percent of the sponsoring jurisdiction's total assessed valuation, whichever is less, when the ordinances are passed creating the increment areas;

(d) A local government can create no more than two active increment areas at any given time and they may not physically overlap by including the same land in more than one increment area at any time;

(e) The ordinance must set a sunset date for the increment area, which may be no more than 25 years after the first year in which tax allocation revenues are collected from the increment area;

(f) The ordinance must identify the public improvements to be financed and indicate whether the local government intends to issue bonds or other obligations, payable in whole or in part, from tax allocation revenues to finance the public improvement costs, and must estimate the maximum amount of obligations contemplated;

(g) The ordinance must provide that the increment takes effect on June 1st following the adoption of the ordinance in (a) of this subsection;

(h) The sponsoring jurisdiction may not add additional public improvements to the project after adoption of the

ordinance creating the increment area or change the boundaries of the increment area. The sponsoring jurisdiction may expand, alter, or add to the original public improvements when doing so is necessary to assure the originally approved improvements can be constructed or operated;

(i) The ordinance must impose a deadline by which commencement of construction of the public improvements shall begin, which deadline must be at least five years into the future and for which extensions shall be made available for good cause; and

(j) The local government must make a finding that:

(i) The public improvements proposed to be paid or financed with tax allocation revenues are expected to encourage private development within the increment area and to increase the assessed value of real property within the increment area;

(ii) Private development that is anticipated to occur within the increment area as a result of the proposed public improvements will be permitted consistent with the permitting jurisdiction's applicable zoning and development standards;

(iii) The private development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future without the proposed public improvements; and

(iv) The increased assessed value within the increment area that could reasonably be expected to occur without the proposed public improvements would be less than the increase in the assessed value estimated to result from the proposed development with the proposed public improvements.

(2) In considering whether to designate an increment area, the legislative body of the local government must prepare a project analysis that shall include, but need not be limited to, the following:

(a) A statement of objectives of the local government for the designated increment area;

(b) A statement as to the property within the increment area, if any, that the local government may intend to acquire;

(c) The duration of the increment area;

(d) Identification of all parcels to be included in the area;

(e) A description of the expected private development within the increment area, including a comparison of scenarios with the proposed public improvements and without the proposed public improvements;

(f) A description of the public improvements, estimated public improvement costs, and the estimated amount of bonds or other obligations expected to be issued to finance the public improvement costs and repaid with tax allocation revenues;

(g) The assessed value of real property listed on the tax roll as certified by the county assessor under RCW 84.52.080 from within the increment area and an estimate of the increment value and tax allocation revenues expected to be generated;

(h) An estimate of the job creation reasonably expected to result from the public improvements and the private development expected to occur in the increment area; and

(i) An assessment of any impacts and any necessary mitigation to address the impacts identified on the following:

- (i) Affordable and low-income housing;
- (ii) The local business community;
- (iii) The local school districts; and
- (iv) The local fire service.

(3) The local government may charge a private developer, who agrees to participate in creating the increment area, a fee sufficient to cover the cost of the project analysis and establishing the increment area, including staff time, professionals and consultants, and other administrative costs related to establishing the increment area.

(4) Nothing in this section prohibits a local government from entering into an agreement under chapter 39.34 RCW with another local government for the administration or other activities related to tax increment financing authorized under this section.

(5) If the project analysis indicates that an increment area will impact at least 20 percent of the assessed value in

a fire protection district or regional fire protection service authority, or the fire service agency's annual report demonstrates an increase in the level of service directly related to the increment area, the local government must negotiate a mitigation plan with the fire protection district or regional fire protection service authority to address level of service issues in the increment area.

(6) The local government may reimburse the assessor and treasurer for their costs as provided in section 1(6)(e) of this act.

(7) Prior to the adoption of an ordinance authorizing creation of an increment area, the local government must:

(a) Hold at least two public briefings for the community solely on the tax increment project that include the description of the increment area, the public improvements proposed to be financed with the tax allocation revenues, and a detailed estimate of tax revenues for the participating local governments and taxing districts, including the amounts allocated to the increment public improvements. The briefings must be announced at least two weeks prior to the date being held, including publishing in a legal newspaper of general circulation and posting information on the local government website and all local government social media sites; and

(b) Submit the project analysis to the office of the treasurer for review and consider any comments that the treasurer may provide upon completion of their review of the project analysis as provided under this subsection. The treasurer must complete the review within 90 days of receipt of the project analysis and may consult with other agencies and outside experts as necessary. Upon completing their review, the treasurer must promptly provide to the local government any comments regarding suggested revisions or enhancements to the project analysis that the treasurer deems appropriate based on the requirements in subsection (2) of this section.

NEW SECTION. Sec. 3. (1) Public improvements that are financed under this chapter may be undertaken and coordinated with other programs or efforts undertaken by the local government and other taxing

districts and may be funded in part from revenue sources other than tax allocation revenues.

(2) Public improvements that are constructed by a private developer must meet all applicable state and local laws.

NEW SECTION. **Sec. 4.** The local government designating the increment area must:

(1) Publish notice in a legal newspaper of general circulation within the jurisdiction of the local government that describes the public improvements, describes the boundaries of the increment area, and identifies the location and times where the ordinance and other public information concerning the public improvement may be inspected; and

(2) Deliver a certified copy of the ordinance to the county treasurer, the county assessor, and the governing body of each taxing district within which the increment area is located.

NEW SECTION. **Sec. 5.** Apportionment of taxes shall be as follows:

(1) Commencing in the calendar year following the passage of the ordinance, the county treasurer shall distribute receipts from regular property taxes imposed on real property located in the increment area as follows:

(a) Each taxing district shall receive that portion of its regular property taxes produced by the rate of tax levied by or for the taxing district on the tax allocation base value for that increment area;

(b) The local government that designated the increment area shall be entitled to receive an additional amount equal to the amount derived from the regular property taxes levied by or for each taxing district upon the increment value within the increment area. The local government that designated the increment area shall receive no more than is needed to pay or repay costs directly associated with the public improvements identified in the approved ordinance and may agree to receive less than the full amount of this portion, 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 taxing districts that imposed regular property taxes, or have regular property taxes imposed for them, in the increment area

for collection that year in proportion to their regular tax levy rates for collection that year. The 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 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 tax increment financing; and

(c) This section shall not apply to any receipts from the regular property taxes levied by:

(i) The state for the support of the common schools under RCW 84.52.065;

(ii) Local school district excess levies; and

(iii) Port districts or public utility districts specifically for the purpose of making required payments of principal and interest or general indebtedness.

(2) The apportionment of tax allocation revenues must cease when the taxing district certifies to the county assessor in writing that tax allocation revenues are no longer necessary or obligated to pay public improvement costs, but in no event shall the apportionment of tax allocation revenues continue beyond the sunset date established pursuant to section 2(1)(e) of this act. Any excess tax allocation revenues and earnings on the tax allocation revenues remaining at the time the apportionment of tax receipts terminates must be returned to the county treasurer and distributed to the taxing districts that imposed regular property taxes, or had regular property taxes imposed for it, in the increment area for collection that year, in proportion to the rates of their regular property tax levies for collection that year.

(3) The apportionment and distribution of portions of the regular property taxes levied by or for each taxing district upon the increment value within the increment area pursuant to and subject to the requirements of this chapter is declared to be a public purpose of and benefit each such taxing district.

(4) The apportionment and distribution of portions of the regular property taxes levied by or for each taxing district upon the increment value within the increment area pursuant to this section

shall not affect or be deemed to affect the rate of taxes levied by or within any such taxing district or the consistency of any such levies with the uniformity requirement of Article VII, section 1 of the state Constitution.

NEW SECTION. **Sec. 6.** (1) A local government designating an increment area may incur general indebtedness, and issue general obligation bonds or notes to finance the public improvements and retire the indebtedness, in whole or in part, from tax allocation revenues it receives.

(2) The general indebtedness incurred under subsection (1) of this section may be payable from tax allocation revenues and any other sources available to the local government for payment of the public improvement costs, including without limitation: Other tax revenues; the full faith and credit of the local government; nontax income, revenues, fees, and rents from the public improvements; and contributions, grants, and nontax resources.

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

NEW SECTION. **Sec. 7.** A direct or collateral attack on the designation of the increment area or the allocation of regular property tax revenues in conformance with applicable legal requirements, including this chapter, may not be commenced more than 30 days after adoption of the ordinance as required by section 2 of this act.

NEW SECTION. **Sec. 8.** (1) A local government may issue revenue bonds to fund revenue-generating public improvements, or portions of public improvements, that are located within an increment area and that it is authorized to provide or operate. Whenever revenue bonds are to be issued, the legislative authority of the local government shall create or have created a special fund or funds from which, along with any reserves created pursuant to RCW 39.44.140, the principal and interest on these revenue bonds shall exclusively be payable. The legislative authority of the local government may obligate the local

government to set aside and pay into the special fund or funds a fixed proportion or a fixed amount of the revenues from the public improvements that are funded by the revenue bonds. This amount or proportion is a lien and charge against these revenues, subject only to operating and maintenance expenses. The local government shall have due regard for the cost of operation and maintenance of the public improvements that are funded by the revenue bonds, and shall not set aside into the special fund or funds a greater amount or proportion of the revenues that in its judgment will be available over and above the cost of maintenance and operation and the amount or proportion, if any, of the revenue previously pledged. The local government may also provide that revenue bonds payable out of the same source or sources of revenue may later be issued on a parity with any revenue bonds being issued and sold.

(2) Revenue bonds issued under this section are not an indebtedness of the local government issuing the bonds, and the interest and principal on the bonds shall only be payable from the revenues lawfully pledged to meet the principal and interest requirements and any reserves created pursuant to RCW 39.44.140. The owner or bearer of a revenue bond or any interest coupon issued under this section shall not have any claim against the local government arising from the bond or coupon except for payment from the revenues lawfully pledged to meet the principal and interest requirements and any reserves created pursuant to RCW 39.44.140. The substance of the limitations included in this subsection shall be plainly printed, written, or engraved on each bond issued under this section.

(3) Revenue bonds with a maturity in excess of 25 years shall not be issued under this section.

(4) The legislative authority of the local government shall by resolution determine for each revenue bond issue the amount, date, form, terms, conditions, denominations, maximum fixed or variable interest rate or rates, maturity or maturities, redemption rights, registration privileges, manner of execution, manner of sale, callable provisions, if any, and covenants including the refunding of existing revenue bonds. Facsimile signatures may be used on the bonds and any coupons.

Refunding revenue bonds may be issued in the same manner as revenue bonds are issued.

(5) The authority to issue revenue bonds under this section is supplementary and in addition to any authority otherwise existing. Nothing in this section limits a local government in the issuance of revenue bonds that are otherwise authorized by law for the construction of additions, betterments, or extensions of utilities within the increment area.

(6) Notwithstanding anything to the contrary in this section, revenue bonds issued to finance public improvements may be issued in accordance with chapter 39.46 RCW.

NEW SECTION. Sec. 9. This chapter supplements and neither restricts nor limits any powers that the state or any local government might otherwise have under any laws of this state.

Sec. 10. RCW 84.55.010 and 2017 3rd sp.s. c 13 s 302 are each amended to read as follows:

(1) Except as provided in this chapter, the levy for a taxing district in any year must be set so that the regular property taxes payable in the following year do not exceed the limit factor multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district, excluding any increase due to (e) of this subsection, unless the highest levy was the statutory maximum rate amount, plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year by the increase in assessed value in that district resulting from:

(a) New construction;

(b) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;

(c) Improvements to property; ~~(and)~~

(d) Any increase in the assessed value of state-assessed property; and

(e) Any increase in the assessed value of real property, as that term is defined in section 1 of this act, within an increment area as designated by any local government in section 2 of this act provided that such increase is not included elsewhere under this section. This subsection (1)(e) does not apply to levies by the state or by port districts and public utility districts for the purpose of making required payments of principal and interest on general indebtedness.

(2) The requirements of this section do not apply to:

(a) State property taxes levied under RCW 84.52.065(1) for collection in calendar years 2019 through 2021; and

(b) State property taxes levied under RCW 84.52.065(2) for collection in calendar years 2018 through 2021.

Sec. 11. RCW 84.55.120 and 2014 c 4 s 5 are each amended to read as follows:

(1) A taxing district, other than the state, that collects regular levies must hold a public hearing on revenue sources for the district's following year's current expense budget. The hearing must include consideration of possible increases in property tax revenues and must be held prior to the time the taxing district levies the taxes or makes the request to have the taxes levied. The county legislative authority, or the taxing district's governing body if the district is a city, town, or other type of district, must hold the hearing. For purposes of this section, "current expense budget" means that budget which is primarily funded by taxes and charges and reflects the provision of ongoing services. It does not mean the capital, enterprise, or special assessment budgets of cities, towns, counties, or special purpose districts.

(2) If the taxing district is otherwise required to hold a public hearing on its proposed regular tax levy, a single public hearing may be held on this matter.

(3)(a) Except as provided in (b) of this subsection (3), no increase in property tax revenue may be authorized by a taxing district, other than the state, except by adoption of a separate ordinance or resolution, pursuant to notice, specifically authorizing the increase in terms of both dollars and percentage. The ordinance or resolution

may cover a period of up to two years, but the ordinance must specifically state for each year the dollar increase and percentage change in the levy from the previous year.

(b) Exempt from the requirements of (a) of this subsection are increases in revenue resulting from the addition of:

(i) New construction;

(ii) Increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere under this section for purposes of providing an additional dollar amount. The property may be classified as real or personal property;

(iii) Improvements to property;
(~~and~~)

(iv) Any increase in the value of state-assessed property; and

(v) Any increase in the assessed value of real property, as that term is defined in section 1 of this act, within an increment area as designated by any local government in section 2 of this act provided that such increase is not included elsewhere under this section. This subsection (3)(b)(v) does not apply to levies by the state or by port districts and public utility districts for the purpose of making required payments of principal and interest on general indebtedness.

NEW SECTION. Sec. 12. Sections 1 through 9 of this act constitute a new chapter in Title 39 RCW.

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 "financing;" strike the remainder of the title and insert "amending RCW 84.55.010 and 84.55.120; and adding a new chapter to Title 39 RCW."

and the same is herewith transmitted.

Brad Hendrickson, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 1189 and advanced the bill, as amended by the Senate, to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representative Duerr spoke in favor of 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 the final passage of Engrossed Substitute House Bill No. 1189, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1189, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 68; Nays, 30; Absent, 0; Excused, 0.

Voting yea: Representatives Barkis, Bateman, Berg, Bergquist, Berry, Boehnke, Callan, Chapman, Chopp, Cody, Corry, Davis, Dolan, Duerr, Entenman, Fey, Fitzgibbon, Frame, Gilday, Goehner, Goodman, Graham, Gregerson, Griffey, Hackney, Hansen, Harris-Talley, Hoff, J. Johnson, Kirby, Klippert, Kloba, Lekanoff, Lovick, MacEwen, Macri, Morgan, Ormsby, Ortiz-Self, Orwall, Peterson, Pollet, Ramel, Ramos, Riccelli, Robertson, Rude, Ryu, Sells, Senn, Shewmake, Simmons, Slatter, Springer, Steele, Stokesbary, Stonier, Sullivan, Taylor, Thai, Tharinger, Valdez, Vick, Volz, Walen, Wicks, Wylie and Mme. Speaker.

Voting nay: Representatives Abbarno, Bronoske, Caldier, Chambers, Chandler, Chase, Dent, Dufault, Dye, Eslick, Harris, Jacobsen, Klicker, Kraft, Kretz, Leavitt, Maycumber, McCaslin, McEntire, Mosbrucker, Orcutt, Paul, Rule, Santos, Schmick, Sutherland, Walsh, Wilcox, Ybarra and Young.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1189, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 10, 2021

Madame Speaker:

The Senate has passed SUBSTITUTE HOUSE BILL NO. 1218 with the following amendment:

Strike everything after the enacting clause and insert the following:

"**NEW SECTION. Sec. 1.** The legislature finds that:

(1) Residents in licensed long-term care facilities have been disproportionately impacted and isolated by the COVID-19 pandemic and over 50 percent of all COVID-19 deaths in Washington have been associated with long-term care facilities;

(2) According to a University of Washington report, social isolation creates a "double pandemic" that disrupts care and exacerbates the difficulties of dementia, depression, suicide risk, chronic health conditions, and other challenges faced by long-term care residents and providers;

(3) A "digital divide" exists in many parts of Washington, particularly for older adults of color with low incomes and those in rural communities;

(4) Residents with sensory limitations, mental illness, intellectual disabilities, dementia, cognitive limitations, traumatic brain injuries, or other disabilities may not be able to fully utilize digital tools which exacerbates their social isolation;

(5) Long-term care facilities already have the legal responsibility to care for their residents in a manner and in an environment that promotes the maintenance or enhancement of each resident's quality of life. A resident should have a safe, clean, comfortable, and homelike environment as detailed in chapter 70.129 RCW; and

(6) The COVID-19 pandemic has exposed systematic weaknesses in the state's long-term care system and there is a need to enact additional measures to protect and improve the health, safety, and quality of life of residents.

NEW SECTION. Sec. 2. A new section is added to chapter 18.20 RCW to read as follows:

The department must require an assisted living facility that is subject to a stop placement order or limited stop placement order under RCW 18.20.190 to publicly post in a conspicuous place at the facility a standardized notice that the department has issued a stop placement order or limited stop placement order for the facility. The standardized notice shall be developed by the department to include the date of the stop placement order or limited stop placement order, any conditions placed upon the facility's license, contact

information for the department, contact information for the administrator or provider of the assisted living facility, and a statement that anyone may contact the department or the administrator or provider for further information. The notice must remain posted until the department has terminated the stop placement order or limited stop placement order.

NEW SECTION. Sec. 3. A new section is added to chapter 18.20 RCW to read as follows:

(1) The department shall require each assisted living facility to:

(a) Create and regularly maintain a current resident roster containing the name and room number of each resident and provide a written copy immediately upon an in-person request from any long-term care ombuds;

(b) Create and regularly maintain current, accurate, and aggregated contact information for all residents, including contact information for the resident representative, if any, of each resident. The contact information for each resident must include the resident's name, room number, and, if available, telephone number and email address. The contact information for each resident representative must include the resident representative's name, relationship to the resident, phone number, and, if available, email and mailing address;

(c) Record and update the aggregated contact information required by this section, upon receipt of new or updated contact information from the resident or resident representative; and

(d) Upon the written request of any long-term care ombuds that includes reference to this section and the relevant legal functions and duties of long-term care ombuds, provide a copy of the aggregated contact information required by this section within 48 hours, or within a reasonable time if agreed to by the requesting long-term care ombuds by electronic copy to the secure email address or facsimile number provided in the written request.

(2) In accordance with the federal Older Americans Act, federal regulations, and state laws that govern the state long-term care ombuds program, the department shall inform assisted living facilities that:

(a) Any long-term care ombuds is authorized to request and obtain from assisted living facilities the information required by this section in order to perform the functions and duties of long-term care ombuds as set forth in federal and state laws;

(b) The state long-term care ombuds program and all long-term care ombuds are considered a "health oversight agency," so that the federal health insurance portability and accountability act and chapter 70.02 RCW do not preclude assisted living facilities from providing the information required by this section when requested by any long-term care ombuds, and pursuant to these laws, the federal older Americans act, federal regulations, and state laws that govern the state long-term care ombuds program, facilities are not required to seek or obtain consent from residents or resident representatives prior to providing the information required by this section in accordance with the requirements of this section;

(c) The information required by this section, when provided by an assisted living facility to a requesting long-term care ombuds, becomes property of the state long-term care ombuds program and is subject to all state and federal laws governing the confidentiality and disclosure of the files, records, and information maintained by the state long-term care ombuds program or any local long-term care ombuds entity; and

(d) The assisted living facility may not refuse to provide or unreasonably delay providing the resident roster, the contact information for a resident or resident representative, or the aggregated contact information required by this section on any basis, including on the basis that the facility must first seek or obtain consent from one or more of the residents or resident representatives.

(3) Nothing in this section shall interfere with or diminish the authority of any long-term care ombuds to access facilities, residents, and resident records as otherwise authorized by law.

(4) For the purposes of this section, "resident representative" has the same meaning as in RCW 70.129.010.

NEW SECTION. **Sec. 4.** A new section is added to chapter 18.20 RCW to read as follows:

(1) Each assisted living facility shall be responsive to incoming communications and respond within a reasonable time to phone and electronic messages.

(2) Each assisted living facility must have a communication system, including a sufficient quantity of working telephones and other communication equipment, to ensure that residents have 24-hour access to communications with family, medical providers, and others, and also to allow for emergency contact to and from facility staff. The telephones and communication equipment must provide for auditory privacy, not be located in a staff office or station, be accessible and usable by persons with hearing loss and other disabilities, and not require payment for local calls. An assisted living facility is not required to provide telephones at no cost in each resident room.

NEW SECTION. **Sec. 5.** A new section is added to chapter 18.20 RCW to read as follows:

(1) Each assisted living facility shall develop and maintain a comprehensive disaster preparedness plan to be followed in the event of a disaster or emergency, including fires, earthquakes, floods, infectious disease outbreaks, loss of power or water, and other events that may require sheltering in place, evacuations, or other emergency measures to protect the health and safety of residents. The facility shall review the comprehensive disaster preparedness plan annually, update the plan as needed, and train all employees when they begin work in the facility on the comprehensive disaster preparedness plan and related staff procedures.

(2) The department shall adopt rules governing the comprehensive disaster preparedness plan. At a minimum, the rules must address: Timely communication with the residents' emergency contacts; timely communication with state and local agencies, long-term care ombuds, and developmental disabilities ombuds; contacting and requesting emergency assistance; on-duty employees' responsibilities; meeting residents' essential needs; procedures to identify and locate residents; and procedures to provide emergency information to provide for the health and safety of residents. In addition, the rules shall establish standards for maintaining personal protective equipment and infection

control capabilities, as well as department inspection procedures with respect to the plans.

Sec. 6. RCW 18.51.009 and 1994 c 214 s 22 are each amended to read as follows:

RCW 70.129.007, 70.129.105, ~~((and))~~ 70.129.150 through 70.129.170, and section 20 of this act apply to this chapter and persons regulated under this chapter.

Sec. 7. RCW 18.51.260 and 1987 c 476 s 26 are each amended to read as follows:

(1) Each citation for a violation specified in RCW 18.51.060 which is issued pursuant to this section ~~((and which has become final))~~, or a copy or copies thereof, shall be prominently posted, as prescribed in regulations issued by the director, until the violation is corrected to the satisfaction of the department up to a maximum of one hundred twenty days. The citation or copy shall be posted in a place or places in plain view of the patients in the nursing home, persons visiting those patients, and persons who inquire about placement in the facility.

(2) The department shall require a nursing home that is subject to a stop placement order or limited stop placement order under RCW 18.51.060 to publicly post in a conspicuous place at the nursing home a standardized notice that the department has issued a stop placement order or limited stop placement order for the nursing home. The standardized notice shall be developed by the department to include the date of the stop placement order or limited stop placement order, any conditions placed upon the nursing home's license, contact information for the department, contact information for the administrator or provider of the nursing home, and a statement that anyone may contact the department or the administrator or provider for further information. The notice must remain posted until the department has terminated the stop placement order or limited stop placement order.

NEW SECTION. Sec. 8. A new section is added to chapter 18.51 RCW to read as follows:

(1) The department shall require each nursing home to:

(a) Create and regularly maintain a current resident roster containing the

name and room number of each resident and provide a written copy immediately upon an in-person request from any long-term care ombuds;

(b) Create and regularly maintain current, accurate, and aggregated contact information for all residents, including contact information for the resident representative, if any, of each resident. The contact information for each resident must include the resident's name, room number, and, if available, telephone number and email address. The contact information for each resident representative must include the resident representative's name, relationship to the resident, phone number, and, if available, email and mailing address;

(c) Record and update the aggregated contact information required by this section, upon receipt of new or updated contact information from the resident or resident representative; and

(d) Upon the written request of any long-term care ombuds that includes reference to this section and the relevant legal functions and duties of long-term care ombuds, provide a copy of the aggregated contact information required by this section within 48 hours, or within a reasonable time if agreed to by the requesting long-term care ombuds, by electronic copy to the secure email address or facsimile number provided in the written request.

(2) In accordance with the federal older Americans act, federal regulations, and state laws that govern the state long-term care ombuds program, the department shall inform nursing homes that:

(a) Any long-term care ombuds is authorized to request and obtain from nursing homes the information required by this section in order to perform the functions and duties of long-term care ombuds as set forth in federal and state laws;

(b) The state long-term care ombuds program and all long-term care ombuds are considered a "health oversight agency," so that the federal health insurance portability and accountability act and chapter 70.02 RCW do not preclude nursing homes from providing the information required by this section when requested by any long-term care ombuds, and pursuant to these laws, the federal older Americans act, federal regulations, and state laws that govern the state long-

term care ombuds program, nursing homes are not required to seek or obtain consent from residents or resident representatives prior to providing the information required by this section in accordance with the requirements of this section;

(c) The information required by this section, when provided by a nursing home to a requesting long-term care ombuds, becomes property of the state long-term care ombuds program and is subject to all state and federal laws governing the confidentiality and disclosure of the files, records, and information maintained by the state long-term care ombuds program or any local long-term care ombuds entity; and

(d) The nursing home may not refuse to provide or unreasonably delay providing the resident roster, the contact information for a resident or resident representative, or the aggregated contact information required by this section, on any basis, including on the basis that the nursing home must first seek or obtain consent from one or more of the residents or resident representatives.

(3) Nothing in this section shall interfere with or diminish the authority of any long-term care ombuds to access nursing homes, residents, and resident records as otherwise authorized by law.

(4) For the purposes of this section, "resident representative" has the same meaning as in RCW 70.129.010.

NEW SECTION. **Sec. 9.** A new section is added to chapter 18.51 RCW to read as follows:

(1) Each nursing home must be responsive to incoming communications and respond within a reasonable time to phone and electronic messages.

(2) Each nursing home must have a communication system, including a sufficient quantity of working telephones and other communication equipment to ensure that residents have 24-hour access to communications with family, medical providers, and others, and also to allow for emergency contact to and from facility staff. The telephones and communication equipment must provide for auditory privacy, not be located in a staff office or station, be accessible and usable by persons with hearing loss and other disabilities, and not require payment for local calls. A

nursing home is not required to provide telephones at no cost in each resident room.

Sec. 10. RCW 74.42.420 and 1979 ex.s. c 211 s 42 are each amended to read as follows:

The facility shall maintain an organized record system containing a record for each resident. The record shall contain:

(1) Identification information, including the information listed in section 8(1) of this act;

(2) Admission information, including the resident's medical and social history;

(3) A comprehensive plan of care and subsequent changes to the comprehensive plan of care;

(4) Copies of initial and subsequent periodic examinations, assessments, evaluations, and progress notes made by the facility and the department;

(5) Descriptions of all treatments, services, and medications provided for the resident since the resident's admission;

(6) Information about all illnesses and injuries including information about the date, time, and action taken; and

(7) A discharge summary.

Resident records shall be available to the staff members directly involved with the resident and to appropriate representatives of the department. The facility shall protect resident records against destruction, loss, and unauthorized use. The facility shall keep a resident's record after the resident is discharged as provided in RCW 18.51.300.

NEW SECTION. **Sec. 11.** A new section is added to chapter 18.51 RCW to read as follows:

(1) Each nursing home shall develop and maintain a comprehensive disaster preparedness plan to be followed in the event of a disaster or emergency, including fires, earthquakes, floods, infectious disease outbreaks, loss of power or water, and other events that may require sheltering in place, evacuations, or other emergency measures to protect the health and safety of residents. The nursing home shall review the comprehensive disaster preparedness plan annually, update the plan as needed,

and train all employees when they begin work in the nursing home on the comprehensive disaster preparedness plan and related staff procedures.

(2) The department shall adopt rules governing the comprehensive disaster preparedness plan. At a minimum, the rules must address the following if not already adequately addressed by federal requirements for emergency planning: Timely communication with the residents' emergency contacts; timely communication with state and local agencies, long-term care ombuds, and developmental disabilities ombuds; contacting and requesting emergency assistance; on-duty employees' responsibilities; meeting residents' essential needs; procedures to identify and locate residents; and procedures to provide emergency information to provide for the health and safety of residents. In addition, the rules shall establish standards for maintaining personal protective equipment and infection control capabilities, as well as department inspection procedures with respect to the plans.

Sec. 12. RCW 74.42.460 and 1979 ex.s. c 211 s 46 are each amended to read as follows:

The facility shall have a written staff organization plan and detailed written procedures to meet potential emergencies and disasters. The facility shall clearly communicate and periodically review the plan and procedures with the staff and residents. The plan and procedures shall be posted at suitable locations throughout the facility. The planning requirement of this section shall complement the comprehensive disaster preparedness planning requirement of section 11 of this act.

NEW SECTION. Sec. 13. A new section is added to chapter 70.97 RCW to read as follows:

The department shall require an enhanced services facility that is subject to a stop placement order or limited stop placement order under RCW 70.97.110 to publicly post in a conspicuous place at the facility a standardized notice that the department has issued a stop placement order or limited stop placement order for the facility. The standardized notice shall be developed by the department to include the date of the stop placement order or

limited stop placement order, any conditions placed upon the facility's license, contact information for the department, contact information for the administrator or provider of the facility, and a statement that anyone may contact the department or the administrator or provider for further information. The notice must remain posted until the department has terminated the stop placement order or limited stop placement order.

NEW SECTION. Sec. 14. A new section is added to chapter 70.97 RCW to read as follows:

(1) The department shall require each enhanced services facility to:

(a) Create and regularly maintain a current resident roster containing the name and room number of each resident and provide a written copy immediately upon an in-person request from any long-term care ombuds;

(b) Create and regularly maintain current, accurate, and aggregated contact information for all residents, including contact information for the resident representative, if any, of each resident. The contact information for each resident must include the resident's name, room number, and, if available, telephone number and email address. The contact information for each resident representative must include the resident representative's name, relationship to the resident, phone number, and, if available, email and mailing address;

(c) Record and update the aggregated contact information required by this section, upon receipt of new or updated contact information from the resident or resident representative; and

(d) Upon the written request of any long-term care ombuds that includes reference to this section and the relevant legal functions and duties of long-term care ombuds, provide a copy of the aggregated contact information required by this section within 48 hours, or within a reasonable time if agreed to by the requesting long-term care ombuds, by electronic copy to the secure email address or facsimile number provided in the written request.

(2) In accordance with the federal older Americans act, federal regulations, and state laws that govern the state long-term care ombuds program,

the department shall inform enhanced services facilities that:

(a) Any long-term care ombuds is authorized to request and obtain from enhanced services facilities the information required by this section in order to perform the functions and duties of long-term care ombuds as set forth in federal and state laws;

(b) The state long-term care ombuds program and all long-term care ombuds are considered a "health oversight agency," so that the federal health insurance portability and accountability act and chapter 70.02 RCW do not preclude enhanced services facilities from providing the information required by this section when requested by any long-term care ombuds, and pursuant to these laws, the federal older Americans act, federal regulations, and state laws that govern the state long-term care ombuds program, facilities are not required to seek or obtain consent from residents or resident representatives prior to providing the information required by this section in accordance with the requirements of this section;

(c) The information required by this section, when provided by an enhanced services facility to a requesting long-term care ombuds, becomes property of the state long-term care ombuds program and is subject to all state and federal laws governing the confidentiality and disclosure of the files, records, and information maintained by the state long-term care ombuds program or any local long-term care ombuds entity; and

(d) The enhanced services facility may not refuse to provide or unreasonably delay providing the resident roster, the contact information for a resident or resident representative, or the aggregated contact information required by this section, on any basis, including on the basis that the enhanced services facility must first seek or obtain consent from one or more of the residents or resident representatives.

(3) Nothing in this section shall interfere with or diminish the authority of any long-term care ombuds to access facilities, residents, and resident records as otherwise authorized by law.

(4) For the purposes of this section, "resident representative" has the same meaning as in RCW 70.129.010.

NEW SECTION. **Sec. 15.** A new section is added to chapter 70.97 RCW to read as follows:

(1) Each enhanced services facility must be responsive to incoming communications and respond within a reasonable time to phone and electronic messages.

(2) Each enhanced services facility must have a communication system, including a sufficient quantity of working telephones and other communication equipment to assure that residents have 24-hour access to communications with family, medical providers, and others, and also to allow for emergency contact to and from facility staff. The telephones and communication equipment must provide for auditory privacy, not be located in a staff office or station, be accessible and usable by persons with hearing loss and other disabilities, and not require payment for local calls. An enhanced services facility is not required to provide telephones at no cost in each resident room.

NEW SECTION. **Sec. 16.** A new section is added to chapter 70.97 RCW to read as follows:

(1) Each enhanced services facility shall develop and maintain a comprehensive disaster preparedness plan to be followed in the event of a disaster or emergency, including fires, earthquakes, floods, infectious disease outbreaks, loss of power or water, and other events that may require sheltering in place, evacuations, or other emergency measures to protect the health and safety of residents. The enhanced services facility must review the comprehensive disaster preparedness plan annually, update the plan as needed, and train all employees when they begin work in the enhanced services facility on the comprehensive disaster preparedness plan and related staff procedures.

(2) The department shall adopt rules governing the comprehensive disaster preparedness plan. At a minimum, the rules must address: Timely communication with the residents' emergency contacts; timely communication with state and local agencies, long-term care ombuds, and developmental disabilities ombuds; contacting and requesting emergency assistance; on-duty employees' responsibilities; meeting residents' essential needs; procedures to identify

and locate residents; and procedures to provide emergency information to provide for the health and safety of residents. In addition, the rules shall establish standards for maintaining personal protective equipment and infection control capabilities, as well as department inspection procedures with respect to the plans.

NEW SECTION. Sec. 17. A new section is added to chapter 70.128 RCW to read as follows:

(1) The department shall require each adult family home to:

(a) Create and regularly maintain a current resident roster containing the name and room number of each resident and provide a written copy immediately upon an in-person request from any long-term care ombuds;

(b) Create and regularly maintain current, accurate, and aggregated contact information for all residents, including contact information for the resident representative, if any, of each resident. The contact information for each resident must include the resident's name, room number, and, if available, telephone number and email address. The contact information for each resident representative must include the resident representative's name, relationship to the resident, phone number, and, if available, email and mailing address;

(c) Record and update the aggregated contact information required by this section, upon receipt of new or updated contact information from the resident or resident representative; and

(d) Upon the written request of any long-term care ombuds that includes reference to this section and the relevant legal functions and duties of long-term care ombuds, provide a copy of the aggregated contact information required by this section within 48 hours, or within a reasonable time if agreed to by the requesting long-term care ombuds, by electronic copy to the secure email address or facsimile number provided in the written request.

(2) In accordance with the federal older Americans act, federal regulations, and state laws that govern the state long-term care ombuds program, the department shall inform adult family homes that:

(a) Any long-term care ombuds is authorized to request and obtain from adult family homes the information required by this section in order to perform the functions and duties of long-term care ombuds as set forth in federal and state laws;

(b) The state long-term care ombuds program and all long-term care ombuds are considered a "health oversight agency," so that the federal health insurance portability and accountability act and chapter 70.02 RCW do not preclude adult family homes from providing the information required by this section when requested by any long-term care ombuds, and pursuant to these laws, the federal older Americans act, federal regulations, and state laws that govern the state long-term care ombuds program, adult family homes are not required to seek or obtain consent from residents or resident representatives prior to providing the information required by this section in accordance with the requirements of this section;

(c) The information required by this section, when provided by an adult family home to a requesting long-term care ombuds, becomes property of the state long-term care ombuds program and is subject to all state and federal laws governing the confidentiality and disclosure of the files, records, and information maintained by the state long-term care ombuds program or any local long-term care ombuds entity; and

(d) The adult family home may not refuse to provide or unreasonably delay providing the resident roster, the contact information for a resident or resident representative, or the aggregated contact information required by this section, on any basis, including on the basis that the adult family home must first seek or obtain consent from one or more of the residents or resident representatives.

(3) Nothing in this section shall interfere with or diminish the authority of any long-term care ombuds to access facilities, residents, and resident records as otherwise authorized by law.

(4) For the purposes of this section, "resident representative" has the same meaning as in RCW 70.129.010.

NEW SECTION. Sec. 18. A new section is added to chapter 70.128 RCW to read as follows:

The department must require an adult family home that is subject to a stop placement order or limited stop placement order under RCW 70.128.160 to publicly post in a conspicuous place at the adult family home a standardized notice that the department has issued a stop placement order or limited stop placement order for the adult family home. The standardized notice shall be developed by the department to include the date of the stop placement order or limited stop placement order, any conditions placed upon the adult family home's license, contact information for the department, contact information for the administrator or provider of the adult family home, and a statement that anyone may contact the department or the administrator or provider for further information. The notice must remain posted until the department has terminated the stop placement order or limited stop placement order.

NEW SECTION. **Sec. 19.** A new section is added to chapter 70.129 RCW to read as follows:

The department of social and health services and the department of health, in collaboration with the state office of the long-term care ombuds and representatives of long-term care facilities, shall develop training materials to educate the leadership and staff of local health jurisdictions on the state's long-term care system. The training materials must provide information to assist local health jurisdiction personnel when establishing and enforcing public health measures in long-term care facilities and nursing homes, including:

(1) All applicable state and federal resident rights, including the due process rights of residents; and

(2) The process for local health jurisdiction personnel to report abuse and neglect in facilities and nursing homes, including during periods when visitation may be limited.

NEW SECTION. **Sec. 20.** A new section is added to chapter 70.129 RCW to read as follows:

(1) In circumstances in which limitations must be placed on resident visitation due to a public health emergency or other threat to the health and safety of the residents and staff of a facility or nursing home, residents must still be allowed access to an

essential support person, subject to reasonable limitations on such access tailored to protecting the health and safety of essential support persons, residents, and staff.

(2) The facility or nursing home must allow private, in-person access to the resident by the essential support person in the resident's room. If the resident resides in a shared room, and the roommate, or the roommate's resident representative, if any, does not consent or the visit cannot be conducted safely in a shared room, then the facility or nursing home shall designate a substitute location in the facility or nursing home for the resident and essential support person to visit.

(3) The facility or nursing home shall develop and implement reasonable conditions on access by an essential support person tailored to protecting the health and safety of the essential support person, residents, and staff, based upon the particular public health emergency or other health or safety threat.

(4) The facility or nursing home may temporarily suspend an individual's designation as an essential support person for failure to comply with these requirements or reasonable conditions developed and implemented by the facility or nursing home that are tailored to protecting that health and safety of the essential support person, residents, and staff, based upon the particular public health emergency or other health or safety threat. Unless immediate action is necessary to prevent an imminent and serious threat to the health or safety of residents or staff, the facility or nursing home shall attempt to resolve the concerns with the essential support person and the resident prior to temporarily suspending the individual's designation as an essential support person. The suspension shall last no longer than 48 hours during which time the facility or nursing home must contact the department for guidance and must provide the essential support person:

(a) Information regarding the steps the essential support person must take to resume the visits, such as agreeing to comply with reasonable conditions tailored to protecting the health and safety of the essential support person, residents, and staff, based upon the particular public health emergency or other health or safety threat;

(b) The contact information for the long-term care ombuds program; and

(c) As appropriate, the contact information for the developmental disabilities ombuds, the agency responsible for the protection and advocacy system for individuals with developmental disabilities, and the agency responsible for the protection and advocacy system for individuals with mental illness.

(5) For the purposes of this section, "essential support person" means an individual who is:

(a) At least 18 years of age;

(b) Designated by the resident, or by the resident's representative, if the resident is determined to be incapacitated or otherwise legally incapacitated; and

(c) Necessary for the resident's emotional, mental, or physical well-being during situations that include, but are not limited to, circumstances involving compassionate care or end-of-life care, circumstances where visitation from a familiar person will assist with important continuity of care or the reduction of confusion and anxiety for residents with cognitive impairments, or other circumstances where the presence of an essential support person will prevent or reduce significant emotional distress to the resident.

Sec. 21. RCW 70.129.010 and 2020 c 278 s 13 are each reenacted and amended to read as follows:

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

(1) "Chemical restraint" means a psychopharmacologic drug that is used for discipline or convenience and not required to treat the resident's medical symptoms.

(2) "Department" means the department of state government responsible for licensing the provider in question.

(3) "Facility" means a long-term care facility.

(4) "Long-term care facility" means a facility that is licensed or required to be licensed under chapter 18.20, 70.97, 72.36, or 70.128 RCW.

(5) "Physical restraint" means a manual method, obstacle, or physical or mechanical device, material, or equipment attached or adjacent to the resident's body that restricts freedom of movement or access to his or her body, is used for discipline or convenience, and not required to treat the resident's medical symptoms.

(6) "Reasonable accommodation" by a facility to the needs of a prospective or current resident has the meaning given to this term under the federal Americans with disabilities act of 1990, 42 U.S.C. Sec. 12101 et seq. and other applicable federal or state antidiscrimination laws and regulations.

(7) (~~"Representative" means a person appointed under RCW 7.70.065.~~

~~(8)~~) "Resident" means the individual receiving services in a long-term care facility, that resident's attorney-in-fact, guardian, or other (~~legal~~) representative acting within the scope of their authority.

(8) "Resident representative" means:

(a)(i) A court-appointed guardian or conservator of a resident, if any;

(ii) An individual otherwise authorized by state or federal law including, but not limited to, agents under power of attorney, representative payees, and other fiduciaries, to act on behalf of the resident in order to support the resident in decision making; access medical, social, or other personal information of the resident; manage financial matters; or receive notifications; or

(iii) If there is no individual who meets the criteria under (a)(i) or (ii) of this subsection, an individual chosen by the resident to act on behalf of the resident in order to support the resident in decision making; access medical, social, or other personal information of the resident; manage financial matters; or receive notifications.

(b) The term "resident representative" does not include any individual described in (a) of this subsection who is affiliated with any long-term care facility or nursing home where the resident resides, or its licensee or management company, unless the affiliated individual is a family member of the resident.

Sec. 22. RCW 70.129.020 and 1994 c 214 s 3 are each amended to read as follows:

The resident has a right to a dignified existence, self-determination, and communication with and access to persons and services inside and outside the facility. A facility must protect and promote the rights of each resident and assist the resident which include:

(1) The resident has the right to exercise his or her rights as a resident of the facility and as a citizen or resident of the United States and the state of Washington.

(2) The resident has the right to be free of interference, coercion, discrimination, and reprisal from the facility in exercising his or her rights.

(3) In the case of a resident adjudged incompetent by a court of competent jurisdiction, the rights of the resident are exercised by the person appointed to act on the resident's behalf.

(4) In the case of a resident who has not been adjudged incompetent by a court of competent jurisdiction, a resident representative may exercise the resident's rights to the extent provided by law.

Sec. 23. RCW 70.129.030 and 2013 c 23 s 184 are each amended to read as follows:

(1) The facility must inform the resident both orally and in writing in a language that the resident understands of his or her rights and all rules and regulations governing resident conduct and responsibilities during the stay in the facility. The notification must be made prior to or upon admission. Receipt of the information must be acknowledged in writing.

(2) The resident to the extent provided by law or ((his or her legal)) resident representative to the extent provided by law, has the right:

(a) Upon an oral or written request, to access all records pertaining to himself or herself including clinical records within twenty-four hours; and

(b) After receipt of his or her records for inspection, to purchase at a cost not to exceed the community standard photocopies of the records or portions of them upon request and two working days' advance notice to the facility.

(3) The facility shall only admit or retain individuals whose needs it can safely and appropriately serve in the facility with appropriate available staff and through the provision of reasonable accommodations required by state or federal law. Except in cases of genuine emergency, the facility shall not admit an individual before obtaining a thorough assessment of the resident's needs and preferences. The assessment shall contain, unless unavailable despite the best efforts of the facility, the resident applicant, and other interested parties, the following minimum information: Recent medical history; necessary and contraindicated medications; a licensed medical or other health professional's diagnosis, unless the individual objects for religious reasons; significant known behaviors or symptoms that may cause concern or require special care; mental illness, except where protected by confidentiality laws; level of personal care needs; activities and service preferences; and preferences regarding other issues important to the resident applicant, such as food and daily routine.

(4) The facility must inform each resident in writing in a language the resident or ((his or her)) resident representative understands before admission, and at least once every twenty-four months thereafter of: (a) Services, items, and activities customarily available in the facility or arranged for by the facility as permitted by the facility's license; (b) charges for those services, items, and activities including charges for services, items, and activities not covered by the facility's per diem rate or applicable public benefit programs; and (c) the rules of facility operations required under RCW 70.129.140(2). Each resident and ((his or her)) resident representative must be informed in writing in advance of changes in the availability or the charges for services, items, or activities, or of changes in the facility's rules. Except in emergencies, thirty days' advance notice must be given prior to the change. However, for facilities licensed for six or fewer residents, if there has been a substantial and continuing change in the resident's condition necessitating substantially greater or lesser services, items, or activities, then the charges for those services, items, or

activities may be changed upon fourteen days' advance written notice.

(5) The facility must furnish a written description of residents rights that includes:

(a) A description of the manner of protecting personal funds, under RCW 70.129.040;

(b) A posting of names, addresses, and telephone numbers of the state survey and certification agency, the state licensure office, the state ombuds program, and the protection and advocacy systems; and

(c) A statement that the resident may file a complaint with the appropriate state licensing agency concerning alleged resident abuse, neglect, and misappropriation of resident property in the facility.

(6) Notification of changes.

(a) A facility must immediately consult with the resident's physician, and if known, make reasonable efforts to notify the ~~((resident's legal))~~ resident representative ~~((or an interested family member))~~ to the extent provided by law when there is:

(i) An accident involving the resident which requires or has the potential for requiring physician intervention;

(ii) A significant change in the resident's physical, mental, or psychosocial status (i.e., a deterioration in health, mental, or psychosocial status in either life-threatening conditions or clinical complications).

(b) The facility must promptly notify the resident or ~~((the resident's))~~ resident representative ~~((shall make reasonable efforts to notify an interested family member, if known,))~~ to the extent provided by law when there is:

(i) A change in room or roommate assignment; or

(ii) A decision to transfer or discharge the resident from the facility.

(c) The facility must record and update the address ~~((and))~~, phone number, and any other contact information of the ~~((resident's))~~ resident representative ~~((or interested family member))~~, upon receipt of notice from them.

Sec. 24. RCW 70.129.040 and 2011 1st sp.s. c 3 s 301 are each amended to read as follows:

(1) The resident has the right to manage his or her financial affairs, and the facility may not require residents to deposit their personal funds with the facility.

(2) Upon written authorization of a resident, if the facility agrees to manage the resident's personal funds, the facility must hold, safeguard, manage, and account for the personal funds of the resident deposited with the facility as specified in this section.

(a) The facility must deposit a resident's personal funds in excess of one hundred dollars in an interest-bearing account or accounts that is separate from any of the facility's operating accounts, and that credits all interest earned on residents' funds to that account. In pooled accounts, there must be a separate accounting for each resident's share.

(b) The facility must maintain a resident's personal funds that do not exceed one hundred dollars in a noninterest-bearing account, interest-bearing account, or petty cash fund.

(3) The facility must establish and maintain a system that assures a full and complete and separate accounting of each resident's personal funds entrusted to the facility on the resident's behalf.

(a) The system must preclude any commingling of resident funds with facility funds or with the funds of any person other than another resident.

(b) The individual financial record must be available on request to the resident, or ~~((his or her legal))~~ resident representative to the extent provided by law.

(4) Upon the death of a resident with personal funds deposited with the facility, the facility must convey within thirty days the resident's funds, and a final accounting of those funds, to the individual or probate jurisdiction administering the resident's estate; but in the case of a resident who received long-term care services paid for by the state, the funds and accounting shall be sent to the state of Washington, department of social and health services, office of financial recovery. The

department shall establish a release procedure for use for burial expenses.

(5) If any funds in excess of one hundred dollars are paid to an adult family home by the resident or ~~((a))~~ resident representative ~~((of the resident))~~, as a security deposit for performance of the resident's obligations, or as prepayment of charges beyond the first month's residency, the funds shall be deposited by the adult family home in an interest-bearing account that is separate from any of the home's operating accounts, and that credits all interest earned on the resident's funds to that account. In pooled accounts, there must be a separate accounting for each resident's share. The account or accounts shall be in a financial institution as defined by RCW ~~((30.22.041))~~ 30A.22.041, and the resident shall be notified in writing of the name, address, and location of the depository. The adult family home may not commingle resident funds from these accounts with the adult family home's funds or with the funds of any person other than another resident. The individual resident's account record shall be available upon request by the resident or ~~((the resident's))~~ resident representative to the extent provided by law.

(6) The adult family home shall provide the resident or ~~((the resident's))~~ resident representative full disclosure in writing, prior to the receipt of any funds for a deposit, security, prepaid charges, or any other fees or charges, specifying what the funds are paid for and the basis for retaining any portion of the funds if the resident dies, is hospitalized, or is transferred or discharged from the adult family home. The disclosure must be in a language that the resident or ~~((the resident's))~~ resident representative understands, and be acknowledged in writing by the resident or ~~((the resident's))~~ resident representative. The adult family home shall retain a copy of the disclosure and the acknowledgment. The adult family home may not retain funds for reasonable wear and tear by the resident or for any basis that would violate RCW 70.129.150.

(7) Funds paid by the resident or ~~((the resident's))~~ resident representative to the adult family home, which the adult family home in turn pays to a placement agency or person, shall be governed by

the disclosure requirements of this section. If the resident then dies, is hospitalized, or is transferred or discharged from the adult family home, and is entitled to any refund of funds under this section or RCW 70.129.150, the adult family home shall refund the funds to the resident or ~~((the resident's))~~ resident representative to the extent provided by law, within thirty days of the resident leaving the adult family home, and may not require the resident to obtain the refund from the placement agency or person.

(8) If, during the stay of the resident, the status of the adult family home licensee or ownership is changed or transferred to another, any funds in the resident's accounts affected by the change or transfer shall simultaneously be deposited in an equivalent account or accounts by the successor or new licensee or owner, who shall promptly notify the resident or ~~((the resident's))~~ resident representative to the extent provided by law, in writing of the name, address, and location of the new depository.

(9) Because it is a matter of great public importance to protect residents who need long-term care from deceptive disclosures and unfair retention of deposits, fees, or prepaid charges by adult family homes, a violation of this section or RCW 70.129.150 shall be construed for purposes of the consumer protection act, chapter 19.86 RCW, to constitute an unfair or deceptive act or practice or an unfair method of competition in the conduct of trade or commerce. The resident's claim to any funds paid under this section shall be prior to that of any creditor of the adult family home, its owner, or licensee, even if such funds are commingled.

Sec. 25. RCW 70.129.080 and 1994 c 214 s 9 are each amended to read as follows:

The resident has the right to privacy in communications, including the right to:

(1) Send and promptly receive mail that is unopened;

(2) Have access to stationery, postage, and writing implements at the resident's own expense; and

(3) Have reasonable access within a reasonable time to the use of a telephone and other communication equipment where

calls can be made without being overheard.

Sec. 26. RCW 70.129.090 and 2013 c 23 s 185 are each amended to read as follows:

(1) The resident has the right and the facility must not interfere with access to any resident by the following:

- (a) Any representative of the state;
- (b) The resident's individual physician;
- (c) The state long-term care ombuds as established under chapter 43.190 RCW;
- (d) The agency responsible for the protection and advocacy system for individuals with developmental disabilities as established under part C of the developmental disabilities assistance and bill of rights act;
- (e) The agency responsible for the protection and advocacy system for individuals with mental illness as established under the protection and advocacy for mentally ill individuals act;

(f) Subject to reasonable restrictions to protect the rights of others and to the resident's right to deny or withdraw consent at any time, resident representative, immediate family or other relatives of the resident, and others who are visiting with the consent of the resident;

(g) The agency responsible for the protection and advocacy system for individuals with disabilities as established under section 509 of the rehabilitation act of 1973, as amended, who are not served under the mandates of existing protection and advocacy systems created under federal law.

(2) The facility must provide reasonable access to a resident by ~~((his or her))~~ the resident representative or an entity or individual that provides health, social, legal, or other services to the resident, subject to the resident's right to deny or withdraw consent at any time.

(3) The facility must allow representatives of the state ombuds to examine a resident's clinical records with the permission of the resident or ~~((the resident's legal))~~ resident representative to the extent provided by law, and consistent with state and federal law.

Sec. 27. RCW 70.129.110 and 2013 c 23 s 186 are each amended to read as follows:

(1) The facility must permit each resident to remain in the facility, and not transfer or discharge the resident from the facility unless:

- (a) The transfer or discharge is necessary for the resident's welfare and the resident's needs cannot be met in the facility;
- (b) The safety of individuals in the facility is endangered;
- (c) The health of individuals in the facility would otherwise be endangered;
- (d) The resident has failed to make the required payment for his or her stay; or
- (e) The facility ceases to operate.

(2) All long-term care facilities shall fully disclose to potential residents or ~~((their legal))~~ resident representatives the service capabilities of the facility prior to admission to the facility. If the care needs of the applicant who is medicaid eligible are in excess of the facility's service capabilities, the department shall identify other care settings or residential care options consistent with federal law.

(3) Before a long-term care facility transfers or discharges a resident, the facility must:

- (a) First attempt through reasonable accommodations to avoid the transfer or discharge, unless agreed to by the resident;
- (b) Notify the resident and resident representative ~~((and make a reasonable effort to notify, if known, an interested family member))~~ of the transfer or discharge and the reasons for the move in writing and in a language and manner they understand;

(c) Record the reasons in the resident's record; and

(d) Include in the notice the items described in subsection (5) of this section.

(4) (a) Except when specified in this subsection, the notice of transfer or discharge required under subsection (3) of this section must be made by the

facility at least thirty days before the resident is transferred or discharged.

(b) Notice may be made as soon as practicable before transfer or discharge when:

(i) The safety of individuals in the facility would be endangered;

(ii) The health of individuals in the facility would be endangered;

(iii) An immediate transfer or discharge is required by the resident's urgent medical needs; or

(iv) A resident has not resided in the facility for thirty days.

(5) The written notice specified in subsection (3) of this section must include the following:

(a) The reason for transfer or discharge;

(b) The effective date of transfer or discharge;

(c) The location to which the resident is transferred or discharged;

(d) The name, address, and telephone number of the state long-term care ombuds;

(e) For residents with developmental disabilities, the mailing address and telephone number of the agency responsible for the protection and advocacy of individuals with developmental disabilities established under part C of the developmental disabilities assistance and bill of rights act; and

(f) For residents with mental illness, the mailing address and telephone number of the agency responsible for the protection and advocacy of individuals with mental illness established under the protection and advocacy for mentally ill individuals act.

(6) A facility must provide sufficient preparation and orientation to residents to ensure safe and orderly transfer or discharge from the facility.

(7) A resident discharged in violation of this section has the right to be readmitted immediately upon the first availability of a gender-appropriate bed in the facility.

Sec. 28. RCW 70.129.150 and 1997 c 392 s 206 are each amended to read as follows:

(1) Prior to admission, all long-term care facilities or nursing facilities licensed under chapter 18.51 RCW that require payment of an admissions fee, deposit, or a minimum stay fee, by or on behalf of a person seeking admission to the long-term care facility or nursing facility, shall provide the resident, or ~~((his or her))~~ resident representative, full disclosure in writing in a language the resident or ~~((his or her))~~ resident representative understands, a statement of the amount of any admissions fees, deposits, prepaid charges, or minimum stay fees. The facility shall also disclose to the person, or ~~((his or her))~~ resident representative, the facility's advance notice or transfer requirements, prior to admission. In addition, the long-term care facility or nursing facility shall also fully disclose in writing prior to admission what portion of the deposits, admissions fees, prepaid charges, or minimum stay fees will be refunded to the resident or ~~((his or her))~~ resident representative to the extent provided by law, if the resident leaves the long-term care facility or nursing facility. Receipt of the disclosures required under this subsection must be acknowledged in writing. If the facility does not provide these disclosures, the deposits, admissions fees, prepaid charges, or minimum stay fees may not be kept by the facility. If a resident dies or is hospitalized or is transferred to another facility for more appropriate care and does not return to the original facility, the facility shall refund any deposit or charges already paid less the facility's per diem rate for the days the resident actually resided or reserved or retained a bed in the facility notwithstanding any minimum stay policy or discharge notice requirements, except that the facility may retain an additional amount to cover its reasonable, actual expenses incurred as a result of a private-pay resident's move, not to exceed five days' per diem charges, unless the resident has given advance notice in compliance with the admission agreement. All long-term care facilities or nursing facilities covered under this section are required to refund any and all refunds due the resident or ~~((his or her))~~ resident representative to the extent provided by law, within thirty days from the resident's date of discharge from the facility. Nothing in this section applies to provisions in contracts negotiated between a nursing facility or long-term care facility and

a certified health plan, health or disability insurer, health maintenance organization, managed care organization, or similar entities.

(2) Where a long-term care facility or nursing facility requires the execution of an admission contract by or on behalf of an individual seeking admission to the facility, the terms of the contract shall be consistent with the requirements of this section, and the terms of an admission contract by a long-term care facility shall be consistent with the requirements of this chapter.

Sec. 29. RCW 70.129.180 and 2009 c 489 s 1 are each amended to read as follows:

(1) A long-term care facility must fully disclose to residents the facility's policy on accepting medicaid as a payment source. The policy shall clearly state the circumstances under which the facility provides care for medicaid eligible residents and for residents who may later become eligible for medicaid.

(2) The policy under this section must be provided to residents orally and in writing prior to admission, in a language that the resident or ~~((the resident's))~~ resident representative understands. The written policy must be in type font no smaller than fourteen point and written on a page that is separate from other documents. The policy must be signed and dated by the resident or ~~((the resident's))~~ resident representative to the extent provided by law, if the resident lacks capacity. The facility must retain a copy of the disclosure. Current residents must receive a copy of the policy consistent with this section by July 26, 2009.

NEW SECTION. Sec. 30. A new section is added to chapter 70.01 RCW to read as follows:

(1) The department of health and the department of social and health services shall develop a report and guidelines on epidemic disease preparedness and response for long-term care facilities. In developing the report and guidelines, the department of health and the department of social and health services shall consult with interested stakeholders, including but not limited to:

(a) Local health jurisdictions;

(b) Advocates for consumers of long-term care;

(c) Associations representing long-term care facility providers; and

(d) The office of the state long-term care ombuds.

(2) The report must identify best practices and lessons learned about containment and mitigation strategies for controlling the spread of the infectious agent. At a minimum, the report must consider:

(a) Visitation policies that balance the psychosocial and physical health of residents;

(b) Timely and adequate access to personal protective equipment and other infection control supplies so that employees in long-term care facilities are prioritized for distribution in the event of supply shortages;

(c) Admission and discharge policies and standards; and

(d) Rapid and accurate testing to identify infectious outbreaks for:

(i) Resident cohorting and treatment;

(ii) Contact tracing purposes; and

(iii) Protecting the health and well-being of residents and employees.

(3) In developing the report, the department of health and the department of social and health services shall work with the stakeholders identified in subsection (1) of this section to:

(a) Ensure that any corresponding federal rules and guidelines take precedence over the state guidelines;

(b) Avoid conflict between federal requirements and state guidelines;

(c) Develop a timeline for implementing the guidelines and a process for communicating the guidelines to long-term care facilities, local health jurisdictions, and other interested stakeholders in a clear and timely manner;

(d) Consider options for targeting available resources towards infection control when epidemic disease outbreaks occur in long-term care facilities;

(e) Establish methods for ensuring that epidemic preparedness and response guidelines are consistently applied across all local health jurisdictions and

long-term care facilities in Washington state. This may include recommendations to the legislature for any needed statutory changes;

(f) Develop a process for maintaining and updating epidemic preparedness and response guidelines as necessary; and

(g) Ensure appropriate considerations for each unique provider type.

(4) By December 1, 2021, the department of health and the department of social and health services shall provide a draft report and guidelines on COVID-19 as outlined in subsection (2) of this section to the health care committees of the legislature.

(5) By July 1, 2022, the department of health and the department of social and health services shall finalize the report and guidelines on COVID-19 and provide the report to the health care committees of the legislature.

(6) Beginning December 1, 2022, and annually thereafter, the department of health and the department of social and health services shall:

(a) Review the report and any corresponding guidelines;

(b) Make any necessary changes regarding COVID-19 and add information about any emerging epidemic of public health concern; and

(c) Provide the updated report and guidelines to the health care committees of the legislature. When providing the updated guidelines to the legislature, the department of health and the department of social and health services may include recommendations to the legislature for any needed statutory changes.

(7) For purposes of this section, "long-term care facilities" includes:

(a) Licensed skilled nursing facilities, assisted living facilities, adult family homes, and enhanced services facilities;

(b) Certified community residential services and supports; and

(c) Registered continuing care retirement communities."

On page 1, line 4 of the title, after "sanctions;" strike the remainder of the title and insert "amending RCW 18.51.009, 18.51.260, 74.42.420, 74.42.460,

70.129.020, 70.129.030, 70.129.040, 70.129.080, 70.129.090, 70.129.110, 70.129.150, and 70.129.180; reenacting and amending RCW 70.129.010; adding new sections to chapter 18.20 RCW; adding new sections to chapter 18.51 RCW; adding new sections to chapter 70.97 RCW; adding new sections to chapter 70.128 RCW; adding new sections to chapter 70.129 RCW; adding a new section to chapter 70.01 RCW; and creating a new section."

and the same is herewith transmitted.

Sarah Bannister, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1218 and advanced the bill, as amended by the Senate, to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Bateman and Schmick spoke in favor of the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1218, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1218, 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 Abbarno, Barkis, Bateman, Berg, Bergquist, Berry, Boehnke, Bronoske, Caldier, Callan, Chambers, Chandler, Chapman, Chase, Chopp, Cody, Corry, Davis, Dent, Dolan, Duerr, Dufault, Dye, Entenman, Eslick, Fey, Fitzgibbon, Frame, Gilday, Goehner, Goodman, Graham, Gregerson, Griffey, Hackney, Hansen, Harris, Harris-Talley, Hoff, Jacobsen, J. Johnson, Kirby, Klicker, Klippert, Kloba, Kretz, Leavitt, Lekanoff, Lovick, MacEwen, Macri, Maycumber, McEntire, Morgan, Mosbrucker, Orcutt, Ormsby, Ortiz-Self, Orwall, Paul, Peterson, Pollet, Ramel, Ramos, Riccelli, Robertson, Rude, Rule, Ryu, Santos, Schmick, Sells, Senn, Shewmake, Simmons, Slatter, Springer, Steele, Stokesbary, Stonier, Sullivan, Sutherland, Taylor, Thai, Tharinger, Valdez, Vick, Volz, Walen, Walsh, Wicks, Wilcox, Wylie, Ybarra, Young and Mme. Speaker.

Voting nay: Representatives Kraft and McCaslin.

SUBSTITUTE HOUSE BILL NO. 1218, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

April 10, 2021

Madame Speaker:

The Senate has passed SUBSTITUTE HOUSE BILL NO. 1411 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 43.20A RCW to read as follows:

(1) Where the department is required to screen a long-term care worker, contracted provider, or licensee through a background check to determine whether the person has a history that would disqualify the person from having unsupervised access to, working with, or providing supervision, care, or treatment to vulnerable adults or children, the department may not automatically disqualify a person on the basis of a criminal record that includes a conviction of any of the following crimes once the specified amount of time has passed for the particular crime:

(a) Selling marijuana to a person under RCW 69.50.401 after three years or more have passed between the most recent conviction and the date the background check is processed;

(b) Theft in the first degree under RCW 9A.56.030 after 10 years or more have passed between the most recent conviction and the date the background check is processed;

(c) Robbery in the second degree under RCW 9A.56.210 after five years or more have passed between the most recent conviction and the date the background check is processed;

(d) Extortion in the second degree under RCW 9A.56.130 after five years or more have passed between the most recent conviction and the date the background check is processed;

(e) Assault in the second degree under RCW 9A.36.021 after five years or more have passed between the most recent conviction and the date the background check is processed; and

(f) Assault in the third degree under RCW 9A.36.031 after five years or more have passed between the most recent conviction and the date the background check is processed.

(2) The provisions of subsection (1) of this section do not apply where the department is performing background checks for the department of children, youth, and families.

(3) The provisions of subsection (1) of this section do not apply to department employees or applicants for department positions except for positions in the state-operated community residential program.

(4) Notwithstanding subsection (1) of this section, a long-term care worker, contracted provider, or licensee may not provide, or be paid to provide, care to children or vulnerable adults under the medicare or medicaid programs if the worker is excluded from participating in those programs by federal law.

(5) The department, a contracted provider, or a licensee, when conducting a character, competence, and suitability review for the purpose of hiring, licensing, certifying, contracting with, permitting, or continuing to permit a person to be employed in any position caring for or having unsupervised access to vulnerable adults or children, may, in its sole discretion, determine whether to consider any of the convictions identified in subsection (1) of this section. If the department or a consumer directed employer as defined in RCW 74.39A.009 determines that an individual with any of the convictions identified in subsection (1) of this section is qualified to provide services to a department client as an individual provider as defined in RCW 74.39A.240, the department or the consumer directed employer must provide the client, and their guardian if any, with the results of the state background check for their determination of character, suitability, and competence of the individual before the individual begins providing services. The department, a contracted provider, or a licensee, when conducting a character, competence, and suitability review for the purpose of hiring, licensing, certifying, contracting with, permitting, or continuing to permit a person to be employed in any position caring for or having unsupervised access to vulnerable adults or children, has a rebuttable presumption that its exercise of discretion under this section or the refusal to exercise such discretion was appropriate. This subsection does not create a duty for the department to

conduct a character, competence, and suitability review.

(6) For the purposes of the section:

(a) "Contracted provider" means a provider, and its employees, contracted with the department or an area agency on aging to provide services to department clients under programs under chapter 74.09, 74.39, 74.39A, or 71A.12 RCW. "Contracted provider" includes area agencies on aging and their subcontractors who provide case management.

(b) "Licensee" means a nonstate facility or setting that is licensed or certified, or has applied to be licensed or certified, by the department and includes the licensee and its employees.

NEW SECTION. Sec. 2. A new section is added to chapter 74.39A RCW to read as follows:

(1) The department shall facilitate a work group dedicated to expanding the long-term care workforce while continuing to recognize the importance of protecting vulnerable adults, racial equity in client choice, just compensation for unpaid care work while preserving choice for those who wish to be informal caregivers without pay, and paid services. The work group shall identify recommendations on informed choice through a process by which older adults and people with disabilities may hire a trusted individual with a criminal record that would otherwise disqualify the person from providing paid home care services under this chapter. The work group's recommendations on the informed choice process shall include:

- (a) Client safety;
- (b) Client direction;
- (c) Racial equity;
- (d) Cultural competence;
- (e) Economic consequences of unpaid caregiving on caregivers and people receiving care;
- (f) Categories of eligible workers (family, friend, trusted individuals, or others);
- (g) Disqualifying crimes, if any;
- (h) Mechanisms for consideration (attestation, petition, other); and
- (i) Workforce development.

(2) (a) The work group shall consist of:

(i) Two representatives from the department;

(ii) Two representatives from community-based organizations that represent people with criminal records;

(iii) One representative from a community-based organization that represents Black communities;

(iv) Two representatives, one from the west side of the Cascade mountains and one from the east side of the Cascade mountains, from federally recognized tribes;

(v) One representative from a community-based organization that represents immigrant populations or persons of color;

(vi) Three representatives from the union representing the majority of long-term care workers in Washington;

(vii) One representative of a consumer-directed employer;

(viii) One representative of an association representing area agencies on aging in Washington;

(ix) One representative from the office of the state long-term care ombuds;

(x) One representative from the office of the state developmental disability ombuds;

(xi) One representative of an association representing medicaid home care agencies;

(xii) One representative from the Washington state attorney general's office;

(xiii) Four representatives from organizations representing seniors and individuals with physical or developmental disabilities;

(xiv) Two representatives who are current or previous consumers of personal care services and who represent the diversity of the disability community; and

(xv) Two representatives who receive unpaid care from individuals who are unable to become medicaid paid home care workers because of disqualifying convictions.

(b) The department shall invite the participation of persons with expertise in the background check process to provide advice and consultation to the work group with respect to the development of the proposed process under subsection (1) of this section.

(c) Appointments to the work group shall be made by the department. The department shall convene the meetings of the work group and serve as the facilitator.

(3) The work group shall devote at least one meeting to reviewing and analyzing racial disparities relevant to the work group's direction under subsection (1) of this section, including disparities in charges and disqualifications in providing paid home care services under this chapter.

(4) The work group must submit its recommendations to the legislature by December 1, 2022. The recommendations must include a proposed process for clients to hire a trusted individual with a criminal record. The proposed process must include a recommended communication strategy to inform older adults and people with disabilities in Washington about the process.

(5) This section expires July 1, 2023.

Sec. 3. RCW 9.97.020 and 2017 3rd sp.s. c 6 s 806 are each amended to read as follows:

(1) Except as provided in this section, no state, county, or municipal department, board, officer, or agency authorized to assess the qualifications of any applicant for a license, certificate of authority, qualification to engage in the practice of a profession or business, or for admission to an examination to qualify for such a license or certificate may disqualify a qualified applicant, solely based on the applicant's criminal history, if the qualified applicant has obtained a certificate of restoration of opportunity and the applicant meets all other statutory and regulatory requirements, except as required by federal law or exempted under this subsection. Nothing in this section is interpreted as restoring or creating a means to restore any firearms rights or eligibility to obtain a firearm dealer license pursuant to RCW 9.41.110 or requiring the removal of a protection order.

(a)(i) Criminal justice agencies, as defined in RCW 10.97.030, and the Washington state bar association are exempt from this section.

(ii) This section does not apply to the licensing, certification, or qualification of the following professionals: Accountants, RCW 18.04.295; ~~((assisted living facilities employees, RCW 18.20.125,))~~ bail bond agents, RCW 18.185.020; escrow agents, RCW 18.44.241; ~~((long-term care workers, RCW 18.88B.080,))~~ nursing home administrators, RCW 18.52.071; nursing, chapter 18.79 RCW; physicians and physician assistants, chapters 18.71 and 18.71A RCW; private investigators, RCW 18.165.030; receivers, RCW 7.60.035; teachers, chapters 28A.405 and 28A.410 RCW; notaries public, chapter 42.45 RCW; private investigators, chapter 18.165 RCW; real estate brokers and salespersons, chapters 18.85 and 18.86 RCW; security guards, chapter 18.170 RCW; and vulnerable adult care providers, RCW 43.43.842, who are not home care aides, chapter 18.88B RCW, or contracted providers or licensees as defined in section 1 of this act.

(iii) To the extent this section conflicts with the requirements for receipt of federal funding under the adoption and safe families act, 42 U.S.C. Sec. 671, this section does not apply.

(b) Unless otherwise ~~((addressed in statute))~~ prohibited by law, in cases where an applicant would be disqualified under RCW ~~((43.20A.710))~~ 43.216.170, and the applicant has obtained a certificate of restoration of opportunity for a disqualifying conviction, ~~((the department of social and health services and))~~ the department of children, youth, and families may, after review of relevant factors, including the nature and seriousness of the offense, time that has passed since conviction, changed circumstances since the offense occurred, and the nature of the employment or license sought, at their discretion:

(i) Allow the applicant to have unsupervised access to children, vulnerable adults, or individuals with mental illness or developmental disabilities if the applicant is otherwise qualified and suitable; or

(ii) Disqualify the applicant solely based on the applicant's criminal history.

(c) Unless otherwise prohibited by law, in cases in which an applicant would be disqualified under RCW 43.20A.710, 43.43.842, or department rule, and the applicant has obtained a certificate of restoration of opportunity for a disqualifying conviction, the department of social and health services may, after review of relevant factors, including the nature and seriousness of the offense, time that has passed since conviction, changed circumstances since the offense occurred, and the nature of the employment or license sought, at its discretion:

(i) Allow the applicant to have unsupervised access to children, vulnerable adults, or individuals with mental illness or developmental disabilities if the applicant is otherwise qualified and suitable; or

(ii) Disqualify the applicant solely based on the applicant's criminal history.

(d) If the practice of a profession or business involves unsupervised contact with vulnerable adults, children, or individuals with mental illness or developmental disabilities, or populations otherwise defined by statute as vulnerable, the department of health may, after review of relevant factors, including the nature and seriousness of the offense, time that has passed since conviction, changed circumstances since the offense occurred, and the nature of the employment or license sought, at its discretion:

(i) Disqualify an applicant who has obtained a certificate of restoration of opportunity, for a license, certification, or registration to engage in the practice of a health care profession or business solely based on the applicant's criminal history; or

(ii) If such applicant is otherwise qualified and suitable, credential or credential with conditions an applicant who has obtained a certificate of restoration of opportunity for a license, certification, or registration to engage in the practice of a health care profession or business.

((~~d~~)) (e) The state of Washington, any of its counties, cities, towns, municipal corporations, or quasi-municipal corporations, the department of health, the department of social and health services, and its officers, employees, contractors, and agents are

immune from suit in law, equity, or any action under the administrative procedure act based upon its exercise of discretion under this section. This section does not create a protected class; private right of action; any right, privilege, or duty; or change to any right, privilege, or duty existing under law. This section does not modify a licensing or certification applicant's right to a review of an agency's decision under the administrative procedure act or other applicable statute or agency rule. A certificate of restoration of opportunity does not remove or alter citizenship or legal residency requirements already in place for state agencies and employers.

(2) A qualified court has jurisdiction to issue a certificate of restoration of opportunity to a qualified applicant.

(a) A court must determine, in its discretion whether the certificate:

(i) Applies to all past criminal history; or

(ii) Applies only to the convictions or adjudications in the jurisdiction of the court.

(b) The certificate does not apply to any future criminal justice involvement that occurs after the certificate is issued.

(c) A court must determine whether to issue a certificate by determining whether the applicant is a qualified applicant as defined in RCW 9.97.010.

(3) An employer or housing provider may, in its sole discretion, determine whether to consider a certificate of restoration of opportunity issued under this chapter in making employment or rental decisions. An employer or housing provider is immune from suit in law, equity, or under the administrative procedure act for damages based upon its exercise of discretion under this section or the refusal to exercise such discretion. In any action at law against an employer or housing provider arising out of the employment of or provision of housing to the recipient of a certificate of restoration of opportunity, evidence of the crime for which a certificate of restoration of opportunity has been issued may not be introduced as evidence of negligence or intentionally tortious conduct on the part of the employer or housing provider. This subsection does not create a protected class, private

right of action, any right, privilege, or duty, or to change any right, privilege, or duty existing under law related to employment or housing except as provided in RCW 7.60.035.

(4) The department of social and health services, and contracted providers and licensees as defined in section 1 of this act, when hiring, licensing, certifying, contracting with, permitting, or continuing to permit a person to be employed in any position caring for or having unsupervised access to vulnerable adults or children, may, in their sole discretion, determine whether to consider a certificate of restoration of opportunity issued under this chapter. If the department or a consumer directed employer as defined in RCW 74.39A.009 determines that an individual with a certificate of restoration of opportunity is qualified to work as an individual provider as defined in RCW 74.39A.240, the department or the consumer directed employer must provide the client, and their guardian if any, with the results of the state background check for their determination of character, suitability, and competence of the individual before the individual begins providing services. The department of social and health services, or contracted providers or licensees as defined in section 1 of this act, when hiring, licensing, certifying, contracting with, permitting, or continuing to permit a person to be employed in any position caring for or having unsupervised access to vulnerable adults or children, have a rebuttable presumption that their exercise of discretion under this subsection or the refusal to exercise such discretion was appropriate. This subsection does not create a protected class, a private right of action, or any right, privilege, or duty, or to change any right, privilege, or duty existing under law related to the department of social and health services, contracted providers, and licensees as defined in section 1 of this act.

(5)(a) Department of social and health services: A certificate of restoration of opportunity does not apply to the state abuse and neglect registry. No finding of abuse, neglect, or misappropriation of property may be removed from the registry based solely on a certificate. The department must include such certificates as part of its criminal history record reports, qualifying letters, or other assessments

pursuant to RCW 43.43.830 through 43.43.838. The department shall adopt rules to implement this subsection.

(b) Washington state patrol: The Washington state patrol is not required to remove any records based solely on a certificate of restoration of opportunity. The state patrol must include a certificate as part of its criminal history record report.

(c) Court records:

(i) A certificate of restoration of opportunity has no effect on any other court records, including records in the judicial information system. The court records related to a certificate of restoration of opportunity must be processed and recorded in the same manner as any other record.

(ii) The qualified court where the applicant seeks the certificate of restoration of opportunity must administer the court records regarding the certificate in the same manner as it does regarding all other proceedings.

(d) Effect in other judicial proceedings: A certificate of restoration of opportunity may only be submitted to a court to demonstrate that the individual met the specific requirements of this section and not for any other procedure, including evidence of character, reputation, or conduct. A certificate is not an equivalent procedure under Rule of Evidence 609(c).

(e) Department of health: The department of health must include a certificate of restoration of opportunity on its public website if:

(i) Its website includes an order, stipulation to informal disposition, or notice of decision related to the conviction identified in the certificate of restoration of opportunity; and

(ii) The credential holder has provided a certified copy of the certificate of restoration of opportunity to the department of health.

(f) Department of children, youth, and families: A certificate of restoration of opportunity does not apply to founded findings of child abuse or neglect. No finding of child abuse or neglect may be destroyed based solely on a certificate. The department of children, youth, and families must include such certificates as part of its criminal history record reports, qualifying letters, or other

assessments pursuant to RCW 43.43.830 through 43.43.838. The department of children, youth, and families shall adopt rules to implement this subsection ~~((4))~~ (5)(f).

~~((5))~~ (6) In all cases, an applicant must provide notice to the prosecutor in the county where he or she seeks a certificate of restoration of opportunity of the pendency of such application. If the applicant has been sentenced by any other jurisdiction in the five years preceding the application for a certificate, the applicant must also notify the prosecuting attorney in those jurisdictions. The prosecutor in the county where an applicant applies for a certificate shall provide the court with a report of the applicant's criminal history.

~~((6))~~ (7) Application for a certificate of restoration of opportunity must be filed as a civil action.

~~((7))~~ (8) A superior court in the county in which the applicant resides may decline to consider the application for certificate of restoration of opportunity. If the superior court in which the applicant resides declines to consider the application, the court must dismiss the application without prejudice and the applicant may refile the application in another qualified court. The court must state the reason for the dismissal on the order. If the court determines that the applicant does not meet the required qualifications, then the court must dismiss the application without prejudice and state the reason(s) on the order. The superior court in the county of the applicant's conviction or adjudication may not decline to consider the application.

~~((8))~~ (9) Unless the qualified court determines that a hearing on an application for certificate of restoration is necessary, the court must decide without a hearing whether to grant the certificate of restoration of opportunity based on a review of the application filed by the applicant and pleadings filed by the prosecuting attorney.

~~((9))~~ (10) The clerk of the court in which the certificate of restoration of opportunity is granted shall transmit the certificate of restoration of opportunity to the Washington state patrol identification section, which

holds criminal history information for the person who is the subject of the conviction. The Washington state patrol shall update its records to reflect the certificate of restoration of opportunity.

~~((10))~~ (11)(a) The administrative office of the courts shall develop and prepare instructions, forms, and an informational brochure designed to assist applicants applying for a certificate of restoration of opportunity.

(b) The instructions must include, at least, a sample of a standard application and a form order for a certificate of restoration of opportunity.

(c) The administrative office of the courts shall distribute a master copy of the instructions, informational brochure, and sample application and form order to all county clerks and a master copy of the application and order to all superior courts by January 1, 2017.

(d) The administrative office of the courts shall determine the significant non-English-speaking or limited English-speaking populations in the state. The administrator shall then arrange for translation of the instructions, which shall contain a sample of the standard application and order, and the informational brochure into languages spoken by those significant non-English-speaking populations and shall distribute a master copy of the translated instructions and informational brochures to the county clerks by January 1, 2017.

(e) The administrative office of the courts shall update the instructions, brochures, standard application and order, and translations when changes in the law make an update necessary.

Sec. 4. RCW 43.20A.710 and 2020 c 270 s 10 are each amended to read as follows:

(1) The secretary shall investigate the conviction records, pending charges and disciplinary board final decisions of:

(a) Any current employee or applicant seeking or being considered for any position with the department who will or may have unsupervised access to children, vulnerable adults, or individuals with mental illness or developmental disabilities. This includes, but is not limited to, positions conducting

comprehensive assessments, financial eligibility determinations, licensing and certification activities, investigations, surveys, or case management; or for state positions otherwise required by federal law to meet employment standards;

(b) Individual providers as defined in RCW 74.39A.240 and providers who are paid by home care agencies to provide in-home services involving unsupervised access to persons with physical, mental, or developmental disabilities or mental illness, or to vulnerable adults as defined in chapter 74.34 RCW, including but not limited to services provided under chapter 74.39 or 74.39A RCW; and

(c) Individuals or businesses or organizations for the care, supervision, case management, or treatment of children, persons with developmental disabilities, or vulnerable adults, including but not limited to services contracted for under chapter 18.20, 70.127, 70.128, 72.36, or 74.39A RCW or Title 71A RCW.

(2) The secretary shall require a fingerprint-based background check through both the Washington state patrol and the federal bureau of investigation as provided in RCW 43.43.837. Unless otherwise authorized by law, the secretary shall use the information solely for the purpose of determining the character, suitability, and competence of the applicant.

(3) Except as provided in subsection (4) of this section, an individual provider or home care agency provider who has resided in the state less than three years before applying for employment involving unsupervised access to a vulnerable adult as defined in chapter 74.34 RCW must be fingerprinted for the purpose of investigating conviction records through both the Washington state patrol and the federal bureau of investigation. This subsection applies only with respect to the provision of in-home services funded by medicaid personal care under RCW 74.09.520, community options program entry system waiver services under RCW 74.39A.030, or chore services under RCW 74.39A.110. However, this subsection does not supersede RCW 74.15.030(2).

(4) Long-term care workers, as defined in RCW 74.39A.009, who are hired after January 7, 2012, are subject to background checks under RCW 74.39A.056,

except that the department may require a background check at any time under RCW 43.43.837. For the purposes of this subsection, "background check" includes, but is not limited to, a fingerprint check submitted for the purpose of investigating conviction records through both the Washington state patrol and the federal bureau of investigation.

(5) An individual provider or home care agency provider hired to provide in-home care for and having unsupervised access to a vulnerable adult as defined in chapter 74.34 RCW must have no conviction for a disqualifying crime under RCW 43.43.830 and 43.43.842. An individual or home care agency provider must also have no conviction for a crime relating to drugs as defined in RCW 43.43.830. This subsection applies only with respect to the provision of in-home services funded by medicaid personal care under RCW 74.09.520, community options program entry system waiver services under RCW 74.39A.030, or chore services under RCW 74.39A.110.

(6) The secretary shall provide the results of the state background check on long-term care workers, including individual providers, to the persons hiring them or to their legal guardians, if any, for their determination of the character, suitability, and competence of the applicants. If the person elects to hire or retain an individual provider after receiving notice from the department that the applicant has a conviction for an offense that would disqualify the applicant from having unsupervised access to persons with physical, mental, or developmental disabilities or mental illness, or to vulnerable adults as defined in chapter 74.34 RCW, then the secretary shall deny payment for any subsequent services rendered by the disqualified individual provider.

(7) Criminal justice agencies shall provide the secretary such information as they may have and that the secretary may require for such purpose.

(8) Any person whose criminal history would otherwise disqualify the person under this section or RCW 43.43.842, from a position which will or may have unsupervised access to children, vulnerable adults, or persons with mental illness or developmental disabilities shall not be automatically disqualified if ~~(the)~~:

(a) The department of social and health services reviewed the person's otherwise disqualifying criminal history through the department of social and health services' background assessment review team process conducted in 2002 and determined that such person could remain in a position covered by this section (~~or if the otherwise disqualifying~~);

(b) The conviction is no longer automatically disqualifying pursuant to section 1 of this act;

(c) The applicant has received a certificate of restoration of opportunity for the convictions pursuant to RCW 9.97.020, and the department of social and health services has not disqualified the applicant based on character, competence, and suitability review; or

(d) The conviction or disposition has been the subject of a pardon, annulment, or other equivalent procedure.

(9) The department may not consider any founded finding of physical abuse or negligent treatment or maltreatment of a child made pursuant to chapter 26.44 RCW that is accompanied by a certificate of parental improvement or dependency as a result of a finding of abuse or neglect pursuant to chapter 13.34 RCW that is accompanied by a certificate of parental improvement when evaluating an applicant or employee's character, competency, and suitability pursuant to any background check authorized or required by this chapter, RCW 74.39A.056 or 43.43.832, or any of the rules adopted thereunder.

Sec. 5. RCW 70.128.120 and 2015 c 66 s 2 are each amended to read as follows:

Each adult family home provider, applicant, and each resident manager shall have the following minimum qualifications, except that only applicants are required to meet the provisions of subsections (10) and (11) of this section:

- (1) Twenty-one years of age or older;
- (2) For those applying after September 1, 2001, to be licensed as providers, and for resident managers whose employment begins after September 1, 2001, a United States high school diploma or high school equivalency certificate as provided in RCW 28B.50.536 or any English or translated government documentation of the following:

(a) Successful completion of government-approved public or private school education in a foreign country that includes an annual average of one thousand hours of instruction over twelve years or no less than twelve thousand hours of instruction;

(b) A foreign college, foreign university, or United States community college two-year diploma;

(c) Admission to, or completion of coursework at, a foreign university or college for which credit was granted;

(d) Admission to, or completion of coursework at, a United States college or university for which credits were awarded;

(e) Admission to, or completion of postgraduate coursework at, a United States college or university for which credits were awarded; or

(f) Successful passage of the United States board examination for registered nursing, or any professional medical occupation for which college or university education preparation was required;

(3) Good moral and responsible character and reputation;

(4) Literacy and the ability to communicate in the English language;

(5) Management and administrative ability to carry out the requirements of this chapter;

(6) Satisfactory completion of department-approved basic training and continuing education training as required by RCW 74.39A.074, and in rules adopted by the department;

(7) Satisfactory completion of department-approved, or equivalent, special care training before a provider may provide special care services to a resident;

(8) Not (~~been convicted of any crime that is disqualifying under RCW 43.43.830 or 43.43.842, or department rules adopted under this chapter, or been found to have abused, neglected, exploited, or abandoned a minor or vulnerable adult as specified in RCW 74.39A.056(2)-~~) be disqualified by a department background check;

(9) For those applying to be licensed as providers, and for resident managers whose employment begins after August 24,

2011, at least one thousand hours in the previous sixty months of successful, direct caregiving experience obtained after age eighteen to vulnerable adults in a licensed or contracted setting prior to operating or managing an adult family home. The applicant or resident manager must have credible evidence of the successful, direct caregiving experience or, currently hold one of the following professional licenses: Physician licensed under chapter 18.71 RCW; osteopathic physician licensed under chapter 18.57 RCW; osteopathic physician assistant licensed under chapter 18.57A RCW; physician assistant licensed under chapter 18.71A RCW; registered nurse, advanced registered nurse practitioner, or licensed practical nurse licensed under chapter 18.79 RCW;

(10) For applicants, proof of financial solvency, as defined in rule; and

(11) Applicants must successfully complete an adult family home administration and business planning class, prior to being granted a license. The class must be a minimum of forty-eight hours of classroom time and approved by the department. The department shall promote and prioritize bilingual capabilities within available resources and when materials are available for this purpose. Under exceptional circumstances, such as the sudden and unexpected death of a provider, the department may consider granting a license to an applicant who has not completed the class but who meets all other requirements. If the department decides to grant the license due to exceptional circumstances, the applicant must have enrolled in or completed the class within four months of licensure.

Sec. 6. RCW 70.128.120 and 2020 c 80 s 47 are each amended to read as follows:

Each adult family home provider, applicant, and each resident manager shall have the following minimum qualifications, except that only applicants are required to meet the provisions of subsections (10) and (11) of this section:

- (1) Twenty-one years of age or older;
- (2) For those applying after September 1, 2001, to be licensed as providers, and for resident managers whose employment begins after September 1, 2001, a United States high school diploma or high school equivalency certificate as provided in

RCW 28B.50.536 or any English or translated government documentation of the following:

(a) Successful completion of government-approved public or private school education in a foreign country that includes an annual average of one thousand hours of instruction over twelve years or no less than twelve thousand hours of instruction;

(b) A foreign college, foreign university, or United States community college two-year diploma;

(c) Admission to, or completion of coursework at, a foreign university or college for which credit was granted;

(d) Admission to, or completion of coursework at, a United States college or university for which credits were awarded;

(e) Admission to, or completion of postgraduate coursework at, a United States college or university for which credits were awarded; or

(f) Successful passage of the United States board examination for registered nursing, or any professional medical occupation for which college or university education preparation was required;

(3) Good moral and responsible character and reputation;

(4) Literacy and the ability to communicate in the English language;

(5) Management and administrative ability to carry out the requirements of this chapter;

(6) Satisfactory completion of department-approved basic training and continuing education training as required by RCW 74.39A.074, and in rules adopted by the department;

(7) Satisfactory completion of department-approved, or equivalent, special care training before a provider may provide special care services to a resident;

(8) Not ~~((been convicted of any crime that is disqualifying under RCW 43.43.830 or 43.43.842, or department rules adopted under this chapter, or been found to have abused, neglected, exploited, or abandoned a minor or vulnerable adult as specified in RCW 74.39A.056(2-))~~ be disqualified by a department background check;

(9) For those applying to be licensed as providers, and for resident managers whose employment begins after August 24, 2011, at least one thousand hours in the previous sixty months of successful, direct caregiving experience obtained after age eighteen to vulnerable adults in a licensed or contracted setting prior to operating or managing an adult family home. The applicant or resident manager must have credible evidence of the successful, direct caregiving experience or, currently hold one of the following professional licenses: Physician licensed under chapter 18.71 RCW; osteopathic physician licensed under chapter 18.57 RCW; physician assistant licensed under chapter 18.71A RCW; registered nurse, advanced registered nurse practitioner, or licensed practical nurse licensed under chapter 18.79 RCW;

(10) For applicants, proof of financial solvency, as defined in rule; and

(11) Applicants must successfully complete an adult family home administration and business planning class, prior to being granted a license. The class must be a minimum of forty-eight hours of classroom time and approved by the department. The department shall promote and prioritize bilingual capabilities within available resources and when materials are available for this purpose. Under exceptional circumstances, such as the sudden and unexpected death of a provider, the department may consider granting a license to an applicant who has not completed the class but who meets all other requirements. If the department decides to grant the license due to exceptional circumstances, the applicant must have enrolled in or completed the class within four months of licensure.

Sec. 7. RCW 70.128.130 and 2019 c 80 s 1 are each amended to read as follows:

(1) The provider is ultimately responsible for the day-to-day operations of each licensed adult family home.

(2) The provider shall promote the health, safety, and well-being of each resident residing in each licensed adult family home.

(3) Adult family homes shall be maintained internally and externally in good repair and condition. Such homes shall have safe and functioning systems

for heating, cooling, hot and cold water, electricity, plumbing, garbage disposal, sewage, cooking, laundry, artificial and natural light, ventilation, and any other feature of the home.

(4) In order to preserve and promote the residential home-like nature of adult family homes, adult family homes licensed after August 24, 2011, shall:

(a) Have sufficient space to accommodate all residents at one time in the dining and living room areas;

(b) Have hallways and doorways wide enough to accommodate residents who use mobility aids such as wheelchairs and walkers; and

(c) Have outdoor areas that are safe and accessible for residents to use.

(5) The adult family home must provide all residents access to resident common areas throughout the adult family home including, but not limited to, kitchens, dining and living areas, and bathrooms, to the extent that they are safe under the resident's care plan.

(6) Adult family homes shall be maintained in a clean and sanitary manner, including proper sewage disposal, food handling, and hygiene practices.

(7) Adult family homes shall develop a fire drill plan for emergency evacuation of residents, shall have working smoke detectors in each bedroom where a resident is located, shall have working fire extinguishers on each floor of the home, and shall house nonambulatory residents on a level with safe egress to a public right-of-way. Nonambulatory residents must have a bedroom on the floor of the home from which the resident can be evacuated to a designated safe location outside the home without the use of stairs, elevators, chair lifts, platform lifts, or other devices as determined by the department in rule.

(8) The adult family home shall ensure that all residents can be safely evacuated from the home in an emergency as established by the department in rule. The rules established by the department must be developed in consultation with the largest organization representing fire chiefs in the state of Washington.

(9) Adult family homes shall have clean, functioning, and safe household items and furnishings.

(10) Adult family homes shall provide a nutritious and balanced diet and shall recognize residents' needs for special diets.

(11) Adult family homes shall establish health care procedures for the care of residents including medication administration and emergency medical care.

(a) Adult family home residents shall be permitted to self-administer medications.

(b) Adult family home providers may administer medications and deliver special care only to the extent authorized by law.

(12) Adult family home providers shall either: (a) Reside at the adult family home; or (b) employ or otherwise contract with a qualified resident manager to reside at the adult family home. The department may exempt, for good cause, a provider from the requirements of this subsection by rule.

(13) A provider will ensure that any volunteer, student, employee, or person residing within the adult family home who will have unsupervised access to any resident shall not ~~((have been convicted of a crime listed under RCW 43.43.830 or 43.43.842, or been found to have abused, neglected, exploited, or abandoned a minor or vulnerable adult as specified in RCW 74.39A.056(2))~~ be disqualified by a department background check. A provider may conditionally employ a person pending the completion of a criminal conviction background inquiry, but may not allow the person to have unsupervised access to any resident.

(14) A provider shall offer activities to residents under care as defined by the department in rule.

(15) An adult family home must be financially solvent, and upon request for good cause, shall provide the department with detailed information about the home's finances. Financial records of the adult family home may be examined when the department has good cause to believe that a financial obligation related to resident care or services will not be met.

(16) An adult family home provider must ensure that staff are competent and receive necessary training to perform assigned tasks. Staff must satisfactorily complete department-

approved staff orientation, basic training, and continuing education as specified by the department by rule. The provider shall ensure that a qualified caregiver is on-site whenever a resident is at the adult family home; any exceptions will be specified by the department in rule. Notwithstanding RCW 70.128.230, until orientation and basic training are successfully completed, a caregiver may not provide hands-on personal care to a resident without on-site supervision by a person who has successfully completed basic training or been exempted from the training pursuant to statute.

(17) The provider and resident manager must assure that there is:

(a) A mechanism to communicate with the resident in his or her primary language either through a qualified person on-site or readily available at all times, or other reasonable accommodations, such as language lines; and

(b) Staff on-site at all times capable of understanding and speaking English well enough to be able to respond appropriately to emergency situations and be able to read and understand resident care plans.

NEW SECTION. Sec. 8. The department of social and health services and the department of health may adopt rules to implement this act.

NEW SECTION. Sec. 9. If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state, the conflicting part of this act is inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and this finding does not affect the operation of the remainder of this act in its application to the agencies concerned. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state.

NEW SECTION. Sec. 10. Section 5 of this act expires July 1, 2022.

NEW SECTION. Sec. 11. Section 6 of this act takes effect July 1, 2022."

On page 1, line 2 of the title, after "system;" strike the remainder of the title and insert "amending RCW 9.97.020, 43.20A.710, 70.128.120, 70.128.120, and

70.128.130; adding a new section to chapter 43.20A RCW; adding a new section to chapter 74.39A RCW; creating new sections; providing an effective date; and providing expiration dates."

and the same is herewith transmitted.

Sarah Bannister, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SUBSTITUTE HOUSE BILL NO. 1411 and advanced the bill, as amended by the Senate, to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

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

Representative Schmick spoke against the passage of the bill.

The Speaker (Representative Lovick presiding) stated the question before the House to be the final passage of Substitute House Bill No. 1411, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Substitute House Bill No. 1411, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 58; Nays, 40; Absent, 0; Excused, 0.

Voting yea: Representatives Bateman, Berg, Bergquist, Berry, Bronoske, Callan, Chapman, Chopp, Cody, Davis, Dolan, Duerr, Entenman, Fey, Fitzgibbon, Frame, Goodman, Gregerson, Hackney, Hansen, Harris, Harris-Talley, J. Johnson, Kirby, Kloba, Leavitt, Lekanoff, Lovick, Macri, Morgan, Ormsby, Ortiz-Self, Orwall, Peterson, Pollet, Ramel, Ramos, Riccelli, Rule, Ryu, Santos, Sells, Senn, Shewmake, Simmons, Slatter, Springer, Stonier, Sullivan, Taylor, Thai, Tharinger, Valdez, Vick, Walen, Wicks, Wylie and Mme. Speaker.

Voting nay: Representatives Abbarno, Barkis, Boehnke, Caldier, Chambers, Chandler, Chase, Corry, Dent, Dufault, Dye, Eslick, Gilday, Goehner, Graham, Griffey, Hoff, Jacobsen, Klicker, Klippert, Kraft, Kretz, MacEwen, Maycumber, McCaslin, McEntire, Mosbrucker, Orcutt, Paul, Robertson, Rude, Schmick, Steele, Stokesbary, Sutherland, Volz, Walsh, Wilcox, Ybarra and Young.

SUBSTITUTE HOUSE BILL NO. 1411, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

The Speaker (Representative Lovick presiding) called upon Representative Orwall to preside.

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

MESSAGES FROM THE SENATE

April 20, 2021

Mme. SPEAKER:

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

ENGROSSED SUBSTITUTE SENATE BILL NO. 5038,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5044,
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO.
5052,
SUBSTITUTE SENATE BILL NO. 5066,
ENGROSSED SUBSTITUTE SENATE BILL NO. 5097,
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO.
5128,
SUBSTITUTE SENATE BILL NO. 5140,
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO.
5141,
SUBSTITUTE SENATE BILL NO. 5151,
SECOND SUBSTITUTE SENATE BILL NO. 5331,
SUBSTITUTE SENATE BILL NO. 5361,

and the same are herewith transmitted.

Brad Hendrickson, Secretary

April 20, 2021

Mme. SPEAKER:

The President has signed:

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO.
1216,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1236,
ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO.
1272,
HOUSE BILL NO. 1289,
ENGROSSED HOUSE BILL NO. 1311,
ENGROSSED SUBSTITUTE HOUSE BILL NO. 1326,
SUBSTITUTE HOUSE BILL NO. 1355,
SUBSTITUTE HOUSE BILL NO. 1356,
SUBSTITUTE HOUSE BILL NO. 1373,
SUBSTITUTE HOUSE BILL NO. 1379,
SUBSTITUTE HOUSE BILL NO. 1423,
SUBSTITUTE HOUSE BILL NO. 1472,
SUBSTITUTE HOUSE BILL NO. 1502,
SUBSTITUTE HOUSE BILL NO. 1514,

and the same are herewith transmitted.

Brad Hendrickson, Secretary

April 20, 2021

Mme. SPEAKER:

The President has signed:

SUBSTITUTE SENATE BILL NO. 5009,

SUBSTITUTE SENATE BILL NO. 5013,
 SENATE BILL NO. 5040,
 ENGROSSED SECOND SUBSTITUTE SENATE BILL NO.
 5071,
 SUBSTITUTE SENATE BILL NO. 5073,
 SENATE BILL NO. 5101,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5115,
 SUBSTITUTE SENATE BILL NO. 5157,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5178,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5180,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5235,
 SECOND SUBSTITUTE SENATE BILL NO. 5253,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5353,

and the same are herewith transmitted.

Brad Hendrickson, Secretary

April 20, 2021

Mme. SPEAKER:

The President has signed:

ENGROSSED SUBSTITUTE SENATE BILL NO. 5024,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5172,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5226,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5295,
 SENATE BILL NO. 5299,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5370,
 SUBSTITUTE SENATE BILL NO. 5378,
 SUBSTITUTE SENATE BILL NO. 5381,
 SUBSTITUTE SENATE BILL NO. 5423,
 SENATE BILL NO. 5430,
 ENGROSSED SUBSTITUTE SENATE BILL NO. 5432,

and the same are herewith transmitted.

Brad Hendrickson, Secretary

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

SECOND READING

ENGROSSED SUBSTITUTE SENATE BILL NO. 5096, by Senate Committee on Ways & Means (originally sponsored by Robinson, Hunt, Nguyen and C. Wilson)

Concerning an excise tax on gains from the sale or exchange of certain capital assets. Revised for 1st Substitute: Enacting an excise tax on gains from the sale or exchange of certain capital assets. (REVISED FOR ENGROSSED: Investing in Washington families and creating a more progressive tax system in Washington by enacting an excise tax on the sale or exchange of certain capital assets.)

The bill was read the second time.

There being no objection, the committee striking amendment by the Committee on Finance was before the House for purpose of amendment. (For Committee amendment, see Journal, Day 99, April 19, 2021).

Representative Chase moved the adoption of amendment (726) to the committee striking amendment:

Beginning on page 1, line 23, strike sections 2 and 3 and insert the following:

"NEW SECTION. Sec. 2. (1) The taxpayer fairness account is created in the state treasury. All taxes, interest, and penalties collected under this chapter shall be deposited into the account. Expenditures from the account must only be used as provided in this section.

(2)(a) Beginning July 1, 2023, the state treasurer must notify the department monthly of the amount of revenue in the taxpayer fairness account.

(b)(i) Beginning, October 1, 2023, and each subsequent October 1st, the department must calculate a reduction in the state sales and use tax rate provided in RCW 82.08.020 that would provide a reduction in state revenues collected by the state sales and use tax for the following calendar year that would be equal to the amount of revenue in the taxpayer fairness account as of October 1st of the current year.

(ii) In calculating the rate reduction for the upcoming calendar year, the department must round the state sales and use tax rate to the nearest 100th of one percent and the estimated revenue reduction must be within \$100,000 of the available balance in the taxpayer fairness account on October 1st of the current calendar year.

(iii) Any reduction in the state sales and use tax rate made pursuant to this section must be effective January 1st through December 31st of the tax year.

(iv) The department shall publish the sales and use tax rate by December 1, 2023, and each subsequent December 1st, for the upcoming calendar year. Any notice must clearly state if it is the rate provided in RCW 82.08.020 or if it is a new rate reduced by the provisions of this section. The notice must also include the percentage change between statutory rate, current rate if not the statutory rate, and the new rate.

(c) The department must notify the state treasurer that a rate reduction is being funded pursuant to this section, as well as the estimated revenue reduction calculated in (b)(ii) of this subsection. The state treasurer must transfer an

amount equal to the estimated revenue reduction calculated into the state general fund."

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

Representative Chase spoke in favor of the adoption of the amendment to the committee striking amendment.

Representative Thai spoke against the adoption of the amendment to the committee striking amendment.

MOTIONS

On motion of Representative Riccelli, Representative Berg was excused.

On motion of Representative Maycumber, Representative Griffey was excused.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (726) to the committee striking amendment, and the amendment was not adopted by the following vote: Yeas: 42; Nays: 54; Absent: 0; Excused: 2

Voting yea: Representatives Abbarno, Barkis, Boehnke, Caldier, Chambers, Chapman, Chase, Corry, Dent, Dufault, Dye, Eslick, Gilday, Goehner, Graham, Harris, Hoff, Jacobsen, Klicker, Klippert, Kraft, Kretz, MacEwen, Maycumber, McCaslin, McEntire, Mosbrucker, Orcutt, Paul, Robertson, Rude, Rule, Schmick, Steele, Stokesbary, Sutherland, Vick, Volz, Walsh, Wilcox, Ybarra, and Young

Voting nay: Representatives Bateman, Bergquist, Berry, Bronoske, Callan, Chandler, Chopp, Cody, Davis, Dolan, Duerr, Entenman, Fey, Fitzgibbon, Frame, Goodman, Gregerson, Hackney, Hansen, Harris-Talley, Jinkins, Johnson, J., Kirby, Kloba, Leavitt, Lekanoff, Lovick, Macri, Morgan, Ormsby, Ortiz-Self, Orwall, Peterson, Pollet, Ramel, Ramos, Riccelli, Ryu, Santos, Sells, Senn, Shewmake, Simmons, Slatter, Springer, Stonier, Sullivan, Taylor, Thai, Tharinger, Valdez, Walen, Wicks, and Wylie

Excused: Representatives Berg, and Griffey

Representative Orcutt moved the adoption of amendment (730) to the committee striking amendment:

Beginning on page 1, line 23, strike all of sections 2 and 3 and insert the following:

"NEW SECTION. Sec. 2. The capital gains account is created in the state treasury. All taxes, interest, and penalties collected under this chapter must be deposited into the capital gains account. These funds shall not be used to fund ongoing operations of government.

Moneys in this account may only be appropriated for one-time expenditures including, but not limited to:

- (1) Unfunded pension liabilities;
- (2) Backlogs in the forest riparian easement program; and
- (3) Maintenance and operation backlogs at state parks, the department of fish and wildlife public lands, the department of transportation related maintenance and preservation, and the department of natural resources healthy forest initiative treatments."

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

Representatives Orcutt, Orcutt (again) and Stokesbary spoke in favor of the adoption of the amendment to the committee striking amendment.

Representative Senn spoke against the adoption of the amendment to the committee striking amendment.

Amendment (730) to the committee striking amendment was not adopted.

Representative Dufault moved the adoption of amendment (731) to the committee striking amendment:

Beginning on page 1, line 23, strike all of sections 2 and 3 and insert the following:

"NEW SECTION. Sec. 2. All taxes, interest, and penalties collected under this chapter must be deposited into the fair start for kids account created in chapter . . . (Engrossed Second Substitute Senate Bill No. 5237), Laws of 2021."

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

Representatives Dufault, Walsh, Dent and Dufault (again) spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Senn and Harris-Talley spoke against the adoption of the amendment to the committee striking amendment.

Amendment (731) to the committee striking amendment was not adopted.

Representative Orcutt moved the adoption of amendment (733) to the committee striking amendment:

On page 1, beginning on line 23, strike all of section 2 and insert the following:

"NEW SECTION. Sec. 2. All taxes, interest, and penalties collected under this chapter must be deposited as follows:

(1) Seventy percent into the education legacy trust account created in RCW 83.100.230; and

(2) Thirty percent into the budget stabilization account established in RCW 43.79.490."

Representative Orcutt and Orcutt (again) spoke in favor of the adoption of the amendment to the committee striking amendment.

Representative Ormsby spoke against the adoption of the amendment to the committee striking amendment.

Amendment (733) to the committee striking amendment was not adopted.

Representative Dufault moved the adoption of amendment (729) to the committee striking amendment:

On page 2, line 31, after "gain;" strike "and"

On page 2, line 35, after "gain" insert "; and

(f) Less any amount of long-term capital gain from the sale or exchange as provided in section 7 of this act, to the extent that such gain was included in calculating federal net long-term capital gain"

On page 7, after line 22, insert the following:

"NEW SECTION. Sec. 7. In computing the tax under this chapter, a taxpayer must deduct the value of the long-term capital gain of a capital asset that accrued prior to January 1, 2022, if the sale or exchange occurs after the effective date of this section."

Re-number the remaining sections consecutively and correct any internal references accordingly.

Representatives Dufault, Corry, Vick, Orcutt, Kraft, Barkis, MacEwen, Caldier, Walsh, MacEwen (again), Kraft (again), Vick (again), Chambers, Stokesbary and Jacobsen spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Harris-Talley, Springer, Frame and Harris-Talley (again) spoke against the adoption of the amendment to the committee striking amendment.

Amendment (729) to the committee striking amendment was not adopted.

Representative Stokesbary moved the adoption of amendment (745) to the committee striking amendment:

On page 3, line 5, after "59" strike ", 1400Z-1, and 1400Z-2"

Representatives Stokesbary, Walsh, MacEwen, Vick, Barkis, Dufault, Corry, Orcutt and Wilcox spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Harris-Talley and Springer spoke against the adoption of the amendment to the committee striking amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (745) to the committee striking amendment, and the amendment was not adopted by the following vote: Yeas: 45; Nays: 53; Absent: 0; Excused: 0

Voting yea: Representatives Abbarno, Barkis, Boehnke, Caldier, Chambers, Chandler, Chapman, Chase, Corry, Dent, Dufault, Dye, Eslick, Gilday, Goehner, Graham, Griffey, Harris, Hoff, Jacobsen, Klicker, Klippert, Kraft, Kretz, MacEwen, Maycumber, McCaslin, McEntire, Mosbrucker, Orcutt, Paul, Robertson, Rude, Rule, Schmick, Steele, Stokesbary, Sutherland, Tharinger, Vick, Volz, Walsh, Wilcox, Ybarra, and Young

Voting nay: Representatives Bateman, Berg, Bergquist, Berry, Bronoske, Callan, Chopp, Cody, Davis, Dolan, Duerr, Entenman, Fey, Fitzgibbon, Frame, Goodman, Gregerson, Hackney, Hansen, Harris-Talley, Jinkins, Johnson, J., Kirby, Kloba, Leavitt, Lekanoff, Lovick, Macri, Morgan, Ormsby, Ortiz-Self, Orwall, Peterson, Pollet, Ramel, Ramos, Riccelli, Ryu, Santos, Sells, Senn, Shewmake, Simmons, Slatter, Springer, Stonier, Sullivan, Taylor, Thai, Valdez, Walen, Wicks, and Wylie

Representative Dufault moved the adoption of amendment (728) to the committee striking amendment:

On page 3, beginning on line 18, after "means" strike all material through "land" on line 20 and insert "'real property" as defined in RCW 84.04.090 and includes all buildings, structures, and permanent improvements built upon or attached to privately owned land. Such items are considered permanently affixed when they are owned by the owner of the

real property and they are securely attached to the real property or the item appears permanently situated in one location on real property and is adapted to use in the place it is located"

Representative Dufault spoke in favor of the adoption of the amendment to the committee striking amendment.

Representative Springer spoke against the adoption of the amendment to the committee striking amendment.

Amendment (728) to the committee striking amendment was not adopted.

Representative Young moved the adoption of amendment (739) to the committee striking amendment:

On page 4, beginning on line 2, after "capital" strike all material through "chapter" on line 4 and insert "gains, less the standard deduction provided in section 7 of this act"

On page 7, beginning on line 25, after "individual," strike all material through "returns" on line 28 and insert "or \$500,000 for individuals filing joint returns under this chapter"

Representatives Young, Dufault, Vick, Stokesbary and Walsh spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Wicks and Senn spoke against the adoption of the amendment to the committee striking amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (739) to the committee striking amendment, and the amendment was not adopted by the following vote: Yeas: 45; Nays: 53; Absent: 0; Excused: 0

Voting yea: Representatives Abbarno, Barkis, Berg, Boehnke, Caldier, Chambers, Chandler, Chapman, Chase, Corry, Dent, Dufault, Dye, Eslick, Gilday, Goehner, Graham, Griffey, Harris, Hoff, Jacobsen, Klicker, Klippert, Kraft, Kretz, MacEwen, Maycumber, McCaslin, McEntire, Mosbrucker, Orcutt, Paul, Robertson, Rude, Rule, Schmick, Steele, Stokesbary, Sutherland, Vick, Volz, Walsh, Wilcox, Ybarra, and Young

Voting nay: Representatives Bateman, Bergquist, Berry, Bronoske, Callan, Chopp, Cody, Davis, Dolan, Duerr, Entenman, Fey, Fitzgibbon, Frame, Goodman, Gregerson, Hackney, Hansen, Harris-Talley, Jinkins, Johnson, J., Kirby, Kloba, Leavitt, Lekanoff, Lovick, Macri, Morgan, Ormsby, Ortiz-Self, Orwall, Peterson, Pollet, Ramel, Ramos, Riccelli, Ryu, Santos, Sells, Senn, Shewmake, Simmons, Slatter,

Springer, Stonier, Sullivan, Taylor, Thai, Tharinger, Valdez, Walen, Wicks, and Wylie

Representative Orcutt moved the adoption of amendment (735) to the committee striking amendment:

On page 4, line 6, after "2022," insert "or the effective date provided pursuant to section 19 of this act, whichever is later,"

On page 14, after line 19, insert the following:

"NEW SECTION. **Sec. 19.** (1) Upon the passage of this act, the department of revenue must submit a letter of inquiry to the internal revenue service regarding whether the tax imposed under this act is an excise tax or an income tax.

(2) If the internal revenue service responds to the department's inquiry advising that the tax imposed under this act is an excise tax, the department must provide written notice of the effective date of this section to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the department. No tax may be imposed or collected prior to the effective date of this section."

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

Representatives Orcutt, Dufault, Kraft, Dufault (again), Orcutt (again) and Stokesbary spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Hansen and Hackney spoke against the adoption of the amendment to the committee striking amendment.

Amendment (735) to the committee striking amendment was not adopted.

Representative Dufault moved the adoption of amendment (732) to the committee striking amendment:

On page 4, line 12, after "institutions." insert "This subsection does not constitute, and shall not be construed as, an emergency clause."

Representatives Dufault, Dufault (again), Orcutt and Corry spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Hackney and Frame spoke against the adoption of the amendment to the committee striking amendment.

Amendment (732) to the committee striking amendment was not adopted.

The Speaker (Representative Orwall presiding) called upon Representative Lovick to preside.

Representative Orcutt moved the adoption of amendment (734) to the committee striking amendment:

On page 4, beginning on line 10, strike all of subsection (2)

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

On page 14, after line 33, insert the following:

"NEW SECTION. **Sec. 21.** The secretary of state shall submit this act to the people for their adoption and ratification, or rejection, at the next general election to be held in this state, in accordance with Article II, section 1 of the state Constitution and the laws adopted to facilitate its operation."

Representatives Orcutt, Walsh, Kraft, Corry, Orcutt (again) and Dufault spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Chopp and Senn spoke against the adoption of the amendment to the committee striking amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (734) to the committee striking amendment, and the amendment was not adopted by the following vote: Yeas: 48; Nays: 50; Absent: 0; Excused: 0

Voting yea: Representatives Abbarno, Barkis, Berg, Boehnke, Bronoske, Caldier, Chambers, Chandler, Chapman, Chase, Corry, Dent, Dufault, Dye, Eslick, Gilday, Goehner, Graham, Griffey, Harris, Hoff, Jacobsen, Klicker, Klippert, Kraft, Kretz, Leavitt, MacEwen, Maycumber, McCaslin, McEntire, Mosbrucker, Orcutt, Paul, Robertson, Rude, Rule, Schmick, Shewmake, Steele, Stokesbary, Sutherland, Vick, Volz, Walsh, Wilcox, Ybarra, and Young
Voting nay: Representatives Bateman, Bergquist, Berry, Callan, Chopp, Cody, Davis, Dolan, Duerr, Entenman, Fey, Fitzgibbon, Frame, Goodman, Gregerson, Hackney, Hansen, Harris-Talley, Jinkins, Johnson, J., Kirby, Kloba, Lekanoff, Lovick, Macri, Morgan, Ormsby, Ortiz-Self, Orwall, Peterson, Pollet, Ramel, Ramos, Riccelli, Ryu,

Santos, Sells, Senn, Simmons, Slatter, Springer, Stonier, Sullivan, Taylor, Thai, Tharinger, Valdez, Walen, Wicks, and Wylie

Representative Orcutt moved the adoption of amendment (740) to the committee striking amendment:

On page 4, beginning on line 10, strike all of subsection (2)

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

Representatives Orcutt, Stokesbary, Walsh, Caldier, Abbarno, Corry, Vick, Rude, Harris, Sutherland and Dufault spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Senn, Wylie, Ramel and Frame spoke against the adoption of the amendment to the committee striking amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (740) to the committee striking amendment, and the amendment was not adopted by the following vote: Yeas: 47; Nays: 51; Absent: 0; Excused: 0

Voting yea: Representatives Abbarno, Barkis, Boehnke, Bronoske, Caldier, Chambers, Chandler, Chapman, Chase, Corry, Dent, Dufault, Dye, Eslick, Gilday, Goehner, Graham, Griffey, Harris, Hoff, Jacobsen, Klicker, Klippert, Kraft, Kretz, Leavitt, MacEwen, Maycumber, McCaslin, McEntire, Mosbrucker, Orcutt, Paul, Robertson, Rude, Rule, Schmick, Shewmake, Steele, Stokesbary, Sutherland, Vick, Volz, Walsh, Wilcox, Ybarra, and Young

Voting nay: Representatives Bateman, Berg, Bergquist, Berry, Callan, Chopp, Cody, Davis, Dolan, Duerr, Entenman, Fey, Fitzgibbon, Frame, Goodman, Gregerson, Hackney, Hansen, Harris-Talley, Jinkins, Johnson, J., Kirby, Kloba, Lekanoff, Lovick, Macri, Morgan, Ormsby, Ortiz-Self, Orwall, Peterson, Pollet, Ramel, Ramos, Riccelli, Ryu, Santos, Sells, Senn, Simmons, Slatter, Springer, Stonier, Sullivan, Taylor, Thai, Tharinger, Valdez, Walen, Wicks, and Wylie

Representative Stokesbary moved the adoption of amendment (746) to the committee striking amendment:

On page 7, after line 22, insert the following:

"NEW SECTION. **Sec. 7.** In calculating the tax due under this chapter, an individual may elect to claim a lifetime exemption from the tax imposed pursuant to this chapter of \$1,000,000 in long-term capital gains. In the case of

individuals filing joint returns, each individual is eligible for the full amount of the exemption, which may be combined with the other individual's exemption in calculating the tax due under this chapter. The lifetime exemption may be applied in whole or in part to any tax due pursuant to this chapter until the individual has claimed a total of \$1,000,000 in lifetime exemptions for any and all tax years. Once the individual has claimed a total of \$1,000,000 in lifetime exemptions, the individual is not eligible to claim additional lifetime exemptions. This exemption is applied after all other applicable exemptions, deductions, and credits are applied."

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

Representatives Stokesbary, Vick, Barkis and Orcutt spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Ramel and Berry spoke against the adoption of the amendment to the committee striking amendment.

Amendment (746) to the committee striking amendment was not adopted.

Representative Orcutt moved the adoption of amendment (741) to the committee striking amendment:

On page 7, line 30, after "(2)" insert "The amount of adjusted capital gain derived in the taxable year from the sale of all of the fair market value of the assets of, or the transfer of all of the taxpayer's interest in, a business;

(3) "

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

Representative Orcutt spoke in favor of the adoption of the amendment to the committee striking amendment.

Representative Stonier spoke against the adoption of the amendment to the committee striking amendment.

Amendment (741) to the committee striking amendment was not adopted.

Representative Vick moved the adoption of amendment (744) to the committee striking amendment:

On page 7, line 30, after "(2)" insert "Any amounts that an individual contributed to a charitable organization qualified under Title 26 U.S.C. Sec. 170(c) of the internal revenue code and deducted on the individual's federal tax return for the same tax year;

(3) "

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

Representatives Vick, Corry, Harris, Hoff, Corry (again), Orcutt and Chase spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Harris-Talley and Wylie spoke against the adoption of the amendment to the committee striking amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (744) to the committee striking amendment, and the amendment was not adopted by the following vote: Yeas: 44; Nays: 54; Absent: 0; Excused: 0

Voting yea: Representatives Abbarno, Barkis, Boehnke, Caldier, Chambers, Chandler, Chapman, Chase, Corry, Dent, Dufault, Dye, Eslick, Gilday, Goehner, Graham, Griffey, Harris, Hoff, Jacobsen, Klicker, Klippert, Kraft, Kretz, MacEwen, Maycumber, McCaslin, McEntire, Mosbrucker, Orcutt, Paul, Robertson, Rude, Rule, Schmick, Steele, Stokesbary, Sutherland, Vick, Volz, Walsh, Wilcox, Ybarra, and Young

Voting nay: Representatives Bateman, Berg, Bergquist, Berry, Bronoske, Callan, Chopp, Cody, Davis, Dolan, Duerr, Entenman, Fey, Fitzgibbon, Frame, Goodman, Gregerson, Hackney, Hansen, Harris-Talley, Jinkins, Johnson, J., Kirby, Kloba, Leavitt, Lekanoff, Lovick, Macri, Morgan, Ormsby, Ortiz-Self, Orwall, Peterson, Pollet, Ramel, Ramos, Riccelli, Ryu, Santos, Sells, Senn, Shewmake, Simmons, Slatter, Springer, Stonier, Sullivan, Taylor, Thai, Tharinger, Valdez, Walen, Wicks, and Wylie

Representative Callan moved the adoption of amendment (736) to the committee striking amendment:

On page 8, at the beginning of line 22, strike "eight" and insert "five"

Representatives Callan, Orcutt, Dufault and Walen spoke in favor of the adoption of the amendment to the committee striking amendment.

Amendment (736) to the committee striking amendment was adopted.

Representative Ramos moved the adoption of amendment (738) to the committee striking amendment:

On page 8, line 26, after "of the" strike "eight" and insert "10"

Representatives Ramos, Orcutt, Walen and Dufault spoke in favor of the adoption of the amendment to the committee striking amendment.

Amendment (738) to the committee striking amendment was adopted.

Representative Vick moved the adoption of amendment (742) to the committee striking amendment:

On page 9, after line 11, insert the following:

"NEW SECTION. Sec. 9. (1) Subject to the limits and provisions of this section, a credit is authorized against the tax otherwise due under this chapter for an individual's contributions to a charitable organization.

(2) The credit under this section equals the amount deducted by the individual on the individual's federal tax return for the tax year for contributions made to organizations qualified under Title 26 U.S.C. Sec. 170(c) of the internal revenue code. The amount of the credit may not exceed the tax otherwise due under this chapter for that reporting period. No credits may be claimed for contributions made prior to January 1, 2022.

(3) No application is necessary for the tax credit. The individual must keep records necessary for the department to verify eligibility under this section.

(4) Any amount of a tax credit otherwise allowable under this section not claimed by the person in any tax year may be carried forward and claimed against a person's tax liability for the next succeeding tax year; and any credit not used in that next succeeding year may be carried forward and claimed against a person's tax liability for the second succeeding tax year, but may not be carried over for any tax year thereafter. No refunds may be granted for credits under this section.

(5) If at any time the department finds that an individual is not eligible for the tax credit under this section, the amount of taxes for which the credit has been claimed is immediately due. The

department must assess interest, but not penalties, on the tax for which the person is not eligible. The interest must be assessed at the rate provided for delinquent excise taxes under chapter 82.32 RCW, is retroactive to the date the tax credit was taken, and accrues until the taxes for which the credit was used are repaid.

(6) A person claiming a credit under this section is not subject to the annual tax performance reporting requirements in chapter 82.32 RCW."

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

Representative Vick spoke in favor of the adoption of the amendment to the committee striking amendment.

Representative Ramel spoke against the adoption of the amendment to the committee striking amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (742) to the committee striking amendment, and the amendment was not adopted by the following vote: Yeas: 44; Nays: 54; Absent: 0; Excused: 0

Voting yea: Representatives Abbarno, Barkis, Boehnke, Caldier, Chambers, Chandler, Chapman, Chase, Cory, Dent, Dufault, Dye, Eslick, Gilday, Goehner, Graham, Griffey, Harris, Hoff, Jacobsen, Klicker, Klippert, Kraft, Kretz, MacEwen, Maycumber, McCaslin, McEntire, Mosbrucker, Orcutt, Paul, Robertson, Rude, Rule, Schmick, Steele, Stokesbary, Sutherland, Vick, Volz, Walsh, Wilcox, Ybarra, and Young

Voting nay: Representatives Bateman, Berg, Bergquist, Berry, Bronoske, Callan, Chopp, Cody, Davis, Dolan, Duerr, Entenman, Fey, Fitzgibbon, Frame, Goodman, Gregerson, Hackney, Hansen, Harris-Talley, Jinkins, Johnson, J., Kirby, Kloba, Leavitt, Lekanoff, Lovick, Macri, Morgan, Ormsby, Ortiz-Self, Orwall, Peterson, Pollet, Ramel, Ramos, Riccelli, Ryu, Santos, Sells, Senn, Shewmake, Simmons, Slatter, Springer, Stonier, Sullivan, Taylor, Thai, Tharinger, Valdez, Walen, Wicks, and Wylie

Representative Vick moved the adoption of amendment (743) to the committee striking amendment:

On page 9, after line 11, insert the following:

"NEW SECTION. Sec. 9. (1) Subject to the limits and provisions of this section, a credit is authorized against the tax otherwise due under this chapter for an individual's contributions to a charitable organization.

(2) The credit under this section equals the amount deducted by the individual on the individual's federal tax return for the tax year for contributions made to organizations qualified under Title 26 U.S.C. Sec. 170(c) of the internal revenue code. The amount of the credit may not exceed the tax otherwise due under this chapter for that reporting period. No credits may be claimed for contributions made prior to January 1, 2022.

(3) No application is necessary for the tax credit. The individual must keep records necessary for the department to verify eligibility under this section.

(4) Any unused credit may not be carried over. No refunds may be granted for credits under this section.

(5) If at any time the department finds that an individual is not eligible for the tax credit under this section, the amount of taxes for which the credit has been claimed is immediately due. The department must assess interest, but not penalties, on the tax for which the person is not eligible. The interest must be assessed at the rate provided for delinquent excise taxes under chapter 82.32 RCW, is retroactive to the date the tax credit was taken, and accrues until the taxes for which the credit was used are repaid.

(6) A person claiming a credit under this section is not subject to the annual tax performance reporting requirements in chapter 82.32 RCW."

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

Representatives Vick, Hoff, Harris, Kraft, Jacobsen, Orcutt, Walsh and Maycumber spoke in favor of the adoption of the amendment to the committee striking amendment.

Representatives Wylie, Stonier and Senn spoke against the adoption of the amendment to the committee striking amendment.

An electronic roll call was requested.

ROLL CALL

The Clerk called the roll on the adoption of amendment (743) to the committee striking amendment, and the amendment was not adopted by the following vote: Yeas: 44; Nays: 54; Absent: 0; Excused: 0

Voting yea: Representatives Abbarno, Barkis, Boehnke, Calder, Chambers, Chandler, Chapman, Chase, Corry, Dent, Dufault, Dye, Eslick, Gilday, Goehner, Graham, Griffey, Harris, Hoff, Jacobsen, Klicker, Klippert, Kraft, Kretz, MacEwen, Maycumber, McCaslin, McEntire, Mosbrucker, Orcutt, Paul, Robertson, Rude, Rule, Schmick, Steele, Stokesbary, Sutherland, Vick, Volz, Walsh, Wilcox, Ybarra, and Young

Voting nay: Representatives Bateman, Berg, Bergquist, Berry, Bronoske, Callan, Chopp, Cody, Davis, Dolan, Duerr, Entenman, Fey, Fitzgibbon, Frame, Goodman, Gregerson, Hackney, Hansen, Harris-Talley, Jinkins, Johnson, J., Kirby, Kloba, Leavitt, Lekanoff, Lovick, Macri, Morgan, Ormsby, Ortiz-Self, Orwall, Peterson, Pollet, Ramel, Ramos, Riccelli, Ryu, Santos, Sells, Senn, Shewmake, Simmons, Slatter, Springer, Stonier, Sullivan, Taylor, Thai, Tharinger, Valdez, Walen, Wicks, and Wylie

Representative Dufault moved the adoption of amendment (727) to the committee striking amendment:

On page 11, beginning on line 21, strike all of subsection (5)

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

Representatives Dufault and Berg spoke in favor of the adoption of the amendment to the committee striking amendment.

Amendment (727) to the committee striking amendment was adopted.

By the adoption of amendment (727), amendment (737) was ruled out of order.

Representative Stokesbary moved the adoption of amendment (747) to the committee striking amendment:

On page 14, after line 33, insert the following:

"NEW SECTION. **Sec. 21.** The legislature recognizes well-established state supreme court precedent declaring income to be property. The legislature also recognizes the fact that state voters have rejected six income tax constitutional amendments. If the capital gains tax under this act is challenged in court, the state attorney general is prohibited from requesting the court to reconsider its prior rulings declaring income to be property."

POINT OF ORDER

Representative Stonier requested a scope and object ruling on amendment (747).

SPEAKER'S RULING

“The bill before us establishes an excise tax on the capital gains realized from the sale or exchange of long-term capital assets.

Amendment 747 prohibits the Attorney General from asking a court to reconsider prior rulings in the event of certain litigation. The powers and duties of the Attorney General are topics separate and distinct from the issue presented in the bill before us – whether to establish an excise tax on the capital gains realized from the sale or exchange of long-term capital assets.

The Speaker therefore finds and rules that the amendment is outside the scope and object of the underlying bill.

The point of order is well taken.”

The committee striking amendment, as amended, 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.

There being no objection, the House adjourned until 11:00 a.m., April 21, 2021, the 101st Legislative Day of the Regular Session.

LAURIE JINKINS, Speaker

BERNARD DEAN, Chief Clerk

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